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Harry Lawrence
News Editor
Reporter Newspaper
147 Allenby Street
Belize City, Belize

Dear Mr. Lawrence,

We continue to be taken aback by the *Reporter's* persistent attacks against the Chalillo Project and your relentless efforts to discredit anyone who dares to support the project.

In your editorial of June 30, 2002, you base your opposition to the project on the fact that BEL has not promised lower rates as a result of Chalillo. You also try to create the impression that BECOL and FORTIS will be reaping huge profits from the project with no benefits to the Belizean people. BEL's position has always been that:

1. We need to utilize our renewable sources of energy, while implementing measures to minimize the impact on the environment, because our economy and the demand for electricity continue to grow.
2. Mexico has been a good partner in supplying Belize with more than 50% of our electricity under an agreement that expires in 2006. But we have to reduce the dependence on Mexico to prepare for when the supply from that source might no longer be available to avoid extended countrywide blackouts when supply is lost and because Mexican rates are indexed to US inflation and oil prices.
3. Chalillo will provide the lowest cost power that Belize can generate in-country. The energy produced from this source is firm and will not fluctuate with oil price movements.

Chalillo is being developed for the benefit of our customers and for the benefit of Belize. With Chalillo, about 63% of the country's electricity will be supplied from hydropower, in the initial years. The remaining electricity demand will be supplied from diesel generators and purchases from Mexico. The cost of power from Mexico doubled in early 2001 as a result of increases in oil prices. In fact, peak power from Mexico now costs in excess of 40 Belize cents per kWh, which is more than what BEL charges customers for that same electricity, and four times as much as the cost of power to be generated from Chalillo.

With Chalillo on stream, rates will fall when the cost of the energy supply mix drops if oil prices fall. If oil prices remain high, Chalillo will act as a buffer and help maintain electricity rates. However, if Chalillo is delayed and oil prices remain high, there is a real danger of rate increases as we have witnessed in countries around us, Mexico included.

Finally, just as your paper needs to make a profit to stay in business, so does BEL and BECOL. Profit is what investors get for putting their money in a business. This is similar to paying interest to the banks for borrowing their money. There was a time when BEL was not making profits, could not pay its bills, and the country suffered rotating blackouts, which hindered the operations of businesses like your own. We don't believe that anyone wants to see a return of those days.

We believe you owe it to your readers to present a more balanced analysis of the issues surrounding the Chalillo Project and hope that you publish this letter.

Sincerely,

Dawn Sampson
Public Relations Officer