TOWER HILL COGENERATION AND CHALILLO THE TRUE COMPARISON

An article appearing in the Reporter Newspaper dated Sunday April 15, 2001 titled Tower Hill Cogeneration and Chalillo Compared carries with it information that Belize Electricity Limited feels it must respond to if the company is to maintain its high standards of providing customers with factual information regarding its operations.

The authour of the article Ambrose Tillett seeks to compare Chalillo with bagasse and in so doing attempts to discredit the honest, professional and expert opinions of many engineers and technicians. While the article provides information on the cost and characteristics of the Chalillo Dam Project that would appear to be consistent with BEL's published data, the data presented on the bagasse option is incorrect and fails to acknowledge the following:

1. BEL and BSI jointly conducted a feasibility study of the bagasse potential of the Tower Hill facility in May 2000 based on an agreed methodology in March 2000.

2. Sugar Power Systems Inc., Guatemala, experts on the sugar industry and bagasse fired generating plants in Guatemala conducted the study.

3. The study represents a comprehensive assessment of eight (8) possible options for a bagasse fired generating plant.

The conclusions of the Sugar Power Systems study contained on page 3 of their report are:

Tower Hill Sugar Mill has the technical feasibility to develop a cogeneration project. With the actual milling capacity of 300 long tons/hr and grinding 1,150,000 tons per crop season, (the bagasse plant) has the potential to export (to BEL) 46,800 MWh with a bagasse fired electrical cogeneration system. By increasing the milling capacity to 400 long tons/hr and grinding 1,500,000 tons per season the energy cogeneration (increases) to 126,000 MWh to the Belize Electricity Limited grid.

Therefore, the incorrect conclusions contained in Tillett's article are:

1. There is NO mention in the Sugar Power System Inc. report of an alternative that can produce 80,000 MWh (Tillett's article incorrectly states this to be 80,000 GWh). It is unclear to us how the author of the Reporter's article derives this production level.

2. According to the Sugar Power Systems Inc. report the costs for a new facility at Tower Hill capable of producing more than 46,800 MWh (and up to 126,000 MWh) of electricity requires an investment of more that US$40 million. It is unclear therefore how the author obtains an investment of US$20 million.

When the above facts are taken into account in the comparison, it can be determined that the difference in cost between Chalillo and Tower Hill operations is marginal. It can go either way dependent on the type and size of plant installed. At present, however, the indications are that the Chalillo option is marginally better than the bagasse option.

Tillett's article also gives the impression that the choice of Chalillo or Bagasse is mutually exclusive. In fact, BEL has always maintained Belize will need all the various local energy sources available to meet the growing demand for electricity. Moreover, BEL continues to explore other power generation options such as wind power and gas turbines.

Therefore, all the conclusions drawn in the comparative table are incorrect. BEL continues to welcome healthy discussions on Chalillo Dam related issues and other topics relating to the company's operations, based on facts. BEL extends an invitation to anyone with questions, comments, and concerns to contact us at our Corporate Headquarters in Belize City.

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