



41 Gabourel Lane
P.O. Box 300
Belize City
Belize

October 28, 2020

Mr. John Mencias
Chief Executive Officer
Belize Electricity Limited
Belize City

Dear Mr. Mencias,

Enclosed please find the **Belize Electricity Limited 2020 Full Tariff Review Proceeding Final Decision** (the **Final Decision**) as made and issued by the Public Utilities Commission (PUC; the Commission) on October 28, 2020.

The **Final Decision** includes amendments to the tariffs to be charged for electricity sales for the period July 1, 2020, to June 30, 2024. The net effect of the amendments is an approximate 2.57% decrease to the Mean Electricity Rate for the entire FTP. This decrease is being applied to tariffs at 2.90% beginning January 1, 2021.

Written comments on the **Initial Decision** will follow in due course.

If you have any questions, please feel free to contact the PUC at your convenience.

Best regards,

John P. Avery
Chairman, PUC

C: Honourable Frank Mena – Minister of State for Public Utilities



PUBLIC UTILITIES COMMISSION

**FINAL DECISION
(2020 FULL TARIFF REVIEW PROCEEDING)**

for

Belize Electricity Limited

October 2020

Legal Framework

The Public Utilities Commission (PUC) is authorized under the Public Utilities Commission Act (No. 39 of 1999) to serve as the economic regulator for the electricity, water and telecommunications sectors in Belize.

The primary duty of the PUC is to ensure that the services rendered by public utility providers in all three sectors are satisfactory and that the charges imposed in respect of those services are reasonable. The PUC has the power to determine and prescribe rates that may be charged in respect of utility services and the standards which must be maintained in relation to such services. In addition, the PUC is responsible for the award of licenses and for monitoring and enforcing compliance with license conditions.

Sector specific legislation provides the legal framework for the PUC to carry out its duties and functions in a particular utility sector, as obtains in the regulation of the electricity sector, the Electricity Act (No. 13 of 1992), (the "Act"), as amended by Electricity (Amendment) Act 2007 (No. 12 of 2007) and Electricity (Amendment) Act 2011 (No. 4 of 2011) and the Electricity (Tariffs, Fees and Charges) Byelaws (Statutory Instrument No. 145 of 2005; the "Byelaws"), as amended by Statutory Instruments No. 116 of 2009 and No. 21 of 2012. The Byelaws govern the tariffs, rates, charges and fees for the transmission and supply of electricity and for existing and new services to be charged by a licensee to consumers in Belize, and the mechanisms, formulas, and procedures whereby such tariffs, rates, charges and fees shall be calculated and determined for all purposes. They also govern the quality of service standards (service reliability) for existing and new services at any time provided or to be provided by a licensee, and the mechanisms, formulas and procedures whereby such services shall be calculated and determined for all purposes. Further, the Byelaws reference the methodology used for Review Proceedings.

Full Tariff Review Proceedings

The Full Tariff Review Proceedings (FTRP) for the Full Tariff Period (FTP) of July 1, 2020, to June 30, 2024, commenced on January 22, 2020, upon the submission by Belize Electricity Limited (BEL) to the PUC requesting the PUC's approval of proposed regulated values, mean electricity rates, tariffs, charges and fees for the period July 1, 2020, to June 30, 2024.

Summary of BEL Submission

The submission made by BEL contained the following key points:

- Total investments over the FTP of some \$282.6 million
- Total Operational Expenditure over the FTP of some \$133.1 million
- Total electricity sales over the FTP of some 2.58 billion KWhrs
- Total electricity purchased and generated over the FTP of some 2.97 billion KWhrs
- Total Annual Corrections of some \$35.9 million in favour of BEL
- No increase in the Mean Electricity Rate of \$0.4151 per KWhr for the remainder of 2020 and an increase for January 1, 2021, to June 30, 2024, that would yield an average Mean Electricity Rate of \$0.4533 over the entire FTP
- Adjustments to and introductions of various other Fees and Charges

Independent Expert

The Initial Decision of the PUC was made and issued on March 6, 2020, with approved Regulated Values that resulted in a MER of \$0.4151 per KWhr for the period July 1 to December 31, 2020, and a MER of \$0.4256 per KWhr for the period January 1, 2021, to June 30, 2024, along with corresponding increases in tariffs. BEL objected to the Initial Decision on March 20, 2020. The FTRP was suspended on March 21, 2020, due to the COVID-19 pandemic, and resumed on July 27, 2020. An Independent Expert, Dr. Virendra Ajodhia, was appointed on August 11, 2020, to review the Initial Decision as per the issues raised by BEL in its objection. The Independent Expert's Report, including recommendations related to the objection to the Initial Decision by BEL, was issued on September 8, 2020.

Decision of the Commission

BELIZE:

ORDER made by the Public Utilities Commission (hereinafter referred to as “the Commission”) in exercise of the powers conferred upon it by the Public Utilities Commission Act, Chapter 223 of the Laws of Belize, the Electricity Act, Chapter 221 of the Laws of Belize, the Electricity (Tariff, Fees and Charges) Byelaws, and all other powers thereunto the Commission enabling.

Short title. 1. This Order may be cited as the:

**BELIZE ELECTRICITY LIMITED 2020 FULL TARIFF REVIEW
PROCEEDING FINAL DECISION**

Decisions and Orders. 2. (1) In respect of the application made January 22, 2020, by the Belize Electricity Limited (BEL) for the determination of Regulated Values, Mean Electricity Rates, Tariffs, Fees and Charges in its Full Tariff Review Proceeding (FTRP) Submission for the Full Tariff Period (FTP) of July 1, 2020, to June 30, 2024, the Commission hereby makes the following Decisions and Orders:

- (a) The Commission hereby approves the Annual Corrections (AC) contained in Schedule 1;
- (b) The Commission hereby approves the Regulated Asset Value (RAV) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 2;
- (c) The Commission hereby approves the forecast Consumption and Reference Cost of Power (COP) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 3;
- (d) The Commission hereby approves the Target Rate of Return (ROR), the Rate of Return Lower Limit (ROR_{LL}), the Rate of Return Upper Limit (ROR_{UL}), the Operational Expenditure (OPEX) and the Gearing Ratio (G) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 4;
- (e) The Commission hereby approves the Value Added of Delivery (VAD), the Other Income and the Tariff Basket Revenue (TBR) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) and the Mean Electricity Rate (MER) for the Full Tariff Period (FTP) as contained in Schedule 5;

- (f) The Commission hereby approves the Tariffs to be applied during each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 6, and hereby orders the Belize Electricity Limited (BEL) to levy the said Tariffs in respect of the electricity services it is licensed to provide;
- (g) The Commission hereby approves the Fees and Charges and Deposit requirements contained in Schedule 7, and hereby orders the Belize Electricity Limited (BEL) to continue to levy the said approved Fees and Charges in respect of the relevant electricity services it is licensed to provide.

**Amend-
ment.**

3. This Order may be amended at any time during an Annual Review Proceeding (ARP) within the Full Tariff Period (FTP), subject to the provisions of the Electricity (Tariff, Fees and Charges) Byelaws.

MADE by the Public Utilities Commission this 28th day of October, 2020.

(JOHN P. AVERY)

Chairman, Public Utilities Commission

Schedule 1

Belize Electricity Limited (BEL) Corrections - July 1, 2017 - June 30, 2019

General Corrections - July 1, 2018 - June 30, 2019

Approved Tariff Basket Revenue - \$:	265,039,196
Realized Tariff Basket Revenue - \$	233,156,016
Variance (Total Approved less Total Realized) - \$:	31,883,180
Deficit in Corrections for July 1, 2017 - June 30, 2018 - \$:	3,485,471
Total Corrections - July 1, 2017 - June 30, 2019 - \$:	35,368,651

Schedule 2

Belize Electricity Limited (BEL)

Approved Regulated Asset Value (RAV) for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024

Regulated Asset Value (RAV) as at December 31/January 1 of each year - \$:

Year	2019	2020	2021	2022	2023	2024
Starting RAV	369,640,959	373,256,368	379,949,005	403,056,187	439,955,354	473,817,829
Depreciation		17,729,677	18,047,578	19,145,169	20,897,879	22,506,347
Work In Progress	16,654,000	71,083,843	52,363,155	68,365,877	47,793,434	15,466,177
Additions	53,061,000	16,654,000	71,083,843	52,363,155	68,365,877	47,793,434
Contributed Capital		10,435,186	2,714,162	5,679,163	5,604,162	529,162
Ending RAV	373,256,368	379,949,005	403,056,187	439,955,354	473,817,829	508,861,975

Schedule 3

Belize Electricity Limited (BEL)

Approved Cost of Power (COP) Parameters for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024

Approved Generation and Purchase of Power, Consumption and Reference Cost of Power (COP) for each ATP of the FTP:

Year	2020-2021	2021-2022	2022-2023	2023-2024
KWHrs Purchased and Generated - KWHrs	637,728,421	691,039,029	725,214,617	748,250,710
Reference Cost of Power - \$	128,111,349	136,265,496	146,237,610	154,424,376
Approved Consumption/Demand - KWHrs	561,785,083	610,909,322	638,058,850	655,407,533
Reference Cost per KwHr Consumed - \$/KWHr	0.2280	0.2231	0.2292	0.2356

Schedule 4

Belize Electricity Limited (BEL)

Approved Rate of Return (ROR), OPEX and Gearing Ratio (G) for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024

Approved Rate of Return (ROR) for each ATP of the FTP - %:

Year	2020-2021	2021-2022	2022-2023	2023-2024
ROR Lower Limit	8	8	8	8
ROR Target Value	10	10	10	10
ROR Upper Limit	12	12	12	12

Approved OPEX for each ATP of the FTP - \$:

Year	2020-2021	2021-2022	2022-2023	2023-2024
OPEX	32,524,967	33,012,258	33,506,842	34,008,830

Approved Gearing Ratio (G) - FTP:	0.6
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Schedule 5

Belize Electricity Limited (BEL)

Approved Tariff Basket Revenue (TBR) and Components and Mean Electricity Rate (MER) for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024

Approved Tariff Basket Revenue (TBR) and Revenue Components for each ATP of the FTP and Mean Electricity Rate for the FTP - \$:

Year	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	Totals - FTP
Revenue Components of TBR:							
Value Added of Delivery (VAD)							
OPEX	29,798,691	30,245,671	32,524,967	33,012,258	33,506,842	34,008,830	133,052,897
Return	36,964,096	37,325,637	37,994,901	40,305,619	43,995,535	47,381,783	169,677,837
Depreciation	15,712,634	17,458,394	17,729,677	18,047,578	19,145,169	20,897,879	75,820,303
Net Annual Corrections	(105,800)	12,574,255	8,056,888	8,761,407	9,150,774	9,399,582	35,368,651
Taxes/Licence Fees	5,963,382	5,668,972	5,081,068	5,356,081	5,715,512	6,038,898	22,191,559
Sub-Total (VAD)	88,333,002	103,272,929	101,387,500	105,482,943	111,513,833	117,726,972	436,111,248
Reference Cost of Power	179,959,419	151,983,393	128,111,349	136,265,496	146,237,610	154,424,376	565,038,831
RSA Recovery	0	0	0	0	0	0	0
Less: Other Income	3,253,225	3,302,024	3,673,592	3,700,384	3,728,696	3,755,890	14,858,563
Tariff Basket Revenue	265,039,196	251,954,298	225,825,257	238,048,055	254,022,746	268,395,458	986,291,516
Approved Mean Electricity Rate (MER) - July 1, 2020 - December 31, 2020 - \$:				0.4151			
Approved Mean Electricity Rate (MER) - January 1, 2021 - December 31, 2024 - \$:				0.4018			

Schedule 6

Belize Electricity Limited (BEL)

Approved Tariffs for Full Tariff Period (FTP) - July 1, 2020, to June 30, 2024

Customer Class	Service Type/ Consumption Block	Rate/Tariff	
		\$/Mth; \$/KVA; \$/KWhr	
		Jul 1, 2020 -Dec 31, 2020	Jan 1, 2021 - Jun 30, 2024
Social	0 - 60 KWhrs	0.23	0.22
	Minimum Charge	5.00	5.00
Residential	0 - 50 KWhrs	0.34	0.33
	51 - 200 KWhrs	0.40	0.39
	> 200 KWhrs	0.45	0.44
	Minimum Charge	10.00	10.00
Commercial 1	0 - 50 KWhrs	0.34	0.33
	51 - 200 KWhrs	0.40	0.39
	> 200 KWhrs	0.45	0.44
	Minimum Charge	10.00	10.00
Commercial 2	Service Charge	150.00	150.00
	0-10,000 KWhrs	0.43	0.42
	10,001-20,000 KWhrs	0.41	0.40
	> 20,000 KWhrs	0.40	0.39
Industrial 1	Service Charge	250.00	250.00
	Demand (KVA)	37.00	35.82
	Energy	0.31	0.30
Industrial 2	Service Charge	250.00	250.00
	Demand (KVA)	25.00	24.20
	Energy	0.27	0.26
Street Lights	Energy	0.47	0.45

Schedule 7

Belize Electricity Limited (BEL) Approved Fees and Charges effective July 1, 2020

Service Fees and Charges/Penalties:		
Description	Customer Classification	Fee/Charge (\$, %)
New Connection		200.00
Temporary Supply		200.00
Service Upgrade / Service Relocation		55.00
Move In/Activation/Transfer		40.00
Temporary Disconnection by Request	Social	10.00
Reconnection (after Temporary Disconnection by Request)	Residential, Commercial 1 & 2	15.00
	Commercial 2 with CT Meter & Industrial	100.00
Reconnection (Disconnection for Non-payment)	Social	10.00
	Residential, Commercial 1	15.00
	Commercial 2	25.00
	Commercial 2 with CT Meter & Industrial	150.00
Reconnection at Pole (Disconnection for Non-Payment or Tampering)		150.00
Returned Cheque		25.00
Replacement of damaged Meter		150.00
Replacement of damaged Meter Cover		50.00
Replacement of Meter due to Service/Meter Tampering*		40.00
Pole Rental (Monthly Fees per attachment per Pole)	Telecommunications Operators (PSTN, Etc.)	2.75
	Cable Operators - Cities/Towns	1.50
	Cable Operators - Rural	1.20
Late Payment Penalty (Applied to Arrears over 30 days less Deposit)	Commercial 2, Industrial	0.83%/Month
Deposits:		
Service Size	Customer Classification	Fee/Charge (\$)
60 Amps Service	Residential	50.00
	Commercial 1	100.00
100 Amps Service - 45 kVA Dedicated Service	Residential	100.00
	Commercial 1	200.00
	Commercial 2	1,000.00
112.5 kVA Dedicated Service		3,000.00
225 kVA Dedicated Service		8,000.00
500 kVA Dedicated Service		15,000.00
1000 kVA Dedicated Service		30,000.00

Notes:

The Commercial 1 category shall be applied to commercial customers with average monthly consumption less than 2,500 kilo-watthours.

The Commercial 2 category shall be applied to commercial customers who are not classified as Commercial 1 or Industrial.

Where any requested service requires that extraordinary costs be incurred by a Licensee, the Licensee may recover some or all of such costs as determined according to a relevant methodology contained in any relevant and approved Code of Practice required by the Conditions of the Licence granted to such Licensee.

* To be applied, together with other applicable fees/charges/penalties, after summary conviction for Service/Meter Tampering.