



PUBLIC UTILITIES COMMISSION

INITIAL DECISION
(2025 ANNUAL REVIEW PROCEEDINGS)

for

Belize Electricity Limited

16 May 2025

PUBLIC UTILITIES COMMISSION

INITIAL DECISION BY THE PUBLIC UTILITIES COMMISSION IN THE MATTER OF BELIZE ELECTRICITY LIMITED ANNUAL REVIEW PROCEEDINGS, FOR THE ANNUAL TARIFF PERIOD 2024|2025.

I. INTRODUCTION

1. On 4th April 2025, Belize Electricity Limited (“**BEL**”) submitted to the Public Utilities Commission (“*the PUC*” / “*Commission*”) its Rate Case Submission (“*the Submission*”) for the Annual Tariff Period 2024-2025. BEL’s Submission can be found on the PUC’s website at <https://www.puc.bz/bel-rate-case-submission-to-the-public-utilities-commission-for-arp-2024-2025/>.
2. The Annual Review Proceedings (“**ARP**”) is a regulatory rate review process conducted annually by the Commission to determine the regulated values, mean electricity rate, tariffs, rates, charges and fees to be charged by BEL over the next twelve-month Annual Tariff Period (“**ATP**”), being July 1 of the current year to June 30, of the next year.
3. As such, this ARP reviews BEL’s performance in the first year of the four-year Full Tariff Period (“**FTP**”) of 2024-2028, which was approved during the Full Tariff Review Proceedings (“**FTRP**”) conducted by the Commission between July and October 2024.
4. On 30 October 2024, the Commission issued its final decision approving a Mean Electricity Rate (“**MER**”) of \$0.4090 to remain in effect for the FTP of 2024-2028. A copy of the PUC’s Final Decision FTRP-2024|2028 can be found on the PUC’s website at <https://www.puc.bz/final-decision-bel-full-tariff-review-proceeding-ftp-2024-2028/>.

5. In every single year within the FTP, an ARP is conducted by the Commission as an update to the FTRP. The scope of an ARP is narrow and focused, to some extent, as compared to the broad scope of an FTRP within the legal framework.

II. THE LEGAL FRAMEWORK

6. The functions and duties of the Commission are provided for under the Public Utilities Commission Act, CAP 223 of the Substantive Laws of Belize, R.E. 2020 (the “*PUC Act*”). The Commission is empowered to regulate utility performance and the associated cost of utility services. Section 22 of the PUC Act expressly provides as follows:

22.-(1) **“It shall be the duty of the Commission to ensure that the services rendered by a public utility undertaking operated by a public utility provider (hereinafter referred to as “utility services”) are satisfactory and that the charges imposed in respect of those services are reasonable...”.**

7. With respect to the electricity sector in Belize, the Electricity Act, CAP 221 of the Substantive Laws of Belize, R.E. 2020, (the “*Electricity Act*”) gives the Commission statutory authority to develop and prescribe the methodology and process for the determination of tariffs, charges and fees to be charged for the provision of electrical services by licensees such as BEL.
8. The Electricity (Tariffs, Fees and Charges) Byelaws, (the “*Byelaws*”), as amended from time to time, governs the methodology and procedural framework used by the Commission for the determination of tariffs, charges and fees to be charged.
9. BEL is a public utility provider within the meaning of the PUC Act and holds a licence granted pursuant to the Electricity Act by which BEL is authorized to generate, transmit and supply electricity to any premises in Belize.

10. All tariffs, charges and fees to be charged by BEL shall be fixed and approved by the Commission in accordance with the Byelaws.
11. Section 7 (4) of the Electricity Act mandates that such Byelaws on tariffs, charges and fees made by the Commission shall be made in a manner calculated to afford a licensee an opportunity to recover the reasonable costs of providing service and secure a reasonable rate of return on investment when operating in a manner compatible with international standards of an efficiently operated power system of similar characteristics to that of Belize.
12. Further, such Byelaws shall be made in a manner that reasonably allocates to specific customer classes, the cost of serving such customers, subject to implementation of rates for the needy that assures their access to basic electric services at an affordable price and in accordance with overall government's policy and objectives.
13. All these provisions establish a robust and coherent legal and regulatory framework governing Rate Review Proceedings and other supporting proceedings by the Commission directed at achieving its dual mandates of promoting performance excellence and ensuring the financial sustainability of utility service providers.

III. SUMMARY OF BEL'S SUBMISSION & REGULATORY APPROVALS SOUGHT:

14. According to its Submission, BEL is requesting an increase in the average price of electricity, by way of increases to the associated tariffs, from \$0.40 per kWh to a minimum of \$0.43 per kWh with effect from January 1, 2025, through the remainder of the Full Tariff Period ending June 30, 2028.
15. The Commission notes that while BEL's Submission frames the proposed increase

in rates as an adjustment from \$0.4090 to \$0.43 per KWh, the Submission forecasts an increase in the MER that would yield \$0.4547 per KWh over this current FTP through 2028, as per Schedule 5 of the Submission (See Table 1 below).

Table 1: Schedule 5 of BEL's Submission

SCHEDULE 5					
Belize Electricity Limited (BEL)					
Tariff Basket Revenue (TBR) and Mean Electricity Rate (MER) for Full Tariff Period (FTP) July 1, 2024 to June 30, 2028					
Year	2024 2025	2025 2026	2026 2027	2027 2028	Total FTP
Revenue Components of TBR:					
Value added of Delivery (VAD)					
OPEX	41,047,567	46,196,193	48,766,823	50,135,436	186,146,019
Return	34,945,364	42,745,921	43,133,004	47,189,980	168,014,268
Depreciation	22,773,778	26,680,595	27,524,014	29,396,925	106,375,312
Taxes/License Fees	8,253,654	10,209,134	10,470,436	11,016,526	39,949,749
Sub-Total (VAD)	107,020,362	125,831,843	129,894,277	137,738,867	500,485,348
Reference Cost of Power	195,891,553	226,398,686	231,838,152	243,851,405	897,979,797
Corrections -	1,086,380	22,940,573	22,940,573	22,940,573	69,908,100
Less: Other Income	(3,865,440)	(3,929,883)	(3,929,883)	(3,929,883)	(15,655,090)
Tariff Basket Revenue	300,132,855	371,241,219	380,743,119	400,600,962	1,452,718,156
Demand [MWhs]	730,193	775,830	822,502	866,660	3,195,185
MER - July 1, 2024 - June 30, 2028	0.4110	0.4785	0.4629	0.4622	0.4547
Direct Cost of Delivery (COD) - \$:	0.1353	0.1490	0.1452	0.1462	0.1441
Corrections + Taxes - Other Income - \$:	0.0075	0.0377	0.0358	0.0346	0.0295
Cost of Power (COP) - \$:	0.2683	0.2918	0.2819	0.2814	0.2810

16. BEL suggests that this rate increase must be supported by the full implementation of the PUC approved Demand Charge Rate comprised of demand charges and time-of-use pricing to ensure cost recovery and fair pricing mechanisms for distributed generation (DG) participants and other Customers desirous of opting into that rate structure.

17. BEL further states that the proposed price increase is needed to abate the rising cost of energy imports, inflationary pressures on operating and maintenance expenses, and the need for investments primarily to simultaneously harden and modernize the grid and to connect new utility-scale renewable generation and battery energy storage solutions.

18. BEL is expressly seeking the PUC's approval for the following regulatory adjustments:

- (1) \$395 million in Capital Expenditures ("**CAPEX**") for five (5) years;
- (2) \$46 million in Operating Expenses ("**OPEX**");
- (3) \$65.6 million in Corrections for ATP- 2023|24 in favour of BEL;
- (4) Establishment of a wholesale generation subsidiary- Synergy Power Belize Limited (SPV);
- (5) Cost-Reflective Rates by increasing the MER from \$0.4090 per KWh to a minimum of \$0.43 per KWh;
- (6) Cost-Reflective Tariff Structure by refinement of the Demand Charge.
Including: Cost-Reflective Tariff Structure by refinement of the Demand Charge and Revise Time-of-Use ("**TOU**") tariffs; and
- (7) Recovery of the Regulatory Account Balance ("**RAB**").

IV. THE COMMISSION'S DECISION PROCESS

19. Upon receipt of the Submission, the PUC issued a Public Notice on its website and Facebook pages on April 4, 2025.

20. Additionally, on April 9, 2024 the Chief Executive Officer of BEL was invited to make a presentation to the members of the Commission. One of the main observations raised by the Commission at the meeting is that BEL proposes to increase the rate with effect from January 1, 2026.

21. Additionally, the Commission's opinion is that the two matters of,

- (i) Establishment of a wholesale generation subsidiary- Synergy Power

- Belize Limited (SPV); and
- (ii) Cost-Reflective Tariff Structure by refinement of the Demand Charge. Including:
 - (a) Revised Demand-Based pricing; and
 - (b) Revised Time-of-Use (“***TOU***”) tariffs;

needed to be filed and considered outside of the rate review process, to allow the Commission to make separate determinations. As such, the Commission did not address these two matters in the current ARP 2025 Submission.

V. **BEL’S PROPOSED RATE INCREASE**

22. Byelaw 28(1) of the Byelaws states that during an ARP the regulated values, mean electricity rate, tariffs, rates, charges and fees to be applied over the next twelve months period (the Annual Tariff Period) shall be determined by the Commission.

23. Specifically, during an ARP, the Rate Setting Methodology (“***RSM***”) for the current FTP is updated in the following ways:

- (1) ***Revenues*** – BEL provides actual business results up to the first eight (8) months of the current ATP. BEL re-forecasts the projected sales and associated revenue for the remainder of the FTP.
- (2) ***Cost of Power (COP)*** – BEL provides actual business results up to the first 8 months of the current ATP. BEL re-forecasts the projected net generation & supply, and associated dispatch and production costings for the remainder of the FTP.
- (3) ***Fixed Asset Register (FAR)*** – BEL provides actual business results (depreciation and regulated asset value) for the current ATP.
- (4) ***Capital Expenditures (CAPEX) Programming*** – the timing of approved CAPEX is re-forecasted (depreciation and regulated asset

value) for the remainder of the FTP. We note importantly, that in regard to this, in the Final Decision FTRP-2024|2028, the PUC adopted guidance from the Independent Expert that there should be quarterly meetings between the PUC's senior management team and BEL's senior management and semi-annual filings by BEL in respect of CAPEX Programming to explain the progress or slippage (if any) of projects.

24. Where there are any material variances between actuals and forecasted cost components, the Commission updates the RSM regulated parameters with the most current regulated values; therefore, the following Schedules of the Final Decision FTRP-2024|2028 are adjusted during an ARP:

- (1) **Schedule 1** – the prior ATP is closed off with 4 months of actuals and any Correction so determined is recovered in full over the remainder of the FTP.
- (2) **Schedule 2** – the depreciation and Regulated Asset Value (“**RAV**”) for the current ATP is recalculated and the depreciation and RAV for the remaining ATPs with the FTP are recalculated to reflect updated CAPEX Programming.
- (3) **Schedule 3** – the actual and projected Demand, net generation and supply, COP and RCOP are recalculated for the entire FTP.
- (4) **Schedule 4** – is not amended, unless there is a compelling need to adjust the RoR within the upper and lower bounds as set in the FTRP.
- (5) **Schedule 5** – The revenue requirements for all ATPs are recalculated to reflect updated Tariff Basket Revenue (“**TBR**”) regulated values. Adjustments, if necessary, to the RSM outputs the Mean Electricity Rate (“**MER**”) to be recovered in the rates.

25. Byelaw 34 of the Byelaws provides that:

“Any adjustments to rates required or approved by the Commission shall become effective in relation to any customer charges for the period

commencing on the first day of the Annual Tariff Period, regardless of the date upon which the Commission's final determination is made, and the licensee shall rebate or recover any difference in subsequent customer bills in accordance with the directions of the Commission."

26. Byelaw 33(2)(a) of the Byelaws states, however, that subject to the rate setting methodology developed by the Commission, the Final Decision may be reviewed and amended to adjust the approved tariffs for the period January 1 to June 30 in any ATP, to account for any material variances between the Reference Cost of Power and actual Cost of Power. During an amendment process, then, the Commission can only account for material variances in Cost of Power.
27. For the purposes of the Byelaws, then, it appears that two periods of time are important in relation to rate setting. The first period addresses, more generally, a rate review pursuant to Byelaw 28 of the Byelaws, that would apply, in this case, between 1 July 2025 and 30 June 2026. The second period, which is contemplated under Byelaw 33, addresses an adjustment to any such subsisting rate, which would take effect between January 1, 2026 and July 30, 2026.
28. Consequently, the Commission's view is that since BEL is requesting the increase in rates to take effect on 1 January 2026, then the procedure laid down under Byelaw 28 cannot apply.
29. Given BEL's request for approval to recover Capital Expenditure, Operating Expenses, among other costs, the Commission's opinion is that the procedure under Byelaw 33 also cannot apply as currently drafted, since as indicated above, the amendment procedure is designed to recover variances in the Cost of Power only.
30. Given the proposed date for the proposed rate adjustment, then, the Commission is of the opinion that it would not be able to make any decisions relating to BEL's request for approval to recover the following:

(1) \$395 million in Capital Expenditures for five (5) years;

- (2) \$46 million in Operating Expenses
- (3) \$65.6 million in Corrections for ATP- 2023|24 in favour of BEL;
- (4) Cost-Reflective Rates by increasing the MER from \$0.4090 per KWh to a minimum of \$0.43 per KWh;
- (5) Recovery of the Regulatory Account Balance

31. This lacuna in the law brings to light the urgent need for overhaul of the Byelaws, to allow for greater flexibility in rate setting. The Commission has been engaged with both BEL and the Minister responsible for Public Utilities to enact these amendments urgently, and certainly before the end of 2025.

32. Once, these amendments are enacted, BEL is encouraged to refile its Submission at which time, the Commission will revisit the Company's request.

VI. THE COMMISSION'S FINDINGS AND CONCLUSIONS


33. For the remaining period of the current ATP, the regulated values, mean electricity rates, tariffs and fees as per the Final Decision of the 2024-2028 FTRP shall remain in effect.

34. BEL should refile its Submission in the relevant timeframe, following the amendment to the Byelaws.

35. The Commission has not addressed BEL's request to approve the following:

- 1. Establishment of a wholesale generation subsidiary- Synergy Power Belize Limited (SPV); and
- 2. Cost-Reflective Tariff Structure by refinement of the Demand Charge and Revise Time-of-Use tariffs.

36. The Commission holds the view that the above two matters need to be filed and considered outside the rate review process. As such, BEL is urged to prepare comprehensive filing on both matters, to allow the Commission to make separate determinations.
37. The Commission expresses its gratitude to the Management of BEL for this Submission and for consenting to the granting of additional time to finalize this Initial Decision.
38. BEL is reminded that its current licence expires on 30 June 2025 and that the Commission is still awaiting the Company's formal application for a new licence.


DEAN MOLINA
Chairman
Public Utilities Commission

INITIAL DECISION OF THE COMMISSION

BELIZE

ORDER made by the Public Utilities 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, Byelaw 20 of the Electricity (Tariff, Fees and Charges) Byelaws, as amended, and all other powers thereunto the Commission enabling.

Short Title.

1. This Order may be cited as the:

BELIZE ELECTRICITY LIMITED (ANNUAL REVIEW PROCEEDINGS) INITIAL DECISION ORDER, 2025.

Decisions and Orders.

2. The Belize Electricity Limited (“***BEL*** or ***the Company***”) submitted its filing for its Annual Review Proceedings on April 4, 2025 (the “***Filing***”) for the determination of regulated values, mean electricity rates, tariffs, rates, charges and fees for the Annual Tariff Period (ATP) July 1, 2025, to June 30, 2026.
3. The Public Utilities Commission (the “***Commission***”) hereby makes the following Decisions and Orders:
 - (a) The Commission hereby maintains the Decisions and Orders made in Belize Electricity Limited (Full Tariff Review Proceedings) Final Decision Order, 2024, dated 30 October 2024 (the “***Final Decision of FTRP 2024***”);
 - (b) The Commission hereby maintains the Tariffs as set out in Schedule 6A and Schedule 6B of its Final Decision in FTRP 2024 and restated in Schedule 1 hereto, and hereby orders the Belize Electricity Limited (BEL) to levy the said Tariffs in respect of the electricity services it is licensed to provide;

- (c) On or before the 30th day of June, 2025, BEL shall make a comprehensive filing, including the proposed rates to be charged by Synergy Power Belize Limited, for approval by the Commission;
- (d) On or before the 31st day of July, 2025, BEL shall make a comprehensive filing, including all relevant data and analysis, to support the Company's proposed new Cost-Reflective Tariff Structure;

Amendment 4. This Order may be amended at any time during an Annual review Proceeding (ARP) within the FTP, subject to the provisions of the Electricity (Tariff, Fees and Charges) Byelaws, as amended.

MADE by the Public Utilities Commission this day of May, 2025.

(DEAN E. MOLINA)
Chairman, Public Utilities Commission

SCHEDULE 1 **Schedule 6A and Schedule 6B of the Commission’s Final Decision in FTRP 2024**

Belize Electricity Limited (BEL)
Approved Tariffs for Full Tariff Period (FTP)
September 1, 2024, to June 30, 2028

General Rate		
Customer Class	Service Type/ Consumption Block	Rate/Tariff \$/MWh; \$/KVA; \$/KWhr
Social	0 - 60 KWhrs	0.22
	Minimum Charge	5.00
Residential	0 - 50 KWhrs	0.33
	51 - 200 KWhrs	0.38
	> 200 KWhrs	0.43
	Minimum Charge	10.00
Commercial 1	0 - 50 KWhrs	0.33
	51 - 200 KWhrs	0.38
	> 200 KWhrs	0.43
	Minimum Charge	10.00
Commercial 2	Service Charge	150.00
	0- 10, 000KWhrs	0.41
	10,001-30, 000KWhrs	0.39
	> 20, 000 KWhrs	0.38
Industrial 1	Service Charge	250.00
	Demand (KVA)	35.82
	Energy	0.30
Industrial 2	Service Charge	250.00
	Demand (KVA)	23.00
	Energy	0.26
Street Lights	Energy	0.45

Belize Electricity Limited (BEL)
Approved Tariffs for Full Tariff Period (FTP)
September 1, 2024, to June 30, 2028

Demand Rate		
All Classes	Demand (KVA)	30.00
	Energy: Peak	0.35
	Energy: Off-Peak	0.30
FEED-IN TARIFFS		
All Classes	Energy	0.13
<p>Note: All customers (Prosumers) operating under SI No. 39 of 2024 ELECTRICITY LICENSING AND CONSENT REGULATION, will be billed by Belize Electricity Limited using this Schedule (6B).</p> <p>Any regular customer can voluntarily apply switch from Schedule 6A to Schedule 6B</p>		