

BELIZE ELECTRICITY LIMITED

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29 May 2025

Mr. Dean Molina
Chairman
Public Utilities Commission
#4 Princess Margaret Drive
2nd Floor, Marina Towers
Belize City, Belize

Dear Chairman Molina,

Re: Comments on the PUC's Initial Decision for BEL's ARP 2025 Submission

Belize Electricity Limited ("BEL") acknowledges receipt of the Public Utilities Commission's (PUC) Initial Decision on BEL's 2025 Annual Review Proceeding ("ARP"), issued by letter dated May 19, 2025. We thank the PUC for its review, as well as for the constructive engagement during the ARP process, including the meeting of April 9, 2025.

BEL expresses its appreciation for the PUC's recognition of the urgent need to review and reform the Electricity (Tariffs, Fees, and Charges) Byelaws to ensure greater flexibility in rate-setting and alignment with the evolving needs of the sector. This shared recognition is a critical step forward for the sector, and BEL is committed to working collaboratively with the PUC and relevant stakeholders to support the development of an updated regulatory framework that reflects evolving sector dynamics, technological advancements, and the need for cost-reflective pricing. We also confirm BEL's commitment to supporting the review process in line with the Commission's timeline. BEL also urges the Commission to consider the following:

1. BEL's Perspective on the PUC's Initial Decision

While BEL acknowledges the PUC's position as outlined in the Initial Decision, particularly the interpretation that the current Byelaws do not provide for adjustments to tariffs mid-way through a Full Tariff Period ("FTP"), BEL respectfully offers an alternative interpretation of the Byelaws, which it believes may provide the PUC with the legal basis to consider and approve adjustments to rates and tariffs within an ATP, where necessary, to achieve the statutory objectives of the Electricity Act and the Byelaws.

BEL's understanding is that the Byelaws, specifically Byelaws 4(3), 28, and 34, do not explicitly preclude the PUC from considering and approving rate adjustments that may take effect during a tariff period. Rather, the Byelaws empower the PUC to determine the applicable rates, tariffs, and charges for the ATP in a manner that promotes the overarching statutory objectives of the Electricity Act and the Byelaws, including the principles of cost recovery, reasonable return on investment, and maintaining service reliability.

Specifically, BEL submits that:

- The PUC retains the authority to determine rates that may vary within an ATP, including the possibility of an adjustment that applies to part of the ATP, as long as the final decision is deemed effective from the start of the ATP in accordance with Byelaw 34.
- The statutory framework and ratemaking principles under Byelaw 4(1) envision a flexible, responsive approach that allows for adjustments where necessary to ensure cost recovery and fair allocation of costs, particularly in the context of emerging challenges such as rising energy import costs and inflationary pressures.
- BEL interprets Byelaw 34(2) as requiring that the PUC's final decision takes effect from the start of the ATP, but does not necessarily impose a requirement for a uniform rate across the entire period. In this view, the PUC retains discretion to determine differentiated rates for different portions of the ATP, provided this is done within the statutory framework.
- Furthermore, BEL's submission, consistent with the Byelaws, is a proposal for the Commission's consideration. The Commission retains full authority to determine the final rates, tariffs, and charges, including the timing of their application, based on the evidence and analysis presented.

BEL requests that the PUC considers the above and whether, within the current framework, interim measures could be adopted to support the urgent need for cost recovery, given the escalating pressures on system stability, infrastructure investment, and imported energy costs. Without timely adjustments to reflect these rising costs, there is a risk that the financial strain on BEL could ultimately impact the reliability and affordability of electricity services for Customers. By addressing cost recovery needs in the near term, the PUC can help to mitigate potential disruptions, safeguard ongoing investments in critical infrastructure, and ensure the continued delivery of safe, reliable, and sustainable electricity to Customers.

2. Collaborative Pathway for Reform of Byelaws:

BEL respectfully submits that the PUC considers establishing a collaborative pathway towards the urgent amendments or repeal and replacement of the identified Byelaws. BEL also confirms its readiness to support the PUC's efforts to review and amend the Byelaws, including providing technical input and sector-specific insights.

3. Separate Filings for Demand Charge Rates and Synergy Power Belize Limited:

BEL acknowledges the PUC's decision to treat the following matters outside of the ARP submission:

- The establishment of a wholesale generation subsidiary, Synergy Power Belize Limited (SPV), by June 30, 2025, and
- Refinement of the Demand Charge Rate and Time-of-Use (TOU) tariffs by July 31, 2025. BEL takes the opportunity to confirm that an internal team has been established and is actively working on the supporting model that will underpin BEL's forthcoming rate proposal. BEL is fully committed to engaging with the PUC to ensure that this proposal is submitted within the Commission's established timelines.

4. Refiling of Submission After Amendment/ Replacement of Byelaws

BEL notes the PUC's indication that the ARP 2025 submission, including the proposed rate adjustments, capital expenditure approvals, and cost-recovery mechanisms, must be refiled once the Byelaws are amended. BEL seeks clarity and specific guidance from the Commission on the applicable procedure for such refileing.

5. License Renewal Application

BEL takes the opportunity to thank the PUC for its recent correspondence dated May 27, 2025 communicating a Notice of Proposed Modification of License extending BEL's Licence for a period of one year to allow for full completion of the regulatory, administrative and procedural processes under the new Licensing and Consent Regime. We await the full outcome of this following the public consultation portion of the proceedings.

Finally, BEL appreciates the PUC's consideration of its perspectives on the ARP 2025 Initial Decision and respectfully requests that the PUC, in its Final Decision, reflect on the alternative legal interpretation provided herein; and consider whether interim measures may be implemented to support cost recovery objectives while the broader Byelaws reform process is underway.

BEL remains committed to a collaborative, solutions-oriented approach and looks forward to continued dialogue with the Commission to advance the sustainable and reliable delivery of electricity services to all Belizeans.

Sincerely,



Selene Solis
For John Mencias
Belize Electricity Limited