



A FORTIS COMPANY

Belize Electricity Limited
2 ½ Miles Northern Highway
P.O. Box 327
Belize City, BELIZE
Corporate Tel.: 501-227-0954
Customer Care: 0-800-235-2273
Fax: 501-223-0891
Email: pr@bel.com.bz
Website: www.bel.com.bz

Immediate Release: **Wednesday, March 26, 2008**

Contact: Dawn Sampson – Manager, Corporate Communications Department

E-mail: dawn.sampson@bel.com.bz

BEL Responds to NTUCB Press Release

Belize Electricity Limited (BEL) has reviewed a press release sent by the National Trade Union Congress of Belize, dated March 25, 2008 and offers the following responses.

1. The Chalillo Hydroelectric Facility, Mollejon Hydroelectric Facility and Hydro Maya Facility, currently provide about 40 per cent of Belize's energy supply. If it were not for hydroelectricity, the average rate in 2007 would have had to increase to approximately 60 cents per kilowatt hour (kWh), similar to the average rate in countries that have no alternative but to generate with diesel or heavy fuel oil. Hydroelectricity has helped, but the significant increases in oil prices and its consequent effect on the cost of power purchased from Mexico, have more than wiped out the savings from hydro production.

Note that during the 2007 Annual Review Proceeding, the approved reference Cost of Power was based on a world oil price forecast of approximately US\$65 per barrel. Since the year began, the actual price per barrel has averaged around US\$95.

The cost of power from hydroelectricity is only BZ\$0.18 per kWh compared to BZ\$0.30 per kWh from Mexico and BZ\$0.55 per kWh from diesel.

2. BEL sources 40 per cent of its power from Belize Electric Company Limited and Hydro Maya Limited, because these sources are the cheapest. BEL remains committed to purchasing power from local producers as long as the cost is competitive and is in the best interest of consumers. The contract price of electricity from Mexico is approximately BZ\$0.22 per kWh, based on world oil prices of approximately US\$65 per barrel. As oil prices move, so does Mexico's prices. World oil prices have recently hovered around US\$100 per barrel and have not been in the US\$50 range since May of last year.

Any costs incurred by the Company that do not pertain to its operations are not booked as BEL expenses but charged out.

3. The core operations of BEL depend on the skills of engineers. The number of engineers and management staff is determined in line with the Company's objective to deliver quality and reliable service to customers and is not dissimilar to other electric utilities of similar size to BEL.
4. BEL continues to meet regularly with its union to review and finalize revisions to the existing Collective Bargaining Agreement
5. With the Vaca Hydroelectric Facility and Belize Cogeneration Energy Limited's cogeneration plant, BEL will be getting more than 60 per cent of its electricity from a non-fossil based source. BEL has also explored the Heavy Fuel Option and has signed a contract with Belize Aquaculture Limited for 15 megawatts (MW). The power from Belize Aquaculture Limited though cheaper than diesel is similar in cost to power purchased from Mexico and is also adjusted based on international oil prices.
6. All businesses need to make a profit. Like many other businesses, BEL has certain profitability and sustainability covenants attached to various loans that it undertook. At 10 per cent, BEL's Rate of Return is just adequate to enable the Company to meet its debt service commitments and other financial needs and is comparable to the lower end of the scale of earnings in the country by other businesses. The oil companies for example are far more profitable than BEL, making upwards of 30 per cent return on their investments which is ultimately the main source of the cost increases in all goods and services including electricity.
7. If BNE or Blue Sky produces local grade fuel oil and sells at rates which make the cost of producing power from BEL's diesel machines lower than Mexico's price, BEL will pursue that option. The quotations received in January 2008 for locally produced fuel equated to approximately BZ\$0.44 per kWh for fuel only and was tied to world oil prices, similar to Mexico and other fossil based source. For comparative purposes, in January 2008 Mexico's price was on average BZ\$0.28 per kWh. So unless BEL is offered significant reductions in price of locally produced fuel, Mexico will continue to be the cheaper fossil fuel source.

END