



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

Immediate Release: **Thursday, August 31, 2006**

Contact: Dawn Sampson – Manager, Corporate Communications

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

BEL Signs New Power Purchase Agreement with Comisión Federal de Electricidad

Belize Electricity Limited (BEL) has signed a new Power Purchase Agreement (PPA) with Comisión Federal de Electricidad (CFE) of Mexico following the expiration of the previous PPA on August 20, 2006. The new PPA, for the provision of up to 15 megawatts (MW) of firm power and 25 MW on an economic basis, is effective August 21, 2006 to August 20, 2008.

Under the previous PPA, BEL purchased up to 25 MW of firm power from CFE. In 2005, BEL purchased 63% of its power from CFE at an average rate of about \$0.17 per kWh. This rate was based on the Mexican subsidized High Voltage Tariff applied to commercial consumers and varied according to an adjustment formula based on oil prices in Mexico.

Under the new agreement, CFE will bill BEL based on current international fuel prices. CFE will calculate the rate at which to charge BEL based on the daily cost of fuel on the international market resulting in the prices being subject to rapid fluctuations. With this change, there is a significant increase in the average cost of power from CFE by approximately 59% to about \$0.27 per kWh. The net effect of this increase on the average cost of power is a \$0.025 increase.

Given the steep increase in the price of power from CFE, BEL has reduced the supply from 25 MW to 15 MW of firm power. Power purchases from Belize Electric Company Ltd. (BECOL), of up to 32.5 MW, are expected to offset the increases in prices from CFE and stabilize rates for the remainder of the year. BEL is currently sourcing 60% of its power from Belize Electric Company Limited (BECOL) at an average of \$0.21 per kWh. With Chalillo in place the cost is expected to fall to \$0.174 per kWh by the end of the year.

“Having hydroelectricity in our energy supply mix has helped to keep rates in Belize from rising steeply,” said BEL’s President and Chief Executive Officer Lynn Young. “We are aggressively pursuing other cheaper sources of energy to try to ease the burden of high world oil prices on our customers.”

In addition to the PPA with CFE, BEL has also finalized a PPA with BECOL for 18 MW of power from its proposed Vaca Hydroelectric Project scheduled to come on line in 2009. Both the PPA with CFE and BECOL are awaiting regulatory approvals. Projected at \$0.20 per kWh, power from the proposed VACA Hydroelectric Project is the lowest cost addition available to BEL at this time. Hydro Maya’s 3.45 MW hydroelectric plant on the Rio Grande in the Toledo District is expected to come on line by the end of this year and will provide an additional source of cheaper power. BEL is also looking forward to the start of construction of the bagasse powered plant from Belize Cogeneration Energy Limited later this year. This plant, which was originally scheduled to come on line in 2007, has been delayed.

BEL has a peak demand of 63 MW with yearly sales of 350 GWh and serves approximately 69,000 customers countrywide. The Company owns and operates 5 diesel plants and maintains 16 substations.

END