

ENERGY PROJECT

PROJECT SUMMARY



OBJECTIVE OF THE PROJECT

The objective of the Energy Project (the “Energy Project”) is set forth in Section 1.2 of this Compact. The Energy Project shall achieve its objective of lowering the wholesale cost of electricity in real terms by modernizing the grid, thereby enabling access to lower-cost generation sources, reducing reliance on higher-cost localized emergency power, and improving system efficiency and reliability. The Project also aims to support the organizations that manage the electricity sector to improve policy and regulations to support efficient use of new lower-cost energy generation expected by 2028.

PROJECT ACTIVITY

The Energy Project is comprised of the following Activity and sub-activities:

I. Facilitating Low-Cost Energy Activity

This Activity aims to support Belize to implement their utility-scale generation expansion plans while maintaining the stability of the grid. The expected outcome is the supply of low-cost energy. The Activity shall also support BEL and the PUC to modernize the grid.

1.1 Grid Modernization

This Sub-activity shall support the upgrade of the grid and its operations regime to accommodate a high penetration of variable energy. This may include but is not limited to:

- (1.1.1) Funding infrastructure to increase capacity and improve stability of the transmission network which will reduce the wholesale cost of electricity.
- (1.1.2) Technical assistance to enhance the reliability, stability, flexibility, efficiency, and resilience of the grid by enabling the secure and coordinated integration of high levels of variable energy, distributed resources, and demand-side participation.
- (1.1.3) Technical assistance to the entities responsible for complying with or enforcing the Grid Code published by the PUC to facilitate the integration of variable energy, including requirements for upgrading generating facilities to comply with the Grid Code.

1.2 Improved Policy and Regulatory Framework for Sector Planning and Operations

This Sub-activity aims to support Belize to improve the policy and regulatory frameworks to facilitate efficient planning, regulation and operation with the flexibility required of modern systems with a high proportion of variable energy. This Sub-activity may support but is not limited to technical assistance to MPUEL, the PUC, and BEL. This may include but is not limited to support in the following areas:

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(1.2.1) Drafting of a new Energy Act and amendment of the Electricity Act (or have the Electricity Act subsumed under the Energy Act). The Energy Act will mandate the creation of a Department of Energy within MPUEL, inclusive of a dedicated planning unit.

(1.2.2) Capacity building to the newly established planning unit, as well as counterparts from PUC and BEL, in leading practice methodologies for Integrated Resource Planning and Least Cost Expansion Planning; and

(1.2.3) Development of dispatch regulations that mandate the system operator to apply security-constrained economic dispatch while respecting power purchase agreements, operational constraints, and system reliability standards.