

Chalillo Chill

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Critics slam the dam that a Canadian company wants to build in Belize's valley of the Scarlet macaw.

Canadian-based Fortis Inc. and the government of Belize are continuing to press ahead with a \$44-million dam project that has been widely condemned as an economic and ecological nightmare.

Critics say the proposed Chalillo dam in the Macal River Valley of western Belize will be unreliable, unnecessarily costly, and a threat to endangered wildlife in one of the most ecologically sensitive regions of Central America.

Fortis is a \$1.6-billion Canadian power company based in St. John's, Newfoundland. The company, which has electric utilities in Newfoundland, Ontario, and PEI, owns 68 percent of Belize's national electricity utility, Belize Electricity Limited.

One of Fortis's major assets in Belize is the existing Mollejon dam, downstream from the Chalillo site on the Macal River. This dam is essentially useless during the dry season, and one purpose of the Chalillo project is to provide additional dry-season water for the Mollejon generator.

Fortis representatives and government officials in Belize say the Chalillo dam will also attract foreign investment, help alleviate poverty, and decrease dependence on power imports from Mexico. Currently Belize gets energy from the Mollejon dam during its stable working months, from diesel-powered generators, and from the Mexican power grid.

The proposed Chalillo dam is to be 49.5 metres high and would flood about 20 kilometres up the Macal River valley. But its planned generating capacity is only eight megawatts,

and critics doubt that it would generate much power during the dry season.

Villagers of Cristo Rey (population 800), who fish and drink from the Macal River, say that since Mollejon was built in 1995, water levels have plummeted and many villagers have developed skin irritations after bathing in the water. They fear construction of the Chalillo dam will make things even worse.

Ecological scientists also expect serious damage. The Chalillo site in the Macal River Valley is home to a range of threatened species including the exceedingly rare scarlet macaw. The dam's reservoir would flood parts of the Mountain Pine Ridge Forest Reserve, Chiquibul Forest Reserve, and Chiquibul National Park. Nearly 400 hectares of the remote valley area will be inundated and more than 800 hectares of prime valley habitat destroyed.

The valley contains the only known nesting sites for rare subspecies of the scarlet macaw, fewer than 200 of which remain in Belize. Other rare and endangered species in the area include Central American river otters, Morelet's crocodiles, Central American spider moneys, tapirs, ocelots, and jaguars.

As well, the Chalillo reservoir would flood two Mayan ruins containing ancient pyramids and temples. Approximately 500 Maya indigenous people in Belize have signed a petition calling on the government to preserve these reminders of their cultural heritage.

Eighteen of the world's leading scientists and naturalists, including David Suzuki, Robert Bateman, and Peter Raven, president of the American Association for the Advancement of

Science, have joined the U.S.-based Natural Resources Defense Council, the Sierra Club of Canada, Probe International, Newfoundland groups, and others to protest the project.

In addition, the World Conservation Congress, at its second session in Amman, Jordan, in October 2000, urged Belize Electricity and Fortis to discontinue the project unless they could demonstrate "that the project would not cause significant degradation or destruction of wildlife habitat and the natural environment."

Former project partner Duke Energy of the U.S. chose to withdraw from the venture. But Fortis chief executive Stanley Marshall is determined to continue. He told *Maclean's* magazine, "Fortis won't bow to pressure groups who are looking out more for their own self interests than the people of Belize."

The government of Belize too has publicly denounced project opponents. Prime Minister Said Musa said, "We don't think it is fair for these environmental groups to be beating up Belize over this little dam when their own countries have so many of them. Now they are trying to tell us we can't have one."

In August 2000 one government official, in an article published in the *Belize Times*, labelled Belizean NGOs and their supporters as "enemies of the state" for voicing opposition to the dam.

NGO representatives, however, say there is little chance the Chalillo project will bring benefits for power consumers or ordinary citizens in Belize.

Members of a broad coalition of project critics in Belize, Canada, and the United States have recently written to members of Fortis's board, asking

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for a review of the company's Chalillo commitments. They say an independent economic analysis has concluded that the dam may be profitable for Fortis but economically detrimental for Belizeans. The dam's critics argue: "Belizeans already pay Fortis more than three times the average energy rates in Canada (approximately 30 cents/kilowatt hour). Fortis's profits from Belize are usurious: in the third quarter, Fortis earned \$5.6 million from 100 Gigawatts of electricity sold in Belize, as compared with \$3.4 million from more than 800 Gigawatts sold in Newfoundland and Labrador. Considered over the entire year, Fortis earns four to eight times more per kilowatt hour sold in Belize than in Newfoundland and Labrador.

"The contract for the Chalillo dam would force Belizeans to buy electricity from the dam before any cheaper source. A similar contract for the existing dam costs Belizean ratepayers more than three million dollars extra each year. The short-term gain to

Fortis from such business practices are likely to be far outweighed by the long-term damage to its relationship with the Belizean people, and to its international reputation as a good corporate citizen."

For a limited output of an eight-megawatt facility, Chalillo would cost over \$44 million. The power would be sold to Belize Electricity at 15 cents per kilowatt hour (kWh), nearly double the current cost of power imported from Mexico (about 8 cents per kWh).

Alternative domestic supply options include electricity from bagasse units, which burn sugar cane waste to generate power at an estimated cost of about 11 cents/kWh.

The Canadian International Development Agency (CIDA) has also been criticized for assisting Fortis by contributing almost \$466 000 to AMEC, a Canadian engineering company, to prepare a project justification report and environmental impact assessment.

Project opponents say the assessment work includes inaccurate and misleading information on geology and hydrology, that no public review has been allowed to examine the assessment work, and that CIDA's assistance has helped Fortis rather than the environment.

CIDA officials have defended their actions, arguing that they have not supported the project itself but only helped to ensure that a proper environmental assessment was carried out. They say the AMEC environmental assessment report clearly recognizes that the project would have significant adverse environmental effects. In CIDA's view, the Belize government's decision not to heed this conclusion is unfortunate, but beyond CIDA's influence.

Although the Belizean National Environmental Appraisal Committee (NEAC) approved the assessment, critics assume this reflects pressure from the government of Belize, which strongly supports the initiative.