



NATIONAL LPG TERMINAL
STAKEHOLDER CONSULTATION, SEPTEMBER 23RD, 2016
FINDINGS REPORT

BELIZE

LPG INDUSTRY & PROJECT SUMMARY

NATIONAL LPG STAKEHOLDER CONSULTATION 2016

FINDINGS ANALYSIS

NATIONAL LPG TERMINAL STAKEHOLDER CONSULTATION

As requested by the Cabinet Sub Committee on Investment (CSCI), in further assessing the proposed project development to establish a central hub in Belize for the delivery, storage, testing and blending of Liquefied Petroleum Gas (LPG), the Ministry responsible for Investment, Trade and Commerce (MITC), Beltraide and the Belize Bureau of Standards (BBS) hosted a National LPG Stakeholder Consultation on September 23rd, 2016.

The consultation was conducted in two separate sessions, namely (A) one – to – one sessions with the five major LPG importers, held in the morning, and (B) a general LPG stakeholder session, held in the afternoon, respectively. A total of 42 attendees, which included the representation of importers, depot and mini depot operators, participated in the consultation which sought to foster stakeholder discussion and feedback on the proposed development. The below is a comprehensive summary of the consultations held inclusive of stakeholder feedback: Qualitatively, and Quantitatively (See Annex 1: Minutes)

QUALITATIVE ANALYSIS: ONE – TO – ONE SESSIONS, IMPORTERS

IMPORTERS – COMPANY REPRESENTATIVES:

- Mr. David Aguilar, Country Manager, Belize Western Energy Ltd.
- Mr. Ricardo Suarez, Country Manager, Zeta Gas Ltd.
- Mr. Aurelio Bautista, Country Manager, Tomza Gas Ltd.
- Mr. Roque Reyes, Sr., Manager, Belize Gas Ltd.
- Mr. Marvin Plett, Manager, LP Gas & Supplies

SUMMARY OF CONCERNS AND ISSUES

01. Source of LPG

As the major importers of LPG into the country, stakeholders expressed concerns in the sourcing of LPG, particularly in identifying the company that would then become the sole supplier of LPG. Importers requested further clarity on the mechanism and selection criteria that would be used in determining the company that would supply LPG to the country.

The developers apprised that selection would be conducted through a tendering process. Hence, the opportunity would be open to any company interested to supply LPG to the terminal.

02. Pricing of LPG

Whilst taking into consideration the minimum requirements for the blend of LPG sold to households, which is currently a blend of maximum 70% propane and 30% butane (70/30), stakeholders requested further details on the pricing mechanisms that would be used to price LPG sold.

03. Tender for Distribution

Stakeholders expressed concerns on the effects and changes that would be encountered in distribution specifically in trucking – whether companies would be required to utilize their trucks or trucking services via an intermediary company.

04. Ease of Market Entry

As a proposed Central Hub for the importation, storage and blending of LPG in the country, importers conveyed concerned on the ease of market entry of new suppliers (vis-à-vis established importers). In addition, concerns were expressed on whether current customers, retail and bulk, would be able to source/purchase LPG directly from the terminal.

The developers and Bureau of Standards (BBS), indicated that the framework is to be finalized, however, while conceptual, it is envisioned that the terminal would be specifically and only be for wholesale distribution to certified candidates. Hence, there would be a threshold on the minimum number of gallons that ought to be purchased from the terminal. Additionally, companies seeking to purchase LPG from the terminal would require a specific certification from the Bureau of Standards (BBS).

05. Storage Capacity

Inquiries on the storage capacity of the terminal were conveyed. The developers informed that based on pre- **feasibility studies conducted, the terminal's storage** capacity is projected at 1.5 million gallons of LPG which represents 150% of **the country'** s current monthly demand.

FEEDBACK –SUPPORT FOR PROPOSED PROJECT DEVELOPMENT

01. Belize Western Energy Ltd.

In further providing a formal indication of support for the proposed project, Country Manager of Belize Western Energy, indicated further consultation will be required with the companies' principals in El Salvador and Guatemala.

02. Zeta Gas Ltd.

Country Manager of Zeta Gas Ltd. conveyed that the company had contemplated a similar investment to establish a terminal in Belize, for which a preliminary assessment was conducted earlier in January 2016. However, the proposed project was a placed on hold. While the proposed terminal is potentially viable, the company is keen at investing in projects which are led by other entities. Nonetheless, it was indicated that further consultation is required with its Head Quarters in Guatemala and Mexico City, before indicating a formal response in support of the project.

03. Tomza Gas Ltd.

In its expansionary endeavors, Country Manager of Tomza Gas Ltd., apprised that the company had acquired the company, Western Gas Ltd. The proposed project development is one that the company is currently assessing to establish in Belize or Guatemala in expansionary endeavors. While the company representatives expressed favorable support towards the proposed terminal during the consultation, it was indicated that further consultation would be required with its headquarters in Guatemala and Mexico.

04. Belize Gas Ltd.

As a local supplier of LPG in Belize, Belize Gas Ltd., the company principals indicated their support and expressed interest in investing in the proposed National LPG terminal.

05. LP Gas Supplies & Equipment

As the largest national supplier of butane gas, gas tanks and fittings, company representatives indicated a favorable support and interest to invest in the proposed National LPG Terminal.

QUANTITATIVE ANALYSIS: NATIONAL LPG TERMINAL SURVEY RESULTS

Category: LPG Importers

Note:

Pursuant to the consultation held on September 23, 2016, numerous follow – up calls and emails were conducted to importers in requesting their completion of the requisite survey in obtaining formal feedback.

To date, formal feedback, via the survey, has not been received from Belize Western Energy Ltd, Zeta Gas Ltd, and Tomza Gas Ltd. It was indicated through follow– up calls that the respective principals can only complete the survey subsequent to receiving a formal project concept and/or business plan of the proposed project, National LPG Terminal.

Category: LPG Distributors – Agents, Depots, Mini – Depots

The charts below highlight key feedback obtained from LPG stakeholders, who participated in the LPG Consultation. A total of twenty – five (25) surveys were completed by participants at the consultation.

01. Support for Central Hub/National LPG Terminal

Based on the surveys completed, eighteen (18) participants, a representation of 72%, indicated that they support the National LPG Terminal. While, 4% indicated an unfavorable support and 24% did not specify support for the proposed project, represented in the chart below.

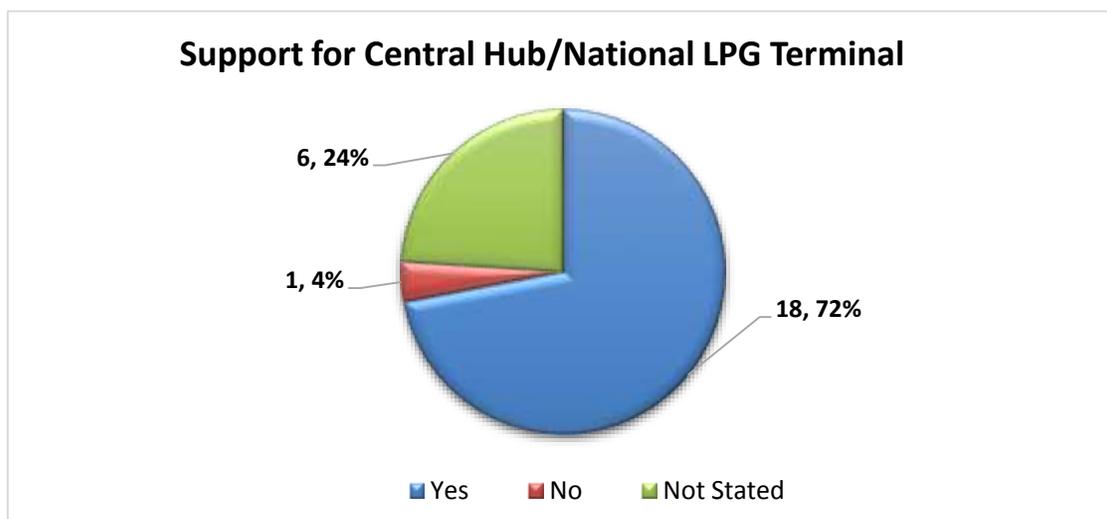


Figure 1: Indication of LPG Stakeholder Support – NLPGT

02. Projected Impact on Business

The subsequent chart illustrates stakeholder feedback and forecasted impact that the proposed terminal would have on their company. Seventeen (17) respondents, a representation of 68%, indicated that the proposed LPG Terminal would benefit their company. On the contrary, 12% of the respondents indicated that the proposed project would not benefit their company. The remaining 20% of respondents did not specified the perceived benefit that would be received from the project.

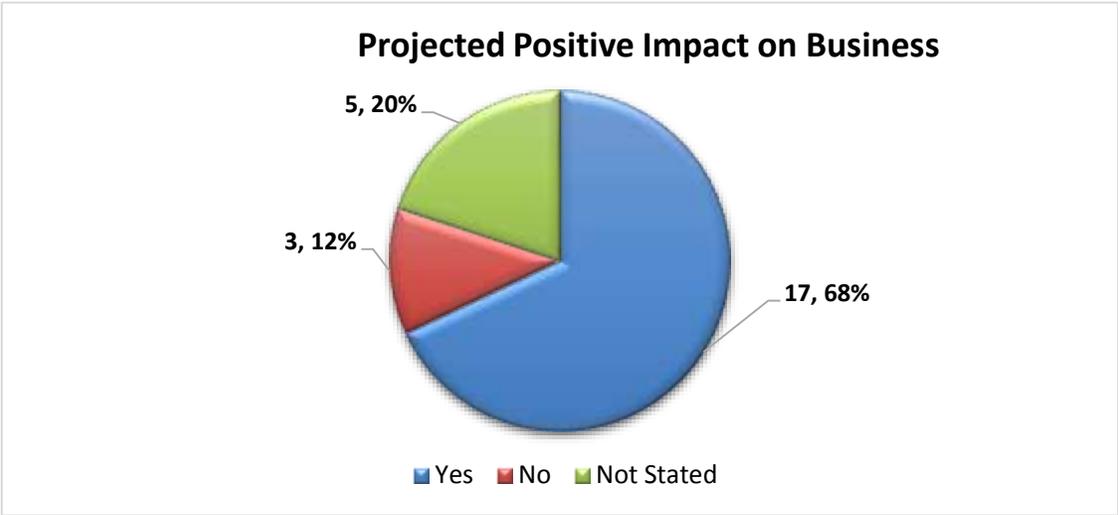


Figure 2: Projected Positive Impact on Business – NLPGT

03. Impact on Energy Security

As a public utility, twenty– one (21) respondents, a representation of 84%, indicated that the proposed LPG Terminal would contribute to increase energy security in the country. The remaining 16% of respondents did not defined their indication on whether the proposed project would contribute to overall energy security.

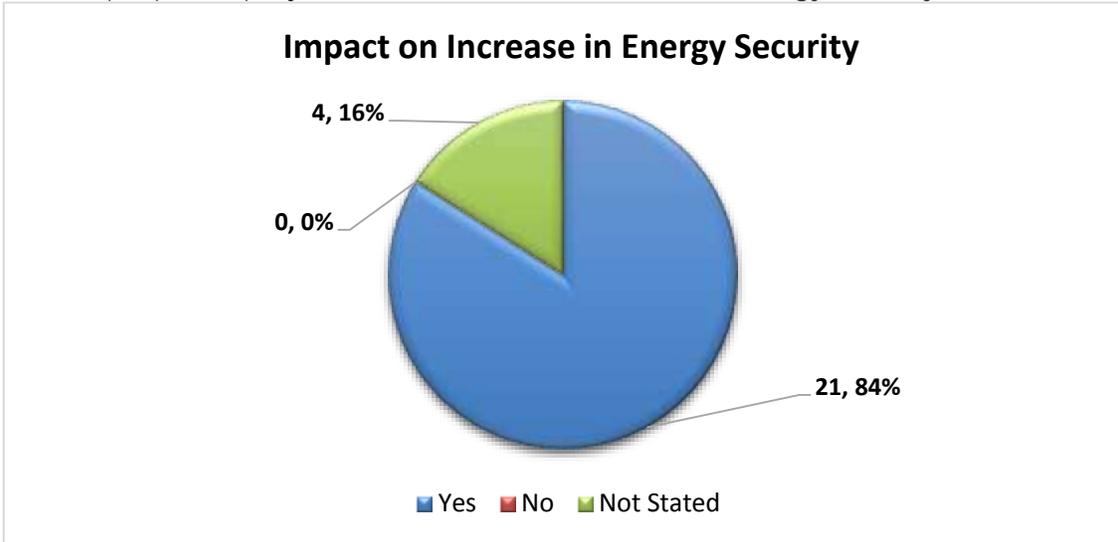


Figure 3: Impact on Increase in Energy Security

04. Interest to Purchase Shares/Invest

The chart below encapsulates the interest that exists amongst stakeholders to invest in the proposed project. A total 52% of respondents expressed interest to invest in the National LPG Terminal, while, 36% did not provided a firm response.

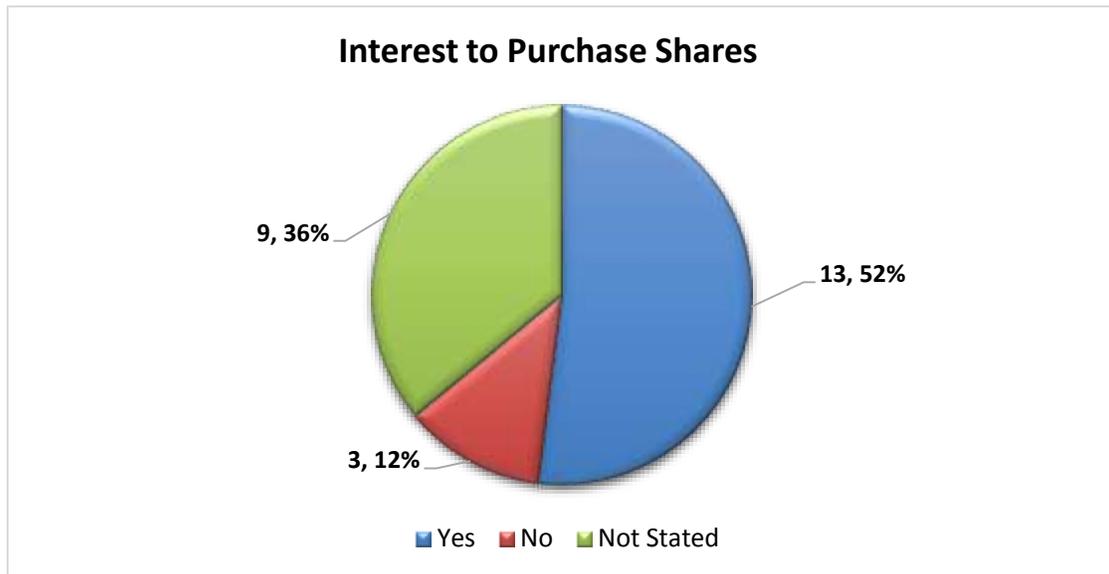


Figure 4: Interest to Purchase Shares

Summary: Stakeholder Feedback and Recommendation

The proposed LPG Terminal in Belize would positively impact this sector as there would be proper control of supply, pricing and quality since a standard product would be sold to consumers. Hence, competition amongst suppliers would be primarily based on customer service.

While stakeholders believe that a Central hub would reduce current dependency on foreign importers, concerns were expressed particularly in control measures that would be implemented to monitor the ease of market entry for new competitors – protection measures.

The consultation held was perceived as being very informative and interactive in presenting the proposed development and reviewing standards that have been established for the sector to ensure consumer protection and safety. Companies expressed their willingness to **participate in initiatives, such as 'refresher courses' provided by the Belize Natural Energy (BNE) in the past, as these would aid in becoming compliant.**

In essence, stakeholders (though without formal feedback from the three aforementioned importers) expressed positive support for the proposed National LPG Terminal, however, further clarity and details on pricing and delivery mechanism was requested.

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