The Virgin Islands Consortium

HUD Approves VIHFA Amendment, Signaling Potential Release of $145M to Purchase Vitol Infrastructure at WAPA Plants

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Governor Albert Bryan Jr and VIHFA Interim Executive Director & Chief Disaster Recovery Officer Dayna Clendinen meet with HUD officials in Washington DC in September. By. GOV'T HOUSE

The U.S. Virgin Islands has taken a major leap towards fortifying its energy infrastructure, with the announcement from Governor Albert Bryan Wednesday night that the U.S. Department of Housing and Urban Development has greenlit the V.I. Housing Finance Authority's Substantial Amendment.

The approval signals — but does not confirm — the release of $145 million in Community Development Block Grant mitigation (CDBG-MIT) funds designated for the V.I. Water and Power Authority's purchase of Vitol infrastructure with the WAPA plants on St. Croix and St. Thomas.

In a release also on Wednesdday, VIHFA said the Substantial Amendment approval is the first step in accessing $145 million in Mitigation funding, which, as stated in the amendment, requires WAPA's commitment to maintaining lower fuel prices, increasing fuel security, and addressing the vulnerability of the territory's fuel storage to future storms and disasters.

VIHFA, as HUD's grantee, is responsible for monitoring WAPA, ensuring that the utility publishes its utility reliability metrics; demonstrates the financial ability to maintain and operate the propane infrastructure throughout its useful life (20 years); maintains the territory's access to multiple fuel sources; and ensures that WAPA is using its most reliable modern generators to facilitate increased power reliability.

The next step is for VIHFA to submit its policy and procedures for administering the funds to HUD for review and approval. The Housing Finance Authority said it will work with WAPA to finalize the application and proceed with an environmental review, ensuring that all federal and local regulatory requirements, and performance metrics, are met.

Even so, the approval marks noteworthy progress in the administration's initiatives to solidify the energy infrastructure of the Virgin Islands and ensure better utility service, according to Government House. The transition of the LPG assets from Vitol into the hands of WAPA is seen as a strategic move that will provide WAPA with an enhanced command over fuel supply and more efficient management of fuel costs.

Additionally, by taking control of these propane facilities, WAPA will be better equipped to concentrate on its core strategic objectives and resilience-focused projects, Government House said. A significant part of these projects is the ambitious plan for expanding the incorporation of renewable energy into the grid system.

Commenting on the significance of this development, Governor Bryan emphasized, "There is no easy fix to a system that has been broken for 60 years. It takes commitment, diligence, political courage, and, most importantly, working together. I want to again thank the members of the 35th Legislature who supported the legislation approving the line of credit needed to complete this plan and the leadership teams at HUD, VIHFA, and WAPA for their diligent efforts, which helped us achieve this milestone."

The acquisition would signify not only an advancement in infrastructure but also a promise of improved service delivery by WAPA. The move is anticipated to result in more cost-effective and efficient services to ratepayers, serving the broader interests of the residents of the U.S. Virgin Islands.