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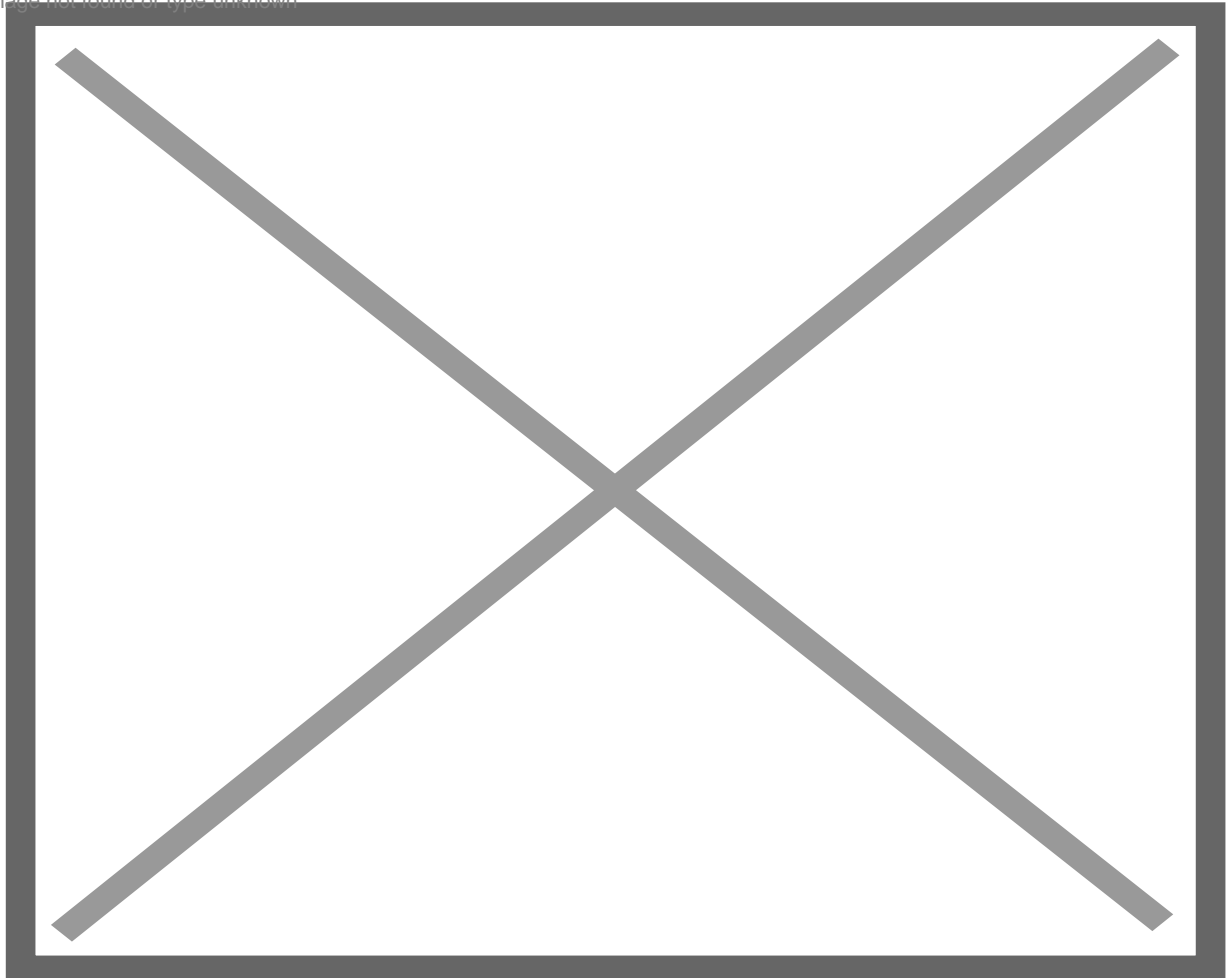
WAPA Extends Diesel Supply Contract While Transitioning to Propane Generators

WAPA's Dual Fuel Strategy Unveiled

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Aerial shot of WAPA's Richmond Plant on St. Croix. By. ERNICE GILBERT. V.I. CONSORTIUM

The Water and Power Authority is extending a diesel supply contract even while moving towards a propane-dominant power generation framework as the operationalization process for four Wartsila generators continues.

On Thursday, WAPA officials requested from the Governing Board an extension to the existing fuel supply agreement between WAPA and Borinken Towing and Salvage. The extended contract would run until March 31 2024, and would maintain the same terms and conditions of the current

contract, according to WAPA CEO Andrew Smith. Costs would be capped at \$19 million, which includes the fuel itself - approximately 5.2 million gallons, Mr. Smith said – plus transportation at current rates.

According to Mr. Smith, the 5.2 million gallon quantity is based on current needs, and would be more than enough to sustain power generation operations moving forward, as the need for diesel is expected to fall dramatically as the new generators come online. "The consumption of diesel in our optimal operating configuration should fall to about 70 barrels a day," Mr. Smith explained, down from the current consumption rate of up to 800 barrels per day.

WAPA has hedged its bets even further when it comes to their attempts at controlling costs, as the \$19 million sum also includes a 25% "premium" to account for potential price increases on diesel. "Now, obviously, there could be situations where...that may not be the best or may not be enough," said Mr. Smith, referencing the current conflict in the Middle East. However, he expressed confidence that the money would be sufficient to cover the majority of price increase scenarios until March of next year. "I think we're putting a reasonable amount of cushion into the \$19 million," Mr. Smith assured board members.

The contract also does not require any fixed purchase volume, the WAPA CEO noted. "We've had a lot of collaborative discussion with them," Mr. Smith said about Borinken. "They recognize that we're in a period of transition as an organization in terms of our fuel consumption," he continued, saying that the fuel supplier understands that WAPA's need for diesel will diminish.

The members of WAPA's governing board present at last Thursday's meeting all voted in favor of the extended contract with the exception of Hubert Turnbull, who abstained.