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Announcement of VIElectron/Honeywell and WAPA Partnership Faces Hurdle as Authority's Lawyer Objects to Deal's Negotiation Process

As Government House announces VIElectron/Honeywell partnership to include WAPA acquisition of battery storage assets, WAPA's general counsel blocks discussion of deal, saying direct approach a violation of procurement laws

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Left to right: Kyle Fleming, Andy Smith, Gov. Albert Bryan, Christian Loranger, Pramesh Maheshwarari, Chad Briggs By. GOV'T HOUSE

On Thursday, even as WAPA's board decided that discussions on a deal to implement a key aspect of the power purchase agreements between itself and VIElectron was premature,

Government House threw its support behind the solar company's announced partnership with a major battery manufacturer.

During a meeting of the Water & Power Authority's Governing Board, officials from VI Electron sought to apprise board members of a new development that they said could "allow us to drastically reduce the price of power from the current power purchase agreements," according to Christian Loranger, VIElectron's founder. However, that effort was blocked by WAPA's General Counsel Dionne Sinclair, who declared that a vendor having direct communication with the board was outside the legal procurement process.

Ms. Sinclair noted that the signed power purchase agreements make reference to subsequent agreements regarding battery storage, however those have not yet been executed. "So that still has to be negotiated with yourself, maybe with other vendors," she remarked. The regular process for a vendor would be to approach the CEO, Ms. Sinclair instructed, "and once all the data is passed and the decision is made, it will then be presented to the board. To kind of skip the initial step...deviates completely from our procurement process."

Mr. Loranger responded by saying that he would be "extremely happy to operate under the power purchase agreements that we currently have," which set out a cost of 10.9 cents per kilowatt hour for solar power generation, with additional battery storage contracts to be negotiated subsequently. Nevertheless, he informed the board that he had "come across some changes that came in about the Inflation Reduction Act" that would allow VIElectron to supply the batteries at no additional cost.

Although several board members evinced interest in hearing what Mr. Loranger had to say and considered amending the meeting's agenda to accommodate receiving information on the new developments, WAPA's general counsel maintained that any such discussion would be in violation of the established procurement process for the agency.

While Mr. Loranger assured board members that he had had "a million discussions" with WAPA CEO Andrew Smith on the issue, Chief Financial Officer Lorraine Kelly seemed unfamiliar with the topic. "Has this been presented through me so that I would have the opportunity to have some advance notice of what is about to be discussed?" she asked. VIElectron's principal reiterated that he had been in conversation with Mr. Smith on the issue. "CEO Smith is my connection to the Authority," Mr. Loranger said. "I wouldn't want to reach out to you directly without CEO Smith guiding me in that direction."

Ultimately, the board agreed to only hear discussion on what is contained in the existing power purchase agreement, with anything outside those parameters reserved for another forum, perhaps a subsequent executive session.

Mr. Loranger agreed, and proceeded to update the board on the solar farm build-outs currently underway on St. Croix, St. Thomas, and St. John, which would provide a total of 51.975 million kilowatt hours of energy per year at a cost of 10.9 cents/kwh plus an additional, as yet unknown cost for batteries. Current agreements provide that the ownership and operational responsibility for the solar power infrastructure would be retained by VIElectron.

However, an announcement [issued by Honeywell in December](#) and echoed by Government House in a press release on Thursday, spoke of a major collaboration between Honeywell and VI Electron to supply a 124 megawatt battery energy storage solution (BESS) reportedly the first of several. Calling the development a "visionary partnership" in the Gov't House press release,

Governor Albert Bryan Jr. said that the “unprecedented collaboration” would “transform the energy landscape” of the territory while at the same time providing “massive cost savings” to consumers.

Unlike the existing power purchase agreements, the partnership with Honeywell seems to include the purchase of the BESS installations by WAPA. “The acquisition of these assets by the U.S. Virgin Islands Water and Power Authority underscores a commitment to a resilient, diverse, and environmentally responsible energy future.”

Mr. Bryan further expressed “unwavering confidence in WAPA’s ability to maintain these assets,” and singled out Honeywell CEO Lucian Boldea for praise by the territory's leader, who said that his visit to St. Thomas for the State of the Territory address was proof of his dedication to the venture, as was his attendance to a joint “kickoff meeting” between officials of WAPA, central government, and VIElectron.

With Governor Bryan, Honeywell, and VIElectron already celebrating the deal as a fait accompli, the question arises as to what implications this may have for the ability of WAPA’s board to make an independent decision during upcoming discussions on agreements that have yet to be signed, particularly as key financial officers within the utility company do not yet seem to have knowledge of the details of the deal.