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Bryan Declares State of Emergency to Deal With WAPA Funding Crisis, as Utility Comes Under Pressure From Suppliers

With a \$11 million collective debt from key agencies, the Governor intervenes to prevent power outages across the islands

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Janeke Simon **April 22, 2024**

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Epic Curacao, ship carrying first delivery of propane fuel to WAPA, arrived at the semi-autonomous entity's Christiansted dock on Wed. Oct. 21, 2015.

Governor Albert Bryan Jr. has declared a local state of emergency so that the government can pay some urgent attention to staving off the creditors of the Water and Power Authority.

During a Gov't House special press briefing Monday morning, Mr. Bryan announced that three government-dependent entities — Schneider Regional Medical Center, Juan F. Luis Hospital, and V.I. Waste Management Authority — owe WAPA a collective \$11 million, approximately. The semi-autonomous agencies, which the governor says have been chronically underfunded by the V.I. Legislature, have reportedly been relying on WAPA's reluctance to interrupt service and funneling money that should be going to electricity bills into other budgetary needs. This is not a new situation; the governor described finding arrears of \$26 million owed by the three named entities upon assuming office. "Within the first six months of our administration, we paid those bills in full," Mr. Bryan said. However, the past due amounts soon began to accumulate again.

Without the timely bill payments from those agencies, WAPA itself has been falling behind on money owed to creditors, a circumstance that became a crisis last week, when the territory was threatened by [forced power rotations](#). With fuel inventories running dangerously low, WAPA was experiencing a critical shortage. The government, Governor Bryan said, remitted \$4 million dollars to the utility — "\$2 million for stuff that central government owed and \$2 million from the hospital fund." The money was used to purchase desperately needed fuel, and WAPA managed to keep the power on in St. Thomas.

On St. Croix, however, a crisis still looms. "Aggreko, the company that leases generators to WAPA, turned off those generators at midnight due to non-payment," Governor Bryan disclosed. Although a direct intervention from the chief executive convinced the company to resume service, the same day, good will alone will not be enough to stave off another shut-down.

With the state of emergency declared, Mr. Bryan has effectively bypassed the need for Senate authority and can now tap into funds held by the central government to make certain financial arrangements on behalf of the authority. Mr. Bryan told the Consortium after the press briefing that his office does not need the Senate's clearance to use the funding. "The law actually says all that needs to happen is that the Finance commissioner has to ask the Office of Management and Budget director, and then they release the funds. That's it," he said. [As of January](#), there was over \$20 million in the rainy day fund. Mr. Bryan said [he had sought to call the Senate into session](#) but opted to declare a state of emergency due to the urgency of the matter.

The \$2.3 million owed to Aggreko will be paid in full by tomorrow, Mr. Bryan promised, ensuring that St. Croix is spared painful electricity rationing or outages.

The money owed to the utility by Schneider, JFL and VIWMA will also be paid in full, "thereby providing WAPA with much needed cash liquidity and going forward, keeping the entire government current on its utility bills owed to WAPA," Governor Bryan said. Pre-empting critics, he argued that the struggling utility was not getting another handout. "This isn't a subsidy," he said. "This is now about paying our bills in a timely fashion."

Additionally, the governor announced that he was "formalizing a task force that has been working for well over a year" to execute certain critical outstanding projects and actions for WAPA that have been beset by delays. The task force, the composition of which Mr. Bryan did not disclose, would work to fund the onboarding of the management turnaround company that was [mandated by the legislature](#) almost three years ago, over the objections of the governor.

The task force would also be responsible for completing the negotiations on the Wartsila generator project, working to bring the propane units online after the project [stalled following disputes over amounts owed](#). The agreement with Vitol will also need to finally be settled by the task force, Governor Bryan said, as will the completion of [pending studies](#) and outstanding battery

agreements. “My administration and I personally have pledged to fix WAPA,” the governor reiterated. “And I remain firmly committed to taking the actions required to do so.”

Ahead of Monday’s press conference, the Senate Committee on Budget, Appropriations and finance announced a meeting on Wednesday to discuss WAPA’s current financial crisis. The utility’s governing board this morning announced a meeting for Thursday.

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