

logo not found or type unknown

WAPA's Sustainability Goals Meet a Barrage of Challenges

Despite strategic plans for a greener future, the Virgin Islands Water and Power Authority faces an uphill battle with financial strains and project delays

WAPA / **Published On April 25, 2024 05:59 AM /**

Nelcia Charlemagne **April 25, 2024**

Image not found or type unknown



Aerial shot of the Randolph Harley Power Plant in St. Thomas. By. V.I. CONSORTIUM

An extended conversation on the V.I. Water and Power Authority's financial woes in the Senate yesterday periodically touched on the authority's proposed plans for long-term sustainability.

WAPA Chief Executive Officer Andrew Smith explained that the utility's inability to pay service providers was caused by a host of issues including millions of dollars in past-due payments, increased propane costs, and "shielding the community from the high cost of electricity." As it

stands, WAPA expends \$16-\$18 million on propane monthly, off revenues of \$21-\$23 million for the same period. As of January 2024, the cost of propane had increased by 87% compared to late 2022, representing a dollar amount of \$4.9 million now compared to \$2.2 million monthly two years ago.

With transportation costs also increasing, several legislators wondered how WAPA planned to become more self-sufficient in the long term. Foundational to WAPA's sustainability plans is the success of "two key strategic initiatives," namely closing on the [acquisition of Vitol's propane infrastructure](#), and bringing [Wärtsilä generators](#) online on St. Thomas. However, both initiatives continue to be beset by delays but. However, they are on the to-do list of a task force focused on WAPA issues that Governor Albert Bryan Jr. said had been [recently formalized](#).

Regarding the Vitol acquisition, Mr. Smith testified that "grant funding keeps getting delayed despite efforts by the authority to advance the process." He explained that the application for grant funding has sat on the desk of the U.S. Department of Housing and Urban Development since June 2023. He could not provide legislators with a possible timeline for completion.

Meanwhile, installation of the new Wärtsilä units was "close to completion when Wärtsilä demanded payment of \$15 million for change orders." WAPA agreed to only \$5 million in change orders, and was "disputing some change orders" to ensure "the territory was receiving value for its investment." Now, WAPA is hoping that negotiations that have "substantially delayed the project" will come to an end soon, "putting WAPA on a path to sustainability and ultimately rate reduction."

The authority believes the two projects will generate an average of \$5 million in monthly savings. This, Mr. Smith asserted, will "stabilize WAPA financially and place the authority in a position to live within its currently approved regulated rate." But with an uncertain and protracted timeline on the grant funding for the Vitol acquisition, Senator Alma Francis Heyliger wondered whether WAPA had a "contingency plan...in the event that the grant is not awarded." Mr. Smith said there were not many other options available.

Nevertheless, WAPA expects additional cost savings thanks to solar and battery projects currently under construction on St. Croix, which are expected to come online later this year. A lease for "site control" of a piece of property for a [wind energy project](#) is expected to come before the Legislature for a third time. And while WAPA wants to replace Aggreko generators with their own, "funding needs to be secured." The authority faces a similar predicament with a desire to switch out "inefficient generation on St. Croix with modern efficient generation," and with plans to convert "unit 27 on St. Thomas to propane."

While no funding has been secured for these ambitions, WAPA Chief Operating Officer Ashley Bryan, explained to Senator Marvin Blyden that the utility has identified two potential sources, including "\$53 million in eGRID funds that are earmarked for energy" by the Department of Housing and Urban Development. WAPA CEO Smith would later clarify, however, that "policies and procedures have to be put in place for those funds to even be available for us to apply for," leaving the ability of WAPA to secure that funding open to question.

Senator Angel Bolques Jr. opined that WAPA must "stop this band-aid approach and stitch the wound," regarding their prospects for long-term self-sufficiency. Renewable energy projects must form part of what Mr. Bolques described as a "holistic approach." Mr. Smith assured the lawmaker that "the solar projects are being done as quickly as they can."

Senator Donna Frett-Gregory shared a different opinion. She told Mr. Smith that while the utility's plans "brief well," the funding challenges highlighted by WAPA may mean that "these things are not going to move... We remain challenged with what's truly happening at the Virgin Islands Water and Power Authority."

Paying for identified cost-saving initiatives remains a "critical point" for WAPA, whose CEO says "grant money from the federal government or other entities" is currently their only available external funding source.

© Viconsortium 2024