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90-Day Energy Emergency Extension Granted as WAPA Struggles with Debt, Equipment Failures, and Leadership Issues

The extension aims to stabilize WAPA's finances and operations amid ongoing equipment failures, fuel shortages, and contractual disputes

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

On Monday, lawmakers during the Committee of the Whole heard from government officials on the need to extend the current state of energy emergency until September 19. [First declared](#) on April 22, and a month later extended for a [second 30-day period](#), the state of emergency was initiated by Governor Albert Bryan Jr. as an effort to stabilize the finances and operations of the

Water and Power Authority amid a spate of blackouts caused by equipment failures, contractual squabbles, and low fuel inventories.

Chief Policy Advisor in the Office of the Governor Kevin Williams, testified that the 90-day extension of the state of emergency was needed to “allow for the execution of an extensive and achievable plan of action,” as well as to “allow positive actions achieved during the first 60 days to come to fruition.”

Acknowledging that the emergency declaration did not prevent the outages and rotating blackouts on St. Thomas and St. John, Mr. Williams argued that this fact serves only to “underscore the critical nature of the power infrastructure throughout the entire territory and the need for the state of emergency.”

Mr. Williams, who recently took over as Incident Commander following the abrupt resignation of Office of Management and Budget Director Jenifer O’Neal, reviewed the initial steps taken by the team – a transfer of almost \$10.3 million to WAPA from the Budget Stabilization Fund to clear debt balances of the Waste Management Authority and the territory’s two hospitals. The three semi-autonomous entities have now been rolled into the single payer fund to ensure that arrears do not recur. A similar payment to Aggreko of about \$2.3 million was also made on WAPA’s behalf, so that St. Croix could be saved from rotating outages caused by the shuttering of the leased generators on that island. However, that has not been sufficient to solve the problem completely. “WAPA has again racked up outstanding amounts totaling \$2.1 million,” Mr. Williams disclosed, but did not say how this new debt would be resolved.

Lawmakers were informed that the pending resolution of WAPA’s buyout deal with Vitol is expected to take place by the end of next month. “This accomplishment will secure WAPA’s access to the propane infrastructure and remove that debt off its balance sheet. This will also pay back the \$45 million line of credit to the GVI,” Mr. Williams said. The application packet for HUD is expected to be submitted by Wednesday, June 26. Vitol has also agreed on reduced transportation rates for LPG – 59 cents per gallon as of June 1, down from 73 cents per gallon. “These new rates have the effect of saving WAPA approximately \$900,000 monthly on shipments of propane vs. the spot price rate Vitol was charging prior to the new contract,” Mr. Williams disclosed.

More savings are expected to come from the completion of the long-delayed project to bring four new Wartsila generators online. Issues which stalled the contract have since been resolved, with WAPA expecting an additional 36 megawatts of power, with 9 megawatts of battery capacity once the project comes to fruition. “This will reduce WAPA’s expenses by \$2.5 million monthly,” Mr. Williams said, noting that work on the project has been fast tracked and could conclude “as early as two months after propane is available to the generators.”?

The incident command team has also been tasked with pushing for progress on WAPA’s renewable energy projects. The long-delayed interconnection study for the Petronella site will be completed by the end of July, Mr. Williams anticipates, with that site coming online within 90 days. “The second site at Estate Hogansborg, St. Croix should follow shortly,” he told lawmakers. “This represents 26 megawatts of purchasable power combined.”

Mr. Williams painted the picture of a dysfunctional utility that needs the external support of the Incident command team to push forward on the several stalled projects “marred by contract disputes and liquidity issues that prevented timely actions.” He noted WAPA’s chronic under-recovery of rates compounded by failing automated meter reading infrastructure has starved the

agency of cash, a problem made exponentially worse by its aged generation equipment made unreliable due to the lack of regular maintenance. He added that WAPA “on a weekly basis needs assistance to keep the lights on,” and said that a continuing state of emergency over the next 90 days “sends the right signal to our federal partners, including President Joseph Biden, the Department of Energy, the Department of Interior and FEMA.”?

With only six days left on his tenure as WAPA’s CEO, Andrew Smith wrote to lawmakers informing them that he would not be in attendance at Monday’s session, as he believed “it will be inappropriate for me to appear before the legislature and offer opinion, commentary or other testimony addressing matters that may affect the future direction of the authority.” Instead, his letter appealed to lawmakers to support WAPA in helping to secure external funding to “close and approximate \$5 million monthly gap between its revenue and cost.” The support will be necessary, Mr. Smith said, “until the benefits of our strategic initiatives are fully realized.”

Kyle Fleming, chair of WAPA’s governing board, was on hand to answer questions from legislators in Mr. Smith’s stead. One of the first queries was about whether the public would be reimbursed for damage to their appliances, equipment, or supplies caused by WAPA’s frequent power outages in recent weeks. “There isn’t a direct plan for that as of yet,” Mr. Fleming said. “That’s something we can free up time to devise,” he observed, noting that the work of the Incident Command team means that WAPA employees can devote more attention to some of the myriad of other issues affecting day-to-day operations.

Senators expressed frustration about sparse detail and the lack of supporting documentation provided in support of the request, things that Mr. Williams promised he could supply. Senator Javan James Sr. demanded to see a revenue collection plan for WAPA, “because right now, your revenue collection is based off of indirectly the legislature. We continue to give you our revenues.” Until such a plan is supplied to him, “I will consider the Water and Power Authority to be irresponsible,” Mr. James said.

Senator Angel Bolques Jr. said that the process was akin to “applying a bandage on a gunshot wound.” He asked whether there was a full scale strategic plan that extended beyond the 90-day emergency stabilization plan. Mr. Williams said that currently, all focus was on ensuring that WAPA was not constantly teetering on the edge of collapse. “I just want the community to know that we’re not out of the woods, and we could be back in rotating power schedules in a short time.” The utility, prior to the emergency declaration, was in such bad shape that “sometimes WAPA can’t even have a conversation with some of their core vendors,” Mr. Williams declared, saying that the incident command team has been working to “repair relationships within WAPA, within the Senate, within the people at the bottom.”

Meanwhile, Senator Kenneth Gittens expressed unease with WAPA’s continuing relationship with Vitol. “This Vitol thing stinks...we are still, based on my research, one of the only jurisdictions doing business with Vitol that haven’t taken their backside to court yet,” he declared, wondering why that was the case. Mr. Gittens also took issue with Mr. Smith’s absence, noting that he was still employed as CEO. With only Mr. Fleming providing representation for the authority, the lawmaker was unhappy that there were no operational staff available to answer questions from the Senate body. He rejected Mr. Smith’s comments committing WAPA to transparency. “I’m sick of you all using this word...because ain’t a damn thing transparent about WAPA, not a Jesus Christ thing!” Gittens exclaimed.

Mr. Williams agreed that improved communication between the Senate and the incident command team is necessary, and committed himself to ensuring that options developed and decisions made

about WAPA's financial future are shared with lawmakers to allow for appropriate scrutiny. "We want to include aspects of the government of the Virgin Islands in the solution going forward."?

Ultimately, lawmakers approved the 90-day extension of the governor's state of energy emergency.

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