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VIHFA to Pay \$100 Million to Vitol on Friday Following HUD Approval of CDBG-MIT Funds

HUD has approved the use of Community Development Block Grant mitigation funds to finalize the buyout and acquisition of Vitol infrastructure at WAPA, bringing significant financial relief and stability amid ongoing power outages

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Aerial view of WAPA's Richmond Powerplant in Christiansted, St. Croix USVI. By. V.I. CONSORTIUM

The U.S. Department of Housing and Urban Development has approved the use of \$100 million from Community Development Block Grant mitigation (CDBG-MIT) funds to finalize the [buyout](#) and acquisition of Vitol infrastructure at the V.I. Water and Power Authority's two power plants.

The information was provided by Eugene Jones, the new executive director of the Virgin Islands Housing Finance Authority. The news was sandwiched between several grant updates during VIHFA's budget defense before the Senate Committee on Budget, Appropriations and Finance on Thursday. The approval, the result of a [lengthy application process](#) with multiple requests for resubmission of documentation, brings the Government of the Virgin Islands one step closer to [stabilizing](#) WAPA's precarious finances and operations..

"We just got word just a couple of days ago," said Mr. Jones. He explained that VIHFA had submitted two vouchers, the first for \$100 million needed for Vitol payments, and a second for \$45 million to serve as a reimbursement to the Office of Management and Budget which had extended the funds to WAPA as part of the government's line of credit, [approved by lawmakers](#) last April. "What happens is that now we're able to pay Vitol \$100 million to acquire the generators," Mr. Jones told senators on Thursday.

"We hope to pay Vitol by [Friday]," he announced. The approval of the remaining \$45 million is expected to follow the submission of "one more document."

"That's good news for the Virgin Islands, that we are able to get that moving," declared Senator Donna Frett-Gregory. "We've approved this \$45 million for quite some time, and this discussion around the \$100 million has been going on for quite some time," she recalled. "This has been an Achilles heel for us," the Finance committee chair told VIHFA's new executive director, congratulating him and his team for "getting this done."

According to former WAPA Executive Director Andrew Smith, the Vitol debt represented one of the authority's greatest challenges. "The Vitol liability is the single largest liability for WAPA," Mr. Smith [said during a WAPA board meeting](#) in March 2023. "It is also the single largest monthly operating cost in terms of the infrastructure payment for WAPA. Now, WAPA's not been making that payment because we don't have the money to make that payment, but this buyout of [Vitol's infrastructure at WAPA] will make all of that go away. So it is absolutely a critical path item to fixing WAPA, and we've reached an agreement to do that."

The news comes during [a state of emergency](#) triggered by rotating power outages territory-wide. While some outages were caused by infrastructural damage and a lack of regular maintenance, debts to suppliers like Aggreko nearly led WAPA to nearly shut down power generators needed to keep the lights on. Several central government entities, including the two main hospitals and the Waste Management Authority, have been blamed for contributing to WAPA's financial woes through their failure to pay millions in utility arrears.