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Financial Struggles at WAPA Trigger Power Outages in STT-STJ Amid Diesel Shortage

Deepening crisis on St. Thomas and St. John highlights urgent need for solutions. Governor Bryan, who declared the WAPA State of Emergency, prepares to board a cruise which he says will benefit the territory's tourism growth

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Aerial view of the Randolph Harley Power Plant in St. Thomas on July 16, 2024. By. ERNICE GILBERT, V.I. CONSORTIUM

On Wednesday evening, power outages roiled St. Thomas and St. John. At 10:36 p.m. the Water and Power Authority issued the following notice: “Due to financial challenges, there is low diesel fuel inventory. Unit 23 is experiencing fluctuations in fuel pressures affecting the overall

performance of the unit resulting in leaks on the fuel system.”

Fuel system leakages are just the latest consequence of WAPA’s ongoing liquidity crisis, an issue that has plagued the utility for years. In 2021, the Consortium reported that rising fuel prices were [having a detrimental effect](#) on the WAPA’s cash flow, something that was not mitigated by the Public Services Commission [approving an increase](#) in the Levelized Energy Adjustment Clause from approximately 15 cents per kilowatt hour to 17 cents per kilowatt hour in that year. The LEAC was later raised again to 22 cents per kilowatt hour, but even this higher price has not been sufficient to keep up with cost of fuel needed to run WAPA’s generators, leading to what WAPA says is a growing hole in its finances of at least \$18 million in [deferred fuel costs](#)?

Compounding the issue has been complications and delays in projects that were intended to reduce the cost of power generation for WAPA. The Vitol project to provide the utility with generators that use cheaper propane got mired in [wastage and cost overruns](#) of over \$100 million, and remains incomplete almost a decade later, with news of Housing and Urban Development’s \$100 million bailout of WAPA to conclude the Vitol boondoggle [announced just days ago](#).

Another project aimed at reducing WAPA’s reliance on costly diesel is also undergoing extreme delays, some caused by the utility’s [chronic inability](#) to pay its bills on time. Earlier this year, the public learned that the four new Wärtsilä generators which arrived on St. Thomas in 2021 were still sitting idle, as a work stoppage due to payment dispute had [ground the project to a halt](#). The generators were initially scheduled to come online in early 2022 and save WAPA money by operating on propane.

As WAPA’s financial position deteriorated, so did its ability to keep up with payments to vendors and service providers that supplied critical fuel and power generation services. In April of this year, Governor Albert Bryan Jr. declared a [state of energy emergency](#), triggered in part by the decision of Aggreko which leases generators to WAPA on St. Croix, to turn those generators off due to non-payment. That state of emergency, which persists today, was also precipitated by WAPA’s dangerously low fuel inventory.?

Despite the injections of cash as a result of Governor Bryan’s declarations, WAPA’s stocks of fuel remain at minimal levels. Last Friday, WAPA’s board learned that the utility’s lack of finances prevents it from filling its water and fuel tanks to a sufficiently high level to offer [protection against damage](#) from high winds during a powerful hurricane. These critically low inventories also mean that WAPA has no capacity to withstand any disruptions or delay in fuel resupply shipments.

In relation to the new complication of fuel leaks further depleting WAPA’s already minimal supply, the utility says that Unit 15 of the Randolph Harley Power Plant will be taken offline on Thursday to facilitate a switchover from diesel to propane, in a bid to conserve generation capacity and whatever little diesel remains. In an acknowledgement of just how precarious the current circumstances are, WAPA announced that it is “expecting a diesel shipment on Sunday as weather permits.” There was no mention of what would happen to its power generation abilities in St. Thomas and St. John if weather does not in fact permit the shipment of the much-needed fuel.

Governor Bryan, who declared the WAPA state of emergency, is currently in Florida waiting to board Royal Caribbean’s Utopia of the Seas, in an event where guests are expected to be incessantly entertained. In a press release issued earlier this week, Mr. Bryan said that as part of the cruise, he will be involved in meetings aimed at bolstering the territory’s tourism sector, with his itinerary featuring discussions with figures such as the St. Maarten Minister of Tourism Grisha Heyliger-Marten, and executives from the Florida-Caribbean Cruise Association, Adam Ceserano

and Michele Paige.

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