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WAPA CEO Unfazed by Customers Fleeing to Solar, Eyes Large Businesses for Stability

While more residents finance independent solar systems, CEO Karl Knight remains confident in WAPA's role as a reliable backup, but lawmakers raise concerns about financial sustainability

WAPA / **Published On September 06, 2024 05:36 AM /**

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The V.I. Water and Power Authority's Richmond Plant. By. ERNICE GILBERT, V.I. CONSORTIUM

“I'm not in competition with folks that are in a position or trying to be in a position to help themselves,” said WAPA CEO Karl Knight, responding to lawmakers when pressed on Thursday by lawmakers on the increasing number of Virgin Islands leaving WAPA in favor of alternative energy sources.

The chronic inability of the Water and Power Authority to offer a consistent power supply to paying Virgin Islanders is encouraging families and individuals to consider renewable sources of electricity generation. For those who can afford it, options like solar energy are quickly gaining momentum. As committee chair Senator Milton Potter observed, “more and more Virgin Islanders [are] saying it might not be a bad deal to finance this thing through the banks to get my own independent solar system.”

Mr. Potter wondered whether WAPA had “quantified the impact [of] people leaving the system.” Fewer customers would mean less money collected through the billing process. Mr. Knight, however, did not seem overly concerned about this prospect. “I’m not going to fight the future,” he told lawmakers in the Senate Committee on Disaster Recovery, Infrastructure and Planning. Instead, Mr. Knight said he intends to “position our public power utility to support the desires and the needs of our community.” For many, the current need is having an independent backup power supply.?

“I want to help them help themselves,” added Mr. Knight, explaining WAPA’s decision to finance solar power systems through their business office. “I want to help give out rebates. I want to help you get your batteries...My job isn’t to compete. I’m not trying to make a profit. I’m not trying to earn sales,” said Mr. Knight. For WAPA’s new CEO, ensuring Virgin Islanders have “a reliable, affordable source of power” is the priority. “If that’s you putting panels on your roof, putting batteries in your garage, or putting up your generator, I want to support that,” Mr. Knight declared.

WAPA, in Mr. Knight’s vision, would serve as a failsafe. “What I want to make sure [is] that you have a connection to our grid, so that if your panels blow off the roof, or your battery fails you, and at an inopportune time, I’m still there for you,” he said.

Though Mr. Knight was not worried about a potential exodus of household consumers from WAPA’s system, he did harbor reservations over another category of ratepayers. “Who I am concerned about is what we call our large power customers, both the existing as well as the potential ones,” he told Mr. Potter. That includes hotels seeking to be self-reliant. But Mr. Knight contends that “the new WAPA can do it for them even better.” Speaking to hotel owners, Mr. Knight suggested that “if you’re really worried about reliability, let’s have a conversation about me providing a battery backup.”

Mr. Knight’s confidence in WAPA’s ability to survive a shrinking customer base was not necessarily shared by lawmakers. Senator Novelle Francis Jr. argued that the utility might encounter increasing difficulty in collecting revenue from those who remain. “Individuals jumping off of the grid are the ones that could afford to pay WAPA,” he remarked. He questioned how WAPA would pivot to streamline operations to achieve financial stability after additional potential revenue losses. Currently, the Water and Power Authority owes over \$166 million in outstanding payments to 2,756 vendors. Of that debt, \$147 million is to “large and critical vendors” including fuel suppliers.

According to Mr. Knight, savvy reciprocal agreements between WAPA and off-grid customers are the key. “I do believe that eventually we’ll look at customer charges for folks that are net metering,” he told Senator Francis. “I think we have a system in place that the Energy Office did negotiate with the Department of Planning and Natural Resources and WAPA for net billing that’s fair to those customers. And I just need anyone that wants to produce their own power to fall in line with those parameters. If they do so, I don’t think it hurts the authority.” Currently, Mr. Knight says that there are a number of consumers that have not been regularized with permitted

net metering connections. This category of consumer needs to be “cleaned up,” he admitted.

The long-term viability of WAPA remains a concern for lawmakers, ratepayers, and everyday Virgin Islanders, and the accelerating trend of power consumers securing alternate energy sources helps solidify that unease. WAPA, on the other hand, is assured that their net metering system - which allows alternate power users to remain connected to the grid in the event of backup failures - is a win-win for the territory. Customers are urged to size their systems appropriately, however, as WAPA intends to buy any future excess generation at the wholesale rate - cheaper than the retail rate.

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