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Sol Petroleum Expansion Targets Stubborn Gas Prices USVI

Motorists in St. Thomas/St. John may see relief as Sol Petroleum pledges to support the fuel distribution network amid concerns over persistent price disparities with St. Croix. DLCA hopes the move will drive competition and lower costs

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Sol Petroleum gas station

Motorists in the St. Thomas/St. John district may soon experience some relief at the gas pumps, where fuel prices have traditionally been higher than those on St. Croix.

Sol Petroleum has pledged to support the territory's fuel distribution network, according to Department of Licensing and Consumer Affairs (DLCA) Commissioner Natalie Hodge, who

addressed lawmakers on Tuesday.

Speaking before the Senate Committee on Government Operations, Veterans Affairs, and Consumer Protection, Ms. Hodge highlighted Sol Petroleum's "significant benefit to the local fuel market," as demonstrated by the "price differences between St. Croix and St. Thomas/St. John." Her presentation included an update on DLCA's recent activities and the results of fuel and market basket surveys conducted by the department.

"Fuel surveys are conducted weekly and designed to inform consumers of the most affordable fuel price throughout the territory," Ms. Hodge explained. She noted that fuel prices for regular, premium, and diesel have remained relatively stable across the Virgin Islands in 2024, with little fluctuation. However, fuel prices on St. Thomas and St. John continue to surpass those on St. Croix, prompting DLCA to express hope that Sol Petroleum's proposed expansion would "foster healthy competition in the St. Thomas/St. John market, potentially driving down fuel prices for consumers."

Sol Petroleum, part of The Sol Group, is the largest independent petroleum supplier in the Caribbean, with operations in 23 territories. Established in 2005 through the acquisition of Shell's assets in the Eastern Caribbean, Guyana, Suriname, and Belize, the company has since expanded significantly. Key growth milestones include acquiring ExxonMobil's businesses in several Caribbean nations in 2014, which solidified its position as a major player in the region. The company now manages an extensive network that includes over 470 service stations, aviation facilities, marinas, and import terminals across the Caribbean.

To better understand the factors influencing fuel costs, DLCA has requested that a fuel cost assessment be included in a forthcoming cost of living analysis, set to take place from December 31, 2024, to December 31, 2026. This comprehensive study, conducted by a third-party contractor, will examine not only food and construction material costs but also other essential goods and services, including labor and energy costs. The analysis "will provide a comprehensive understanding of the factors influencing the cost of living in the Virgin Islands," Ms. Hodge said.

High fuel costs remain a pressing issue for residents, Ms. Hodge acknowledged. Senator Milton Potter of St. Thomas expressed frustration over fuel prices, noting, "While fuel prices seem to be trending downward in some mainland states, I just have never seen that trend in the Virgin Islands.... Why are we that unique here in the territory?" He lamented that gas prices in St. Thomas have remained static for the past four years despite downward trends in other jurisdictions.

In response, DLCA's Director of Consumer Affairs, Matthew Paget, admitted, "Currently, I don't have an answer for why the price is what it is." He assured the committee that the department plans to explore the specific factors contributing to fuel prices in more detail. However, he noted that the DLCA can only monitor fuel costs, as the department does not have regulatory control over fuel prices.

Sen. Potter expressed hope that the planned cost of living analysis would be "seriously pursued." Committee chair Senator Carla Joseph echoed his concerns, urging DLCA to consider involving local institutions such as the Bureau of Economic Research and the University of the Virgin Islands for a more immediate investigation. "I don't think we could wait until 2026 for this assessment to be done," she stated. "It's a very hard place where we are having issues living in the Virgin Islands. You're seeing a lot of people electing to leave."

Sen. Joseph learned that the Analysis Group, based in Boston, Massachusetts, will conduct the \$150,000 study, which is funded through the American Rescue Plan Act, rather than local partners.

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