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WAPA Secures Fuel Flexibility with Sol Petroleum in New 3-Year, \$15 Million Deal

With a \$15.5 million contract in place, WAPA aims to ensure reliable fuel supply through land-based delivery options from Sol Petroleum, providing a buffer during emergency situations or cash flow challenges

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WAPA's Richmond Powerplant. By. ERNICE GILBERT, V.I. CONSORTIUM

The Water and Power Authority's Governing Board on Thursday agreed to a three-year fuel supply contract with Sol Petroleum, after a six-month emergency agreement recently expired.

Ahead of the hurricane season, WAPA had negotiated access to ultra-low-sulfur diesel from Sol, which would be trucked across from the rack at the Ocean Point terminal on an as-needed basis.

This, officials say, provided a secure supply of fuel in cases where weather or marine conditions delay or prevent their usual sea freight deliveries.

Forced to navigate through a historic financial crisis while prioritizing the continuation of operations, WAPA Chief Operating Officer for Electric Systems Ashley Bryan reminded board members on Thursday, “we don't have a significant amount of cash on hand to buy a \$3 million or a \$4 million cargo” to fill storage tanks and provide a 2-week buffer of fuel. However, on St. Croix “we can incrementally truck fuel into the plant at a \$300,000 cash arrangement for a day and a half of fuel.” She disclosed that “we're trying to do a similar arrangement on St. Thomas, if we need to prepare for hurricanes.” Currently, it would cost almost \$15 million to completely fill all storage tanks on St. Croix, and nearly \$8 million to do the same on St. Thomas, Ms. Bryan disclosed.

With Sol the only option as far as land-based fuel suppliers go, a formal agreement is not strictly necessary. However, without it, WAPA would have to go through a cumbersome procurement process, making an emergency response less efficient, said Ms. Bryan.

WAPA CEO Karl Knight reiterated that the contract was only supplementary. “Our preferred mode of operation is to bring in larger volumes by barge directly into the Richmond plant,” he noted. Purchases from Sol would occur in “circumstances in which we need to have an emergency supply, or where our cash flow doesn't permit us to purchase a full barge.” The agreement with Sol would provide WAPA with flexibility in that regard, “because it allows us to make those sort of real time decisions albeit at a premium to our larger shipments,” he added.

Concerns from board members about any potential financial commitment from WAPA were assuaged by the reminder that the fuel under this arrangement would be purchased on an as-needed basis, with no minimum amounts necessary.

The board approved the 3-year contract with Sol Petroleum at a cost not to exceed \$15,515,353. A request to approve a companion trucking contract for the fuel, at a cost of \$521,252 over the same three year period, was not addressed by the board.

Sol Petroleum plans to [expand fuel distribution](#) to gas stations across the territory in an effort to achieve parity in gas prices between the St. Thomas-St. John and St. Croix districts.