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PSC Pushes for Ratepayer Savings, Holds LEAC Rates Steady Through March 2025

Despite maintaining the current LEAC rate until March 2025, the PSC emphasized that ratepayers deserve savings after a decade of high costs, urging WAPA to deliver efficiencies from the new Wartsila generators

WAPA / **Published On December 11, 2024 07:30 AM /**

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**New Wartsila generation units at the Randolph Harley Power Plant, St. Thomas, USVI.
By. WAPA**

At Tuesday's meeting of the Public Services Commission, it was agreed that current Levelized Energy Adjustment Clause rates would remain at their current level until at least March 2025. However, PSC commissioners have required monthly reports as WAPA continues to move

towards reducing its costs for energy generation.

A report from PSC consultant Jamshed Madden indicated that while “it is possible” that the much-touted efficient Wartsila generators would be fully operational by January 2025, the request to maintain the LEAC at current levels for the entire first quarter of the year suggests that the four generators will not be in service until March.

“Staff does not believe that this is a reasonable assumption, given that the four new units are already producing power,” Mr. Madden said. Due to several additional factors, including incentives provided under the contractual agreement for Wartsila to complete the commissioning of the generators by this month, “the four new units should be considered as being in commercial operation beginning in January 2025,” the consultant concluded. At full production capacity, this would drop the cost of generation to 19.27 cents per kilowatt hour, well below the current LEAC rate of 22.22 cents. Even at only 50% production, the cost of generation would be an estimated 20.56 cents per kilowatt hour, Mr. Madden said – still below the current LEAC.

“The ratepayers have been denied potential savings for over a decade,” Mr. Madden noted. They are “entitled to some savings now that some additional efficiencies have been implemented.” He recommended that the LEAC be reduced to 21.56 cents per kilowatt hour, providing consumers with some savings while still allowing WAPA to retain some savings “to pay off vendors and overdue obligations.”

The decrease would be small, Mr. Madden admitted, but argued that it would indicate “some change in the right direction.”

If the Wartsilas come into full operation, this means that WAPA would have approximately \$11.5 million annually in fuel savings, a significant sum which however pales in comparison to the over \$100 million which the utility has in accounts payable, Mr. Madden said. He suggested that WAPA be required to provide monthly reports on the status of the Wartsila generators to the PSC, notifying the Commission immediately as soon as they begin full commercial operation. He also recommended that WAPA be made to provide a status report on its efforts to secure a new LPG contract by March 1, as its current contract with Vitol expires on February 28, 2025.

He also noted that WAPA has not provided any substantive response to requests for information regarding the [deferred fuel costs](#) which it says has been accumulating to the tune of over \$160 million. Due to WAPA's lack of response, PSC staff have not yet been able to do their own independent assessment of WAPA's claims in that regard.