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## WAPA Awards \$77 Million Diesel Supply Contract to Peerless After Lowest Bid Surprise

**Peerless Oil & Chemicals secured a 24-month contract to supply WAPA with ultra-low sulfur diesel at \$2.425 million per shipment, a fraction of competitor bids, with a potential contingency bringing the total cost to \$96 million**

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**Ship delivering fuel to WAPA in Richmond Christiansted in 2015.**

Pleasantly surprised at the surprisingly low cost of their bid, WAPA board members on Thursday awarded Peerless Oil & Chemicals Inc. with a 24-month contract to supply the utility with ultra low sulphur diesel.

Vernon Alexander, WAPA's interim Chief Operating Officer for Electric, explained the procurement process. Despite new propane-consuming generators scheduled to come online soon on St. Croix, there's still a need for diesel in case of “upsets and disruptions”. Therefore, a request for quotations was published in October for the supply of 330,000 barrels of fuel – 240,000 of which are intended to be consumed at the Randolph Harley power plant, and 90,000 at the Estate Richmond power plant. “I should hasten to say that this represents a significant reduction in the quantities requested...in the previous procurement,” said Mr. Alexander, due to the imminent commissioning of the new generators.

Four companies responded to the RFQ: Sol Petroleum, West Indies Petroleum, Borinken Towing & Salvage – WAPA's current supplier – and Peerless, which is doing business here and elsewhere in the Caribbean as Sunoco.

Of the four, the bid from Peerless was the lowest by a wide margin – \$2.425 million per shipment compared to \$6 million from Sol, \$6.9 million for West Indies Petroleum, and \$7.2 million for Borinken. “We all had concerns about the pricing,” Mr. Alexander noted, saying that staff twice sent requests for more information to the respondents “to determine whether the prices that were submitted were firm and whether they were valid.”

“We were flabbergasted by the low cost presented by Peerless here,” Mr. Alexander declared. According to him, the company confirmed that the price was indeed accurate. According to Peerless, recent investments in infrastructure and equipment under the name Sunoco, plus the introduction of new products into the Eastern Caribbean market has given them “better access to barges,” Mr. Alexander said. Additionally, Sunoco has “created more synergies in terms of supply, thus reducing the cost.” The quoted price was valid until December 31, subject to WAPA's awarding the contract and confirming the date of the first delivery, Mr. Alexander said.

Peerless has also offered WAPA access to ethane, which is cheaper than propane, pending further discussion, Mr. Alexander noted.

At the stated price, the two-year contract would cost WAPA up to \$77 million. However, Mr. Alexander also requested a 25% contingency be considered, given the fluctuating price of oil. This “would take us somewhere near \$96,250,000,” he said. However, the contract with the supplier would only be for \$77 million.

With board member Maurice Muia having had any potential questions satisfied by previous communications with the company, and no questions from other board members, the request was approved by a vote of three to one. Board chair Hubert Turnbull, dissatisfied by the lack of a draft contract, voted against the motion.