The Virgin Islands Consortium

Carib LPG Selected as WAPA’s New Propane Supplier After Scrutiny-Filled RFP Process

After concerns derailed an earlier procurement, WAPA’s reissued propane RFP drew five bids and resulted in the selection of Carib LPG, with officials citing pricing, payment terms, and financial transparency as decisive factors.

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A second request for proposals to supply the Water and Power Authority with liquified propane has resulted in the selection of Carib LPG as WAPA's new vendor.

“We are right now in the process of preparing a contract offer based on their proposal,” said WAPA CEO Karl Knight, as he briefed members of the Public Services Commission on Tuesday.

The re-issued RFP attracted five bids from the 34 direct solicitations sent out by WAPA – Empire Gas Inc, Saintnals LLC, Equinor Marketing & Trading Inc., Carib LPG Trading Ltd., and Vitol Virgin Islands Corporation.

Empire Gas, the company whose direct supply contract issued after the failure of the first RFP was quickly rescinded amidst concerns about the procurement process, did provide the proposal with the lowest cost. Their bid met with the approval of the evaluation committee on almost all criteria, however "the one weakness in the proposal was an insistence on prepayment for fuel," Mr. Knight said. This was a reversal from their original bid during the first RFP. "They had offered us net 30 as far as payment terms, but have since rescinded that offer."

The corporate social responsibility aspect of Equinor's proposal was lacking, Mr. Knight told commissioners, while admitting pleasure at being able "to attract the attention of a large outfit like Equinor, which created a more competitive environment for our procurement." The company is based in Norway, with three decades in the business of bulk production and transportation of LPG.

Saintnals, the existing terminal operator, had a proposal that "wasn't responsive to a straight supply contract, which is what we were seeking," Mr. Knight said. Costs were also high relative to other bids. Meanwhile, Vitol offered a price reduction of only eight and a half cents over the last permanent contracts, and "they were reluctant to provide financial data," Mr. Knight noted. "They were unresponsive when it came to just giving us the basics on financial stability."

Carib LPG was the strongest contender overall. "Their price was 48 and a half cents which is about 10 and a half cents less than what we were paying in our last permanent contract," Mr. Knight disclosed. Payment terms were also favorable. "We get credit for one cargo," the WAPA CEO explained. "We don't pay for that cargo until we subscribe or nominate the second…so we're always one cargo ahead." Corporate social responsibility plans also met with the approval of the selection committee.

Commissioner David Hughes, who had previously excoriated WAPA for allegedly ignoring lower cost proposals in favor of Empire Gas during the prior procurement exercises, now praised the efforts of Mr. Knight and his team. "I'd particularly like to just throw a kudos out to his board that I know was a little more actively involved in this that they have typically been, which is a great indication that the board is involved in his management of the company."

Mr. Knight noted that the current, temporary supply agreement expires on March 15, and said that "we expect to have a contract in place prior to the expiration."