

## Oil Surges as Iran War Deepens, Raising New Threat for USVI Power Bills, Gas Prices and Food Costs

**Brent crude climbed sharply Monday as the U.S.-Israel war with Iran escalated and shipping through the Strait of Hormuz remained severely disrupted, renewing concern in the Virgin Islands over WAPA fuel costs, gasoline prices and the cost of imported food**

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**The V.I. Water and Power Authority's Richmond power plant. By. ERNICE GILBERT, V.I. CONSORTIUM.**

As oil prices surged Monday amid the escalating war on Iran, the economic implications for the U.S. Virgin Islands came back into sharper view, with the territory's dependence on imported fuel and imported goods leaving residents exposed to the kind of global shock that can move quickly

from overseas battlefields to local power bills, gas pumps and grocery shelves. Brent crude, the global benchmark, climbed dramatically during March 9 trading as governments around the world scrambled to respond to the widening conflict and the growing disruption to energy flows out of the Middle East.

Reuters reported that oil jumped after the conflict widened and key producers cut output, with the market reacting not only to the fighting itself but also to the near-halt in tanker traffic through the Strait of Hormuz, one of the world's most critical energy chokepoints. Reuters also reported that about a fifth of the world's crude oil and liquefied natural gas typically passes through that corridor between Iran and Oman. On March 9, Brent crude was reported as surging as high as \$119.50 a barrel, the highest since mid-2022, before pulling back from session highs later in the day.

The broader conflict remained active Monday. President Donald Trump said on Sunday that when to end the war with Iran would be a "mutual" decision made with Israeli Prime Minister Benjamin Netanyahu, underscoring that there was no immediate sign of a negotiated end to the fighting. That continuing uncertainty has kept markets focused on the possibility of prolonged supply disruptions, especially with shipping through Hormuz still badly affected and major energy infrastructure across the region already under strain.

For the Virgin Islands, Governor Albert Bryan Jr. [had already warned](#) days earlier that the territory could feel the consequences directly. In statement issued on March 4, the governor said his administration was closely monitoring the conflict and the possibility that rising oil prices could once again push up the cost of daily life in the territory. His concerns were not limited to fuel in a general sense, but specifically to the territory's electric system and the financial vulnerability of the V.I. Water and Power Authority.

"First and foremost, our thoughts are with the brave American soldiers serving overseas, many of whom come from communities like ours," Governor Bryan said. "We pray for their safety and for a swift de escalation of hostilities in a region that has already endured too much conflict."

The governor said the Virgin Islands remains highly exposed because electricity generation still relies largely on imported petroleum. That reality means major swings in global energy markets can filter into local utility costs with very little delay. "Events in the Middle East have historically resulted in sharp increases in global oil prices," Governor Bryan said. "For the Virgin Islands, that translates directly into higher fuel costs, which ultimately affect electricity rates for our residents and businesses."

While WAPA has reduced some of its reliance on traditional fuel oil in recent years, the authority still remains exposed to global fuel-market shocks. Consortium reporting has shown that WAPA has been moving toward a propane-dominant generation framework, while also continuing to use diesel and operating dual-fuel generators in the territory. That means volatility tied to war, shipping disruption, or broader energy-market stress can still affect the utility's fuel costs and, in turn, the charges passed on to consumers.

Bryan also cautioned that the government is in a weaker financial position than in past years when it comes to absorbing external price shocks. "We must be candid with our community," Governor Bryan said. "The government is not in the same fiscal position it was in years past to absorb large spikes in fuel prices. A sustained increase in oil costs could place significant pressure on the Virgin Islands Water and Power Authority and, ultimately, on the rates paid by consumers."

That warning lands at a time when WAPA's fuel-related charges remain a central issue for residents and businesses. [Last year](#), the Public Services Commission moved to lower the Levelized Energy Adjustment Clause, or LEAC, but that reduction was blocked after WAPA filed for reconsideration. Consortium reporting at the time noted that WAPA had continued collecting 22.22 cents per kilowatt hour and argued that a reduction would threaten its financial stability. In practical terms, the territory's fuel exposure is not abstract; it remains embedded in the structure of electric bills.

The fuel issue extends beyond electricity. Consortium reporting last year also showed that even when global crude prices fell to around \$60 per barrel, Virgin Islands drivers [continued paying elevated prices at the pump](#), leading to calls for more transparency in local fuel pricing. Senator Hubert Frederick said at the time that regional rack rates had fallen, yet those declines were not being clearly reflected for consumers in the territory. If local prices stayed stubbornly high when oil dropped, a renewed global surge now raises the risk that residents could again see fuel costs move higher without much relief elsewhere in the household budget.

The territory has seen that pattern before. In March 2022, Consortium reporting during the Russia-Ukraine war documented how Brent crude moved above \$130 a barrel and how gasoline prices in the Virgin Islands [quickly followed](#). At that time, regular gas reached \$4.49 on St. Croix and \$5.99 on St. Thomas, with even higher prices for premium fuel. That report also noted that shipping costs contribute to the gap between districts, with St. Thomas and St. John historically paying more at the pump than St. Croix.

Food is another area where any sustained oil shock could hit hard. The Virgin Islands' exposure is not only about petroleum-fired generation or transportation fuel, but about the cost of bringing goods into the territory in the first place. Consortium reporting last year noted that more than 95 percent of goods entering the Virgin Islands, including food and medicine, arrive by maritime shipping. That makes the territory particularly vulnerable when geopolitical conflict drives up shipping risk, fuel costs and supply chain uncertainty.

And households are already carrying a heavy burden. Consortium reporting on inflation found that food prices in the territory rose 8.8 percent in 2024, led by a 27.8 percent increase in egg prices, a 30.3 percent rise in vegetables and a 7.4 percent increase in poultry. With oil markets now under renewed pressure and governments around the world openly moving to shield consumers from higher fuel costs, the concern in the Virgin Islands is that another energy-driven inflation wave could further strain families already paying more for essentials.

Bryan said his administration is in communication with local energy officials and is weighing possible responses. "We are actively evaluating every available option to protect Virgin Islands families and businesses from the worst effects of global energy volatility," Governor Bryan said. He also said the latest crisis should reinforce the need for a long-term shift away from imported fuel. "At the same time, this moment underscores why our continued investment in renewable energy and energy independence is not simply an environmental priority. It is an economic necessity," Bryan said.

He said the government would continue tracking developments and informing the public as conditions evolve. "We will continue to keep the public informed and work with our partners at every level to ensure that the Virgin Islands is prepared for the potential economic ripple effects of this conflict."

