

The Virgin Islands Consortium

WAPA Says VIHFA Suspension Has No Immediate Impact, but Battery Project and Local Match Remain at Risk

WAPA says HUD's suspension of VIHFA has not yet disrupted obligated projects, including the VITOL and Wartsila work, but a battery backup project awaiting authorization and possible limits on CDBG-DR matching funds remain potential risks going forward.

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An aerial view of WAPA's powerplant in Richmond, St. Croix. By. ERNICE GILBERT, V.I. CONSORTIUM.

The V.I. Water and Power Authority has not been notified of any immediate disruption to its ongoing projects following [HUD's suspension](#) of the V.I. Housing Finance Authority and will continue work already authorized, CEO Karl Knight said Thursday.

However, the suspension could still affect a proposed battery backup system for WAPA's eastern substation, which has not yet received authorization, and Community Development Block Grant Disaster Recovery funding intended to satisfy local matching requirements for FEMA-supported projects.

Mr. Knight addressed the potential consequences during Thursday's meeting of WAPA's Governing Board after directors asked him to assess the effect of the VIHFA suspension on the utility.

"We have not yet been made privy to any direct impacts to WAPA," Mr. Knight responded. "I am still letting the powers that be sort through and work with the staff at HUD to really understand the implications."

Major Projects Already Closed or Near Completion

Two significant WAPA projects involving HUD funding have already reached advanced stages.

The authority's \$145 million acquisition of VITOL's propane infrastructure closed in 2024, while its acquisition of four Wartsila engines is substantially complete.

A third project had stalled because of what WAPA previously described as [delays involving VIHFA funding](#). Mr. Knight said the authority has now "gotten recent authorization to proceed."

"I am not aware of any challenges in being able to access those funds that are already obligated," he told directors.

"I am not aware of any impediments to that as yet...and so we're going to proceed with the authorizations that we have to do what we need to do."

One project that remains exposed is WAPA's planned installation of "a battery backup for our eastern substation."

The utility has not yet received authorization to proceed and is "waiting to get word that we can go ahead and begin procurement there."

"That might be an issue," Mr. Knight admitted.

Local Match Funding Could Also Be Affected

Another potential concern involves CDBG-DR money that territorial agencies use to satisfy local matching requirements for FEMA-funded public-assistance projects.

Mr. Knight did not say that the funding had been affected, instead adopting a wait-and-see position while other government officials assess the scope of HUD's action.

“The larger of our projects are being managed by the Super PMO, and so they need to resolve those issues,” he said.

WAPA has not received notice that the suspension will interfere with its current work. In the absence of such guidance, Mr. Knight said, “we’re pressing forward.”

He also pointed to HUD’s stated commitment to completing the territory’s recovery work.

Mr. Knight said HUD, “even in the correspondence to the HFA...did reiterate their commitment to funding the disaster recovery in the territory...and so I take them at their word in that regard.”