The Virgin Islands Consortium

With Historic Oil Crash Accelerating, Senator Barnes Puts Pressure on WAPA to Lower LEAC

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Senator Alicia Barnes is keeping the pressure on the Virgin Islands Water and Power Authority to lower the cost of the Levelized Energy Adjustment Clause (LEAC). She urged WAPA officials in an April 20 letter to revise the authority's most recent LEAC filing for July 1 through December 31, 2020, to reflect the steady decline in the price of oil and petroleum derivatives in the U.S. and global markets.

WAPA had previously responded to the senator's April 6th letter on the same subject by characterizing any LEAC reduction as premature due to uncertainty in the global oil market.

The crash in global oil prices accelerated Tuesday, as pain spread to currencies of major exporters and shares in energy producers, according to the Wall Street Journal.

Brent crude futures, the international benchmark for oil markets, fell 28 percent to $18.31 a barrel, their lowest level since 2002. The decline came a day after the price of West Texas Intermediate, the U.S. crude benchmark, dropped below zero for the first time in history.

Ms. Barnes said the market activity and future predictions by industry experts, provide WAPA with the information it needs to adjust the LEAC downward to bring much needed relief to ratepayers.

“Any failure by WAPA to pass on fuel cost savings to the ratepayers would be an insult to our seniors, disabled citizens, and hardworking men and women of our territory who struggle to make ends meet, who at times are left to choose between filling their prescriptions or keeping their lights on," Ms. Barnes said.

The senator ended by stating that she would keep a close watch on the global oil market and WAPA’s actions in this regard to ensure that the LEAC is reduced and ratepayers get the relief they deserve.