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WAPA Board Approves Lease of Generating Unit Previously Owned by APR From General Electric, Extends Lines of Credit With Banco Popular

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An APR Energy generation unit at the Harley Power Plant in St. Thomas By. APR ENERGY

The governing board of the Virgin Islands Water and Power Authority during an emergency meeting Monday approved the lease of a 26-megawatt generator for the Randolph Harley Power Plant on St. Thomas and extended various lines of credit with Banco Popular.

“WAPA will lease Unit 27, which is already on site, from its original manufacturer, General Electric. The unit was previously leased from APR Energy which no longer does business with the Authority,” said Lawrence J. Kupfer, Executive Director / CEO.

APR Energy early March ended its relationship with WAPA following a default in payments. "APR Energy has been dedicated to the mission of generating electricity to the St. Thomas's power grid since 2013. The APR Energy generators augment and provide critical back-up to the aging WAPA generators in the Harley Randolph power plant. Unfortunately, WAPA has not made its contractually required payments for many months," the firm [said in a statement](#) on March 10.

WAPA Chief Operating Officer of Electric Systems, Clinton Hedrington Jr., said the authority had tried unsuccessfully to procure leased generation services and was later approached by GE Power with an offer to lease the unit.

"Not only did GE propose to lease the unit, it will make the modifications necessary for the unit to burn LPG fuel to generate electricity. In the two years that Unit 27 has been at the Harley plant, it has only burned diesel fuel. This scenario is a win-win for WAPA as Unit 27 is already on site and can immediately provide additional generation. The unit will then be modified to burn the lower-cost propane fuel, and once on LPG, provide the capacity required for the Harley plant to be on 100 percent propane," said Mr. Hedrington.

He recommended the board's approval of a two-year lease of Unit 27, initially on diesel fuel, and "once the path to LPG is clear, proceed with the conversion of the unit," Mr. Hedrington said.

When Unit 27 operates on diesel fuel, WAPA will pay a monthly rental rate of \$623,684, and a per fired hour rate of \$205.26. When on LPG, the monthly rental rate will be \$650,000 with a reduced per fired hour rate of \$173.68.

Mr. Kupfer said WAPA remains committed to operating its two power plants on 100 percent propane fuel for increased efficiency, greater reliability, and in general, lower operating costs.

The lease of Unit 27 is in addition to another Request for Proposal WAPA will issue for 15 megawatts of temporary leased generation. The additional leased generation will bridge the gap until new WAPA-owned generators, funded by federal grants, are commissioned and brought online in two years.

The governing board also voted to extend the maturity date of existing credit lines with Banco Popular, and a standby credit facility until July 30, 2020. The extension allows WAPA to complete its Fiscal Year 2018 Audit. Upon completion of the audit, the bank will determine a longer extension term for the lines of credit and the standby credit facility.

Board members in attendance included: Chairman Anthony D. Thomas, Vice Chairman Noel Loftus, Secretary Juanita Young, Directors Joel Lee and Kyle Fleming; Cheryl Boynes Jackson, and Jed JohnHope. Board members Elizabeth Armstrong and Hubert Turnbull were excused.