The Virgin Islands Consortium

WAPA To Sign New Fuel Supply Contract, $840,000 Approved For EPA Consent Decree Obligations

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The Governing Board of the Water and Power Authority (WAPA) Thursday approved a request by the Authority's Executive Director Hugo Hodge for a fuel supply contract to be executed with Trafigura AG between Feb. 1 and June 30, 2015.

The board also approved total funding of $840,000 for professional and technical assistance to help WAPA meet its consent decree settlement requirements of the U.S Environmental Protection Agency (EPA).

Hodge explained that the storage agreement between WAPA's current fuel oil supplier and HOVENSA will soon be terminated.

"The current fuel oil supplier has advised WAPA of notice from HOVENSA on its intent to terminate their current fuel storage agreement on March 1, 2015," Hodge said.

He continued, "The notice of intent for closure of HOVENSA gives the current supplier the right to terminate the fuel supply contract with 30-day notice. The contract contains language that allows for a 12-month extension and successive extensions as agreed to by Trafigura and WAPA."

Trafigura AG will supply No. 2 crude oil to WAPA's power plants on both St. Croix and St. Thomas. According to information found on the company's website, Trafigura is one of the world's leading international commodity traders, specializing in the oil, minerals and metals markets, with operations in 58 countries, including Puerto Rico.

Since shutting down its oil refining business in early 2012, HOVENSA has operated as an oil storage facility.

WAPA will pay $840,000 to Arcadis, Inc. to help the Authority meet its consent decree settlement requirements of the EPA.

Assistance will be provided in the form of master service agreements at the Randolph Harley Power Plant on St. Thomas and work on satisfying requirements of an already-existing decree at the Richmond power plant on St. Croix. Funding approved Thursday totals $300,000 for St. Croix and $540,000 for St. Thomas.

According to Hodge, WAPA is mandated in its air operating permits to comply with national air-quality standards, and the master service agreements with Arcadis, Inc. would provide third-party assistance to maintain compliance with the current consent decree on St. Croix and the proposed consent decree on St. Thomas.