

# The Virgin Islands Consortium

## Further Delays Possible In WAPA's Propane Conversion Project

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Ernice Gilbert **January 28, 2015**



But WAPA also has to get its act together.

While the Virgin Islands Water and Power Authority (WAPA) has said it is on track to roll out its propane conversion project, which is expected to go online by the end of March, Governor Kenneth Mapp, speaking at his first State of the Territory Address Monday night in St. Thomas, revealed there could be further delays in the project due to WAPA not yet having certain required permits from the U.S. Army Corps of Engineers.

"Strides have been made in instituting a conversion of WAPA's power generation from oil to propane, but what we learned was that WAPA has still not received the required

permits from the U.S. Army Corps of Engineers to turn the conversion on, to receive propane at both the Richmond and Krum Bay WAPA plants," Governor Mapp said.

"Without receiving these permits, there will be further delays in lowering the cost of electricity for all Virgin Islanders and our economy," Mapp added. "This, too, is unacceptable."

The governor went on to say he has offered his support to WAPA to ensure the project is rolled out successfully .

"I have pledged my personal assistance, as well as that of my administration, to work with WAPA's management and officials at the Corps of Engineers to secure the permits needed for us to convert to a cheaper source of producing electricity. I will ask our Delegate to join us in this effort as well," Mapp said.

The governor then noted recent savings that were passed on to customers by WAPA; however, those savings, Mapp reminded, were due changes in the market, adding, "In the Virgin Islands, we know all too well this is not a reliable strategy to manage electric costs. The conversion must be completed and implemented."

WAPA, make it your priority to bring the territory relief sooner rather than later.

"The people of the Virgin Islands have waited long enough for relief. They have asked me to tell you that there is no more room or tolerance for any new excuses. They simply want the job done," Mapp said.

The governor then offered advice to the company's leadership, stating that in order for WAPA and its senior management to survive, "it must undertake a sincere commitment to rebrand itself as a service provider, genuinely working for the people of the Virgin Islands, who are their customers."

Then, the governor spoke directly to the company.

"WAPA, make it your priority to bring the territory relief sooner rather than later," Mapp said. He also said the company "has to get its act together."

The cost of WAPA's propane conversion project went up from the original \$87 million to \$150 million -- \$63 million more than the first estimate. The need for the adjustment to the project budget, WAPA said, was the result of "unforeseen complications" that arose during the project's implementation.

WAPA Executive Director Hugo Hodge, Jr., said much of the increase can be attributed to "regulatory changes and costs." He noted that poor weather conditions in the early stages of the project hampered excavation work on St. Croix, at a price increase of about \$10 million. In addition, Hodge said \$17 million was added to the project due to regulatory changes. Other complications on St. Croix contributing to the \$63 million hike included undocumented soil conditions and the discovery of a group of underground pilings that had not been known before.

Still, the company said those changes won't affect the 30 percent savings customers are expected to see once the propane project comes online.

WAPA did not reveal it had not received the necessary permits to turn on the conversion while addressing the rise in cost last November.

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