

The Virgin Islands Consortium

U.S. Coast Guard Oks WAPA's LPG Shipping Through Territory's Seaways

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ST. CROIX -- The United States Coast Guard Captain of the Port for the U.S. Virgin Islands and Puerto Rico was taken on a tour of the Virgin Islands Water and Power Authority's (WAPA) liquefied petroleum Gas (LPG) conversion project site here, and has ok'd the territory's waterways as "suitable for LPG marine traffic," a press release WAPA issued on Thursday morning has revealed.

On September 24th, Captain Robert W. Warren was accompanied by WAPA Executive Director / CEO Hugo V. Hodge, Jr. and the project's management team on an inspection of the marine safety and security work nearing completion to facilitate the delivery of LPG by ship to WAPA's power plant in Estate Richmond.

“Captain Warren saw first-hand the work done dockside to include the installation of a marine loading arm through which LPG fuel will be delivered, the fendering and turning dolphins, fire suppression equipment, redundant detection and monitoring mechanisms as well as an extensive security surveillance system throughout the facility,” Hodge said.

The tour included stops at the mounds which completely encase eight fuel storage tanks, fully automated control rooms that will be staffed around the clock by operators who are all Virgin Islanders. The tour also included a stop at the vaporizers units which will convert the liquid propane to a gas where the fuel will enter the turbines for combustion. The LPG site sits adjacent to the Richmond power plant.

The Captain of the Port’s visit and LPG site tour follows the Coast Guard issuing a Letter of Recommendation facilitating the transportation of LPG by ship to WAPA’s docks in both districts. “The letter conveys the Coast Guard’s recommendation on the suitability of waterways for LPG marine traffic as it relates to safety and security,” Hodge explained.

Warren wrote in recent correspondence that after reviewing WAPA’s application and completing an evaluation of the waterways, “I recommend that the waterways...be considered suitable for LPG marine traffic.” Warren also noted that the Coast Guard is committed to oversee all safety and security requirements to safeguard the public health, welfare, critical marine infrastructure and the marine environment.

“Protecting the U.S. Virgin Islands’ maritime traffic and navigable waterways is a top priority,” said Capt. Robert Warren, Commander of U.S. Coast Guard Sector San Juan. “As the development of the LPG site moves forward, the Coast Guard will continue to closely monitor, assess and inspect all the operations, safety mechanisms and systems that have been established on the landside, along the waterways, and at the fuel docking facility for compliance to conduct safe LPG transfer operations,” Warren added following the tour and project briefing. Coast Guard officials were also briefed on integration efforts between WAPA, V.I. Fire Services, V.I. Police and the Department of Public Works.

At the present time, WAPA’s contractor on the LPG Project, VITOL Corporation, is completing final testing of various components of the system which include quality assurance checks of pipes and valve systems on St. Croix. On St. Thomas, land based work continues to progress with an anticipated completion date of December 31, 2015.

WAPA expects the issuance of a permit from the U.S. Army Corps of Engineers that will enable all marine work to be carried out on St. Thomas. The issuance of the permit by the Army Corps will determine the timeline for all work to be completed on the St. Thomas LPG site which sits in the current power plant’s footprint. WAPA has tapped various external resources including the Office of the Governor and the V.I. Congressional Delegate for their assistance in having the permitting agency give a higher priority in the final review and issuance of the permit.

In the fall of 2013, WAPA entered into a turnkey contract with VITOL to outfit the two district power plants with the capability of burning oil, LPG or liquid natural gas to generate electricity. The project, once completed will represent significant savings in the cost of electricity for its customers and substantial savings for the WAPA in fuel costs each year.

But the project has been [mired by delays](#) and [millions in extra cost](#). 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's budget, WAPA said, was the result of “unforeseen complications” that arose during the project's implementation.

Hodge 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.