

The Virgin Islands Consortium

Propane Conversion Will Be Completed In July 2016, But W.A.P.A. Board Extends Fuel Supply Contract Through June, 2017

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ST. CROIX -- In a special meeting on Monday, the governing board of the Virgin Islands Water and Power Authority authorized Interim Executive Director Julio Rhymer, Sr. to negotiate and enter into a contract extension with the current supplier of No. 2 fuel oil for the supply needed by the public utility for power generation, according to a release W.A.P.A. issued this afternoon.

According to the release, Mr. Rhymer explained to board members that W.A.P.A.'s current contract with Glencore, Ltd. for No. 2 fuel oil expires at the end of March and an

uninterrupted supply of this fuel type is needed until the authority switches to liquid propane gas (L.P.G.) as the primary source of fuel for the generation of electricity.

Mr. Rhymer told The Consortium that the territory would switch from fuel oil to propane by the end of July, 2016 with St. Croix coming online earlier in March. But the contract, the sum of which was not revealed in the press release, extends Glencore's supply of fuel to W.A.P.A. beginning April 1, 2016 through June 30, 2017 -- ten months after W.A.P.A.'s stated conversion from fuel oil to propane.

"We have negotiated with Glencore, Ltd. and the company has proposed an agreement which does not require a minimum purchase obligation if the supply contract is extended to the end of June 2017," Mr. Rhymer said. How W.A.P.A. will use the extra fuel remains unknown.

According to Mr. Rhymer, given W.A.P.A.'s knowledge of the Eastern Caribbean oil market and the supply capabilities of oil companies operating in the region, there are only a few companies that would be potentially qualified to supply W.A.P.A.'s unique future No. 2 fuel oil volume needs and quality specifications -- Glencore being one of the two firms.

"We have considered the other companies and determined, based on acquired information or on past dealings, that Glencore, Ltd. would best meet the authority's needs after March 31, 2016," he said.

Attempts to reach Jean Greaux, W.A.P.A.'s director of corporate communications were unsuccessful.

Board members present included: Chairman Gerald Groner, Esq., Vice Chair Juanita Young, Secretary Noel Loftus, Commissioners Devon Carrington and Gustav James, Elizabeth Armstrong and Cheryl Boynes Jackson. Director Marvin Pickering was excused.