

The Virgin Islands Consortium

WAPA Board Unanimously Approves Acquisition Of New Generators For St. Thomas Power Plant; Unit Overhaul Expected By End Of 2017

VIC News / **Published On November 17, 2016 09:44 AM /**

Staff **November 17, 2016**



ST. CROIX -- In a special meeting Wednesday, the governing board of the Virgin Islands Water and Power Authority approved changes to the utility's generation strategy, paving the way for stabilizing power generation and introducing new generators to the Randolph Harley power plant on St. Thomas, by the end of 2017, W.A.P.A. made known via press release late Wednesday.

"Our retooling of the Authority's near-term generation action plan stems from continued research and discussion with industry experts regarding the best options to stabilize the

power plant, making it more efficient and allowing us to offer more reliable service for our customers,” said Julio A. Rhymer, Sr., Executive Director of W.A.P.A.

According to the release, the revisions to the plan call for the procurement and financing of three seven- megawatt units along with a heat recovery system that will provide an additional seven to ten megawatts of electrical power. The new units, which will produce a combined 28-30 megawatts of power, are in addition to three seven-megawatt units manufactured by Wartsila. An engineering study is now underway to determine the technical suitability of the Wartsila power plant. Initially, W.A.P.A. considered procuring the three Wartsila units and a single 23-megawatt generator, however, additional studies revealed that such a large unit would further destabilize the electric grid.

“We are at a place where W.A.P.A. can acquire six new units and introduce 49-51 megawatts of stable, reliable and efficient electricity,” Mr. Rhymer said, adding, that with the board’s approval, the Authority can look forward to retiring the older units sooner than originally anticipated, representing additional savings not now being realized.

The acquisition of the Wartsila generators and the additional three units by Solar Gas will assist W.A.P.A. in further diversifying its fuel source, as the new units would operate on LPG as well as natural gas and fuel oil. W.A.P.A. will maintain an option to procure additional units from both companies in the future. Mr. Rhymer said the new generation once fully functional could save the authority about \$20 million per year.

Mr. Rhymer and his executive team laid out a comprehensive plan that allows for a major overhaul of W.A.P.A.’s biggest generator on St. Thomas, Unit 23, over a six-month period while providing uninterrupted service. The plan addresses W.A.P.A.’s ability to meet peak power demand without Unit 23.

The release says that to bridge the gap until either the new generators are on line or Unit 23 is back in service, the board approved extending an existing lease for Unit 25, a 20-megawatt generating unit, for a six-month period. It also approved leasing a second generator from APR Energy for one year. The existing leased unit, burns only fuel oil, while the additional leased unit, which will be known as Unit 26, can burn both LPG and fuel oil. Unit 26 will produce 22 megawatts of electricity. The combined cost of both leased units is \$10 million. “We expect that once Unit 23 is back from its overhaul, the first leased unit will be returned to APR Energy. Once the new Wartsila units are on line at the end of next year, we will return Unit 26 to APR,” said Clinton Hedrington, Jr., COO, Electric System.

In other action, the board authorized Mr. Rhymer to enter into an agreement with Petra Systems to purchase, install and commission LED street lights and distributed solar panels with controlled systems. “This project will render immediate savings, as the cost including debt service will total no more than \$6 million dollars per year,” Mr. Rhymer said.

Mr. Rhymer told board members that the new fixtures will provide for enhanced lighting and reduced consumption. The solar panels which will be added to more than 10,400 light poles across the territory will feed renewable energy into the electric grid offsetting the generation required to operate the new efficient lights from dusk to dawn. Presently, the operational cost of streetlights is approximately \$9.3 million a year. The board also

approved a bond issue not to exceed \$35 million to cover the costs associated with the new street lights and solar systems. Rhymer projected savings on the order of \$50 million dollars over the 20-year life of the street lighting system.

The board also approved a contract amendment capping the final price of W.A.P.A.'s LPG conversion project at \$160 million dollars. W.A.P.A.'s contract with VITOL provides for the construction, ownership, operation, maintenance and transfer of the LPG facility. VITOL is also under contract to supply propane fuel manage the conversion of various generating units at W.A.P.A.'s two power plants.

Mr. Rhymer told board members that the amendment is necessary to separate the contract which initially envisioned a single project. "With St. Croix now on LPG, we have to begin paying for the fuel supply, so there exists a need to divide the work scope into two distinct projects."

The additional costs resulted from increases in terminal and storage facilities, engineering costs as well increases in the cost of converting the generators from fuel oil to tri-fuel capabilities. Mr. Rhymer noted that with the St. Croix terminal fully functional and St. Thomas slated for completion by December, the authority has initiated an independent audit of the contract to determine the project's true cost.

"We negotiated a cap of \$160 million with VITOL, and should the audit determine a higher cost, W.A.P.A.'s final price will not exceed \$160 million. On the same token, should the audit reveal that the actual cost is lower, we will also accept that," Mr. Rhymer said.

Under terms of the contract, VITOL has front-ended all costs associated with the engineering and design of the LPG conversion project, meaning W.A.P.A. has not made any payment on the project to date. On November 11, WAPA accepted its first LPG fuel shipment at the Harley power plant as commissioning of units and facilities gets underway.

Board members in attendance at Wednesday's special meeting included: Chairwoman Elizabeth A. Armstrong, Vice Chairman Noel Loftus, Secretary Juanita Young, Commissioner Devin Carrington, Director Marvin Pickering, Gerald T. Groner, Esq. and Cheryl Boynes Jackson. Commissioner Gustav James was excused.