

The Virgin Islands Consortium

WAPA Board Tables Request To Grant Solar Power Provider Additional Time To Secure Financing

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Meeting on St. Thomas Wednesday, the governing board of the Virgin Islands Water and Power Authority delayed final action on an amendment that sought to grant additional time for a solar power provider to secure financing. WAPA remains under a pair of Power Purchase Agreements with St. Croix Solar, LLC and St. Croix Solar II, LLC, WAPA announced via press release Wednesday afternoon.

WAPA Executive Director Julio A. Rhymer Sr. (above) advised the board that approving this extension would allow the solar companies to finalize financing for the projects. "These projects would further diversify WAPA's generation and will provide low cost energy to our customers in the short term versus terminating the contracts and restarting

a new bid process.” Board members expressed concern about the contracted rate of 13 cents per kilowatt hour that the companies would be paid once power production begins and questioned whether the time was right to let the existing agreements expire and start the negotiating process anew. Under questioning, board members were told that the company has indicated its ability to secure financing by the end of January 2017.

The board also approved two contracts for emergency and supplemental maintenance for WAPA’s facilities. The contracts each total \$350,000. On St. Croix, WAPA has contracted with Vivot Equipment Corporation while Patrick Charles Enterprises is the contractor selected on St. Thomas.” The one-year contract allows for the continuous operation of the Authority’s facilities in any situation where labor levels become shorthanded or when additional manpower is needed during emergencies.

The board also approved:

- Funding for Arcadis, Inc. to continue providing air pollution compliance consulting and engineering services. The work of the company directly relates to the Environmental Protection Agency consent decrees the Authority is under for its power plants on St. Thomas and St. Croix. The approved funding totaled \$600,000.
- Funding totaling \$997,920 to Teledyne Monitor Labs for professional and technical services. The company’s work will be spread out over three years for continuous emissions monitoring services (CEMS) at both power plants. The services are mandated by WAPA’s consent decrees with the EPA and by local air permitting regulatory agencies.
- Funding was approved through the end of January 2017 for the continued storage of a no longer needed piece of generation equipment at a facility on the mainland. Board members raised concern that WAPA continues to assume storage costs for the heat recovery steam generator that was originally purchased to be used with Unit 23. The Authority’s integrated resources plan has determined that the combined cycle unit operation no longer fits the utility’s future business model. The board’s action requires Rhymer to fast track either a sale of the steam generator or to have it scrapped so as no long incur additional storage costs.

In his monthly Executive Director’s report, Rhymer noted that WAPA continues to face troubling financial times given the challenge of financial liquidity. “Due to the continued high outstanding accounts receivable, the Authority continues to experience hardships with cash flow. During October, there was continued difficulty with making timely payments for fuel and other mandatory costs.” He said the lack of cash flow also has a negative effect on the timely completion of ongoing projects due to delayed payments. Without the capital resources, projects are being prioritized to maximize the efficiency and reliability of the Authority.

Rhymer also reported steady progress with the LPG conversion project and noted similar progress with the Automated Metering Infrastructure project on St. Croix. Rhymer said there is expectation of having all communication devices installed and functioning by the end of this month. “This will enable all meters installed to read remotely and to allow for the completion of smart meter implementation on the island. In December, he said, WAPA anticipates rolling out payment kiosks on the island of St. Croix barring no issues with communication devices. Payment kiosks are now in a testing phase on St. Thomas. Once fully functional, the kiosks will offer customers another alternative to make payment

on their accounts.

Following a discussion in Executive Session, the board reported that it had directed Rhymer to pursue a course of strategy, approved by the board, to resolve a pending legal matter.

Board members in attendance included: Chairwoman Elizabeth A. Armstrong, Vice Chairman Noel Loftus, Secretary Juanita Young, Gerald T. Groner, Esq., Cheryl Boynes Jackson as well as Commissioners Gustav James and Devin Carrington. Director Marvin Pickering was excused.

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