The Virgin Islands Consortium

WAPA Confirms Switch Back To Oil; Says It Will Strike Deal Before Oil Runs Out

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ST. CROIX -- WAPA late Sunday confirmed that it had reverted back to oil after what was described as a dispute between VITOL, the propane supplier, and WAPA, because of an outstanding invoice for propane fuel that VITOL had delivered to various WAPA power plants for the past three months.

News of WAPA's switch back to oil came to the fore following an email forwarded to The Consortium by the office of Senator Alicia Hansen, which included a letter that Mrs. Hansen wrote to Governor Kenneth Mapp, asking that Mr. Mapp investigate whether WAPA had reverted back to oil to power the territory, because VITOL decided not to supply WAPA with propane based on a $20 million outstanding balance.

“It has been brought to my attention by concerned insiders that WAPA has converted from the use of propane back to oil. The information is that the propane vendor will no longer provide propane to WAPA until paid in full to the tune of appx. $20 million dollars. In the midst of this, sources have said that there is only 17 days left of oil supply in storage,” reads Mrs. Hansen’s letter to the governor.

In the letter, the senator asked that Mr. Mapp investigate the matter, adding that if the information relayed to her is accurate, the territory would be “on the brink of catastrophe, if you can imagine us in full darkness.”

“Without the availability of propane and only 17 days of stored oil, the result is chaos within the lives of the people of the Virgin Islands, and the drastic negative effect on our economy,” Mrs. Hansen wrote.

The Consortium has obtained two notices (here and here) sent to WAPA by VITOL, revealing the suspension and the amount WAPA owes.

Today, the governing board and executive management team of WAPA attempted to reassure residents that the power plants would not run out of fuel and WAPA would continue to produce and provide electricity to its customers.

“While there is an existing contractual dispute between VITOL and WAPA, and an outstanding invoice for propane fuel delivered to the power plants over the past three months, we remain optimistic that we will reach an agreement on the issues at hand,” WAPA board chairperson Elizabeth Armstrong and CEO Julio Rhymer, Sr. said jointly Sunday.

WAPA said VITOL made the decision to suspend the supply flow of LPG to the power plants at midnight on Thursday. Despite the suspension of fuel supply to WAPA’s generation plants, however, WAPA said VITOL continues to transport fuel from its very large gas carrier, anchored off the southwest coast of St. Thomas, to the LPG terminals in Krum Bay, St. Thomas and Estate Richmond, St. Croix.

Mr. Rhymer explained that the switch back to oil was necessary in light of the suspension of LPG fuel supply. There was no interruption of service to WAPA customers, and arrangements have been made for deliveries of oil to both power plants later this week, WAPA said.

WAPA also reminded that some of its financial woes and the inability to pay its bill has in part been caused by the territory's hospitals' lack of payments to WAPA, with the two territorial hospitals owing a total of $20.5 million as of April 30.

Additionally, WAPA said, the outstanding balance for streetlights is estimated at $5.7 million.

“Governor Mapp has been advised of the latest financial challenge facing the authority and has pledged his administration’s continued support to address outstanding governmental obligations to WAPA,” the joint statement said.

WAPA also said that some of the financial challenges that it is experiencing are directly tied to the lack of a permanent base rate which has been pending before the Virgin

Islands Public Services Commission since 2015. While WAPA has been unable to get its rate structure approved by the PSC, there have been assessments levied by the PSC on WAPA in excess of $3.9 million over the last three calendar years, WAPA said, adding that all matters that are reviewed, considered and acted on by the PSC bear a cost that is eventually passed on to WAPA and to its customers.

According to the joint statement, these totals show that the cost of regulation is becoming more burdensome to WAPA and its customers.