The Virgin Islands Consortium

# Senators To Vote On Restart Of Oil Refining On St. Croix. Their Decision Will Have Huge Implications For St. Croix's Economy.

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During an election year, almost everything is politicized. But residents hoping to see St. Croix achieve at least portion of its former glory when HOVENSA employed thousands of Virgin Islanders and a middle class thrived on the Big Island, will be closely monitoring how lawmakers vote during today's special session called by Governor Kenneth Mapp, whose aim is to ratify the oil refining agreement at Limetree Bay between the Government of the Virgin Islands and ArcLight Partners, LLC, the parent company of Limetree Bay.

**Time is of the essence**

According to ArcLight and Mapp administration testifiers, a change to the rules of the International Convention for the Prevention of Pollution from Ships (known as MARPOL), lowers the amount of sulfur permitted in marine fuels (also known as bunker fuels) from 3.5 percent to 0.5 percent. When the rule revision comes into effect, the testifiers said, it will create an economic opportunity for the refinery to process discounted feedstocks and to produce low-sulfur marine fuels and other high value refined products. The change is set to take effect in 2020, and ArcLight is hoping to seize the window of opportunity with refining on the south shore ready also by 2020, allowing it to be one of the few refineries positioned that would be capable of meeting the new refining rules.

This article on Bloomberg confirms the testifiers' argument about the change of rules and the need for local lawmakers to act fast in helping ArcLight, which is investing billions of dollars on the south shore, start the preparation process (turnaround period) to be ready for refining by 2020.

"From January 2020, vessels plying the world’s shipping routes will be required to burn fuel with less sulfur to help curb greenhouse gas emissions. The new rules are expected to benefit oil refineries around the world, which produce and sell so-called clean fuels," reads a portion of the article.

“This MARPOL opportunity is critical to the underwriting of capital investment for the refinery restart, making it very important that we work to bring the refinery back online by the end of 2019,” said Jake Erhard of ArcLight Partners. “As such, we very much appreciate the help of the Senate in expediting the review and consideration of the new refinery operating agreement, the approval of which is an essential step in keeping the restart on schedule.”

**Election year politics**

This year, senators are seeking reelection and gubernatorial candidates are vying for the governorship, and there may be interests that could affect the outcome of today's session. Residents should look closely at how the following senators vote:

- **Senator Janette Millin Young:** Ms. Millin Young, who is running for governor, has expressed misgivings about the oil refining restart agreement. While signs point to a no vote from the senator, she has not said how she would act today.
- **Senator Sammuel Sanes:** Mr. Sanes, who is the running mate of Allison Petrus in the gubernatorial race, appeared to generally support the deal, but whether he will vote in favor of it today remains unclear.
- **Senator Tregenza Roach:** Mr. Roach is running as a lieutenant governor candidate with Albert Bryan. Mr. Bryan, along with Mr. Petrus have both expressed how they would have done things differently relative to the agreement.
- **Senator Positive Nelson:** Mr. Nelson, whose candidacy for governor was all but killed by the Board of Elections during a meeting on Tuesday, clearly expressed his position of the deal, and all signs pointed to a no vote ahead of today's session. "One earth, one life. Your money can’t save you when you’re sitting in that bed sick with cancer,” Mr. Nelson said during a Committee of the Whole hearing on July 20.

Mapp administration, ArcLight Partners and Limetree Bay testifiers also highlighted the economic benefits the restart of oil refining would bring to St. Croix and the U.S. Virgin Islands as whole during the Friday hearing. They spoke of 1,300 jobs during the construction (turnaround) period, which is expected to start this year and last all of 2019 ahead of a 2020 schedule for refining, if the deal is ratified by lawmakers. It is projected to create 700 additional jobs at the refinery upon the 800 already working at the oil storage terminal, and USVI Bureau of Economic Research Senior Police Analyst Donnie Dorsett, said during the hearing that the restart would contribute $87.8 million to the territory's gross domestic product over the 18-month turnaround period.

Mr. Dorsett also spoke of the indirect effect the restart would have on local businesses. "For instance, indirect effects would consist of jobs created at the supplier for the facility," he said, including building supplies purchased at local stores and wholesalers. "This would add an additional approximately 98 jobs," he said. Mr. Dorsett said B.E.R. expects consumer spending will rise as residents' purchasing power grows.

Mr. Sweet emphasized Limetree Bay's determination to seek out former HOVENSA employees, many of whom have moved to various parts of the U.S., Canada and the Middle East in search of opportunities, and lure them back to St. Croix to work at the refinery. Mr. Sweet said some have already returned, and that Limetree Bay has been going through a long list of the former workers in an effort to assure that the refinery is filled with local individuals.

The officials stressed Limetree Bay's determination to hire locals. But some senators sought to understand the definition of a local as it relates to the agreement, which Mr. Walker described as essentially someone who has lived in the territory for a year. Senator Dwayne DeGraff expressed concern with the definition, stating that anyone could come to the territory, live here for a year and be considered a local. But he was quickly reminded that the U.S. Virgin Islands is owned by the U.S., and that defining who constitutes a local any stricter would violate individual rights of American citizens.

A key area of concern for lawmakers was the environmental impact of the possible restart, and they sought clarification from testifiers. Senator Nereida Rivera-O'Reilly in particular, who has conducted extensive research on the matter, sought assurances from Department of Planning and Natural Resources Commissioner Dawn Henry that Environmental Protection Agency (E.P.A.) rules would be enforced. Ms. Rivera-O'Reilly also asked Mrs. Henry whether the territory could come up with its own environmental protection rules even stronger than those of the E.P.A. Mrs. Henry responded affirmatively, and said such rules would not need legislation to be applied.

Senators indicated on during the hearing that they would remove other portions of the bill that are not directly related to refining and deliberate on those other aspects — including the new hotel project on St. Thomas and matters related to G.E.R.S. — separately. And some lawmakers complained that the time given to ratify the measure was not adequate for such a landmark agreement.

Most of them appeared to be in support of refining on St. Croix, however, cognizant of the economic impact it would have on the St. Croix and Virgin Islands economy.