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Gov't to Provide Vitol With \$6 Million by Dec. 31 to Resume Use of Propane Fuel at WAPA; Senate Session Called for Friday

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Propane Shipment to St. Croix in October, 2015 By. The Virgin Islands Water and Power Authority

Vitol is demanding an immediate payment of \$2 million to resume supplying the Virgin Islands Water and Power Authority with propane fuel, after the company [halted service on Saturday at noon](#). Additionally, Vitol will need another \$4 million before December 31 to keep the supply of propane fuel flowing to WAPA. On the hook for the payment is the Government of the Virgin Islands, and the Senate has called an emergency session on Friday to approve the funds for the Dutch energy and commodity firm.

That's according to Senate President Novelle Francis, who confirmed to the Consortium Monday night that the Bryan administration and WAPA executives met with senators today to discuss the crisis and solutions. The \$6 million will be provided through the miscellaneous section of the government's fiscal year 2020 budget.

Earlier this month, WAPA failed to make the most recent payment to Vitol, resulting in the temporary loss of a critical source of fuel for its generators on St. Croix and St. Thomas. As of noon Saturday, WAPA had reverted to full use of the dirtier and more expensive No. 2. diesel oil to fuel generators in both districts. With the limited back-up capabilities of the diesel generators, power failures throughout the territory is increasingly likely in the coming weeks and months. Residents as of Monday were reporting multiple power outages on St. Croix.

WAPA had sought a base rate increase from the Public Services Commission on Dec. 12 that it said would not increase the power bills of ratepayers, but would work as a confidence booster of sorts for bondholders, allowing the troubled utility to restructure its debt — including the massive debt load that came as a result of the botched propane deal in 2013, which had an initial budget of \$87 million, but quickly ballooned to more than \$160 million, leaving Virgin Islands taxpayers on the hook for the bill.

The PSC, however, took action that satisfied ratepayers and not WAPA: it did not grant WAPA the base rate increase; it also allowed a 3-cent fuel surcharge to expire (the surcharge expires on Dec. 31), and lowered the Levelized Energy Adjustment Clause, known as LEAC, by 3 cents. The actions, once they take hold, will result in a reduction in the kilowatt hour rate that WAPA customers pay from 43 cents to 37 cents. WAPA has since petitioned the PSC [to reconsider the actions](#).

While the PSC's decisions caused WAPA and the Bryan administration much consternation, it was not the cause of WAPA's default to Vitol. To that end, with the PSC shielding ratepayers from bearing the cost of WAPA's troubles, the Bryan administration and lawmakers have been forced to find another funding source.

Mr. Francis said while the Senate would likely take action in favor of providing Vitol the \$6 million to restore propane shipments — a move he said would prevent 57 cents per kilowatt hour rates — the Senate president stressed that changes in WAPA's leadership and accountability structures would be part of any bailout, and that the money set to be approved Friday would go straight to Vitol.

"If they don't want to do it, we'll do it for them," Mr. Francis said, referring to putting levers in place for more accountability at WAPA.

Governor Bryan highlighted the high cost of powering the territory on diesel. "Not being on propane fuel costs us about \$200,000 a day," he said. The governor also said, "Our intent is to create a solution that is well thought-out and holds WAPA accountable. Our goal, always, is to have a more reliable and affordable power grid."

The session starts at 10:00 a.m. and will be held at the Earl B. Ottley Legislative Building. The Consortium will carry it live on our website and Facebook platform.