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Virgin Islanders to Feel Pain at the Pump and Eventually Higher WAPA Costs as Sanctions on Russia Escalate

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G-Max Service Station in Golden Rock. By. V.I. CONSORTIUM

As Russia's invasion of Ukraine enters its fifth day and to some may appear a world away, the repercussions of the war are affecting people all over, and in the U.S. Virgin Islands commuters can expect to pay more at the pump as the price of fuel on world markets — already up 50 percent from last year — is expected to climb even higher.

The price for Brent crude oil, which is the global benchmark, stood at \$99.02 barrel a Monday, though fluctuations have been frequent. Even so, investors are betting that there's much more room for growth well over \$100 a barrel as historic and severe sanctions exacted against Russia,

which is one of the world's largest oil and natural gas producers, threaten to disrupt the movement of such commodities and other materials from the region.

Over the past three days, Russia has been hit with harsh sanctions that have essentially made the country a pariah, joining the ranks of Iran, North Korea and Venezuela. The sanctions include a universal ban from European Union air space and many other nations around the world; the targeted removal of Swift — the global payments transfer system from a number of Russian banks; and among the most powerful sanctions that reverberated across the globe, the U.S., Europe and Canada on Saturday pledged to prevent the Bank of Russia from deploying its \$630 billion stockpile of international reserve “in ways that undermine the impact of our sanctions.”

That has led Russia's Central Bank to raise its interest rate to 20 percent from 9.5 percent on Monday. Elsewhere on Monday, the Russian ruble plunged around 20 percent to 105 rubles to the dollar from around 83 rubles last week.



Cost of fuel at the service station located across from the Seaside Market & Deli on Mt. Welcome Road near the Canegata Ballpark. (V.I. Consortium)

On February 15, when the V.I. Dept. of Licensing and Consumer released its fuel price survey territory-wide, it said the lowest price of regular gas on St. Croix, at \$3.59 per gallon, was found at Five Corners Service Station. On St. Thomas, the lowest price during the same period was found at Puma Bovoni at \$3.91 per gallon.

Since then, the price of fuel on the market has escalated and is beginning to reflect at the pump. As of Monday, several gas stations on St. Croix reflected per gallon costs for regular gas ranging from \$3.77 to \$3.79, and prices have climbed in St. Thomas as well. Gas stations with per gallon costs still reflecting prices captured during the Feb. 15 gas survey are expected to raise their prices following new purchase orders.

This directly impacts the local economy as it eats away at expendable income and could cause a downtick in wider commerce activity.

But the pain won't only be felt at the pump. The V.I. Water and Power Authority's Levelized Energy Adjustment Clause, or LEAC — which in simple terms is the cost of fuel passed on to consumers — is set to increase Tuesday to 22.22 cents from 17.260 cents. During a Friday meeting, the V.I. Public Services Commission approved the hike, though the PSC said the increase [will be rate neutral](#), meaning customers will not see a change in cost because of other fees that the PSC has allowed to expire. However, Friday's approved increase will be revisited on June 30, giving the financially strapped WAPA another opportunity to potentially seek even further increases as the cost of fuel continues to climb.