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Gas Prices Now Above \$4 a Gallon on St. Croix, \$6 on St. Thomas as Russian Invasion of Ukraine Enters 14th Day

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The cost of fuel at the Falcon Gas Station in Sion Farm on St. Croix on Tues. March 8, 2022. By. V.I. CONSORTIUM

Russia's invasion of Ukraine that has so far resulted in over 2 million refugees, including 800,000 children, is having a profound impact on gas prices, with Brent crude oil, which is the global benchmark, closing above \$130 a barrel Tuesday. For perspective, [just over a week ago](#), Brent crude oil closed at \$99.02 a barrel and at that time the price was already up 50 percent from last year.

This is a direct result of the war in Ukraine, as Russia is one of the world's biggest producers of oil and natural gas. As Putin's assault continues with the shelling of civilians and indiscriminate attacks across the country of Ukraine, shippers, traders and financiers have been turning away Russian oil which has led to diminished availability of daily supply on the global market.

The increase in cost was accelerated Tuesday when the Biden administration announced it would ban American imports of Russian oil, gas and coal — roughly 8 percent of American crude oil and refined products imports from the European country.

This is having a major impact on regular citizens in the U.S. and here in the U.S. Virgin Islands. On St. Croix, a gallon of gas for regular unleaded reached \$4.49 Tuesday at some gas stations, and that price is expected to be reflected at all gas stations in the coming days as those businesses purchase new batches of fuel at the higher price points. In St. Thomas, gas prices arrived at \$5.99 a gallon for regular unleaded and well over \$6 for a gallon of premium fuel.

The main reason for the difference in prices in the St. Croix and St. Thomas-St. John Districts is shipping, as most St. Croix gas stations purchase their fuel from Limetree Bay Terminals which is located on St. Croix. In St. Thomas and St. John, whether the fuel is purchased from Limetree Bay on St. Croix or from suppliers in Puerto Rico, the added cost for shipping means residents in the St. Thomas-St. John District have historically paid more at the pump than their St. Croix counterparts.

Limetree Bay Terminals every Thursday releases its new prices for fuel, however those prices take effect the following Monday. Last Thursday's increases, which took effect this past Monday, was 44 cents for regular unleaded, according to gas station owners who spoke to the Consortium. This was before crude oil arrived at the current \$130 a barrel, and if this price holds or increases, consumers can expected to see even higher prices at the pump.

Along with the increase of 44 cents on Thursday for regular unleaded fuel, the cost of premium fuel saw an increase of 37 cents, and diesel saw an increase of 72 cents.

On the U.S. mainland, the average price for a gallon of fuel for regular unleaded topped \$4, but in some states the prices were much higher, [including in Los Angeles](#), where a gallon of regular unleaded gas was \$6.99, and premium \$7.19.

The rising cost 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 — increased on March 1 to 22.22 cents from 17.260 cents. During a recent 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, the March 1st increase will be revisited on June 30 or even earlier because of the escalating cost of fuel. This would give the financially strapped WAPA another opportunity to potentially seek even further hikes and thereby increasing the burden on residents and businesses.