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WAPA Buys Power Generation Unit From G.E. For \$6.7 Million in Move Hailed as Financial Victory for Authority

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The Randolph Harley Power Plant in St. Thomas, USVI. By. V.I. CONSORTIUM

The V.I. Water and Power Authority governing board on Sunday authorized WAPA to purchase a power generation unit from General Electric that officials say will save the authority money and give it ownership of one of the more efficient units at the Randolph Harley Power Plant in St. Thomas.

The power generation system, called Unit 27, was being leased by WAPA from G.E. for several years at the cost of \$631,053 a month, or \$7.57 million a year. WAPA CEO Andrew Smith said during the meeting that the authority had been negotiating with G.E. on a purchase offer as the

lease term neared its end. A deal was not reached on time and the lease expired on Thursday, June 23. Following the expiration, the unit was taken offline as negotiations continued, and Unit 23, a standby power generation system was put into service, according to WAPA.

However, on Friday Unit 23 shutdown after an air conditioning system used to cool the unit malfunctioned. The authority brought in large fans to cool the system Friday night, but while attempting a restart, a valve that supplies hydraulic pressure to the starting system failed. With Unit 27 taken offline, WAPA had to [initiate a rotating power schedule](#), leading to frustration in the St. Thomas-St. John District.

WAPA then called an emergency meeting held on Sunday to immediately purchase Unit 27 from G.E. for \$6.7 million along with a one-time payment of \$145,000 to rent the unit until the sale is closed. The board unanimously approved the deal.

The authority was unable to inspect Unit 27 as part of the sale, however WAPA officials vouched for its reliability, noting that this particular unit was built to withstand adverse conditions. Unit 27, which WAPA has had for about 11 years, has a life expectancy of 30 years, and purchasing a brand new machine would cost about \$25 million, according to WAPA officials who spoke during the Sunday board meeting.

The deal appears to be a solid one for WAPA, as the \$6.7 million the authority is expected to pay for the machine would be spent in less than 11 months under a lease agreement. Additionally, the government of the Virgin Islands is providing funding to WAPA to execute the purchase, though a sum was not provided by neither board nor WAPA officials.

WAPA said eliminating the ongoing lease payment captures approximately \$0.013 cents per kWh of the authority's approximately \$0.16 per kWh revenue shortfall that it is working to eliminate, or approximately 8 percent of the shortfall.