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WAPA Denied Lease Approval for Wind Turbine Project in St. Thomas, With Lawmakers Wary of VITOL-Like 20-Year Lease, Meager Savings

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Senators who make up the Committee on Finance voted Tuesday not to permit the V.I. Water and Power Authority to erect a wind turbine facility expanding its renewable footprint in St. Thomas, contending that the effort barely provides savings to the authority while locking WAPA into a 20-year agreement in a market that is constantly changing.

WAPA officials came before the committee requesting that senators permit them to lease multiple plots of land in Estate Bovoni and Frenchman's Bay Quarter. The authority intends to enter into a 20-year lease agreement with the the V.I. Dept. of Property and Procurement to operate six wind turbine generators to construct a utility substation and maintenance shed, and to erect a 1,600 linear feet access road and an electrical Collection System to deliver power to its grid. WAPA

would lease the property from DPP, and the agreement would also provide options for two lease renewal terms, both providing 10-year extensions.

Initially, senators spoke in favor of the expansion, citing a proactive move to produce renewable energy and to ease reliance on propane production. However, committee chairman Sen. Kurt VIALET was not convinced of the investment after hearing just how little the government would save.

Vincent Richards, deputy commissioner of DPP noted that the rate for wind energy would be an estimated 0.16 cents per kilo watt hour before factoring in the cost to lease the property and to insure the facility. Mr. VIALET argued that propane energy was at a base rate of 18 cents per kilowatt hour before the Russia-Ukraine conflict led to the increase of global oil prices. He said the authority is currently paying 0.22 cents per kilowatt hour for propane.

The senator reasoned that the cost difference doesn't make for much savings. "I mean, now you're doing the environment a favor, but it's no cost reduction. And then you're locking yourself into a 20-year agreement, so even if we're able to reduce the cost, it [becomes like a next VITOL](#) where you have this long-term agreement and you're locked in and no matter what you do, you can't get out," he said.

Mr. VIALET proposed that it may be more frugal to use federal funds to construct the wind turbine facility instead of partnering with a private company. "We might have an opportunity where federal funds can be utilized for solar farms and wind turbines etc, which would severely decrease the cost of generating electricity for those areas. The 0.16 cents doesn't make me extremely happy," he said.

Senator Janelle Sarauw recommended that another hearing be set to consider the agreement.

Meanwhile, questions were asked on how the installation of the wind turbine would help to reduce the frequent power outages in St. Thomas. In response to questions from Senators Sarauw and Javan James, Vernon Alexander, director of project management at WAPA, said the grid would allow the turbines to operate independently of the main power station.

"It will help with the reliability especially for areas which would be on that particular micro grid. The micro grid will really be serving the east end of St. Thomas and when there are power interruptions from the main generation station, then the east end of St. Thomas and St. John will be able to be sustained by that micro grid," he explained.

The lease agreement was held in committee pending further vetting and consideration.