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# WAPA CEO Promises Significant Savings in 12 Months When Solar is Implemented on St. Croix, But Won't Say How Much: 'I Haven't Done That Math'

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The CEO of the V.I. Water and Power Authority said Governor Albert Bryan's promise to transform St. Croix [into 100 percent solar](#), in a move aimed at reducing the cost of power for Virgin Islanders is coming to fruition, and that if all goes as planned, in 12 months the promise will become a reality and ratepayers will see significant savings.

But pinning Andrew Smith down, the WAPA chief executive on providing a number relative to the savings that ratepayers would realize was near impossible, with Mr. Smith deciding not to

provide a set amount because he hadn't done the math.

He said the authority is expecting to pay 10 cents per kilowatt hour from the company that is eventually chosen to create the solar farm on St. Croix, but that there are other factors that influence the final cost to consumers.

"There's a blend in there; we'll still have some fossil fuel on St. Thomas and so the Levelized Energy Adjustment Clause (LEAC) won't go to 10 cents — a portion of it will be a little more because it's still fossil, but blending in that 10 cents brings the rate way down," he said.

Pressed by this reporter for an estimate on savings, the CEO said, "I haven't done that math, and let me explain to you why. I haven't done that math yet because I'm so focused on 1), [not running out of cash](#), and 2), executing on the steps. If we get the cheapest solar, we get the cheapest replacement efficient generation, all of those things will drop the LEAC down," he said.

Speaking of the LEAC specifically, it would drop from 22 cents per kilowatt hour to somewhere "in the high teens," the CEO said. The other expense that carries the total per kilowatt usage for residential customers to 41 cents, is the 18.6 cents Base Rate. This charge covers payroll, operations, vehicles and other expenses. The Base Rate will not be affected by the move to solar; only major, structural and operational changes at the authority would impact it, which Mr. Smith said is already happening.

"We've already taken steps to get that cost down," Mr. Smith said. He mentioned [the purchase of Unit 27](#) on St. Thomas, which he said saves WAPA \$8 million annually in lease expenses, hence reducing the Base Rate. He also spoke about the refinancing of a debt maturity that reduces costs further by \$3.5 million annually. A U.S. Dept. of Interior grant eliminates another \$700,000 for an employee development program that would have otherwise been paid for by the authority.

"More to go, I think there's a long list of things that we can deal with" to reduce the Base Rate, Mr. Smith said.

But even with all the changes made aimed at reducing costs, Mr. Smith said the Base Rate won't be reduced from the current amount because while on paper the authority's Base Rate said 18.6 cents, it was actually higher, according to the CEO.

"The problem with that is 18.6 cents when I got here on an actual basis was not 18.6 cents, it was higher than that. We were spending more money than the 18.6 cents [that was] actually in our rate. We had to close the gap on the Base Rate as well," Mr. Smith, [who joined the authority in January](#), told the Consortium.

That meant going to the V.I. Legislature and even with all the recent efforts to reduce the Base Rate, presenting a budget that reflected the 18.6 cents per kilowatt hour in Base Rate charges, combined with the 22 cents for the LEAC which carries the current residential cost to 41 cents per kilowatt hour.

"We have other things that we can do overtime to reduce that so that could come down," Mr. Smith said.

He said the LEAC, which is currently 22 cents per kilowatt hour, is not only influenced by the cost of fuel, but also the efficiency of power generation. He said the current LEAC should certainly be "in the high teens at a minimum as a starting point," once 100 percent solar is implemented on St. Croix. Mr. Smith added, "The Base Rate — and again I've been more focused

on the LEAC — certainly I think we can take several pennies out of the Base Rate."

"Now again, I haven't done specific math on what that longterm structure looks like; I would pledge to you that I will do everything in my ability, and my team will do everything in its ability that will make that absolutely as low as possible. And one other point to make on that is it's got to be durable," he said.

So what savings can residents expects even when St. Croix is transformed to 100 percent solar? Initially, not lower than 30 cents per kilowatt hour if the base rate remains in the "high teens" and the non-definitive "several pennies" are eliminated from the LEAC.

The CEO said WAPA has been in discussions with several companies, including one local firm, and the authority has pitched as a template 10 megawatts, revealing after a question that St. Croix is powered by about 40 megawatts. Asked whether WAPA would seek more than 10 megawatts, Mr. Smith reiterated it would. "Literally the 10 megawatts is so we can compare apples to apples," he said.

The CEO also promised a transparent process, telling the Consortium, "Even the appearance of a conflict of interest or impropriety is completely unacceptable."