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Governor Bryan on Vitol Matter: 'The Government Never Paid its Bill'

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Propane tanks arrive at WAPA's Richmond Power Plant after spending hours at sea in Oct. 2014. By. THE VIRGIN ISLANDS WATER AND POWER AUTHORITY.

Excerpts from an interview featuring Governor Albert Bryan during the administration's last Press Box for the year gave indications that the territory's leader may seek to arrange a payment plan to satisfy Vitol's hardline proposal of a \$140 million buyout of its propane infrastructure within WAPA.

Vitol on Wednesday suspended propane supply to the U.S. Virgin Islands after WAPA refused the company's proposal of \$140 million buyout of Vitol's propane infrastructure at WAPA facilities, which are needed by WAPA to power its plants.

WAPA and Vitol are in dispute over the amount of WAPA's capital lease obligation, or costs for the propane infrastructure. The authority pointed out in a statement that the capital lease obligation was the subject of a [V.I. Inspector General audit](#), "which highlights several concerns and issues with the inception, execution, and cost of the project," WAPA said.

The total Infrastructure cost that WAPA owes, according to Vitol, is \$150 million, \$30 million of which is in penalties and fees. Vitol has proposed a \$140 million buyout, which would see WAPA owning the infrastructure, according to Shanell Petersen, WAPA's director of corporate communications.

The authority has rejected the proposal, contending that the offer is in addition "to the almost \$80 million that the Authority has already paid to Vitol for the capital lease, over \$40 million for operation of the propane system, and almost \$400 million for fuel."

"To put the buyout proposal from Vitol in perspective, a buyout of [\$140] million would increase the authority's outstanding debt by approximately 60," WAPA said.

[During a Nov. 10 interview on the Press Box](#), however, Governor Bryan stated that Vitol, following the closure of the HOVENSA refinery, was a savior of sorts to the territory, when WAPA was cash-strapped and needed support. Vitol built infrastructure costing tens of millions of dollars to make WAPA's power generating units propane compatible.

"When [HOVENSA] closed down [in 2012] there was nowhere to get fuel from and WAPA was dead broke," Mr. Bryan reminded. "Vitol built that plant."

Mr. Bryan placed some of the blame of the plan's failure on former Governor Kenneth Mapp, stating that the former governor disrupted an execution that was already underway.

"They had a three-year plan to turn that thing around and be able to refinance it that would have given them a 30-year mortgage, or a 20-year mortgage at a lower percent interest. What happened? Mapp became governor and they totally stopped, reconfigured all kinds of things — over \$25 million in changes — trying to get the GE generators to burn propane. A lot of money was wasted, but here it is people stepping in and changing the course of what was going on before. So the government never paid their bill — \$28 million outstanding all the time — so how you expect the agency to be in a situation where they are sound enough financially that they could refinance? Then hurricanes [came], then Covid."

The governor was reminded of the WAPA audit conducted by the Office of the Inspector General, which [delineated practices by a water and power authority](#) that fumbled greatly in its stated goal to lower the power costs of customers when in July 2013 it embarked on the propane conversion project whose original cost was \$87 million, but final total exceeded \$200 million.

In response, Mr. Bryan said, "...I'm not defending the management of WAPA. I definitely think money was misspent and people botched stuff up, but it's not one thing that ruined WAPA."

The governor compared the Vitol/WAPA situation to criticism against certain investments of the Gov't Employees' Retirement System, which some have contended led to GERS's past woes. "It's way more complicated than that," Mr. Bryan said, contending that the mistakes that have led WAPA to its current state were compounded over many years.

Vitol's decision to suspend propane supply to the USVI leaves WAPA without its main propane fuel supplier, and although the authority has confirmed to the Consortium that it is in discussions with at least two other companies to fill the gap, whether an agreement can be reached with the would-be new company before the territory's dwindling propane supply is exhausted remains uncertain. WAPA told the Consortium that its current propane supply will be completely consumed by late November or early December.

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