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Plaskett Says WAPA Being Held 'Hostage' By Vitol Over Bad Propane Agreement, Seeks Help in Congress

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Epic Curacao, ship carrying first delivery of propane fuel to WAPA, arrived at the semi-autonomous entity's Christiansted dock on Wed. Oct. 21, 2015. By. THE VIRGIN ISLANDS WATER AND POWER AUTHORITY.

Delegate to Congress Stacey Plaskett on Friday spoke out against what she described as a propane agreement with Vitol that holds the V.I. Water and Power Authority hostage.

The statement follows Vitol's decision — [made known to the public by WAPA on Wednesday](#) — to suspend propane supply to the USVI, a move that would result in rotating blackouts territory-wide, according to WAPA, if the matter is not remedied either with Vitol or a new fuel supplier.

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 people of the Virgin Islands deserve affordable, reliable power. Almost a decade ago, WAPA and the Virgin Islands government attempted to bring us closer to that goal by embarking on a conversion project to propane," Ms. Plaskett said. "Unfortunately, the company that we partnered with, VITOL, and the resulting relationship with them has proven to be an unbalanced, problematic one. VITOL's Liquefied Petroleum Gas (LPG) Conversion Project at WAPA exceeded initial projections by near \$200 million - \$92 million in unapproved change orders along with many other cost increases and contract amendments. Now almost 10 years later, despite WAPA remaining on propane costs, VITOL continues to extract what would appear to be usury rates on the conversion project debt and holds hostage propane and use of the facility (that is near impossible for the VI Government to own because of the outrageous cost)."

She added, "My office has been in discussions with WAPA's CEO, Andrew Smith, and we have also reached out to Governor Bryan and his team regarding VITOL's decision. I understand that the WAPA leadership team has already begun the process of looking for other propane providers and aggressively pursuing other solutions that will allow us to no longer be held hostage by VITOL's bad partner practices. We cannot continue to be saddled by the terms of such a lopsided contract. I and my team are looking for creative ways to support WAPA and the VI Government to bring VITOL to bargain in good faith.

"Additionally, I and my team have requested the active engagement and assistance of my colleague, Frank Pallone (NJ), the Chair of the House Committee on Energy and Commerce, regarding the untenable relationship between the Virgin Islands/WAPA and VITOL.

"We will continue to work with WAPA and Governor Bryan and his team on this matter."