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WAPA Finds Solution to Prevent Rotating Blackouts But Warns of Reduction in Reliability

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Aerial shot of WAPA's power plant in Richmond, Christiansted, where Vitol built extensive propane infrastructure. By. ERNICE GILBERT/ V.I. CONSORTIUM

The V.I. Water and Power Authority announced late Tuesday that it has successfully arranged a shipment of diesel enabling normal power production at the Randolph Harley Power Plant in St. Thomas and the Richmond Power Plant on St. Croix.

WAPA said that due to the shift of operations to 100 percent diesel, "there will be sole reliance on the older generation units which may result in a reduction in reliability." The authority said the Aggrekos and Wartsilas, the newer generators, will not be in operation due to their need for propane, an indication that WAPA has been unable to arrive at an agreement with Vitol and has

not been successful in securing a new propane supplier.

"As the older generation units in operation are overdue for maintenance, this may add to its unreliability upon the transition," WAPA said.

The authority is asking "for the community's understanding during this transition as all attempts are being made to ensure there are no territory-wide rolling blackouts and that our most vulnerable communities are prioritized."

"Open, transparent communication continues to be of utmost importance for WAPA as it rebuilds trust with the community," WAPA further stated.

WAPA's decision to purchase diesel fuel, which is more expensive than propane, adds an additional cost burden to the authority. It also is a clear indication that negotiations with Vitol have been difficult and appears to convey that the commodities giant — which recently [threatened to suspend fuel deliveries](#) to a German state-controlled energy business because of a €1 billion debt — has been sticking to its offer to WAPA.

WAPA and Vitol are in dispute over the amount of WAPA's capital lease obligation, or costs for propane infrastructure that Vitol built at WAPA facilities. The authority pointed out in its statement on Nov. 16 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 Shanelle Petersen, WAPA head of corporate communication.

WAPA said in its Nov. 16 statement that it rejected Vitol's 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 \$145 million would increase the Authority's outstanding debt by approximately 60," WAPA said.

It is not clear whether WAPA has since made concessions to Vitol's demands. The authority said it was in talks with several propane suppliers, however today's announcement indicates that those discussions are either still ongoing or were unsuccessful.

Meanwhile, Governor Albert Bryan is in Washington meeting with Biden administration officials, where the governor [has brought up the difficulties facing the territory](#), including WAPA.