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WAPA Board Approves Propane Purchase of Up to \$500,000 a Day From Vitol, Easing Expense Burden of Diesel Fuel

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Ernice Gilbert **December 23, 2022**

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The Randolph Harley Power Plant in St. Thomas, USVI. By. ERNICE GILBERT/ V.I. CONSORTIUM

The V.I. Water and Power Authority said Friday that its governing board has approved a temporary authorization to purchase spot-market, or short-term propane supply through March 31, easing the cost burden of diesel which currently is twice as expensive as propane.

Though WAPA did not reveal the company from which it is purchasing the propane, the Consortium has learned that the firm is Vitol. The short-term pact is separate from negotiations on the broader impasse regarding [propane infrastructure cost of \\$150 million](#) that Vitol contends

WAPA owes it. Vitol in late November suspended its long-term propane delivery agreement with WAPA, leading to a scramble at the authority to find alternative sources of fuel.

Calls and a message left with WAPA Director of Corporate Communication, Shanell Petersen, were not immediately returned.

WAPA said the approval for spot purchases of propane is key as it will allow it relief from 100 percent diesel utilization, which is how the authority has been operating since Vitol suspended propane deliveries.

Diesel's market price is currently twice as expensive than propane and the authority's generators that utilize the fuel are less efficient and less reliable than its propane alternatives, WAPA explained. Further, operating with only one fuel source reduces plant/generation redundancy and makes the loss of electricity and power rotations more challenging to mitigate as was seen earlier this week in St. Thomas that prompted a brief outage rotation schedule.

The governing board's recent approval will grant WAPA authorization to purchase spot market propane at a cost not to exceed the equivalent of \$500,000 per day, according to the release. For context, the authority under its previous contract, averaged \$350,000 to \$400,000 per day for propane.

WAPA said the authorized amount will allow for flexibility in the event market prices increase or transportation costs fluctuate. Additionally, while the authority has historically paid for propane daily, spot market supply may require WAPA to pay for an entire delivery at once.

With access to the propane supply, WAPA said St. Croix's Estate Richmond Plant can operate entirely on the lower cost fuel source. St. Thomas's Randolph Harley Power Plant will operate on a hybrid configuration that utilizes both diesel and propane, according to the release. Available inventory of propane will see dramatic cost savings for both facilities and improve reliability from a generation standpoint.