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Buyout Agreement Reached Between Vitol and WAPA; Utility Hopes Territorial Line of Credit Will Facilitate Process

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Aerial shot of the WAPA plant in Richmond, Christiansted on St. Croix. By. ERNICE GILBERT, V.I. CONSORTIUM

Following a protracted, contentious negotiation, the terms and conditions of the [buyout](#) of energy trading company Vitol's propane infrastructure by the Water and Power Authority have been agreed, according to WAPA Executive Director Andrew Smith.

"The Vitol liability is the single largest liability for WAPA," Mr. Smith said at Thursday's meeting of WAPA's [newly reconfigured](#) governing board. "It is also the single largest monthly operating cost in terms of the infrastructure payment for WAPA. Now, WAPA's not been making

that payment because we don't have the money to make that payment, but this buyout of [Vitol's infrastructure at WAPA] will make all of that go away. So it is absolutely a critical path item to fixing WAPA, and we've reached an agreement to do that.”

Key to the successful execution of the agreement is the \$150 million line of credit (LOC) Governor Albert Bryan Jr. is [seeking legislative approval](#) to establish, Mr. Smith said. He explained that generally speaking, vendors limit the extent of credit they offer for projects funded by federal dollars because payments can be slow in coming. The LOC, he said, smooths out the procurement process, ensuring efficient and timely delivery of goods and services.

In much the same manner, the LOC, if approved by the Senate, would be used to facilitate the necessary payout to Vitol while incoming federal dollars were on their way. This, Mr. Smith said, would solve one of the struggling utility company's most intractable problems.

Mr. Smith told the board that WAPA was now seeking federal grant money to help the cash-strapped company meet its obligations under the buyout agreement, the details of which were not disclosed in open session.

“We are making application to our federal partners to support that buyout of Vitol,” Mr. Smith said. Next week, the application will be sent to the Virgin Islands Housing Finance Authority for vetting before being submitted to the relevant federal agencies. Mr. Smith did not provide information relative to the cost of the buyout.

While the request is going through the approvals process, Mr. Smith hopes for WAPA to be able to use the LOC to move the buyout process forward while awaiting federal funds. “What is intended is, when WAPA secures its federal funding, that federal funding simply replaces that payment.”

Smith said representatives from WAPA will be testifying on the matter before the Senate next week in support of the governor's request.