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WAPA Projecting Big Savings For Customers as Board Approves Power Purchase Agreements for Solar, Wind Projects

Government / **Published On April 01, 2023 05:55 AM /**

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Central inverters: a future-proof skid for large photovoltaic power plants By. SIEMENS ENERGY

Power purchase agreements for the wind and solar projects which, when completed, will provide as much as one third of the territory's annual energy needs, were approved by the governing board of the VI Water and Power Authority (WAPA) during their most recent meeting.

Up to 68 megawatts of solar energy and 55 megawatts of wind energy is expected to come online within the next 24 to 48 months, according to WAPA CEO Andrew Smith, who explained the structure of the contracts to the board before the vote to approve took place. Seven contracts were

being issued in total, one for each energy generation site – wind farms on St. Croix and St. Thomas, as well as two solar parks on each of those two islands, and one on St. John.

Despite the separate contracts, Mr. Smith said that one company — VI Electron — was performing the solar installation work across the territory, and another — Advance Power — was handling the wind projects. The power purchase agreements would result in a cost of 12 cents per kilowatt hour (kWh) for the energy generated from wind, and 10.9 cents per kWh for power purchased from the solar farms.

Should VI Electron not complete the St. John and St. Thomas solar parks within a specific timeframe, however, the cost of power from the sites on the Big Island would drop to 8.9 cents, according to the agreement. Since the cost to build these facilities is cheaper on St. Croix than on St. Thomas or St. John, Mr. Smith explained that the solar contracts contained a “carveout” to allow WAPA to access that cheaper rate if the parks on St. Croix come online before those on the other islands.

With the current Levelized Energy Adjustment Clause (LEAC) rate standing at 22.22 cents, Mr. Smith says that buying power from the renewable energy projects at approximately half that cost will have a significant impact on the price to the end user. “I see a very clear path to a fuel cost blend for WAPA that is materially below where it is today,” Mr. Smith told board members, not just referring to the renewable energy projects but also the new Wärtsilä generators, which when online, will reportedly be able to power all of St. Thomas at a rate of 13 cents per kWh.

However, Mr. Smith was reluctant to wade into specifics. “I truly hesitate to put a projection of a LEAC,” he pushed back in the face of probing by board member Elizabeth Armstrong. He said that because fuel prices can fluctuate, the difference in time between any estimation at this point in time and any given future moment could lead to large variances, making such projections unreliable. However, he was confident that the addition of the [propane-powered Wärtsiläs](#) and these major renewable projects to the territory’s energy mix would have a major positive impact on consumer costs.

“We’re on the cusp of a very transformative path for the Water and Power Authority,” Mr. Smith said. “There are big, chunky moving pieces of our LEAC that are moving directionally down, and moving directionally down in large dollars.”

WAPA's residential customers pay 40.03 cents per kWh for the first 250 kWh, and 42.65 cents thereafter. Commercial customers pay 46.65 cents per kilowatt hour.