



THE VIRGIN ISLANDS WATER & POWER AUTHORITY
CORPORATE COMMUNICATIONS
NEWS RELEASE

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Authority Releases Wartsila Project Update

US VIRGIN ISLANDS - The Virgin Islands Water and Power Authority (“Authority”) would like to clarify some facts regarding the Authority’s fully funded HUD Wartsila project, which will allow for the addition of four energy-efficient generators that will run on propane on the island of St. Thomas, as well as 9 MW of battery storage.

The Project Delivers Incredible Value to Virgin Islanders

The four new generators are 30% and 70% more efficient than the units they will displace, respectively. Additionally, one of the units that will be displaced runs on diesel, and diesel is currently 2.2x more expensive than propane. Monthly fuel savings, at current commodity prices, when the new Wartsila generators enter service is projected to be approximately \$3.5 million per month, or \$42 million per year. That savings represents an almost 25% reduction in the Authority’s annual cost of fuel. Battery storage will improve reliability because batteries work like a shock absorber and can insulate the Authority’s system from operational disruptions.

Large Generating Assets Have Long Installation Lead Times

The notice to proceed for the new generator project was issued in November 2020 and was set to expire 23 months later, or at the end of October 2022. This period was recently extended through January 2023 upon approval by the Authority’s Governing Board. The project was delayed in part due to the COVID-19 pandemic that, worldwide, caused supply chain and other delays, but the generators are installed and Wartsila is in the process of finishing installation of environmental controls. The Authority has shared publicly that it expects the generators to be placed in service by Q1 2023. The Authority noted recently that it has received an accelerated timeline from Wartsila that could see the generators in service in January 2023; however, there are several gating factors that need to be cleared to meet the accelerated timeline. The timeline for the project, even with the delays, is not unusual for the installation of generation. Electric generators are large, complex machines and require associated infrastructure. Projects typically take two to three years to complete.

Funding and Progress on the Project Has Been Overseen by the Virgin Islands Housing Finance Authority

The Virgin Islands Housing Finance Authority (“VIHFA”) has overseen the Wartsila project from its inception and has worked closely with the Authority to overcome project-related challenges

and ensure timely delivery. VIHFA has continued to work with both the Authority and the US Department of Housing and Urban Development to monitor the project for compliance with federal regulations and has worked hand-in-hand with all partners to assist in meeting requirements and ensuring timely delivery.

All major milestones within the project timeline have also continued to be documented on both sides, per federal requirements, to show how funds are spent, tracked, and managed.

The Authority remains committed in its pursuit of bringing additional generation to the USVI and looks forward to the benefits such initiatives will yield for the territory.

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About WAPA: The Virgin Islands Water and Power Authority is an autonomous agency of the Virgin Islands Government which produces and distributes electricity and drinking water to residential and commercial customers in the territory. WAPA was created by the Fifth Legislature of the Virgin Islands in 1964 through Act No. 1248. Today, WAPA generates electrical power at production plants on St. Thomas and St. Croix and distributes electrical service through smart grids to customers on St. Thomas, St. Croix, St. John, Hassel Island, and Water Island. Potable water is distributed to almost 13,000 customers through water lines and standpipes. WAPA also has the responsibility of installing and maintaining streetlights.