



THE VIRGIN ISLANDS WATER & POWER AUTHORITY
CORPORATE COMMUNICATIONS
NEWS RELEASE

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December 23, 2022

WAPA Board Approves Purchase of Propane in Emergency Board Meeting

U.S. VIRGIN ISLANDS – The Virgin Islands Water and Power Authority (“WAPA” or “Authority”) Governing Board today, Friday, December 23, 2022, approved the temporary authorization to purchase spot-market, or short-term propane supply through March 31, 2023.

The approval for spot purchases of propane is key as it will allow the Authority relief from 100% diesel utilization, which is how the Authority has been operating since propane deliveries were suspended at the end of November 2022. 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. 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 the Authority authorization to purchase spot market propane at a cost not to exceed the equivalent of \$500,000 per day. For context, the Authority under its previous contract, averaged \$350,000 to \$400,000 per day for propane. 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 the Authority to pay for an entire delivery at once.

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

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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.

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