



THE VIRGIN ISLANDS WATER & POWER AUTHORITY
CORPORATE COMMUNICATIONS
NEWS RELEASE

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June 25, 2022

WAPA Governing Board Emergency Meeting Scheduled for June 26, 2022

Emergency Board Meeting to Request Approval to Acquire Unit 27 from GE

The Virgin Islands Water and Power Authority is convening an Emergency meeting of its Governing Board at 10:00 am AST on Sunday, June 26. The purpose of the meeting is to request approval for the Virgin Islands Water and Power Authority to purchase Unit 27 at the Randolph Harley Power Plant (RHPP) from GE.

Need for the Emergency Board of Directors Meeting

The lease with GE ended on Thursday, June 23. The Authority reached agreement with GE on Friday, June 24 after several months of negotiations. GE made the unit unavailable to the Authority pending close of the transaction, which was originally expected late this week. The Authority intended to present the acquisition for approval to its Governing Board at its regularly scheduled meeting on June 30, and close shortly thereafter.

In the interim, the Authority was operating Unit 23 to replace Unit 27 being unavailable. Unit 23 went out of service late on Friday, June 24 resulting in the need for rotational outages because the RHPP cannot produce enough electricity for the St. Thomas/St. John District without Unit 27 or Unit 23.

Through communications with GE, an agreement was reached with GE to return Unit 27 to service immediately, and Unit 27 returned to service earlier today. In exchange, the Authority agreed to expediting the approval of the acquisition, hence, the Emergency Board meeting. GE also requested lease payments at the current rate until the transaction closes. The Authority agreed to one week of rental payments, or approximately \$145,000, to avoid delay by either party in closing the transaction.

Overview of Unit 27

Unit 27 has been in operation for the Authority for several years under a lease agreement with GE. Unit 27 is the Authority's most efficient generating unit after the three Wartsila reciprocating engines that are in service at the RHPP. The Virgin Islands Water and Power Authority has been leasing Unit 27 from GE for \$631,053 per month, or \$7,572,636 per year.

Economic Value

The Authority owes GE approximately \$5.4 million in past due rental payments. The existing lease agreement with GE also provides for a buyout option at the end of the lease of an additional approximately \$5.2 million.

The Authority has negotiated an agreement to purchase Unit 27 for \$6.75 million. The agreement resolves any, and all, outstanding claims or obligations that the Authority has to GE and the Authority will take ownership of Unit 27.

- The Authority will acquire Unit 27 for approximately 35% less than what it owes GE
- The Authority will avoid the ongoing monthly lease payment of \$631,053
 - If the current monthly lease arrangement remained in place, the authority would spend \$6.75 million just to lease Unit 27 in less than 11 months and would still not own Unit 27
 - Eliminating the ongoing lease payment captures approximately \$0.013 cents per kWh of the Authority's approximately \$0.16 per kWh revenue shortfall that it is working to eliminate, or approximately 8%
- The funding for the acquisition is being supported by the Government of the Virgin Islands, so ongoing costs for the acquisition will not be a cost that will be charged to the Authority's customers

AGENDA

- 1. CALL TO ORDER AND QUORUM**
- 2. ADOPTION AND APPROVAL OF THE AGENDA**
- 3. ACTION ITEM**
 - a. Acquisition of Unit 27 at the Randolph Harley Power Plant
- 4. ADJOURNED**

TO JOIN THE MEETING

<https://us06web.zoom.us/j/85760422191?pwd=UDRYbGhOZk5WL3M5dzV2RVpXMGRKZz09>

Meeting ID: 857 6042 2191

Passcode: 053148

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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.