



**THE VIRGIN ISLANDS WATER & POWER AUTHORITY
CORPORATE COMMUNICATIONS**

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US VIRGIN ISLANDS - The Water and Power Authority received a copy of correspondence sent to Governor Albert Bryan from Vitol on November 16, 2022, in which Vitol stated that it is suspending propane supply to the Territory. The Authority received similar correspondence late last week. It is disappointing to the Authority that its preferred propane fuel supplier has elected to pursue this course of action. The Authority's new leadership has been in contact and negotiations with Vitol since the new leadership team's arrival at the Authority. The Authority pays Vitol for fuel before Vitol delivers fuel to the Authority, and the Authority remains current on its payments to Vitol for operations of the propane facilities. The Authority and Vitol are in dispute over the amount of its capital lease obligation to Vitol, a capital lease obligation that was the subject of an extensive review by the Inspector General of the Virgin Islands, which highlights several concerns and issues with the inception, execution, and cost of the project.

In the midst of the European Energy crisis, Vitol also threatened to suspend gas deliveries to a German state-controlled energy business for their \$1 billion debt.

Despite the history of the propane project, the Authority has been clear with Vitol that the Authority has a strategic plan to improve its cost structure. The Authority's new leadership has also been consistent in its message to Vitol that the Authority's plans also envision a path forward in which it arrives at a commercially viable solution that is equitable to both Vitol and the community of the Virgin Islands to address its debts to Vitol.

The most recent proposal from Vitol was a buyout whereby the Authority would pay Vitol \$145 million. This is in addition to the almost \$80 million that the Authority has already paid to Vitol for the capital lease, over \$40 million for operation of the propane system, and almost \$400 million for fuel. To put the buyout proposal from Vitol in perspective a buyout of \$145 million would increase the Authority's outstanding debt by approximately 60%.

The Authority reiterates that it is disappointing that Vitol has chosen to put the energy security of Virgin Islanders at risk as part of its strategy to have its debts addressed, and the Authority reiterates that it has a strategy identified that includes a resolution of its debts to Vitol and stands ready to continue to engage with Vitol to reach an equitable, sustainable solution for the U.S. Virgin Islands.

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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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