



Frequently Asked Questions about the Infrastructure & Public Facilities Program

1. Does WAPA already have a 3rd party?

A 3rd party currently operates the facility. VI WAPA will continue with the current 3rd party while also exploring other potential operators.

2. Will there be a reduction in fuel costs? How much does it cost to operate? The alternative to operating on propane is significantly more expensive because diesel is approximately twice the cost of propane on an energy equivalent basis. If WAPA does not buy the Propane Supply Infrastructure, its only option will be to operate on diesel. The operating cost of the facility is approximately \$16 million per year that is paid to a third-party provider to provide operations and maintenance services for the Propane Supply Infrastructure.

3. Who is VITOL?

VITOL is the company that currently owns the LPG facilities on both islands.

4. How would this impact water production?

The production of water utilizes a considerable amount of energy. Thus, securing the energy lifeline through this acquisition also secures the utility's ability to produce potable water.



5. How does owning it benefit WAPA?

The proposed activity substantially addresses the threats to the Energy Lifeline as it provides the utility with additional fuel storage capacity contained in resilient concrete bunkers and the ability to operate on propane which will allow it to utilize its newest and most efficient generators which should improve grid liability. Additionally, in the current arrangement, WAPA must exclusively purchase propane from Vitol. Once the facility is owned by WAPA, they will be able to source fuel from other suppliers.

6. How many projects does WAPA have in the pipeline?

WAPA has a multitude of projects in its pipeline; including transmission & distribution undergrounding, installation of composite poles, microgrids for St. Thomas, St. Croix, and St. John, water expansion, water system replacement, new generation development. The acquisition of the Propane Supply Infrastructure is currently the only project in WAPA's pipeline associated with CDBG-MIT funding.

7. What about power hardening?

WAPA continues to execute its FEMA funded projects to move transmission & distribution infrastructure underground as well as install composite poles. Composite pole installation is 90% complete in the Territory.

8. Is the long-term plan diesel, propane fuel? What about renewable energy?

The long-term plan is propane as the primary fuel source for the Territory's generation backbone. WAPA has signed power purchase agreements for wind and solar projects that are expected to generate 25% of the Territory's electricity, and WAPA intends to pursue additional power purchase agreements once the projects behind the current power purchase agreements are in operation.

9. How does WAPA plan to fund maintenance?

Operations and Maintenance of the Propane Supply Infrastructure has been provided by a third-party provider since the assets were placed into service in 2017, so the cost of operations and maintenance is not a new cost to WAPA. WAPA is current with payments for the third-party operations and maintenance of the facility. WAPA's only source of revenue is its regulated rate that is approved by the Virgin Islands Public Services Commission (PSC). The PSC has not questioned WAPA's cost of operations and maintenance, so WAPA expects to continue to collect revenues through its regulated rates to pay for operations and maintenance.

10. With solar wind energy coming online, is it wise to do this investment now?

The executed power purchase agreements for wind and solar are expected to produce 25% of the Territory's electricity and will not be in full operation for 18-24 months. Subsequent renewable resources are expected to come online after the 18-24-month period. Propane-fired generation will be needed to supply the Territory's electricity during that period. Even if the Territory achieves enough renewable resources to provide 100% of the Territory's electricity, multiple days of cloud cover will still require fossil-fuel generation to generate electricity. Propane is the Territory's cheapest fossil fuel generation.

11. Are there plans to relocate the plant to the south shore away from residential areas on St. Croix?

No.

12. Was the plan scrapped because of the building of WAPA's VITOL Plant?

No. Moving the Richmond power plant to the Southshore would entail significant costs that ratepayers would have to pay.

13. Who at VIHFA goes through the application or proposal?

Odari Thomas, Staff Engineer at VIHFA provides technical oversight along with other Infrastructure program staff. Question 14.

14. How much was originally set aside for MIT?

Approximately \$774M.

15. Are you going to be reducing the other categories to fund this project?

This project is proposed to be funded from the Infrastructure Category through the Critical & Natural Infrastructure Resilience Program. The amount of money allocated to that program remains unchanged from the original MIT Action Plan.

16. Is this going to be a monopoly? If someone can do the job better, would they be allowed to apply for funding?

VIWAPA is the only electric utility in the territory and is best positioned to bolster the security of the energy lifeline in accordance with the goals of mitigation funding.

17. Is WAPA going to ask for more funding?

The Propane Supply Infrastructure funding is currently the only requested CDBG-MIT funding request pending from WAPA. As WAPA continues to evaluate energy security for the Territory, it may identify additional CDBG-MIT fund eligible projects; however, there are no projects currently in the pipeline.

18. Is there anything in the foreseeable future that could stop the acquisition?

VIHFA is working with VIWAPA to provide all necessary information to get this acquisition successfully approved. Moreover, if there are Environmental findings during the required Environmental Review then the project is ineligible under the grant and cannot receive HUD funds.