

**GOVERNMENT OF THE VIRGIN ISLANDS
OF THE UNITED STATES**

Public Services Commission

IN RE:)	
)	Docket No. 621
TIBBAR ENERGY USVI LLC'S PETITION)	Order No. <u>42</u> /2014
FOR APPROVAL AND INTERCONNECTION)	
OF RENEWABLE ENERGY PROJECT WITH)	
THE VIRGIN ISLANDS WATER AND POWER)	
AUTHORITY)	
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ORDER

WHEREAS, on October 3, 2012, the Virgin Islands Public Services Commission (hereinafter "the Commission" or "PSC") received an application from Tibbar Energy, USVI, LLC (hereinafter "Tibbar") for certification of a qualified small power generation facility for a biomass (Agricultural Energy Crop) to renewable energy project in the United States Virgin Islands; and

WHEREAS, on December 17, 2012, the Commission's technical consultants submitted a report on the qualified facility application of Tibbar; and

WHEREAS, on December 18, 2012, the Commission met in regular session and deemed that Tibbar's application was complete and in compliance with the V.I.C. Chapter 2; and

WHEREAS, on January 11, 2013, the Commission **APPROVED** Tibbar's application in Order No. 23/2013, Docket 611; and

WHEREAS, on August 13, 2013, the Commission received an application from the Virgin Islands Water and Power Authority (hereinafter "the Authority" or "WAPA") petitioning approval of its Power Purchase and Interconnection Agreement with Tibbar for the purchase of electric energy for the territory of the Virgin Islands through the development of a renewable energy project; and

WHEREAS, on December 13, 2013, the Commission voted to continue this matter at the next meeting, to permit time for the PSC's staff and consultants to review the case and documents supporting the assumptions used in the development of avoided cost information and report back to the Commission; and

WHEREAS, WAPA and Tibbar submitted an amendment to the Power Purchase and Interconnection Agreement which reduced the amount to be paid for purchased power; and

WHEREAS, on June 16, 2014, the Commission received a Report and Recommendations from its technical consultant, Georgetown Consulting Group, Inc. regarding the Power Purchase and Interconnection Agreement, as amended; and

WHEREAS, on June 23, 2014, the Commission met in regular session at its both offices on St. Thomas and St. Croix; and

WHEREAS, after review of the application and deliberation, the Commission voted to **APPROVE** the amended Power Purchase and Interconnection Agreement (“PPA”) between Tibbar Energy USVI, LLC and WAPA and **ADOPT** the Findings as stated on pages 13 and 14 of the technical consultant’s Report of June 16, 2014; and

NOW THEREFORE, the Commission hereby **ORDERS** that the amended Power Purchase and Interconnection Agreement between Tibbar Energy USVI, LLC and WAPA is **APPROVED**.

FURTHER, the Commission **ADOPTS** the following Findings of the technical consultant’s June 16, 2014, Report:

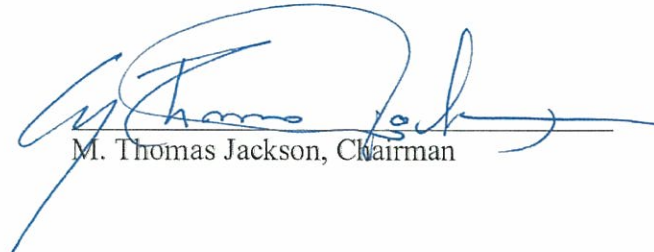
1. Based on the projected avoided cost developed for the purpose of this analysis we are able to conclude that the amended Tibbar Power Purchase and Interconnection Agreement on a Net Present Value as well as a cumulative cash basis is less than WAPA’s projected avoided cost and therefore find that the projected purchase price of the energy from Tibbar for the duration of the PPA is less than WAPA’s avoided cost.
2. We find that the amended Tibbar PPA will diversify WAPA away from its reliance on propane, and to a lesser degree fuel oil, through the use of renewable energy. We also find that the Tibbar PPA will reduce WAPA’s energy costs as forecast over the period 2016 – 2040 and conclude that the agreement is in the best interests of the ratepayers of the Authority in that they reduce WAPA’s energy costs and diversify it away from its almost total reliance on fuel oil, through the use of renewable energy resources.
3. 30 VIC § 49 requires that for a Qualified Facility paid an avoided cost rate that the PSC must find that “rates for purchases shall be just and reasonable to the electric consumer of the electric utility and in the public interest, and not discriminate against qualifying cogeneration and small power production facilities.” We find that the rates for purchase set forth in the PPA are just and reasonable to electric consumers and in the public interest and do not discriminate against other Qualified Facilities.
4. WAPA’s petition requested that it be permitted to pass the full cost of energy purchased from Tibbar through the LEAC (or base rates or other rates if the LEAC is ever terminated) as prudently incurred expenses for the duration of the PPA. We find

the pass through of purchased power from Tibbar under the terms of the PPA as prudent for inclusion in rates.

So Ordered.

For the Commission

Date: July 31, 2014



M. Thomas Jackson, Chairman