

GOVERNMENT OF THE VIRGIN ISLANDS

PUBLIC SERVICES COMMISSION

IN RE:)
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In the Matter of the Approval of Solar Energy Projects of the) Docket No. 606
Virgin Islands Water and Power Authority) Order No. 41/2020
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ORDER

This matter is before the Virgin Islands Public Services Commission (hereafter "Commission" or "PSC") as a result of the filing of a Petition ("Petition") by the Virgin Islands Water and Power Authority ("Authority" or "WAPA") on December 19, 2020 for the Commission's approval of a Second Amended and Restated Power Purchase Agreement ("Second Amended PPA"), transferring a solar power project on St. Thomas from its current assignee to BMR Energy, Ltd. ("BMR").

LANCO Virgin Islands I, LLC ("LANCO") was the original developer of a ground-mounted solar photovoltaic ("PV") project on St. Thomas with a capacity of approximately 4.2 mW. Under the original LANCO PPA, signed in 2012, it was agreed that WAPA would purchase all output from the facility. In 2013, Lanco, with the approval of WAPA, assigned the PPA to USVI Solar I, LLC ("Solar I"). Subsequent assignments, renaming and inter and intracompany transfers occurred involving AES Distributed Energy, and Western Solar Parent, LLC culminating in the current proposed assignment of the Solar I assets to BMR. The physical project, located adjacent to the Donoe Bypass in central St. Thomas, was destroyed by Hurricane Irma in 2017.

The WAPA Governing Board in October 2019 authorized the assignment of the PPA from Western Solar to BMR conditioned on approval of the "Second Amended PPA." WAPA

and BMR have agreed to certain amendments contained in the “Second Amended PPA.”

Principal among the changes to the PPA are:

- Rebuilding the PV facility with a capacity of approximately 5.0 mW.
- Increasing the annual power production by approximately 30%.
- Changing the annual delivered prices of energy.

WAPA Petitioned the PSC to approve the “Second Amended PPA” and to:

1. find that the purchase price of the energy for the Second Amended PPA between WAPA and BMR USVI Renewables for the duration of the term of the Second Amended PPA is less than WAPA's avoided cost.
2. conclude that the Second Amended PPA is in the best interest of the ratepayers of the Authority in that it meets the objective stated in the Authority's RFP, which was to procure electric energy generated from commercially proven photovoltaic generation facilities, which will assist WAPA in meeting its renewable energy procurement targets.
3. continue to permit the cost of the purchased energy to be fully recoverable through the LEAC (or base rates or other rates if the LEAC is ever terminated) as prudently incurred expenses for ratemaking purposes for the duration of the Second Amended PPA, including any extension thereof pursuant to its terms.

The Public Services Commission’s technical consultants, Georgetown Consulting Group, Inc. (“GCG”) conducted a review and submitted a report on May 1, 2020. As a result of continuing communications with WAPA and BMR, on June 2, 2020, GCG submitted an update. In the update GCG recommended to the Commission to approach the matter not as pursuant to the Small Power Production and Cogeneration Act (Title 30, Chapter 2 of the Virgin Islands Code), but rather as an attempt to modify and salvage an existing PPA issued pursuant to a RFP. This project is not a

Commission approved Qualified Facility (QF) and therefore is not governed by the statutory requirements of the Virgin Islands for QFs. The pricing, attached hereto as Exhibit A and contained in the “Second Amended PPA”, is not the result of a market based competitive procurement process but is a substantial reduction from the prices previously included in the original Lanco PPA.

The Commission has carefully reviewed the Petition and related filed documents and having received the advice of its technical consultants, concludes that these Agreements may contribute to:

- (a) Decreasing WAPA’s dependence on petroleum and volatile petroleum prices by utilizing PV solar electric generating facilities; and
- (b) Increasing WAPA’s utilization of solar energy as directed by the Virgin Island Energy Act; and
- (c) Reducing the cost of electricity to WAPA’s customers and reducing the risk of price volatility by providing a reasonably predictable amount of energy at a predictable cost over the term of the Agreements, compared to continued generation of electric energy from the Authority’s existing petroleum-fired power plants.

WHEREFORE, IT IS THE DETERMINATION OF THE COMMISSION THAT:

1. The Petition of the Authority is a continuing outgrowth of the request for proposals (“RFP PR-17-14”) issued by the Authority on December 18, 2013, amended and reissued on December 24, 2013 for the purchase of electric energy from solar PV generation facilities for St. Thomas and St. Croix.
2. The Second Amended PPA is in the interest of the ratepayers of the Authority in

that it meets the objectives of the Authority's RFP to reduce the Authority's energy costs in the short term and to diversify away from total reliance on petroleum based fuel, through the use of solar PV electric generation.

3. The Commission, having reviewed the Second Amended PPA hereby approves the assignment to BMR Energy Holdings, LLC.

So Ordered.

For the Commission

Date: **June 17, 2020**



David W. Hughes, Chair

ENERGY RATES IN SECOND AMENDED PPA

Contract Year	Reference Price (USD/kWh)	95% LEAC (USD/kWh)	Floor Price (USD/kWh)
1	0.1390	N/A	N/A
2	0.1411	N/A	N/A
3	0.1432	N/A	N/A
4	0.1453	N/A	N/A
5	0.1475	N/A	N/A
6	0.1497	N/A	N/A
7	0.1520	95% LEAC	0.1150
8	0.1543	95% LEAC	0.1150
9	0.1566	95% LEAC	0.1150
10	0.1589	95% LEAC	0.1150
11	0.1613	95% LEAC	0.1150
12	0.1637	95% LEAC	0.1150
13	0.1662	95% LEAC	0.1150
14	0.1687	95% LEAC	0.1150
15	0.1712	95% LEAC	0.1150
16	0.1738	95% LEAC	0.1150
17	0.1764	95% LEAC	0.1150
18	0.1790	95% LEAC	0.1150
19	0.1817	95% LEAC	0.1150
20	0.1844	95% LEAC	0.1150
21	0.1872	95% LEAC	0.1150
22	0.1900	95% LEAC	0.1150
23	0.1929	95% LEAC	0.1150
24	0.1958	95% LEAC	0.1150
25	0.1987	95% LEAC	0.1150

For Contract Year 1 – 6: Product Price shall be the Reference Price

For Contract Years 7 -25: Product Price shall be set at 95% of the then current LEAC Charge