

BILL NO. 30-0140

Thirtieth Legislature of the Virgin Islands

June 5, 2013

A Resolution to declare an energy crisis in the Territory and to provide relief to the residents of the Virgin Islands

PROPOSED BY: Senator Myron D. Jackson

1 **WHEREAS**, the Virgin Islands is an unincorporated Territory purchased from Denmark
2 and transferred in 1917 to the United States of America; and

3 **WHEREAS**, the Territory is administered and ruled subject to insular case, the
4 Department of Interior, the Laws of the United States Congress, the Revised Organic Act and
5 local laws; and

6 **WHEREAS**, the United States citizens residing in the Territory cannot vote for our
7 President, members of the United States Senate, or for voting members of the United States
8 House of Representatives; and

9 **WHEREAS**, the immigration, trade, and economic policies that govern the Territory are
10 completely subject to the status of the Territory; and

1 **WHEREAS**, the geographic location of the Territory in the Atlantic Ocean and
2 Caribbean Sea leaves the Territory without connection to a mainland energy grid, connection to
3 an energy grid with Puerto Rico or any backup grid system; and

4 **WHEREAS**, the Territory’s ability to function as a single unit of government and to
5 effectively deliver services to the public are stymied by the highest cost of fossil fuel under the
6 US flag; and

7 **WHEREAS**, the cost of fuel to provide the Territory’s energy needs is passed on to the
8 ratepayers by the Public Service Commission through the Levelized Energy Adjustment Clause
9 [LEAC] providing for the Virgin Islands Water and Power Authority [VIWAPA] to recover
10 spikes in the cost of fuel without adjusting the base rate; and

11 **WHEREAS**, on January 18, 2012 HOVENSA announced it would shut down the
12 refinery after three years of operating at a loss and operating the facility as an oil storage
13 terminal; and

14 **WHEREAS**, this unexpected and untimely closure resulted in the firing of more than
15 2,000 workers, private contractors and closure of local providers have had a devastating impact
16 to the Virgin Islands economy; and

17 **WHEREAS**, the LEAC and the closure of HOVENSA has resulted in unreasonable
18 hardship to rate payers and residents resulting in severe energy conservation, high cost of fuel,
19 the closure of local businesses; and the relocation of our residents outside of the Territory; and

20 **WHEREAS**, the Territory’s ability to recover and survive as an entity from the recession
21 and energy challenges due to the high cost of fuel in the Territory and requires Federal
22 assistance, aid and commitment; and

23 **WHEREAS**, the Delegate to Congress introduced into the 113th Congress H.R. 92 to
24 provide energy crisis relief to residents of the Virgin Islands, and this Act may be cited as
25 “Virgin Islands Energy Crisis Relief Act”; and

1 **WHEREAS**, the 28th Legislature of the Virgin Islands introduced Bill No. 28-0009, now
2 Act 7075, to create a renewable and alternative energy policy that proposes a policy framework
3 for the use of energy efficient, environmentally sustainable, renewable and alternative energy
4 sources, in the Virgin Islands, as an option which can reduce the consumption of fossil fuel
5 within the Territory; and which required the Virgin Islands Public Service Commission to study
6 and make recommendations, within one year after enactment of the Act, to the Governor and the
7 Legislature for additional legislation that would enhance the use of renewable and alternative
8 energy in the Territory, reduce the Territory’s dependency upon fossil fuels, and protect the
9 power transmission and distribution lines from hurricane damage; and

10 **WHEREAS**, according to Act 7075, the Governor of the Virgin Islands shall facilitate
11 the establishment of the “Comprehensive Energy Plan for the Virgin Islands” as required by 48
12 USC 1492, in conjunction with the Secretary of Interior and the United States Secretary of
13 Energy; and

14 **WEHERAS**, the Virgin Islands Energy Office was tasked with identifying and
15 evaluating strategies or projects with the greatest potential for reducing the dependence on
16 imported fuel used for the generation of electricity; and

17 **WHEREAS**, Act 7454 authorized the Government of the Virgin Islands to issue bonds of
18 up to \$35 million to finance the costs of various energy projects; and

19 **WHEREAS**, Act 7414 was passed by the Legislature directing the Board of the Virgin
20 Islands Water and Power Authority to develop and submit to the Governor and the Legislature
21 within 90 days of the effective day of this Act, an Integrated Resource Plan for the expenditure
22 of the fund from the Virgin Islands Water and Power Authority Generating and Infrastructure
23 Fund. The cost of developing the Integrated Resource Plan shall be paid from the Virgin Islands
24 Water and Power Authority Generating and Infrastructure; and

1 **WHEREAS**, Act 7414 granted an exemption from gross receipts taxes for all gasoline
2 and fuel products sold to the Virgin Islands Water and Power Authority; and

3 **WHEREAS**, Act 7360 raised the gasoline tax to 14 cents and created a separate and
4 distinct fund to be designated the “Virgin Islands Water and Power Authority Generating and
5 Infrastructure Fund” to deposit all sums received under the fuel tax system; and

6 **WHEREAS**, Resolution 1757 established the will of the 29th Legislature of the Virgin
7 Islands by petitioning Congress and the President of the United States to allocate a portion of the
8 Federal Gasoline Excise Tax to be returned to the Territory implement energy cost reduction
9 measures and mechanisms; and

10 **WHEREAS**, Resolution 1794 petitioned the United States Congress to pass and adopt
11 H.R 92, which would authorize a grant of \$100,000,000 to the Virgin Islands Water and Power
12 Authority to alleviate the energy crisis in the Territory and for other purposes; and

13 **WHEREAS**, the members of the 30th Legislature declares a state of energy emergency to
14 (1) underscore the commitment of the people of the Virgin Islands to modernizing the generation
15 and distribution of electricity in the Virgin Islands, and (2) urge the Federal Government to
16 provide suitable and effective assistance of a financial, technical, and environmental nature, and
17 (3) to construct a public electrical system that can accommodate ever increasing amounts of
18 renewable energy; and

19 **WHEREAS**, in his State of the Territory Address of January 2011, the Governor has
20 committed the Virgin Islands Government to reducing our dependence on fossil fuels by 60%,
21 over the next 15 years, with a target date of 2025; Now, Therefore,

22 ***Be it resolved by the Legislature of the Virgin Islands:***

23 **SECTION 1.** The 30th Legislature of the Virgin Islands finds that the development of
24 renewable, alternative energy and energy efficiency are important for the future for the Virgin
25 Islands, its energy security and the protection of the public health, environment, economic

1 sustainability, and given the severe hardship imposed on the residents of the Virgin Islands by
2 increasing fuel and energy costs on an already overtaxed citizenry we declare an Energy Crisis in
3 the Territory of the United States Virgin Islands and urges the Governor of the Virgin Islands to
4 declare an Energy Crisis throughout the Territory of the Virgin Islands.

5 **SECTION 2.** The Legislature of the Virgin Islands, on behalf of the people of the Virgin
6 Islands, respectfully petitions the Governor of the Virgin Islands to declare an Energy Crisis
7 throughout the Territory of the Virgin Islands.

8 **SECTION 3.** A copy of this resolution shall be forwarded to the Governor and
9 Lieutenant Governor of the Virgin Islands.

10 **SUMMARY**

11 This Resolution petitions the Governor of the Virgin Islands to declare an Energy Crisis
12 throughout the Territory of the Virgin Islands.

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15 **BR 13-0424/ March 22, 2013/AA/ Reviewed by MMH**

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