

Senators back Alpine Energy lease

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ST. THOMAS — The Senate Committee on Appropriations and Budget on Tuesday approved a lease agreement between the government and Alpine Energy Group for land on which Alpine plans to build a waste-to-energy plant near the Bovoni landfill.

The lease agreement will now be forwarded to the full Senate for consideration.

Although the committee was making a decision only on the lease, testimony covered wide-ranging aspects of the project, with the V.I. Water and Power Authority, the Waste Management Authority, Property and Procurement, Alpine, and a number of WAPA consultants providing information.

"It's something that's of concern and importance to the community, so we went above and beyond," Hugo Hodge Jr., WAPA executive director, said after the hearing.

In August, WAPA and the Waste Management Authority entered agreements with Colorado-based Alpine Energy Group for Alpine to construct two alternative power plants — one on St. Croix and one on St. Thomas — that are intended to reduce the territory's dependence on oil, lower energy costs for Virgin Islanders and solve the territory's mounting waste problems.

Alpine wants to build the St. Thomas facility in Bovoni. On St. Croix, the facility will be between the HOVENSA and Renaissance properties on the island's south shore. The plants will burn fuel derived from garbage generated by the territory's residents that would otherwise enter the landfills.

To bolster the amount of energy

Alpine will produce, the plants also will burn petroleum coke — a byproduct of oil refining.

In August, WAPA signed two 20-year power purchase agreements, one for each plant. The Public Services Commission approved the agreements on Oct. 6.

Testifiers said Tuesday that by leasing the land from the government, Alpine will save money — savings that will be passed on to WAPA's customers.

The leases the committee considered Tuesday are for two parcels on the Bovoni Bay side of the Long Point peninsula on St. Thomas' southeastern shore, one approximately 28.4 acres and another smaller plot of approximately 264,252 square feet.

The base rent for the larger plot would be \$100,899 per year, with the base rent for the smaller plot at \$21,477 per year. The lease discounts those rates during the construction period and allows for adjustment according to the consumer price index after the first five years and every year after that.

The leases are for 30 years, with an option to renew for two 10-year periods.

Property and Procurement Commissioner Lynn Millin Maduro testified about lease negotiations and said that her department recommends approving the leases.

May Adams Cornwall, executive director of the Waste Management Authority, said she believes the project "is the only viable and sustainable long-term solid waste management and disposal solution for the territory."

"It is my professional opinion that this project represents the first time in 30 years that we have succeeded in overcoming the crippling fear and doubt and summoned the political will

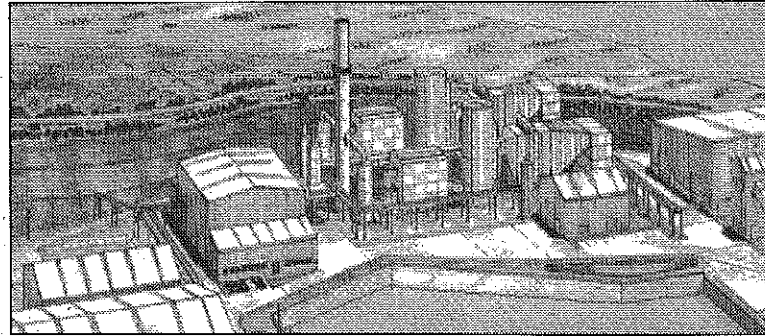


Illustration by ALPINE ENERGY

Alpine Energy Group plans to build a waste-to-energy plant near the Bovoni landfill on St. Thomas.

and resolve to address the territory's waste disposal problem and thus to service the people in the Virgin Islands with the best that our education and experience has to offer," Adams Cornwall said.

Hodge testified about the process leading to WAPA's agreement with Alpine and gave an overview of the deal.

Under the Power Purchase Agreement, Alpine is responsible for financing, building, owning and operating the two waste-to-energy plants. The estimated cost of building the two projects is \$440 million.

WAPA has an obligation to prepare its infrastructure to accept the power output from the facilities and to pay for a minimum annual amount of power at a scheduled price once the facilities are operational, Hodge said.

The facilities will each burn a blend of petroleum coke and pelletized refuse-derived fuel. That fuel will be produced from local municipal solid waste that has been screened, shredded, sterilized and made into pellets, Hodge said. Alpine plans to use petroleum coke from HOVENSA.

By lowering its dependency on oil,

WAPA expects the new power plants to provide cost savings to its customers for years to come.

Hodge said the most sensitive environment issues the community is concerned with are likely air-quality impacts and the management and disposal of ash resulting from the projects.

He said the projects "will provide a significant environmental benefit to the air quality" in the territory because older equipment at WAPA's plants will not have to be used to meet electrical demand and the newer equipment at Alpine will have higher efficiency control systems.

Although carbon dioxide emissions from the Alpine plants may exceed the reductions achieved at the WAPA plants, Hodge said a reduction in methane emissions will offset that, resulting in about the same greenhouse gas emissions when the Alpine plants begin operations.

Alpine officials said they would use the best technology available to control emissions.

James Beach, president of Alpine, said the land the company wants to lease in Bovoni is just over a mile from

the nearest neighborhood, and is behind a hill, reducing its visual impact. It is also adjacent to the Waste Management Authority's land and is already zoned for public use.

Donald Hurd, executive vice president of Alpine Energy Group, said the partnership with the Waste Management Authority and WAPA to divert waste from landfills and convert it into fuel "puts the USVI in the forefront of other island communities in the region."

"Both the substantial reduction of material going to landfills and the move away from total dependence on fuel oil for power generation offer significant and lasting benefits to this community," he said.

On each island, the projects will employ about 300 people during the peak construction periods. Once operations commence, Alpine anticipates about 60 positions in each plant, with at least 80 percent of the positions filled by V.I. residents, officials said. Alpine will be receiving Economic Development Authority benefits.

Acquiring the lease for the land is just the first step in an extensive permitting process Alpine will go through, including obtaining permits from the Department of Planning and Natural Resources, the Coastal Zone Management Committee and from the Environmental Protection Agency, officials said.

Those permitting processes will include public hearings.

Committee members voting to approve the lease were Sen. Craig Barshinger, Sen. Louis Hill, Sen. Wayne James, Sen. Sammuel Sanes, Sen. Patrick Simeon Sprauve and Sen. Carlton Dowe, the committee chair. Sen. Terrence Nelson was present during much of the testimony but was absent for the vote.