Government of the Virgin Islands of the United States

VIRGIN ISLANDS ENERGY OFFICE

Fiscal Year 2026 Budget Testimony

Tuesday, June 24th, 2024

Good afternoon Honorable Chairman Novelle Francis Jr, members of the Committee on Budget, Appropriations, and Finance, and all other distinguished members of the 35th Legislature present here today. I'd also like to extend my sincere greetings to the audience present in the chambers, as well as to those observing these proceedings remotely.

Allow me to introduce myself, I am Kyle Fleming, Director of the Virgin Islands Energy Office (VIEO), an agency that it has been my great privilege to steward for the past six years. I would like to begin by thanking the Finance Committee for the opportunity to present testimony in support of VIEO's annual budget and initiatives as it relates to the Executive Budget for Fiscal Year 2026. I am joined today by Lynette Sierra Executive Assistant, Tess Berg Human Resource & Labor Relations Manager, and Magdalen Lawrence Fiscal & Budget Manager, and Alanna Brenneman Grants Manager.

Embedding resilience, energy efficiency, and data proven solutions into Government policy while providing tangible service to the people of the Virgin Islands through our programming are the core tenants that we at VIEO strive to achieve. Since last I appeared before this esteemed body, VIEO has made significant progress towards these goals.

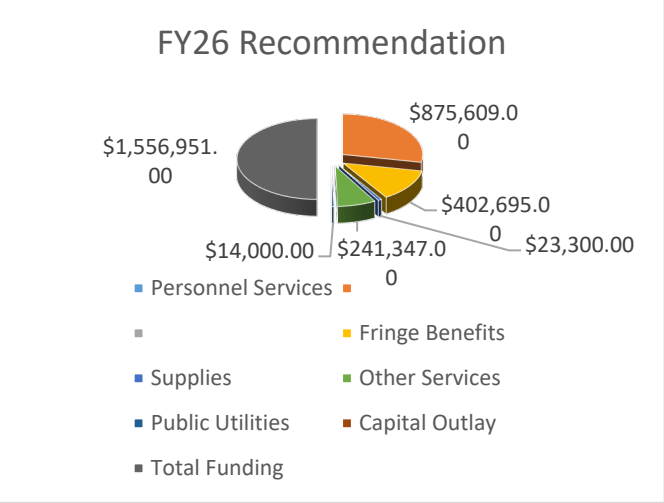
Our staff has overseen the administration of a low to no interest solar & battery loan program that has opened access to the distributed energy resources (DERs) revolution for Virgin Islanders who without this avenue would struggle to afford these systems. The VIEO has launched & administered a variety of rebate programs that are hardening homeowners against the impact of power outages by making battery backup systems a financially viable option. Our Energy Star Rebate program & Weatherization Assistance Program has made top-of-the-line energy-efficient appliances more affordable and in some cases free to qualifying residents. The VIEO continues to be a steward of transformation relative to the electric transportation matrix in the territory. This has been accomplished by reducing the barriers to electric vehicle ownership through generous E-mobility rebate program and in parallel tackling of the

operational pain points that have hindered their adoption in the territory: supply chain, public charging infrastructure, and locally based EV serviceability.

General Fund Budget FY 2024 Overview

In Fiscal Year 2026 the Office of Management and Budget has recommended that the Energy Office receive a General Fund appropriation of $1,556,951.00 which represents a slight increase from the $1,556,269.00 recommended in FY 2025, or a variance of $682.00. The vast majority of the department's FY 2026 General Fund allotment has been earmarked for personnel services, which amount to over 56% of the fund, or $875,609.00. The next largest chunk of the General Fund allotment is taken up with fringe benefits, which total $402,695.00. Finally, the remainder of the Energy Office's General Fund allotment is distributed between supplies, $23,300.00, utility services, $14,000.00, and other services, $241,347.00.

Personnel Services	$875,609.00
Fringe Benefits	$402,695.00
Supplies	$23,300.00
Other Services	$241,347.00
Public Utilities	$14,000.00
Capital Outlay	
Total Funding	**$1,556,951.00**



Three-Year Comparison

DESCRIPTION	FY24 Expenditures	FY25 Appropriation	FY26 Recommendation	VARIANCE	% VARIANCE
Personnel Services	$824,198.40	$873,489.00	$875,609.00	$2,120	0.24%
Fringe Benefits	$366,045.63	$391,105.00	$402,695.00	$11,590	2.88%
Supplies	$14,538.76	$25,300.00	$23,300.00	-$2,000	-8.58%
Other Services	$283,754.66	$252,375.00	$241,347.00	-$11,028	5.00%
Public Utilities	$16,012.85	$14,000.00	$14,000.00	$0	0.00%
Capital Outlay	-	-		$0	0.00%
Total Funding	**$1,504,550.30**	**$1,556,269.00**	**$1,556,951.00**		

Personnel & Fringe Services

The Energy Office's Personnel Services budget for Fiscal Year 2026 details the funding needed for 18 full-time staff positions. There are currently sixteen (16) unclassified, and two (2) classified employees. As far as funding sources for paying out wages and benefits, 15 of the agencies staff are funded through an allotment from the General Fund, while three positions are partially funded by the General Fund,

and two are wholly funded by federal dollars. The projected total of Fringe Benefits due Energy Office employees from both the General Fund, and federal sources, is $704,998.00. The projected total of Personnel Services due from the General Fund, and federal sources, is $1,606,441.00.

VIEO would not be able to successfully craft renewable energy policies and design innovative programs that foster cleaner, more reliable power generation, without the support and investment of the people of the Virgin Islands. General Fund dollars are critical to sustaining everything ranging from our ability to provide inter-agency energy best practices consultation, capital project management, public outreach and education, and the administration of our various rebate, loan, and DERs projects. The Energy Office's diverse realms of responsibility mean the agency cannot afford to rely on federal funds alone, as that would make it impossible for us to deliver the critical services we provide to the Virgin Islands community.

Other Services

The Other Services line item includes office overhead costs of $241,347.00, which are derived primarily from the Energy Office's lease of two office spaces, one in the St. Croix District at Estate Carlton, and the other on St. Thomas at the Nisky Center. Making sure that the rebates, programs, and other incentives that the Energy Office offers reaches every Virgin Islander possible requires extensive coordination between offices, a fact that is reflected in the agencies projected travel budget of $14,000.00. and a communication budget of $52,772.00.

Detailed Budget Detail

Prime Account	General Funds	Federal Funds	Total
Personnel Services	$875,609.00	$730,832.00	$1,606,441.00
Fringe Benefits	$402,695.00	$302,303.00	$704,998.00
Supplies	$23,300.00	$2,050,902.00	$2,074,202.00
Other Services	$241,347.00	$119,393,857.00	$119,635,204.00
Public Utilities	$14,000.00	$0.00	$14,000.00
Capital Outlay	$ -	$1,817,952.00	$1,817,952.00
Total Funding	**$1,556,951.00**	**$124,295,846.00**	$125,852,797.00

VIEO FY2024 Accomplishments

Across our federal grants VIEO has amassed funding obligations worth $88 million for programs that harden homeowners against power outages, retrofit the appliances of seniors and others unable to afford sensible upgrades free of charge. And many other projects that are modernizing the governments fleet of vehicles, making energy efficient products affordable, and much more. Out of all the grants available to VIEO, in the past year or so, the agency has managed to expand $14 million, money that has made the territory a less polluted, and more affordable place to live for all of our residents.

Community Electrical Innovation program launch

Earlier this month it was my great pleasure to announce the launch of the Community Electrical Innovation (CEI) program, a $10 million grant program funded by a Department of Housing and Urban Development (HUD) Community Development Block Grant – Disaster Recover (CDBG-DR) award to the territory that will give community based organizations that serve low to moderate income (LMI) individuals and vulnerable populations the opportunity to apply for funding to install solar and battery microgrids.

Many organizations lack the resources to invest in backup power solutions, making them more vulnerable during outages. As a result of CEI's implementation VIEO will create a network of behind the meter solar and battery microgrids that will support the delivery of services to LMI individuals and vulnerable populations by lowering energy costs for the entities that provide these services, and reduce the impact on their operations caused by routine power outages. VIEO, as a subrecipient to the grant, with the Virgin Islands Housing Finance Authority (VIHFA) as the grantee, will operate CEI from June 2025 through June 2029.

Solar Plus Financing

Over the last seven months VIEO has closed on over a dozen renewable energy loans for homeowners through its Solar Plus Financing (SPF) pilot program. The seventeen low interest loans, which combined will enable the installation of over $500,000 worth of solar and battery energy storage systems, were all closed for $0 down.

In the weeks since the loans closed, VIEO approved solar and battery vendors have worked to complete the installation of renewable energy systems designed to save each participating homeowner approximately 10% off their old utility bills. When finished, this latest wave of SPF funded installations will bring the program's total installed capacity of solar to over 136 kW, alongside about 251 kWh of battery energy storage.

SPF closed its application window in October of 2022 after eliciting strong interest from the public and garnering a pool of over 80 eligible recipients. The program is administered by VIEO in partnership with the Virgin islands Economic Development Authority (VIEDA) who manages the loans over their 15 year life cycles, and the Virgin Islands Water and Power Authority (WAPA) who is responsible for recouping the loan repayments by directly charging the consumer on their utility bill. Currently VIEO is in the process of finalizing the final SPF loans, which amount to about 60 applicants.

The homeowners who've applied for SPF have on average submitted plans that call for 5 kW of PV and 13.5 kWh of battery energy storage solutions (BESS) to be installed. When fully charged these renewably powered batteries will be able to meet the home's energy demands for hours at a time, perfect for weathering the types of service interruptions most common in the territory. During the application process enrolees had their home's energy profiles analyzed to ensure that the system's that they invested in would be able to realize a 10% savings over their historic utility bill during the life of the 1% interest loan.

GO FLEET and commercial EV technical service

Under the leadership of Governor Albert Bryan Jr., the USVI has taken tremendous strides to diversify the government's fleet of light duty vehicles through the Government Operations Fleet Efficiency and Electrification Transformation (GO FLEET) initiative. Since the program came online

in 2022, VIEO has built on an initial procurement of 23 EVs, growing there presence in the fleet to the point where now dozens of these vehicles are in government service. One of the latest purchases was carried out in December when VIEO oversaw the deployment of eight fully electric Ford F-150 Lightnings. The order was funded through a Department of the Interior (DOI) Energizing Insular Communities (EIC) grant. These eight all-electric trucks have been distributed to several key agencies that require high vehicle utilization of well-equipped light-duty trucks and will be the ideal demonstration of the F-150s Lightning's capabilities within the USVI.

Capable of towing up to 10,000 pounds and with an EPA estimated range of up to 230 to 300 miles, the new trucks will be capable of displacing a range of workhorse vehicles that VIEO's earlier procurements could not directly compete with. The electric vehicle market has evolved to the point where established, trusted brands are churning out makes and models that can fulfil nearly every use case traditionally met by the government's legacy fossil fuel fleet.

Earlier this year Gov. Bryan signed a letter of intent (LOI) with TJ Ocean Auto and Metro Motors to establish domestic EV sales and support services in the territory. This initiative, along with the ongoing EV workforce development efforts currently underway at the Department of Education Career and Technical Education Center's EV Maintenance and Repair course aim to address the lack of commercial EV options for consumers. The LOI will facilitate the addition of these EV's to the company's retail fleets, and supports the retrofitting of one of their existing service stations to accommodate routine EV maintenance.

EV Charging

In June VIEO began the installation of two Level II EV Siemens chargers in the St. Thomas/ St. John District. The chargers will join the growing network of public charging infrastructure that VIEO has commissioned in the territory, which currently comprises eight Level II chargers located on St. Croix at the Christian "Shan" Hendricks Vegetable Market in Christiansted, VIEO's Estate Carlton office, adjacent to the Virgin Islands Economic Development Agency's Office in the William D. Roebuck Industrial Park, and at Ziggy's Island Market. In all, VIEO plans to install 34 Level II

Siemens VersiCharge EV chargers across the territory in public facing locations thanks to a $1.1 million US Department of the Interior Energizing Insular Communities (EIC) grant.

Level II chargers charge fast, capable of taking a battery from empty to about 80% full in 4-10 hours. And while this is ideal for public facing chargers located in areas where people tend to congregate, VIEO is working to create an even faster charging option. The agency has plans to create a DC, or direct current, fast charging station at the RTPark that will be installed in conjunction with a 400 kW Solar farm. DC fast charging stations are able to charge the typical EV up to 80% in as little as 20 minutes.

WTJX Microgrid

VIEO has completed its environmental review of the WTJX Microgrid and begun the procurement process for the project located at Mountain Top on St. Thomas. According to our project schedule we expect commissioning to be completed by the end of the year. When Hurricane Irma caromed across the territory's northern district it undermined the only route into Mountain Top, hampering WTJX's ability to supply its backup generator with diesel fuel and delaying efforts to assess and eventually restore the extensive damages. It took over four months for utility power to be restored, during which time WTJX's radio broadcast was off air for nearly a month. And because of the heavy power demands of its television transmitter, the station was forced to go entirely dark during the extended service interruption.

Installing a microgrid at Mountain Top would help to mitigate many of the factors that resulted in WTJX's extended absence from the airwaves. The microgrid's 110 kW solar array and 300 kWh battery energy storage solution (BESS) have been designed based on an energy profile study of Mountain Top's 24/7 operations conducted by the National Renewable Energy Laboratory (NREL), and are sized to meet most of the facility's energy needs. These systems will allow WTJX to operate for extended periods even without any support from the municipal grid, and to maintain operations in the event the road to the site becomes impassable.

On top of the resiliency the microgrid will embed into WtJX's operations, the system is expected to save the broadcaster upwards of $7,000 in electrical bills a month. VIEO plans to utilize lessons learned during its first microgrid installation project completed in April of 2024 at the St. Croix Educational Complex – which was estimated to save the school up to $10,000 a month - to create a certification workshop that will make sure that the institutional knowledge needed to setup microgrids will be transmitted to capable Virgin Islanders.

Solar for All Ah We

Solar for All ah We (SAW) is a $62.5 million grant awarded to the Virgin Islands Energy Office (VIEO) by the Environmental Protection Agency (EPA) under the national Solar for All program. VIEO is currently working through the grant planning cycle and has hired a Distributed Energies Technologies Program Director and Chief Engineer. The Department of Property and Procurement is currently soliciting a request for proposal for the design of the programs component systems. VIEO remains in constant contact with the EPA, with staff from both agencies corresponding on at least a weekly basis, in addition to regularly scheduled meetings. VIEO has outlined extensively to the EPA its plans for the funds, which were made available for drawdown in December of 2024.

Through SAW, VIEO will be able to offer eligible applicants access to low interest loans for the installation of residential rooftop and community solar projects with associated battery storage. During the grant application process VIEO determined that SAW could facilitate the installation of seven community microgrids on distribution feeders that primarily serve LMI neighbourhoods across the territory. As well as the territory wide installation of over 1,000 residential DERs.

SAW has the power to transform the USVI's residential energy landscape, addressing residents' high electricity costs while creating new opportunities for energy resilience and reliable, affordable, clean power for communities most in need. With SAW funding, VIEO is looking not only to build upon the success of its Solar Plus Financing pilot, but also to further expand the accessibility of solar by providing residential-serving community solar for the territory's most underserved residents so they too can receive the benefits of affordable and reliable electricity.

VIEnergize Sub grantee Award

Thanks to a grant award from the Department of the Interior VIEO has been able to support the Virgin Islands Water and Power Authority (WAPA) with a $540,000.00 grant award to facilitate recapitalizing the VIEnergize Program. This strategic partnership and grant ensures that a champion of all things of distributed energy-related is embedded with the Utility. This directly supports the semi-autonomous agency's effort to unlock bottlenecks that have negatively impacted solar interconnection programs such as the Net Energy Billing program, especially in anticipation of a growing number of federally funded DER activities.

Virtual Power Plant

Later this month VIEO will continue to build on the momentum it has already established toward the creation of a Virtual Power Plant (VPP) in the territory when it host's the Virgin Islands Virtual Power Plant – Customer Battery Sharing Design Workshop. The workshop will feature input from industry leaders in advanced commercial and residential battery technology like Tesla and Energy Hub, as well as insights from energy policy experts from the National Renewable Energy Laboratory (NREL) and Sandia National Laboratories (Sandia). Alongside participation from experts on the territory's municipal electrical grid and senior local policymakers.

The workshop is the latest advancement in the VIEO led partnership with the Department of Energy's (DOE) Grid Deployment Office and the Lawrence Berkeley National Lab to create a VPP Pilot program. In December the Rocky Mountain Institute (RMI) released the results of its in-depth study of the Virgin Islands electrical grid and determined that a VPP could save WAPA as much as $22.5 million annually by strategically offsetting fossil fuel use.

VPPs are not brick and mortar power plants of the kind that Virgin Islanders have become accustomed to. Rather, they consist of widely distributed assets like residential rooftop solar arrays and battery energy storage solutions (BESS), electric vehicle charging infrastructure, smart thermostats, and other systems that can remotely coordinate with a central command center that actively works to balance demand for energy against supply.

Because they are decentralized, VPPs are extremely flexible, enabling the electrical grid to better manage upsets like sudden spikes in demand; or instances that cause energy production to fluctuate like cloud cover dropping the production of a solar array. As well as providing vital voltage and frequency regulation for the entire electrical grid, which all together will greatly reduce the likelihood that these disruptions will lead to a power outage. But they don't only have an impact on reliability. Thanks to their ability to actively marry supply to demand, VPP's are able to greatly increase the efficiency of a traditional power plant. As advances in consumer-oriented DERs and BESS systems have come to market, VIEO has been at the forefront of financial incentive and policy efforts to create pathways that give homeowners the financial leverage they need to adopt these technologies. Thanks in large part to these efforts, there is currently more than 30 MW of solar, and 52 MWh of BESS spread out between an estimated 2,928 distributed energy systems on St. Croix, St. Thomas, and St. John. Currently, these existing systems exclusively serve the WAPA customers' homes and businesses where they've been installed. However, as a VPP, the network of distributed solar and BESS could mimic the functionality of utility-scale assets and respond in real-time to the varying demands of the territory's electrical grids.

Rebates

Since launching the **Energy Efficiency and Renewable Energy** (EERE) program on April 11 VIEO has cut over $104,837.00 worth of rebate checks, with $10,000s more in the works. The program aims to help Virgin islanders reduce their utility bills and energy consumption by helping to defray the cost of investing in eligible Energy Star rated appliances and products.

Launched last year, the **Virgin Islands Battery Energy Storage** (VIBES) aims to ease the financial hurdles that are barring homeowners from installing an automatic battery backup system at their home or business. The program allows homeowners to claim an up to $6,000 rebate for the installation of up to 21 kWh of battery backup tied to an automatic transfer switch. VIEO has issued approximately 30 rebates to date, totalling more than $130,000.

The **Electrical Mobility** (EM) rebate program aims to put a jolt in your ride, allowing purchasers of eligible electric vehicles and bikes to claim a $5,000 or $500 rebate respectively. Since its launch in 2024, VIEO has issued approximately 33 EM rebates, totalling $166,000.

The **Weatherization Assistance Program** (WAP) is a federally funded program that seeks to help elderly, disabled, and low income individuals make their homes as energy efficient as feasible. Beneficiaries of the program are able to retrofit their homes with new, energy efficient appliances that help to reduce their electricity consumption, and their utility bills. Since the relaunch of the program in February 2024, VIEO has spent $671,966 of an available $900,101. In that time our dedicated staff has approved 153 WAP applications, and is in the process of performing final inspection of appliance installation on 40 homes on St. Croix, and 33 on St. Thomas.

Conclusion

The Virgin Islands is on the brink of recovering from a severe energy crisis, one that left deep scars on our economic sector and created mental anguish in our population as they grabbled with the uncertainty of unreliable power. We at the Energy Office have been working to transform the lives of our people, and have made tangible strides on the ethos we adopted in 2024 to Deliver Relief Now. As we continue to steward a once in a generation opportunity to put federal dollars towards projects that will materially reduce the cost of electricity in the territory, I ask that you assist the Energy Office to secure the required General Fund appropriation needed to allow us to keep the necessary momentum to execute our mandate faithfully for the people of the Virgin Islands.