



Government of the Virgin Islands of the United States

VIRGIN ISLANDS ENERGY OFFICE

Fiscal Year 2027 Budget Testimony

Tuesday, August 18th, 2026



Good morning Honorable Chairman Novelle Francis Jr., members of the Committee on Budget, Appropriations and Finance, and all other distinguished members of the 36th Legislature present here today. I would also like to extend my sincere greetings to the audience present in the chambers, as well as those observing these proceedings remotely.

Allow me to introduce myself. I am Kyle Fleming, Director of the Virgin Islands Energy Office, an agency that it has been my great privilege to steward. 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 they relate to the Executive Budget for Fiscal Year 2027. I am joined today by members of the Energy Office team who help make the work I will discuss possible.

As the Director of the Virgin Islands Energy Office, I Kyle Fleming, have had the distinguished privilege to lead an agency united across every level in its sincere commitment to serving the people of this great territory. Our mission at VIEO has always been to create the conditions that will allow Virgin Islanders to access reliable, affordable, and efficiently generated power.

The Energy Office has spent years systematically removing barriers that prevent Virgin Islanders from benefiting from modern energy technologies. We have helped residents finance solar and battery systems, subsidized residential battery storage, expanded electric-vehicle ownership and charging infrastructure, supported energy-efficiency improvements for vulnerable households, and increasingly positioned distributed energy resources as assets capable of supporting the broader electrical grid.

At the end of the day, the true beneficiaries of these innovative technology deployments are people. A battery is important because it keeps someone's medical equipment operating. A microgrid matters because a daycare can remain open. An efficient air conditioner matters because a senior can stay comfortable while consuming less electricity. Our work in this budget cycle has reinforced that **energy policy is ultimately about improving the daily lives of Virgin Islanders.**

General Fund Budget FY 2027 Overview

In Fiscal Year 2027 the Office of Management and Budget has recommended that the Energy Office receive a General Fund appropriation of \$1,554,499 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 2027 General Fund allotment has been earmarked for personnel services, which amount to over 56% of the fund, or \$871,056.00. The next largest chunk of the General Fund allotment is taken up with fringe benefits, which total \$381,725.00. Finally, the remainder of the Energy Office's General Fund allotment is distributed between supplies, \$24,436.00, utility services, \$14,000.00, and other services, \$263,279.00.

Detailed Budget Breakdown

<i>Prime Account</i>	<i>General Funds</i>	<i>Federal Funds</i>	<i>Total</i>
<i>Personnel Services</i>	<i>\$871,059.00</i>	<i>\$776,182.00</i>	<i>\$1,647,241.00</i>
<i>Fringe Benefits</i>	<i>\$381,725.00</i>	<i>\$352,115.00</i>	<i>\$733,840.00</i>
<i>Supplies</i>	<i>\$24,436.00</i>	<i>\$1,022,100.00</i>	<i>\$1,046,536.00</i>
<i>Other Services</i>	<i>\$263,279.00</i>	<i>\$56,287,791.00</i>	<i>\$56,551,070.00</i>
<i>Public Utilities</i>	<i>\$14,000.00</i>	<i>\$0.00</i>	<i>\$14,000.00</i>
<i>Capital Outlay</i>	<i>\$ -</i>	<i>\$12,099,391.00</i>	<i>\$12,099,391.00</i>
<i>Total Funding</i>	<i>\$1,554,499.00</i>	<i>\$70,537,579.00</i>	<i>\$72,092,078.00</i>

Three-Year Comparison

DESCRIPTION	FY25 Expenditures	FY26 Appropriation	FY27 Recommendation	VARIANCE	% VARIANCE
Personnel Services	\$873,489.00	\$875,609.00	\$871,059.00	\$4,550.00	1%
Fringe Benefits	\$391,105.00	\$402,695.00	\$381,725.00	\$20,970.00	5%
Supplies	\$25,300.00	\$23,300.00	\$24,436.00	-\$1,136.00	-5%
Other Services	\$252,375.00	\$241,347.00	\$263,279.00	-\$21,932.00	-9%
Public Utilities	\$14,000.00	\$14,000.00	\$14,000.00	\$0.00	0%
Capital Outlay	-	-			
Total Funding	\$1,504,550.30	\$1,556,269.00	\$1,554,459.00		

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 (19) unclassified, and two (2) classified employees. As far as funding sources for paying out wages and benefits, 5 of the agencies staff are funded through an allotment from the General Fund, while 9 positions are partially funded by the General Fund, and 7 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 \$733,840.00. The projected total of Personnel Services due from the General Fund, and federal sources, is \$1,647,241.00.

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 \$263,279.00, 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 \$10,000.00. and a communication budget of \$45,000.00.

VIEO FY2026 Accomplishments

The Energy Office enters Fiscal Year 2027 with approximately **\$70 million in allocated federal funding across its active grants**, much of which remains available for expenditure through 2029.

These resources support initiatives ranging from no-cost energy-efficiency improvements for low-income households to transportation electrification, workforce development, community microgrids and distributed battery systems designed to make the Territory more resilient to electrical outages.

Despite the size of that portfolio, VIEO remains a relatively small agency. That makes the relationship between our General Fund support and federal program delivery especially important. Our federal awards may fund the projects, but our people develop the programs, procure the services, oversee construction, process applications, manage federal compliance and ultimately convert those awards into something useful to the Virgin Islands community.

Virgin Islands Resiliency Gateway

The human value of battery storage became even clearer through the **Virgin Islands Resiliency Gateway, or VIRG**.

During this hurricane season, VIEO distributed approximately **900 portable three-kilowatt-hour battery systems** to medically vulnerable Virgin Islanders, a majority of whom are seniors. These systems provide emergency power for devices such as CPAP machines, oxygen equipment, refrigerated medications and essential communications and can be recharged through portable solar panels.

The program required extraordinary coordination among VIEO, the Office of the Governor, Department of Human Services, WAPA, VITEMA, the Virgin Islands National Guard and community healthcare partners. Approximately 65 additional systems were provided directly to VITEMA and Continuum Care to support emergency shelters and medically vulnerable hospice and home-health patients.

For a resident dependent upon an oxygen concentrator, an outage is not simply inconvenient. For someone whose medication requires refrigeration, restoration time is not an abstract utility statistic. **For these residents, energy resilience is health resilience.**

Community Electrical Innovations

That same philosophy is driving the **\$19 million Community Electrical Innovations program**.

In June, VIEO completed CEI's first solar-and-battery microgrid at Happy Faces II Academy on St. Croix. The project combines approximately **9.9 kilowatts of solar with 40.5 kilowatt-hours of battery storage**, including three Tesla Powerwall 3 systems that have also been enrolled into the VIBES 2.0 Virtual Power Plant. The result is a facility that is more resilient locally while also becoming capable of supporting the broader electrical system.

More importantly, when the grid goes down, children can remain safely cared for and their parents can continue working. VIEO has already completed preconstruction work at additional childcare and Head Start facilities that are projected to serve more than **500 children** and potentially reduce participating facilities' electricity costs by as much as 50 percent. The remaining CEI projects are

presently dependent upon resolution of the federal funding hold affecting VIHFA, but VIEO has laid the groundwork necessary to proceed.

WTJX Mountain Top Microgrid

Construction is also advancing on VIEO's microgrid at the **WTJX Mountain Top broadcast facility**, pairing approximately **70 kilowatts of solar with a 500-kilowatt-hour battery energy storage system**.

Following and RFP, the VIEO entered into contract with St. Croix based Carib Sun Energy to complete the project. The project kicked off in April and contractor has already received the bulk of materials, began solar racking installation, and just accepted delivery of the 500 kWh battery system to be installed in September.

The significance of this project extends well beyond energy savings. In a hurricane or prolonged outage, information becomes infrastructure. Storm warnings, emergency instructions and public-safety messaging are only valuable if the communications systems carrying them remain operational.

The battery at Mountain Top therefore represents something larger than stored electricity. It represents the ability to maintain a critical communications link when Virgin Islanders may need it most.

VIBES 2.0 Virtual Power Plant

Perhaps no initiative better illustrates the evolution of VIEO's work than our investment in battery energy storage.

Through the original VIBES rebate program, VIEO helped residents and businesses install more than **850 kilowatt-hours of battery storage**, stimulating approximately **\$1.1 million in private investment**. We then took the next step and asked: what if those individual batteries could collectively become part of the solution to our Territory's larger energy challenges?

That idea became **VIBES 2.0**, the Virgin Islands' first Virtual Power Plant. More than **120 Virgin Islanders have enrolled approximately 126 residential batteries**, creating more than **4 megawatts of potential dispatchable capacity**. VIEO has invested just over **\$300,000 in customer incentives** to build this resource by leveraging batteries already installed in residents' homes rather than waiting years for a conventional power plant or major infrastructure project.

The premise is simple but transformative: the same battery that keeps one family's refrigerator and lights running during an outage can potentially be coordinated with hundreds of others to help WAPA bridge a generation shortfall and keep their neighbors' lights on as well. We are now working directly with WAPA and our technology partners to advance coordinated dispatch and demonstrate that distributed batteries can become a legitimate grid resource.

Transportation Electrification

VIEO has also continued expanding the Territory's electric transportation ecosystem.

Our public charging network now consists of **more than 24 Level II chargers**, during 2026 alone, VIEO installed 16 additional chargers throughout St. Thomas and St. John. Since deployment began, the network has recorded **more than 4,000 charging sessions and displaced more than 12,000 gallons of gasoline.**

VIEO has continued to demonstrate that transportation electrification in the Virgin Islands can be about more than simply replacing gasoline vehicles with electric ones. Earlier this year, the Energy Office commissioned the Territory's first public **DC fast charging station at the UVI Research and Technology Park on St. Croix**, integrating a 60-kilowatt charger with solar generation and nearly **190 kilowatt-hours of battery storage** so the site can deliver locally generated renewable energy while maintaining added resilience during grid outages. Across VIEO's St. Croix charging infrastructure, approximately **10 megawatt-hours of renewable electricity** have already been delivered to electric vehicles, supporting roughly **30,000 to 35,000 miles of driving on purely renewable energy.** The project demonstrates how renewable generation, battery storage, and transportation can be integrated into a single resilient energy ecosystem, reducing dependence on imported fuel while providing a model for future charging infrastructure across the Territory.

Since launching GO FLEET, the Virgin Islands Energy Office has facilitated the procurement of over 50 electric vehicles for the central government service, ranging from passenger vehicles and work trucks to law-enforcement applications, including 5x VIPD upfitted all-electric Ford Mach-Es, which will be entered into the fleet later this week. Recent VIEO electric vehicle procurements have been structured to use Energy Office federal funding to **offset the incremental cost of EVs above comparable internal-combustion vehicles**, removing the cost premium that might otherwise

discourage agencies from electrifying their fleets. By strategically absorbing that difference, VIEO allows limited federal and agency transportation dollars to stretch further while accelerating the transition to cleaner, lower-operating-cost government vehicles.

Our strategy has attacked EV adoption from multiple directions: reduce the cost of vehicle ownership, build public charging, demonstrate EVs within government operations and strengthen local service capability.

Making Clean Energy Affordable

Technology only transforms a community when people can afford to access it.

VIEO's **Solar Plus Financing Pilot** demonstrated what is possible when financing barriers are addressed directly. All 31 loans have now closed, representing more than **\$860,000 in residential investment, 164 kilowatts of solar generation and 418 kilowatt-hours of battery storage**. These systems were financed at one-percent interest with no upfront payment and structured so participating homeowners would realize energy savings even after accounting for their loan payments.

That experience is informing our next generation of work. VIEO is advancing a strategic engagement with DNV Energy to develop **bankable residential solar-and-battery financing products and community solar microgrid structures tailored specifically to the Virgin Islands market**. The goal is to move beyond programs dependent exclusively upon government grants and create investment structures capable of attracting banks, credit unions, CDFIs and other private capital providers.

HOMES and Home Electrification Rebates

At the same time, one of the largest initiatives ever administered by the Energy Office is moving toward implementation: approximately **\$51 million in federal Home Energy Rebates funding**.

The HOMES and Home Electrification rebate programs will help over 3000 Virgin Islands households reduce energy consumption and afford high-efficiency appliances and whole-home improvements. Eligible retro-fits include solar hot water heaters, heat-pump water heaters and mini-splits, and even electrical upgrades to support efficient electrification. In a Territory where electricity costs place a

significant burden on household budgets, this represents an extraordinary opportunity to invest directly in the efficiency and affordability of our housing stock.

VIEO successfully completed a competitive procurement and selected **Indelible Solutions, a locally based company working with local subcontractors**, to help execute this transformational effort. The contract is now in the execution phase and will support DOE program approval, contractor and retailer participation, quality assurance, federal reporting and ultimately rebate incentive implementation across the territory. Our success will not be measured simply by administering \$51 million, it will be measured by Virgin Islands families living in more efficient homes, paying lower energy bills, and seeing those federal investments circulate through our local economy.

Workforce and Weatherization

Finally, VIEO recognizes that a sustainable energy transition must invest not only in equipment, but also in people.

We recently invested **\$150,000 in UVI's Renewable Energy Technology Scholarship Fund**, supporting ten specialized courses and an internship within the Renewable Energy Technology Associate Degree program. This investment will help develop the technicians and entrepreneurs who will install, maintain and service the growing portfolio of energy technologies being deployed throughout our Territory.

Our Weatherization Assistance Program has also entered a bolstered funding cycle with nearly \$1.8 million to continue its mission of providing an estimated 250 households with energy-efficiency improvements at no cost. The success of the VIRG program paved the way for the VIEO to propose and ultimately be approved by DOE to include portable battery systems and whole-home surge protectors as eligible items funded through WAP retro-fits. Ensuring energy efficient appliances provided through WAP retro-fits will be available to customers even during outages. This is important work because energy policy does not always need to be complicated to be transformative. Sometimes the impact is simply replacing an inefficient refrigerator, water heater or air conditioner for a household that otherwise could not afford to do so.

Conclusion

Mr. Chairman, we work in an industry filled with acronyms: BESS, DER, VPP, EV and PV.

But Virgin Islanders do not experience our programs as acronyms.

They experience them as **a CPAP machine that stays on during an outage. A daycare that does not have to close. A senior receiving a more efficient air conditioner. A homeowner whose battery carries the family through the night. A critical communication hub that remains available after a hurricane. A young Virgin Islander receiving the training necessary to build a career. Or a family seeing its monthly electricity consumption finally begin to decline.**

That is how we measure the impact of energy innovation.

The Virgin Islands Energy Office remains a small agency relative to the scale of the resources and responsibilities entrusted to us. But we have never allowed our personnel footprint to define the scale of our ambition or the impact we can provide.

We ask this body to continue investing in the institutional capacity that allows VIEO to compete for outside funding, convert those resources into programs, move projects through procurement and construction, and ultimately put energy innovation where it belongs, **in the hands and homes of the people of the Virgin Islands.**

On behalf of the entire VIEO team, I thank this Committee for its continued support and for the opportunity to testify today.

I stand ready to answer any questions you may have.