

Testimony by Lionel Selwood Jr.

Committee on Rules and Judiciary

V.I. Water and Power Authority Governing Board Nominee

35th Legislature of the Virgin Islands

Earle B. Ottley Legislative Hall

Good morning to Committee on Rules and Judiciary Chairman Senator Diane Capehart, Members of the Committee, Members of the 35th Legislature, the listening and viewing audience, and fellow Virgin Islanders. I'd like to thank all of you for your interest and attention during my testimony today. I'd also like to sincerely thank Governor Bryan for his confidence in nominating me to serve on the Virgin Islands Water and Power Authority Governing Board.

It is my honor to be considered for a Board Director Position at WAPA. I have been preparing for this moment my entire career. As I step through my passion, dedication, purpose and experience today, you will realize that my entire collegiate and professional endeavors have been dedicated to the combination of Innovation & Energy. This was deliberate. I am a proud US Virgin Islander, born and raised on St. Thomas. My childhood consisted of living in Oswald Harris Court, Bovoni and Estate Thomas. I am a proud alumnus of Charlotte Amalie High School, The Marching Hawks, Rising Stars Youth Steel Orchestra and Baseball Organizations including the Explorers. My parents had me when they were teenagers. My grandmother stepped up and raised two generations, my parents, and my siblings, while working extremely hard to make ends meet. I watched my grandmother work at Edith L. Williams School, clean offices at night, cooked, cleaned, and ironed everyone's clothes. Afterward, all she would want to do is read a book, rewatch Grease for the 400th time or play solitaire. Often, the power was out. As I began to comprehend the tremendous amount of stress my grandmother was under, the reality of frequent power outages began to pain me. So in my adolescence, I started saying to myself "I want to give my Grandmother light every day." This became my purpose, which still drives me today.

Simply put, as long as I can remember, there has always been room for improvement in terms of reliability and cost effectiveness of energy in the Virgin Islands. Since I left the territory 17 years ago, I immersed myself into all things energy; so that I would one day be positioned to help my home territory. I am pretty sure that the time is now. I have an undergraduate degree in Mechanical Engineering from Syracuse University, where I graduated Magna Cum Laude with a 3.67 GPA or 92%. I also have a master's in professional studies in Supply Chain from The Penn State University, where I graduated Summa Cum Laude with a 3.89 GPA or 97%. My energy knowledge + expertise spans from building Gas Turbines, Aeroderivative Turbines & Transformers at General Electric, building rocket engines at SpaceX, building electric vehicles at Faraday Future, developing battery packs for tough industries at Romeo Power and launching an end-to-end green energy management stack at AMP. From a leadership standpoint, I have been privileged to earn C Level Executive roles throughout my career. I was the Chief Executive Officer and Board Director of Romeo Power, where I had the honor of taking the company public on the New York Stock Exchange. I am the Chief Operating Officer and Board Director at AMP where I lead Business Operations to scale green energy management systems globally. Also, I am the Founder & Chairman of DB Squared Holdings which is a personal asset management firm geared towards generational wealth for my family. Most important, being ingrained in the energy industry throughout my entire career and

outperforming, has enabled me to build a strong network of multi-billion-dollar company + industry Leaders that can possibly help the Virgin Islands with our WAPA optimization journey; via technical and/or financial services.

In fact, I have not waited for the opportunity of joining WAPA's board to start utilizing my network for the benefit of the territory. Over the past two years I have been partnering with Energy Office Director & WAPA Board Chairman Kyle Fleming, Public Works Commissioner Derek Gabriel and Public Works Assistant Commissioner Rueben Jennings to bring potential electrification partners to the table. These meetings have included CEOs of electric truck companies, energy storage companies, electric boat companies and charging infrastructure companies. The purpose of these meetings was to have a myriad of globally successful energy executives to clearly communicate how they can help the territory with the WAPA optimization journey. I will take this opportunity to thank Director Fleming, Commissioner Gabriel and AC Jennings for not only representing the Virgin Islands extremely well in these interactions, but also allowing me to bombard their calendars for the past two years. This background work gives insight into my approach to the Board Director Role. If confirmed, I plan to take a hands-on approach working with the Executive Director/CEO of WAPA and fellow Board Members, especially on the grid optimization & fund-raising initiatives. My experience building startups and as a public company board director & CEO has equipped me with key knowledge when it comes to complex project implementation, fund raising strategies, leadership development, and communication strategy. I have had an introduction discussion with WAPA Executive Director & CEO, Andrew Smith, and came away excited about the strategic plans he is driving daily. I can assist Andrew in avoiding pitfalls, as well as provide key advice on wide ranging company turnaround + cultural challenges. If confirmed, for the Board Director Role, you can count on me to be a strategic and operational advisor to the Executive Director/CEO.

I will now talk about the ***broad strokes*** of what I refer to as the WAPA 2.0 Strategy. This is an optimization undertaking focused solely on improving the utility & bettering Virgin Islander's lives. Note, my strategic approach is meant to augment the plan that is already being driven by Andrew Smith and his Team. First and foremost, let's level set on why we are all here today. One of the most important aspects of holistic prosperity within a society is access to reliable and cost-effective energy. Access to reliable and cost-effective energy can enable a child to read one more book at night, give a Business Leader the confidence to reinvest in his or her operation for growth or improve the cash positions of families in need. It is no secret that the US Virgin Islands currently does not check the boxes of reliable nor cost effective. As a Business Leader myself, I will be the first to admit that not all issues are understood from the outside looking in. However, my experience as an Electrification Leader positions me well to give some suggestions that we can follow as a Board even though I don't have all the facts now. For the avoidance of doubt, my vision is to position the Board to be more strategically focused, while the CEO is focused on execution or implementation of critical items such as cost downs, utility sustainability and ultimate rate reduction to Virgin Islanders. The following is a high Level Three Phase Guideline that we can pulse as an entire Board of Directors, as well as Key Roles that need to be filled to help drive these initiatives. Each Phase will be executed utilizing the DMAIC Approach: Define, Measure, Analyze, Improve & Control. The key Phases are Stabilize, Optimize, then in time, WAPA 2.0.

Phase 1 is focused on ***Stabilization***. This phase will center around bolstering the Board's continued support of the management team's ongoing efforts to reduce fuel cost, which is the most critical path towards financially stabilizing the authority.

Phase 2 is focused on **Optimization**. This phase will utilize stationary storage deployment and energy management system solutions. We can utilize readily available stationary storage and software/hardware-based energy management solutions to enable a heightened level of efficiency + reliability throughout the grid. Implementing these solutions will allow the utilization of solar + storage, load shifting, demand response, peak shaving, and energy arbitrage. Execution of phase 2 will add another lever to reduce load on the grid, enable emergency back up power, efficiently + proactively manage the best mix of electricity generation at any given time and lower energy costs to Virgin Islanders. Not only have I led the development of indoor/outdoor stationary storage solutions + energy management systems; I have also partnered with some of the largest companies in the world on deployment strategies and regional servicing.

Phase 3 is focused on **WAPA 2.0**. This phase will utilize public private partnerships for grid decentralization. The solution is to lean on public-private partnerships with key value chain partners to enable grid decentralization + optionality. WAPA would integrate solar, battery storage and micro grids to increase the percentage of energy originating from renewable sources; while improving the reliability + overall performance of our non-renewable energy grid, drastically lower the cost of operations and drive hard to share the reductions with rate payers as soon as humanly possible. The benefits of this mantra is that it lowers total cost of ownership throughout the entire value chain, enables transition from non-efficient power generation assets to renewable energy assets and will lead to lower energy costs to Virgin Islanders. I am happy to see the amount of entrepreneurial activity surrounding renewable energy deployment across the Virgin Islands. However, a vast majority of our population cannot afford to partake in this revolution. Thus, WAPA must be the provider of all forms of accessible, cost effective and relatively clean energy across the Virgin Islands.

I will admit that all of this sounds great and I appreciate that we have a tendency of skepticism throughout our culture, when it comes to alternate approaches. Thus, let's switch our attention to the broad strokes of **What it Will Take + Who is needed**. There are **requirements for speed of robust results and personnel needs** that are paramount. These requirements include the following:

- Understanding and commitment to the mission of the utility
- Unwavering commitment to a blended energy generation future i.e. non renewable + renewable energy sources
- Tight alignment + direction among governing bodies and leadership of the utility
- Crystal clear transparency regarding actual current state challenges + risk register to overhaul the utility
- Budget, planning, infrastructure and execution necessary to overhaul the utility
- The need to raise a multi-billion-dollar war chest to enable WAPA 2.0. (increments, timeline, terms, and all other pertinent details are to be determined at this point)

These requirements may appear simple in nature, however lack of these will severely delay or ultimately derail the WAPA 2.0 strategy. If confirmed, I will consistently keep these requirements at the forefront as we drive daily improvement within the utility. I also have some personnel and communication recommendations for implementation. These recommendations include the following:

- Elect utility turnaround, renewable energy, and all relevant experts to WAPA Board of Directors. I am encouraged to see that this is already in motion, including my candidacy testimony today
- Perform in depth analysis, complete with current state challenges + resolutions with timelines, then publish findings + rectification plan publicly. The people of the Virgin Islands need to understand the true state of the utility, challenges being faced, the why of our Governor's decisions of support and the go forward plan to lower rates to them.
- Create high impact leadership roles within WAPA's organization structure (VP Sustaining Generation + VP Renewable Generation). This will allow pertinent experts to focus on distinct pillars of the WAPA 2.0 strategy, without getting distracted with only the day-to-day challenges within the utility
- Solidify the Technical Operation leadership roles and clearly communicate the purpose and critical impact of roles relative to the transformation of the authority. Over time, my goal is to elevate the strategic nature of the CEO role while leveraging the various technical operation leads to run the day to day.

It is paramount that the WAPA Board of Directors and Executive Leadership Team start or continue gaining buy in of key stakeholders, especially the people of the Virgin Islands. My plan is to focus on ***project based success***. The way to start gaining the buy in of the people and showing progress is to select Key Projects for rapid implementation.

I will end my testimony by conveying where all of this can lead. As stressed previously, optimizing the utility will certainly not happen overnight. However, I am a firm believer in multiple small wins which ultimately cascade into major wins. As we are making strides to optimize the utility, I think progress will lead to opportunities for tech careers throughout the territory. We have the opportunity to write the greatest turnaround story of all time, while elevating the Virgin Islands to the Electrification Powerhouse of the Caribbean. Imagine a Virgin Islands that has demonstrated an 80% reduction in rates, while improving overall health of the utility. All of a sudden, reliable and cost-effective energy is the norm across the territory. Now we can bring Manufacturing Plants, Data Centers, and High Growth Business Incubators back home. Imagine young Virgin Islanders not having to leave home for the Education and Career necessary to thrive in the 22nd century. Our biggest challenge will be entities outside the territory trying to poach them because of their Electrification skills, which are transferable globally. What if the Virgin Islands is the Battery Technology Hub for the Caribbean Basin? Can you imagine the economic prosperity throughout the territory and knock on effects elsewhere? The point is the achievement of WAPA 2.0 can finally enable the Virgin Islands to reduce our sole reliance on tourism, control our own economic destiny and enable more equally distributed prosperity.

In closing, the opportunity to serve as a Board Director at WAPA, is the culmination of one of my lifelong dreams to help drastically improve the quality & standard of life for every Virgin Islander, through accessible, cost effective and relatively clean energy. My testimony today is meant to be an outline of my strategic approach on how we start driving towards reliable and cost-effective energy across the Virgin Islands. If confirmed, I will get to work diving into the current state of affairs, then work with my fellow Board Members and Utility Leadership to chart a path towards a drastically improved state of reality for the utility. I stand at the ready to utilize my skills, network, passion, drive and expertise to the fullest in pursuit of bringing WAPA 2.0 to fruition. To the Committee on Rules and Judiciary Chairman Senator Diane

Capehart, Members of the Committee, Members of the 35th Legislature, the listening and viewing audience, and fellow Virgin Islanders, I thank you for your time and consideration today. Here's to a more prosperous Virgin Islands.

Lionel Selwood

Lionel Selwood Jr

Founder & Chairman DB Squared Holdings

Chief Operating Officer AMP

WAPA Board Nominee