

# Using Other Peoples Money for Energy Projects



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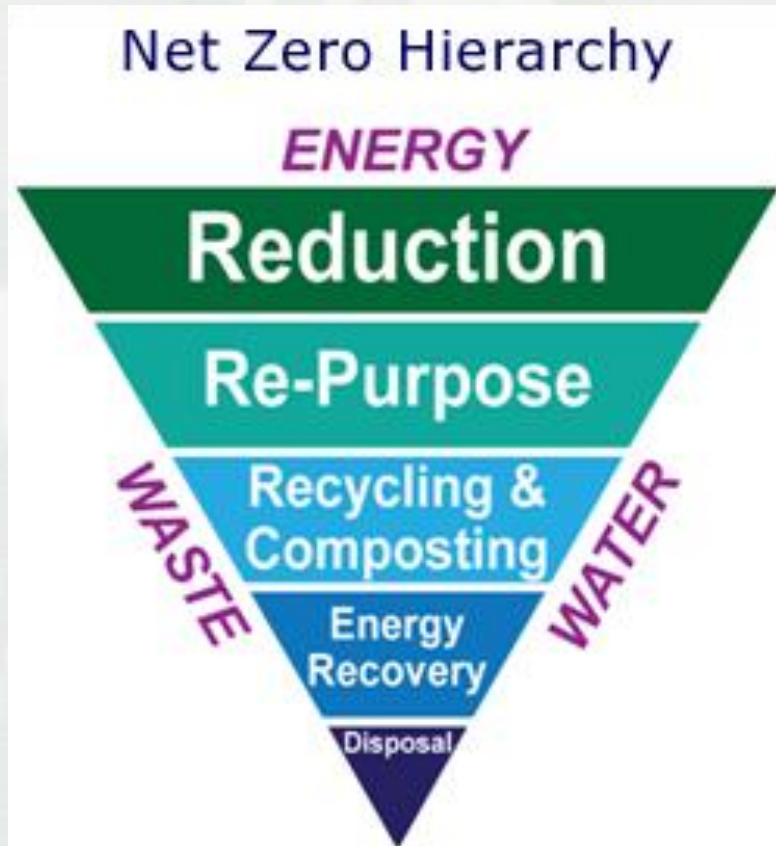


US Army Corps of Engineers  
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# Current Energy Mandates

Federal Mandate	Energy Topic	Energy Performance Target
Energy Policy Act of 2005	Electricity use for federal government from renewable sources	<ul style="list-style-type: none"> <li>At least 3% of total electricity consumption (FY07-09), 5% (FY10-12), 7.5% (FY13 +)</li> </ul>
Executive Order 13423	Energy use in Federal buildings  Total consumption from renewable sources  Fleet vehicle alternative fuel use	<ul style="list-style-type: none"> <li>Reduce 3% per year to total by 30% by FY2015 (FY2003 baseline)</li> <li>At least 50% of required annual renewable energy consumed from “new” renewable sources</li> <li>Increase by 10% annually to reach 100% (Base line FY2005)</li> </ul>
Energy Independence and Security Act of 2007	Total consumption from renewable sources  Hot water in new / renovated federal buildings by solar power  Fossil fuel use in new / renovated Federal buildings	<ul style="list-style-type: none"> <li>25% by FY2025 -“Sense of Congress”</li> <li>30% by FY2015 if life cycle cost-effective</li> <li>Reduce 55% by FY2010; 100% by 2030</li> </ul>
Executive Order 13514	GHG emission reduction   Net zero buildings   Water consumption   Waste minimization	<ul style="list-style-type: none"> <li>DoD Goal: reduce Scope 1 &amp; 2 GHGs by 34% by FY2020</li> <li>DoD Goal: reduce Scope 3 GHGs by 13.5% by FY2020</li> <li>All new buildings that enter design in FY2020 and after achieve net zero energy by 2030</li> <li>Reduce consumption by 2% annually for 26% total by FY 2020 (FY2007 baseline)</li> <li>Divert at least 50% of solid waste &amp; 50% of C&amp;D waste by FY2015</li> </ul>
National Defense Authorization Act, 2010	Renewable Fuels Use   Facility Renewable Energy Use	<ul style="list-style-type: none"> <li>Directs the Secretary of Defense to consider renewable fuels in aviation, maritime, and ground transportation fleets</li> <li>Produce or procure 25 % of the total quantity of facility energy needs, including thermal energy, from renewable sources starting in FY2025</li> </ul>
Presidential Memorandum - Implementation of Energy Savings Projects and Performanced Based Contracting for energy savings	Implementation of ESPCs and UESCs	<ul style="list-style-type: none"> <li>Federal Government award \$2 Billion in ESPCs or UESCs by December 2013 (Army's portion is \$384 million)</li> </ul>

## Net Zero Hierarchy



**A Net Zero ENERGY Installation is an** installation that produces as much energy on site as it uses, over the course of a year.

**A Net Zero WATER Installation limits the** consumption of freshwater resources and returns water back to the same watershed so not to deplete the groundwater and surface water resources of that region in quantity or quality.

**A Net Zero WASTE Installation is an** installation that reduces, reuses, and recovers waste streams, converting them to resource values with zero solid waste to landfill.

**A Net ZERO INSTALLATION applies an** integrated approach to management of energy, water, and waste to capture and commercialize the resource value and/or enhance the ecological productivity of land, water, and air.

“The primary goal is a focus toward net zero and when we talk about net zero, it's not only net zero energy, but it's net zero energy, water, and waste. When you look at the term "net zero" or a hierarchy of net zero you must start with reduction, then progress through repurposing, recycling, energy recovery, disposal being the last.”

— HON Katherine Hammack, DoD Bloggers Roundtable,  
10 October 2010



# Net Zero by 2020

## Net Zero Energy

- Fort Detrick, Md.
- Fort Hunter Liggett, Calif.
- Kwajalein Atoll, Republic of the Marshall Islands
- Parks Reserve Forces Training Area, Calif.
- Sierra Army Depot, Calif.
- West Point, N.Y.

## Net Zero Waste

- Fort Detrick, Md.
- Fort Hood, Texas
- Fort Hunter Liggett, Calif.
- Fort Polk, La.
- Joint Base Lewis-McChord, Wash.
- U.S. Army Garrison Grafenwoehr, Germany

## Net Zero Water

- Aberdeen Proving Ground, Md.
- Camp Rilea, Ore.
- Fort Buchanan, Puerto Rico
- Fort Riley, Kan.
- Joint Base Lewis-McChord, Wash.
- Tobyhanna Army Depot, Pa.

## Net Zero

- Fort Carson
- Fort Bliss



# DOING BUSINESS WITH US

## *The Energy Buzz*

### What Energy Contracts are Coming Out for Huntsville Center?

<b>Title</b>	<b>Contract No.</b>	<b>Capacity</b>	<b>Status</b>
Unrestricted Energy Design Build Contract	W912DY-11-R-0040	\$600M	In Phase II Down Select
Renewable and Alternative Energy Power Production for Army Installations	W912DY-11-R-0036	\$7B	RFP issued 7Aug12
New ESPC contract	W912DY-12-R-0046	\$1.5B (Estimated)	RFI issued 7Aug12



# HUNTSVILLE CENTER

We typically award IDIQ MATOCs...

OR

(I)ndefinite (D)elivery, (I)ndefinite (Q)uantity

(M)ultiple (A)ward (T)ask (O)rder (C)ontracts



# Leveraging Third Party Financing

- **Energy Savings Performance Contracts (ESPC)**
  - ▶ Utilize private capital to make infrastructure improvements on military installations
  - ▶ Payment is derived from the savings generated by the improvements – savings are verified through Measurement & Verification (M&V)
- **Utility Energy Service Contracts (UESC)**
  - ▶ Procurement method using utility expertise and capital to meet Federal conservation mandates
  - ▶ Utility's costs repaid directly from installation's avoided costs resulting from project implementation
- **Power Purchase Agreement (PPA)**
  - ▶ Allows Federal agencies to fund on-site renewable energy projects with no upfront capital costs incurred
- **Enhanced Use Lease (EUL)**
  - ▶ Funding method for construction on installations by allowing a private developer to lease underutilized property
  - ▶ Payment usually in the form of power back to the installation



# Energy Savings Performance Contract (ESPC)

## Overview

- Leverages industry expertise and private sector financing to make infrastructure upgrades to federal facilities to reduce energy, water consumption and reduce waste stream.
- Financed for up to 25 years and paid from consumption savings.
- Savings ensured by measurement & verification (M&V).
- HNC is CX for ESPCs.

## Driver /Basis

- Energy Independence & Security Act 2007
- Executive Order
- OSD MEMO, Energy Savings Performance Contracts and Utility Energy Services Contracts (24 Jan 2008)
- Proponent ASA-IEE
- Primary customer(s) (ACSIM, IMCOM, AMC, USAR, ANGR, individual garrisons, etc.)

## Significant Achievements

- HNC awards 2/3 of Army ESPCs
- Army seen as ESPC leader across DoD
- Council of Environmental Quality looks for others to follow our processes.

## On-Going Activities

- Robust FY13 pipeline....
- Developing new \$1.5B ESPC MATOC

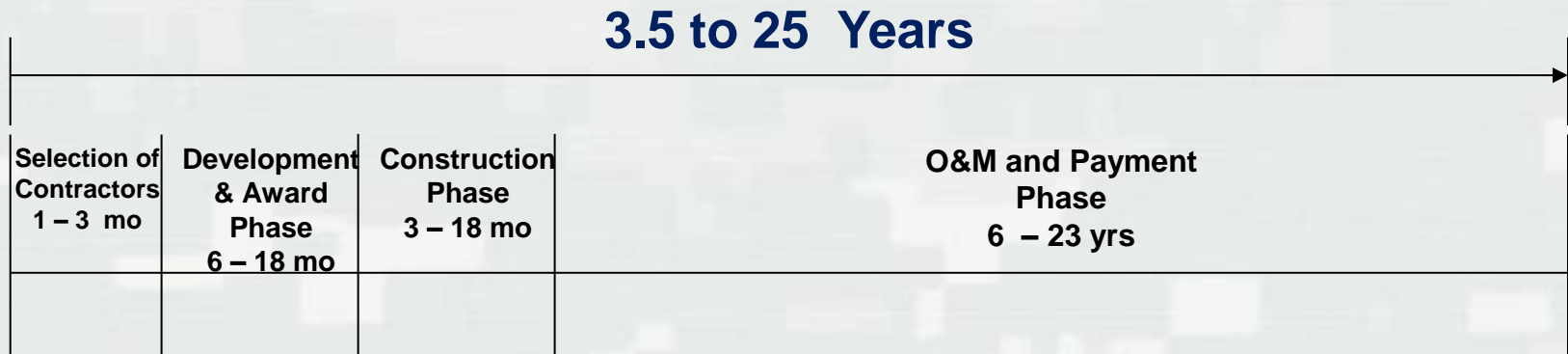


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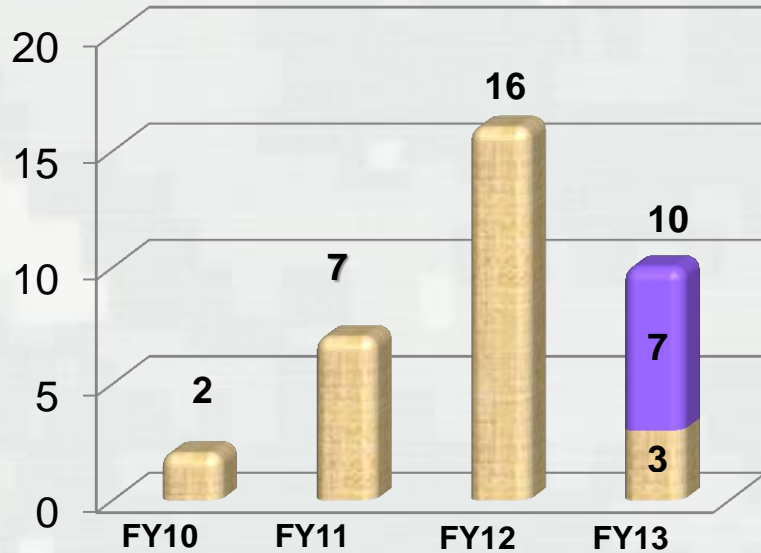
# ESPC Process

- HNC has a \$900M MATOC with 15 Contractors (ESCOs) with \$600M in remaining capacity
- ESPC is a long term relationship between the government and an Energy Service Company (ESCO)

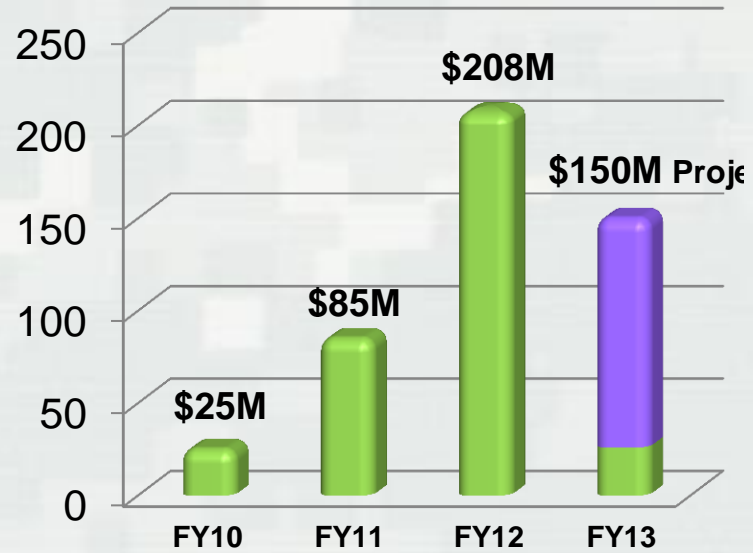


# ESPC Program Statistics

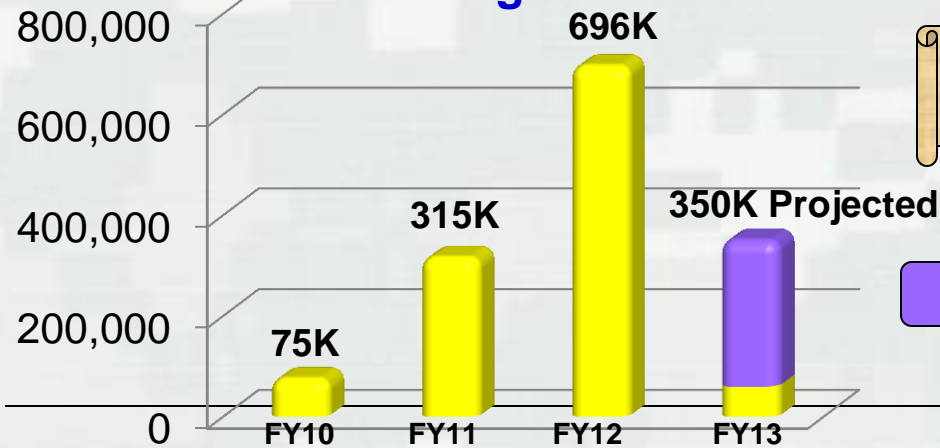
## HNC Awards



## 3<sup>rd</sup> Party Capital Investment



## Annual MBTU Savings



**HNC Awards 2/3 of Army's ESPCs**

Projected



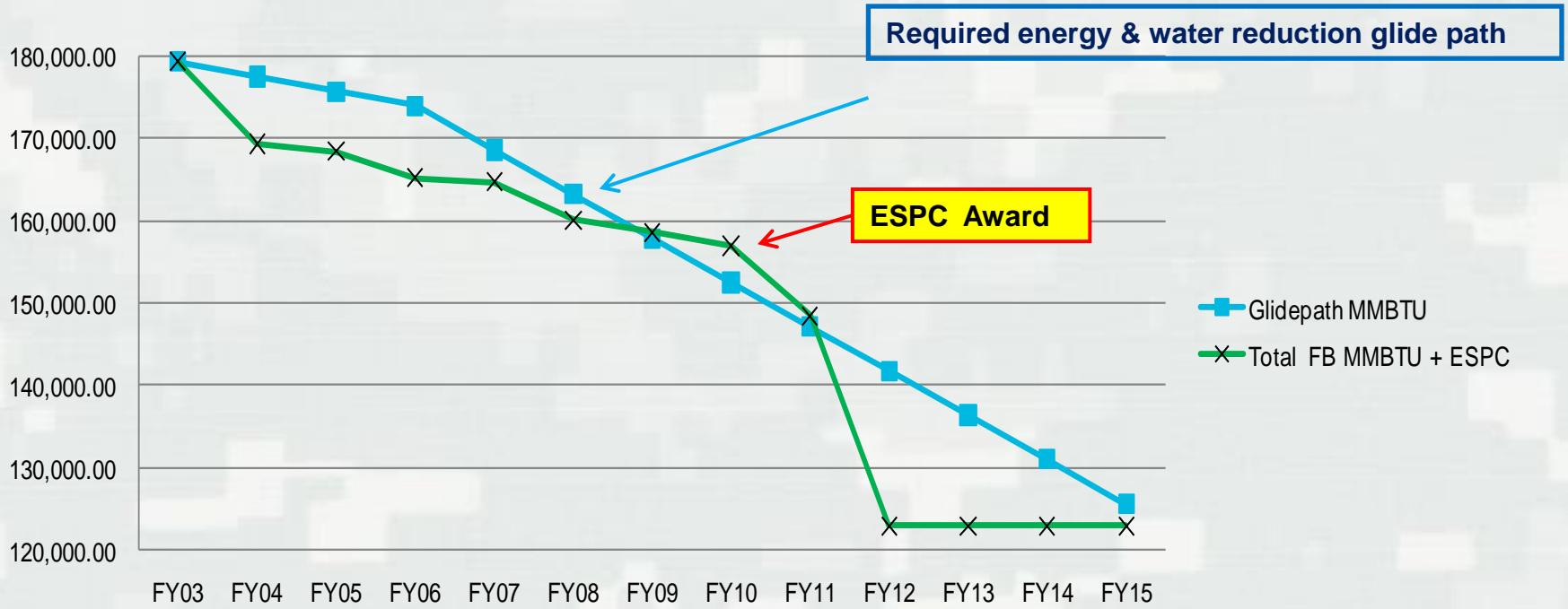
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# Utility Energy Services Contracting (UESC)

- Similar to ESPC but uses utility expertise and capital to meet Federal conservation mandates
  - ▶ Main difference between ESPC and UESC is the ability to go to the Utility (existing relationship) rather than an ESCO (new partner)
  - ▶ Savings not Guaranteed (no Measurement & Verification)
  - ▶ Limited to a 10-year contract term
- Allows utilities to provide Federal customers:
  - ▶ Energy and water efficiency improvement projects
  - ▶ Renewable energy projects
  - ▶ Demand reduction services
- Significant growth in the use of this tool



# Fort Buchanan ESPC Impact



**Fort Buchanan**



# Energy Initiatives Task Force (EITF)

Congress mandated that by the year 2025, the Department of Defense (DoD) produce or procure at least 25% of its total facility energy needs from renewable resources.

EITF was established in Sept. 15, 2011, as the Army's central management office for large-scale renewable energy projects intended to achieve the Army's 1GW Renewable Energy goal.

Renewable energy will help the Army increase energy security, generate revenue and cost savings, meet Federal mandates, reduce greenhouse gas emissions, and enable Net Zero Energy installations.



# Power Purchase Agreements (PPA)

## Overview

- Army only buys the energy and does not own, operate or maintain generating assets. Developer provides third party financing.
- PPA MATOC developed in support of the Army's Congressionally mandated 1GW Renewable and Alternative Energy goal.

## Driver / Basis

- Presidential Executive Order 13514
- Army Congressionally mandated to use 25% of renewable energy by 2025
- DASA (IE&E) is the proponent for the Army's Energy Program
- EITF is the program's primary customer

## Significant Achievements

- Released PPA MATOC RFP for four renewable and alternative energy technologies (geothermal, wind, solar and biomass)
- Awarded geothermal technology pool 3 May
- Tech 2 award scheduled for 3Q FY13
- Tech 3 & 4 awards scheduled for 1QFY14

## On-Going Activities

- Actively working as the EITF acquisition partner on the following standalone projects
  - Fort Bliss 20MW Solar PV
  - Redstone Arsenal WTE
  - Fort Huachuca Solar PV



# DOING BUSINESS WITH US

## *Stay Alert*

“SOURCES SOUGHT” / “REQUESTS FOR INFORMATION”



Always respond to announcements on the Federal Business Opportunities website that match with your firm’s capabilities.



# DOING BUSINESS WITH US

## *Stay Alert*



- Adequate responses could lead to the actual procurement being set-aside for small businesses

Information used to develop market/acquisition strategy

- ▶ Are there enough small or large businesses to perform the work?
- ▶ Are they capable of performing the work required?





# DOING BUSINESS WITH US

## *Stay Alert*



### REQUESTS FOR PROPOSALS:

- Follow Directions
- Address Questions as Asked
- “I know what you asked, but here’s what I think you really want” ...
  
- There is a reason each information point is requested ... carefully thought out and supports our action



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***Seek opportunities in our second largest market***

Investigate potential subcontracting Opportunities with DoD Prime Contractors:

- **<http://www.hnc.usace.army.mil>**
- **[http://www.acq.osd.mil/osbp/doing\\_business/index.htm](http://www.acq.osd.mil/osbp/doing_business/index.htm)**
- **<http://web.sba.gov/subnet/>**



# DOING BUSINESS WITH US

## *GSA Schedules*

More and more of our products and services are being purchased from General Services Administration (GSA) schedules.

- <http://www.gsa.gov>



# DOING BUSINESS WITH US

*Monitor procurement advertisements daily*

Huntsville Center uses formal solicitation procedures and publishes public notices for major program actions and **predominately utilizes best value**, negotiation procedures.



# DOING BUSINESS WITH US

*Monitor procurement advertisements daily*

All actions over \$25,000 are published on the following websites:

- *Federal Business Opportunities* (FedBizOpps)  
**[www.fbo.gov](http://www.fbo.gov)**
- *Army Single Face to Industry* (ASFI) —  
**<https://acquisition.army.mil/asfi/>**

Shortcut to the Huntsville “Contract With Us” Site:  
**<http://www.hnc.usace.army.mil/contract.aspx>**



# Questions

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