



DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



DLA Energy Installation Energy Overview

WWEC
April 10, 2017



Installation Energy Programs

Coal – established in 1963

Procurement of coal, and testing and delivery for DoD and federal civilian agencies within the continental U.S. DoDI 4140.25 assigns DLA responsibility to support DoD Components with coal procurements.

Natural Gas – established in 1990

Established by the Defense Energy Program Policy Memorandums 91-1 and 93-1. DoDI 4140.25 assigns DLA responsibility to support DoD Components with competitive natural gas procurements. IAW DoDI 4170.11, DoD Components shall competitively acquire direct supply natural gas under the natural gas program managed by DLA Energy when cost effective and the program has the same degree of supply reliability as other practical alternative energy sources.

Electricity – established in 1996

DLA Energy is executing the competitive acquisition of retail open access electricity for Department of Defense and Federal Civilian agencies in states that have implemented restructuring. DRID 21 (1998) directed the formation of DESC (now DLA Energy) and expanded our duties to include 'total energy management' responsibilities, to include regional electricity procurements. IAW DoDI 4170.11, DoD components are encouraged to partner with DLA Energy and aggregate regional electricity requirements (including renewable energy) to competitively procure electricity and ancillary services needed to meet identified requirements.

Energy Savings Performance Contracts – established in 1998

DRID 21 directed DLA Energy to assist the Military Services with using ESPC contracts to reduce energy demand. ESPCs secure private sector financing to install and implement energy efficiency improvements, water conservation and renewable energy projects. ESCO funds project through guaranteed energy savings. IAW DoDI 4170.11, DoD Components may utilize DLA Energy contracting expertise for execution of energy and water efficiency projects.

Renewable Energy – established in 2001

DLA Energy awarded its first renewable energy contract In December 2001 on behalf of various DoD and Federal Civilian customers in Texas in response to Executive Order (EO) 13123, which encouraged the federal government to significantly improve its energy management in order to save taxpayer dollars and reduce emissions that contribute to air pollution and global climate change. IAW DoDI 4170.11, DLA Energy may support DoD Components as a procurement agent for all renewable energy purchases.

Demand Response – established in 2008

DLA Energy has signed agreements with curtailment service providers across the U.S. and is actively issuing task orders for customer participation in load reduction programs during times of peak demand in return for financial incentives and serves as a central resource for DoD DR participation.



DoD Installation Energy

- Importance to DoD
 - Provides mission assurance
 - Reliable energy needed to operate, train, test and execute mission
 - Cost
 - Facilities energy spend is ~\$4B annually. Savings can be reallocated to operations, R&D, training, system modernization
 - Environmental Impact
 - Facilities energy is 26% of DoD use, but 40% of GHG emissions
- DoD Facilities Energy Core Strategy
 - Reduce demand for traditional energy
 - Expand supply of renewable energy & distributed (on-site) energy
 - Improve the energy resilience of our installations
 - Leverage advance technology. Advance cybersecurity capabilities

DoD Installation Energy:

- ~\$4B annual spend (~23% of total DoD energy spend)
- ~30% of DoD's total energy use
- 500 military installations
- Electricity and natural gas account for > 80% of DoD facility energy consumption



Installation Energy

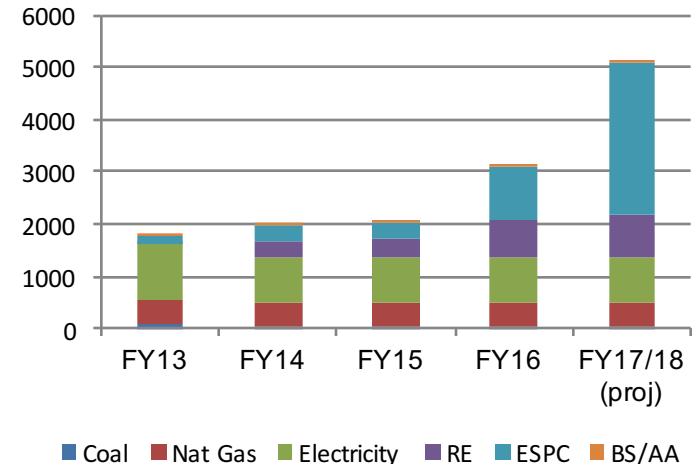
Warfighter First

Delivering reliable supplies and improving the energy resiliency and security of our fixed installations

Energy acquisition expertise delivers portfolio of resilient solutions to support base mission execution

- Centralized, competitive procurement of energy supplies
 - ~500,000 tons of coal, ~50 million dekatherms of natural gas and ~5.6 million megawatt hours of electricity supplied annually to 200+ DoD and federal civilian customers
 - Leverages regional markets and buying power for lower pricing. Flexibility to work w/ suppliers for least cost fuel opportunities and maintaining continuous operations during utility/pipeline curtailment periods
- Large-scale (>10MW) renewable energy (RE) projects
 - ~130MW in new generation capacity awarded
 - Expands sources of supply and on-site energy distribution capability
- Energy Savings Performance Contracts (ESPCs)
 - ~\$380M invested in energy conservation measures
 - Improves energy performance at installations
 - Includes cybersecurity capability for facility control systems

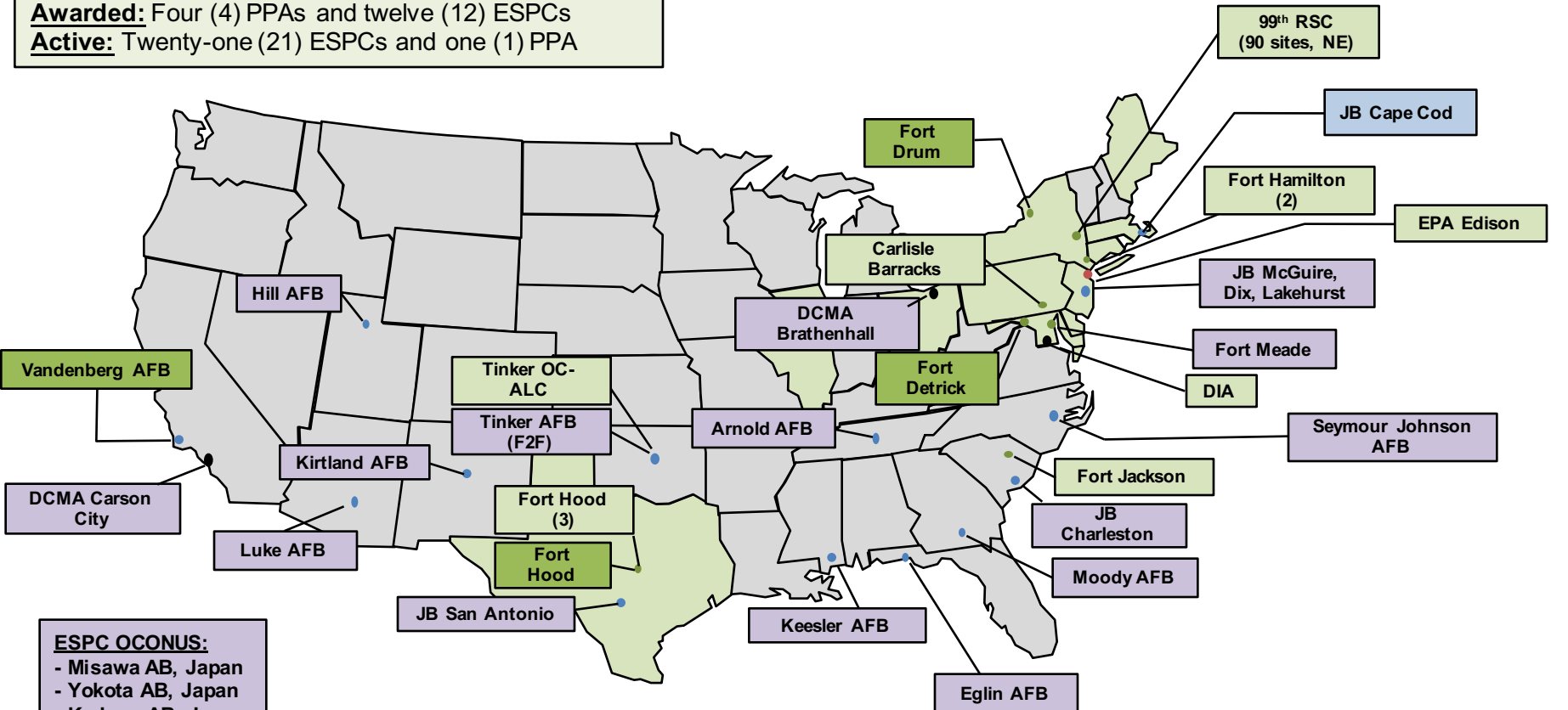
FY17/FY18 Contract Portfolio
Total: \$5.1B (proj)





Installation Energy Renewable Energy & ESPCs

Summary:
Awarded: Four (4) PPAs and twelve (12) ESPCs
Active: Twenty-one (21) ESPCs and one (1) PPA



ESPC OCONUS:

- Misawa AB, Japan
- Yokota AB, Japan
- Kadena AB, Japan
- USAG R-P, GE
- Kunsan AB, S Korea
- Osan AB, S Korea
- USAG, GE (CHP)

Awarded PPAs
 Awarded ESPCs
 Active PPA procurement
 Active ESPC/UESC procurement



Installation Energy Strategic Engagement

Strengthening partnerships
through engagements with:



DoD Level:

Federal Level:

OSD: OASD (EI&E); DASD (IE)

ARMY: ASA (IE&E); DASA (E&S); OEI; IMCOM G-4; OACSIM; Installation PWs

AIR FORCE: SAF/IEN; OEA; AFCEC; AF Base PWs

NAVY: ASN(EI&E); DASN (Energy); NAVFAC HQ; REPO; MCICOM; Naval Base PWs

Other DoD: Component Installation Support personnel

DOE FEMP

White House CEQ

GSA

Other Federal Civilian activities (EPA, VAMC, DHS, NASA, NIH, DOE, USDA, DOJ)

- Improving our acquisition capabilities and outreach through participation in:
 - 2017 Worldwide Energy Conference
 - OSD Renewable Energy IPT
 - DOE Federal Utility Partnership Working Group
 - DOE ESPC Steering Committee
 - DOE 2017 Energy Exchange Planning Committee
 - White House CEQ Grid-Based Green Power Working Group
 - OMB Facilities & Construction Category Mgmt., Utilities sub-group
 - Industry conferences and forums (EEI, AWEA, LDC Gas Forum, etc.)



Installation Energy

WWEC Agenda Topics



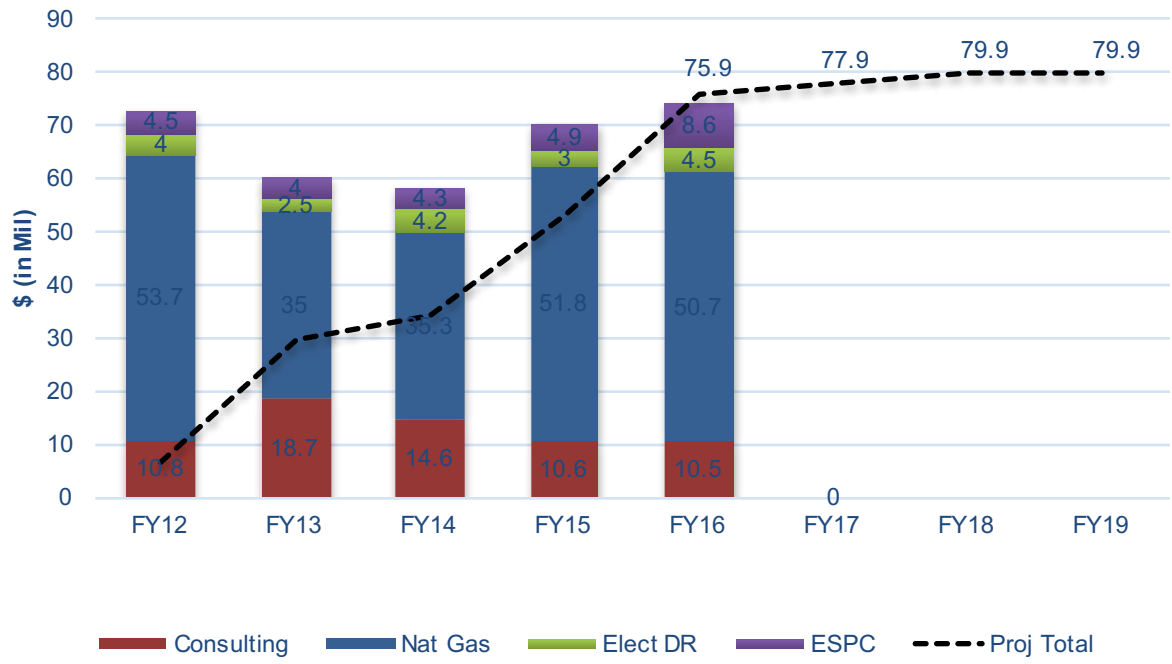
WWEC - Installation Energy specific topics:

- 10 Apr 2017: Doing Business w/ Installation Energy
- 11 Apr 2017:
- Program office updates
 - Microgrids & energy storage
 - Cybersecurity and the electric grid
 - ESPC best practices
- 12 Apr 2017:
- Future of the National electric grid
 - Demand Response
 - Electric hybrid vehicles
 - Energy resilience and assurance
 - Energy market outlook
 - Emerging technologies
 - Energy lawyers roundtable



Installation Energy Financial Stewardship

FY12-16 PROGRAM COST REDUCTIONS:



- **Materials (energy for DoD):**
 - Natural Gas: \$172.9M in utility cost savings
 - Electricity: \$18.2M in utility bill credits for participation in DR programs
 - ESPC: \$26.3M in annual energy savings
- **Operating costs (for DLA):**
 - Consulting Contracts: \$57.5M in savings for acquisition of Services (consulting services)

OVERALL PROGRAM COST REDUCTIONS:
 Natural Gas: Over \$1.1B since program inception (1991)
 Electricity: Over \$34M since program inception (1998)
 ESPC: Over \$990M in total guaranteed energy cost savings across awarded efforts



Installation Energy *Process Excellence*

- **NATURAL GAS WINTER CURTAILMENTS**
 - Executing least cost fuel option: \$1.2M in avoided fuel costs (FY17)
- **FORT DETRICK SOLAR AWARD**
 - Served as OSD contract 'template' model
- **FORT HOOD WIND/SOLAR AWARD**
 - First DoD 'hybrid' renewable energy contract that included blend of on-site, off-site and conventional energy
- **99TH RSC ESPC EFFORT**
 - Aggregate, regional effort that included 90 sites across 11 states. Included 2 NetZero energy sites
- **OC-ALC ESPC EFFORT**
 - 1st ESPC to include improving actual manufacturing processes as way to reduce energy use
- **PARTNERSHIP W/ DOE PNNL**
 - Provide technical expertise and training in renewable energy technologies, grid modernization and cybersecurity
 - Assistance with knowledge management needs assessment and solutions for auditable program
- **ESPC PRESIDENTIAL PERFORMANCE CONTRACTING CHALLENGE (PPCC)**
 - Supported the Army, Air Force, DIA and EPA in execution of awards. DoD and Federal Gov't exceeded the \$4B PPCC challenge



Installation Energy

FY2017 Procurement Actions

Program	Procurement	Contract Term	FY17 Status	Est \$ value
Nat Gas	Northeast Region	2 years	Awarded 1 st Qtr	\$95M
	South Region	2 years	RFP: Closed Jan 2016	\$60M
	Central Region	2 years	RFP: Closed Apr 2016	\$70M
	West Region	2 years	RFP: Proj 3 rd Qtr	\$50M
	Monthly buys	Monthly	EOM	~\$1M or less
Electricity	PJM (Large accts)	2 years	Awarded 1 st Qtr	\$250M
	New York	2 years	Awarded 1 st Qtr	\$10M
	Texas	2 years	Awarded 1 st Qtr	\$30M
	PJM Portfolio	3 years	RFP: Proj 3 rd Qtr	\$380M
	PJM (Small accts)	1-2 years	RFP: Proj 3 rd Qtr	\$10M
	SPR, TX	2 years	RFP: Proj 3 rd Qtr	\$0.3M
	New England	2 years	RFP: Proj 4 th Qtr	\$20M



Installation Energy

FY2017 Procurement Actions

Program	Procurement	Contract Term	FY17 Status	Est \$ value
Coal	U.S. Lower 48	1 year		\$3M
	Alaska	1-5 years	RFP: Issue 2 nd Qtr	\$40M
Renewables	JB Cape Cod	Up to 30 years	RFP: Closed	\$24M
ESPC/UESC	21 project sites in acq	Up to 25 years	NOO Issued	\$2.0B
Consulting	11 actions programmed (options or re-competes)	Up to 5 years	As req'd	\$9.7M
Base Support	8 actions programmed (recurring requirements)	Up to 1 year	As req'd	\$1.0M



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