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Executive Summary



- **DON goal is to substantially increase its annual award of energy projects**
- **For complex renewable projects we would prefer contractor to own and maintain equipment**
- **Numerous acquisition tools are available**
- **Energy team to use acquisition strategy to select best tool, based upon project scope, financing options, land available, etc**

Project Toolbox



- **Energy Conservation Investment Program (ECIP)**

➔ • MILCON scope – dedicated to renewables, budgeted for ~\$20M/yr

- **Energy Savings Performance Contracts (ESPC)**

➔ • 25 year max. Contractor guarantees savings, (**efficiency** or renewable projects). Most of DON energy projects have been ESPCs

- **Utility Energy Services Contract**

➔ • 10 year term, awarded through utility company (lighting, low flow water projects) (efficiency projects)

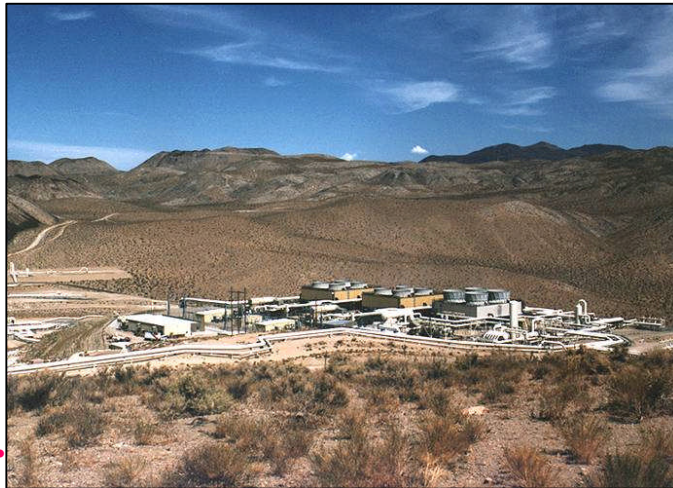
- **Enhanced Use Lease**

➔ • 50 year term or greater with Secretary's approval. In-kind consideration for energy projects preferred to be energy oriented, (power or energy efficient infrastructure).

Project Toolbox



• Energy Joint Venture



270 MW geothermal power plant at NAWS
China Lake

→ •30+ year authority (renewable). Contractor owns equipment (no DON investment). Contractor can sell power to grid or to installation. If sold to grid we receive share of revenue. Best suited for large renewable (geothermal, solar or PV farms). Govt provides right of access to land. Fast process, little to no cost to installation.

• PPA

→ •30 year authority (renewable), we agree to purchase power generated on or off base for a price. (commodity contract)

DON ESPC Award Volume



Fiscal Year	# of Awards	Value	
2005	0	\$ 0M	
2006	5	\$125M	
2007	3	\$ 50M	
2008	4	\$ 36M	
2009**	7	\$135M	
2010**	12	\$200M	

Impact of stimulus package on ESPC awards still being determined

****Projected**

DON ESPC Award Volume



- **To meet current energy reduction goals, DON estimates an annual requirement of at least \$250M in energy projects.**
- **Immediate need closer to \$400M annually to make up for recent lean years in project awards.**
- **DON expects ESPC to bear the lion share of this requirement.**
- **Central ESPC team already preparing 5 ESPC projects for the new DOE contract.**

PROJECT GOALS (Region)



Total annual project investment (first cost) required by each Region to meet the 3% annual energy reduction goal (EO 13423):

- **\$45 M Mid-Atlantic**
- **\$27 M Southeast**
- **\$25 M NDW**
- **\$15 M Southwest**
- **\$15 M Northwest**
- **\$13 M Midwest**
- **\$ 5 M Europe and SWA**
- **\$12 M Japan**
- **\$ 4 M Hawaii**
- **\$ 2 M Marianas**
- **\$0.1 M Korea**
- **\$0.1 M Singapore**
- **\$ 9 M MCI West**
- **\$ 20 M MCI East**
- **\$ 20 M USMC (other)**
- **\$ 7 M NAVAIR**
- **\$ 3 M NAVSEA**
- **\$ 7 M BUMED**
- **\$ 11 M Housing**
- **\$ 9 M Navy (other)**

- **NOTE: These numbers EXCLUDE renewable investments**

DON Energy Project Team



- **Centralizes project development and mgmt**
- **Unique in DOD by centralizing ESPC contracting**
 - Continuity
 - Lessons learned
 - Improved quality and timeliness
- **Awarded \$1B in Financed Energy Efficiency Projects since 1997**
- **Execute \$250M Energy Projects Annually**
- **Save DON 1,700,000 MBTU Annually**

ESPC Cogeneration Solutions



NAVFAC FAR EAST



- **39 MW of 50 Hz and 60 Hz Power and Steam CoGeneration by Gas Turbine and Gas Engine Units**
- **Decommissioning of existing steam plant will save 8M+ gallons of liquid fuel annually**
- **Installation of natural gas service to the facility for the first time**
- **Turnkey Design/Build and Maintain for 20 Years**



Existing and Candidate ESPC Technologies



750 kw PV North Island



Building Integrated PV



3.8 MW Wind ESPC project