DLA Energy Contracting
Renewable Projects
Lessons Learned

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April 2015
DLA Energy

• Primary field activity of the Defense Logistics Agency

• Mission:
  – To provide the Department of Defense and other government agencies with comprehensive energy solutions in the most effective and efficient manner possible.

• Serves as a single procurement agent for DoD’s energy needs

• DLA Energy, Installation Energy
  – Operational business unit within DLA Energy
  – Provides acquisition support supporting the facility energy needs of DoD and federal civilian agencies. Includes coal, natural gas, electricity, renewable energy and energy conservation initiatives.
  – Coordinator and facilitator for DoD’s participation in electricity demand response programs.
DLA Energy Renewable Energy Program

Serves as a procurement agent for 3rd party financed on-site renewable project development:

- Renewable Energy Supply Agreements (RESA)
  - Solar and biomass efforts supporting Army, Air Force and federal civilian customers
  - More than 452 MW in project development
- Energy Savings Performance Contracts
  - More than 80 percent of efforts supported contain a renewable energy element

Serves as the centralized purchasing agent for:

- Renewable Energy Certificate purchasing
  - More than 8 million megawatt hours of renewable energy credits obtained for DoD and federal civilian customers since 2003
# DLA Energy
## Renewable Energy Program
### RESA Procurements

<table>
<thead>
<tr>
<th>Installation</th>
<th>Service</th>
<th>Renewable Technology</th>
<th>Size (MW)</th>
<th>On-site / Off-site</th>
<th>Est Annual Delivery (MWh)</th>
<th>Contract Term (est)</th>
<th>Est $ value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Drum*</td>
<td>Army</td>
<td>Biomass</td>
<td>15-28 MW</td>
<td>On-site</td>
<td>147,000</td>
<td>20 yrs</td>
<td>$286M</td>
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<tr>
<td>Fort Detrick*</td>
<td>Army</td>
<td>Solar</td>
<td>18.6 MW</td>
<td>On-site</td>
<td>24,240</td>
<td>26 yrs</td>
<td>$62M</td>
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<tr>
<td>Fort Irwin</td>
<td>Army</td>
<td>Solar</td>
<td>15 MW</td>
<td>On-site</td>
<td>26,760</td>
<td>26 yrs</td>
<td>$64M</td>
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<tr>
<td>JB Cape Cod</td>
<td>Air Force</td>
<td>Solar</td>
<td>6 MW</td>
<td>On-site</td>
<td>9,000</td>
<td>20 yrs</td>
<td>$11.7M</td>
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<tr>
<td>(Otis AFB)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>EPA Edison</td>
<td>Fed Civ</td>
<td>Solar</td>
<td>1 MW</td>
<td>On-site</td>
<td>3,859</td>
<td>25 yrs</td>
<td>$2.6M</td>
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<tr>
<td>Vandenberg AFB</td>
<td>Air Force</td>
<td>Solar</td>
<td>20 MW</td>
<td>On-site</td>
<td>20,000</td>
<td>26 yrs</td>
<td>$56.2M</td>
</tr>
<tr>
<td>Fort Hood</td>
<td>Army</td>
<td>Solar/Wind</td>
<td>90 MW</td>
<td>On/Off-site</td>
<td>426,668</td>
<td>29 yrs</td>
<td>$851M</td>
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<tr>
<td>Navy ERCOT</td>
<td>Navy</td>
<td>Any</td>
<td>55 MW</td>
<td>Off-site</td>
<td>239,080</td>
<td>10 yrs</td>
<td>$128M</td>
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<td>Navy PJM NDW</td>
<td>Navy</td>
<td>Any</td>
<td>175 MW</td>
<td>Off-site</td>
<td>425,463</td>
<td>20 yrs</td>
<td>$922M</td>
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<td>Navy PJM MidLant</td>
<td>Navy</td>
<td>Any</td>
<td>30 MW</td>
<td>Off-site</td>
<td>217,885</td>
<td>20 yrs</td>
<td>$392.6M</td>
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<tr>
<td>TOTALS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,539,995 MWh</td>
<td></td>
<td>$2,776.1M</td>
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</tbody>
</table>

*Awarded Actions
Lessons Learned

• Environmental Concerns
  – NEPA
    • Some type of assessment needs to be completed prior to issuance of RFP
    • DLA Energy—we won’t issue Notice of Intent to Award (NOITA) until CatEx, EA or EIS has been out for public comment; No Award until process is final
  – What we learned:
    • By not doing any assessment a procurement was cancelled.
      – Historical WWII Drum racking system was found underground
      – State Historical Preservation Office interaction
      – Unable to come to final agreement
    • Timing of NOITA during this process
      – Modify procurement requirements
      – Cancellation of the solicitation
Lessons Learned

• Interconnection
  – Utility communication first and foremost
    • Obtain a copy of the Agreement
      – Legal review
      – Modifications to language (Assignment, Access)
    • Site Legal Involvement
  – What we learned:
    • Know who has to sign the Agreement
      – We had a customer refuse to sign the Agreement
      – Legal involvement and many discussions
Lessons Learned

• Renewable Energy Certificates
  – Know market area for value
  – Unable to predict long term value
  – Agency policy
  – What we learned:
    • Look at sharing risk
      – Contractor owned/Government owned
      – Replacement RECs
      – Use as an offset to RPS Compliance
Lessons Learned

• Land and Site Access
  – Real Estate Office Coordination
    • Early discussions about process
    • How to handle In-Kind Consideration
  – Are you a tenant?
    • What does lease say about use
  – What are requirements
    • Hours of use (weekday vs weekend)
  – What we learned:
    • Tenant wanted share of renewable accountability
    • Contract language and lease language conflicts
    • Modify current procedures
Lessons Learned

• Evaluation
  – What is the project expected to achieve?
    • Identify criteria around these goals
      – Renewable Power
      – Energy Security
      – Cost
  – What we’ve learned:
    • Streamlined approach has reduced evaluation time from first procurement to current efforts.
    • Contractors need to read specifically what is being asked of them and respond to those points.
Lessons Learned

- Past Performance Evaluations
  - Requirements for References
    - Identify reliable references
  - What we’ve learned:
    - Submitted efforts contacts failure to respond
    - Submitted efforts contain conflict of interest.
      - Subcontractor identified is also a prime responding.
    - Evaluation has led to many Unknown Confidence ratings that have to be resolved during discussions.
Renewable Energy Projects

Critical Path Elements

- Environmental studies
- Interconnections
- Evaluations
- Land use documents
- Review and approvals
Summary

• Progress is being made in renewable energy purchasing
  • Working group efforts for “lessons learned” and standardization of contract language
  • Continuing collaboration between industry and federal agencies to adopt best practices
  • Teaming with DoD military service partners and DOE for program management and technical expertise
Contact Information

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