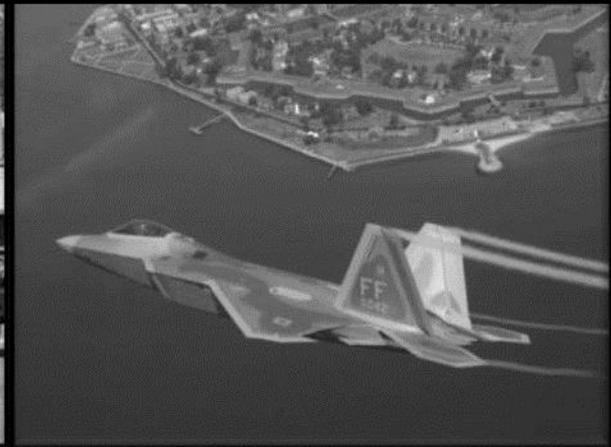




DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



DLA Energy Contracting Renewable Projects Lessons Learned

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April 2015

WARFIGHTER SUPPORT

STEWARDSHIP EXCELLENCE

WORKFORCE DEVELOPMENT



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

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



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