

Recent Developments in DOD's Renewable Energy Programs

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While August is generally quiet in Washington, D.C., so far this month, the U.S. Department of Defense (DOD) has made progress on two on-going efforts to secure power from renewable energy facilities, and has initiated a third.

U.S. Army RFP Issued for Large-Scale Renewable Projects

With an effective date of August 7, 2012, the U.S. Engineering & Support Center in Huntsville Alabama (CEHNC) recently published its much-anticipated formal Request for Proposals (RFP) related to \$7 billion in renewable energy contracts over the next 10 years. CEHNC is acting as the contractor for the U.S. Army Energy Initiative Task Force (AEITF), which is responsible for managing the procurement of renewable energy generated on or near land controlled by DOD.

The AEITF's program was developed in response to a National Defense Authorization Act that requires Department of Defense (DOD) facilities to derive at least 25 percent of the electricity they consume from renewable energy by 2025, and a DOD "Net Zero Energy" initiative, which challenges DOD installations to produce more energy than they consume, with emphasis on the use of renewable energy and alternative fuels.

The RFP solicits bids from renewable developers to establish their qualifications – on a technology-specific basis – to furnish services under a Power Purchase Agreement (PPA) or contract equivalent. CEHNC intends to award indefinite delivery/indefinite quantity (IDIQ) contracts to all responsive bidders, which will enable them to bid for specific projects proposed by the AEITF.

It should be noted that responses to the RFP will require that the respondent provide a specific maximum per-kWh price at which it is willing to develop, operate and maintain renewable energy

facilities to sell electricity to Army installations, exclusive of incidental costs such as interconnection costs or land-use fees.

Questions regarding the RFP are due August 24, 2012 via <http://www.projnet.com>. (The Projnet Key is O1A13I-WGR9HU.) Proposals are due at 2 p.m. CST October 5, 2012. In addition, a pre-proposal conference will be held prior to the October 5 deadline. It is tentatively scheduled to be held in Chicago, Illinois, but no date has been set.

We have prepared a white paper on the RFP; if you would like a copy please contact Amy Koch at akoch@reedsmith.com.

DOD and DOI Memorandum of Understanding Issued Regarding Use of Withdrawn Lands

Finally, it should also be noted that the MOU requires the agencies to hold an offshore wind military/industry forum before October 1, 2012, to initiate the sharing of information regarding the advancement of offshore wind development.

While the AEITF RFP garnered attention this past week, it is worth noting that DOD and the [Department of the Interior](#) (Interior) issued a long-rumored Memorandum of Understanding (MOU) to encourage "appropriate, mission-compatible" development of renewable energy projects on public lands withdrawn (set aside) for defense-related purposes, and other onshore and offshore areas near military installations.

This is very good news because it begins to address issues that DOD officials have worried about regarding (i) DOD's ability to execute leases with renewable developers on land withdrawn from federal public lands laws for military purposes, and (ii) the possible sharing of benefits with Interior (specifically BLM).

Army Sources Sought for Energy Savings Performance Contracts

On August 7, 2012, CEHNC also issued a [sources-sought notice](#) for multimillion-dollar energy saving performance contracts (ESPCs), which, if implemented, would use the same IDIQ-type process as the \$7 billion AEITF program.



The Army has had an ESPC contracting vehicle for some time, separate from the Department of Energy (DOE) ESPC contracting process and the U.S. General Services Administration's schedule, but has used the DOE contracting process on occasion. We understand that the Army believes it has streamlined its ESPC contracting process so individual task orders can be issued in 14 months or less.

At this point, CEHNC is seeking market information about potential ESPC contractors for energy savings projects that could include boiler and chiller upgrades, HVAC upgrades, controls system enhancements, lighting improvements, water and water controls systems (including plumbing fixtures), renewable power generation, micro grid, process improvements, distributed generation, and building envelope improvements. The geographic scope of these projects will be the 50 U.S. States, District of Columbia, U.S. territories, and OCONUS U.S.-held installations. The response deadline is August 27, 2012, and submissions are limited to 10 pages.

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