NAESCO Federal Market Workshop: Army ESPC Best Practices from Beginning to End

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Acting Deputy Assistant Secretary of the Army
Energy and Sustainability

March 12, 2020
Forts Knox, Stewart, Greely, and Bragg initiated “lights out” exercises to test energy resilience capabilities during a power grid outage.
U.S. ARMY CORPS OF ENGINEERS

DEVELOPING ENERGY SAVINGS PERFORMANCE CONTRACTING (ESPC) PROJECTS THAT MEET STAKEHOLDER NEEDS

Michael Norton
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Huntsville, Alabama
12 March 2020
AGENDA

- Changed Energy Battlefield
- Near Peer Adversaries
- Competing Requirements
- Third Party Financed Project Current Challenges (ESPC, UESC, PPA)
- Huntsville Center ESPC Program Savings Statistics
- Way ahead in the current environment
CHANGED ENERGY BATTLEFIELD

WAS:
- President's Performance Contracting Challenge

DIFFERENT LINE OF EFFORT BUT...
- SAME CONSTRAINED RESOURCE ENVIRONMENT

IS:
- Support Joint All-Domain Force
Summary of the 2018 National Defense Strategy of The United States of America

NEAR PEER ADVERSARIES

U.S. Army Priorities
- Readiness
- Modernization
- Reform
- People

Results
- New Commands
- Enhanced cyber security
- Protection from space threats
- Research & Development
- Weapons Modernization
Each agency shall prioritize actions that... enhance the resilience of Federal infrastructure and operations... implement energy efficiency measures; reduce potable and non-potable water consumption; utilize performance contracting to achieve energy, water, building modernization and infrastructure goals.

It is now undeniable that the homeland is no longer a sanctuary... attacks against our critical defense, government, and economic infrastructure must be anticipated.

- National Defense Strategy 2018
CHALLENGES

SUPPORT JOINT ALL-DOMAIN FORCE

APPETITE FOR 3rd PARTY ACQUISITIONS

ESPC UESC PPA

FUNDING FOR FAILING INFRASTRUCTURE
## HUNTSVILLE CENTER ESPC PROGRAM SAVINGS STATISTICS

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Projects in Performance Period</td>
<td>61</td>
</tr>
<tr>
<td>Army</td>
<td>52</td>
</tr>
<tr>
<td>All other</td>
<td>9</td>
</tr>
<tr>
<td>Total Guaranteed Savings</td>
<td>$98.65M</td>
</tr>
<tr>
<td>Total Verified Actual Savings (M&amp;V)</td>
<td>$112.51M</td>
</tr>
<tr>
<td>Total Excess Savings</td>
<td>$13.86M</td>
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<tr>
<td>Total Actual compared to Guaranteed</td>
<td>114%</td>
</tr>
<tr>
<td>Total Projects meeting Guaranteed Savings</td>
<td>53</td>
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</table>
NEW LOOK FOR ENERGY

- Training
- Maintaining
- Deploying

- Save Money
- Save Time
- Save Manpower
- Create Efficiencies

- Fix It Faster
- Fix It Cheaper
- Modernize Existing Equipment

- Improve Quality of Life
- Industrial Age to Information Age

* Must show how ESPC, UESC and PPA projects and energy conservation measures support the joint domain warfighter force
GENERAL TAKEAWAYS

- Energy environment has dramatically changed

- Army and the Department of Defense is now being challenged by near peer adversaries that have significantly changed our National Defense Strategy and priorities

- The energy industry must transform themselves to demonstrate how they support and enable a joint all-domain war fighting force as a result of infrastructure modernization and new efficiencies. The second and third order effects are energy and water reduction, energy resilience and security.

- The energy industry must face these challenges with new innovation, better communications, collaboration and coordination within the industry and their Department of Defense partners.

- Continue to **develop and expand strategic partnerships** to better support the Army and nation
THANK YOU!
Army ESPC Program – Performance Period

NAESCO
Federal Markets Workshop

G-9 Mission
The DCS, G-9 develops regulatory guidance, administers the II PEG and provides expertise and advocacy for all Army infrastructure and installation services, worldwide, to enable Total Army readiness.

G-9 Vision
Recognized expert and champion for the world’s most capable and efficient installations.

Randy Smidt
General Engineer – ESPC/UESC Program Manager
lain - ODF
March 12, 2020

Unclassified
Army ESPC Program – Performance Period

- Identify any Issues with Performance
  - Don’t wait until Annual M&V report to communicate it
  - ESCO performance issues
  - Government impacts

- Communicate Plan to Resolve/Reconcile Performance
  - How do you intend to resolve issues
  - How long will it take

- Measurement & Verification (M&V) Witnessing
  - ESCO coordinate with Government POC
  - Must have Government representative participate in annual M&V activities

- Additional Requirements/Opportunities
  - Installation Energy and Water Plans (IEWPs)
  - Energy Awareness and Conservation Assessment (EACA)
  - Comprehensive Energy and Water Evaluations (CEWEs)
  - Unfunded Requirements List (UFR List)
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