



Westwood

WHITE PAPER

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WESTWOOD POSTURES FOR THE ARMY'S ENERGY INITIATIVES TASK FORCE PROGRAM

Westwood attended the U.S. Army's Energy Initiatives Task Force (EITF) Summit on November 3rd in Washington, D.C. in a continuing effort to be fully informed and ready to support our EPC, utility, and project development clients in building utility-scale solar projects for the U.S. Army.

President Obama has announced a goal for the U.S. to produce 80% of the total energy consumed with renewable and clean energy resources by 2035. The U.S. Army's goal is that 25% of its total energy demand will be generated from renewable sources by 2025. As part of this goal, their plan is to install solar panels on the roof of every Army facility. The Army is currently spending \$4 billion per year on energy, which equates to 23% of the Department of Defense (DOD) expense for fuel per year. Approximately \$2.3 billion is spent on energy to support contingencies. The EITF is looking for innovation and is willing to take some risk. There will be an emphasis on energy efficiencies, sustainability, and for a "net zero" result, meaning that the base will not consume more energy than it produces. Excess energy can be sold to off base customers.

The Army's EITF currently has a \$7 billion budget to support building solar generating plants, 10 MW and larger, over the next ten years. The EITF anticipates that this budget will increase as the program gains momentum. The program is encouraging investors to add another \$7 billion, matching funds for Public Private Partnership (PPP) projects. Having the land and the demand, the Army will finance the projects using appropriated funds, energy savings, and third party joint financing (PPP). Projects that offer the most benefit to the Army and base will be selected.

One or more Multiple Award Task Order Contracts (MATOCs), technically an Indefinite Delivery Indefinite Quantity (IDIQ) contract, will be used for awarding contracts for power purchase agreements (PPA) and construction. The solicitation will be released first quarter 2012 and awards are scheduled for first quarter 2013. The U.S. Army Corps of Engineers (COE), Huntsville District, will prepare the solicitation and be the Contracting Office. Multiple offices such as the COE, Defense Logistics Agency (DLA), Western Area Power Administration (WAPA), Bonneville Power Administration (BPA), and Tennessee Valley Authority (TVA) will be used to expedite the solicitation process.

The EITF intends to use existing MATOC Energy Savings Performance Contracts (ESPC) and not solicit for new MATOCs for energy savings and efficiency. The new MATOC contract awards will be for PPAs, which will be for up to 30 years. As of the November 3rd summit, the contracts will require the same Buy America clauses used in all DOD contracts. The EITF anticipates that small business will be considered in the solicitation. The EITF desires to have power rates that are in parity or “reasonable” with other conventionally generated energy.

The EITF will fund and award contracts for National Environmental Policy Act (NEPA) studies on 24 potential bases determined to be the best suited for utility-scale solar projects. A programmatic Environmental Impact Study (EIS) will be developed based on Fort Bliss, Texas; a base with 6,500 acres and population of 30,000 after Base Realignment and Closure (BRAC) is completed.

The Army will retain a number of renewable energy credits (RECs) and will allow REC swapping to be negotiated as part of the PPAs.

Westwood is scheduling a one-on-one meeting with the EITF in the near future to discuss Westwood’s capabilities, program support, solicitation of the MATOCs, project details, and the selection process. **Clients with concerns, questions, and ideas that they would like Westwood to discuss may contact Jim Campbell at jim.campbell@westwoodps.com or 602-376-7933.**

