



**Federal Utility Partnership Working Group**  
**Fall 2011**  
**Philadelphia, PA**

# 2922a Success Stories

James M. Cannon IV  
U.S. Department of the Navy  
Office of the Assistant Secretary of the Navy (Energy)/  
Naval Facilities Engineering Command (NAVFAC) HQ  
Public Works Business Line – Utility and Energy Management

# 2922a Lessons Learned

1. Develop a “List of Documents” with guidance
  - Description of the specific issues to be covered
2. Remember the audience – Big Dawg Country
  - This isn’t simply a “Field” (Echelon IV/V) issue anymore – don’t underestimate the level of review – Why should these be Field issues in the first place?
  - Long-term acquisition contracts – commit the Gov’t’s resources up to 30 years
3. Rigorous, thorough, detailed, in-depth, balanced documentation needs to be the N-O-R-M.
  - Programmatic, Technical, NEPA, Legal, Financial
4. Take an “easy” route and risk paying the “price”
  - Time is/was/will be the “enemy”

# Dept of Navy 2922a Approvals

- Deputy Undersecretary of Defense (Installations & Environment) authorizes 2922a approvals
  - (Formerly Undersecretary of Defense (Acquisition, Technology & Logistics))
- Projects approved to date:
  - MCAS Miramar Landfill Gas Generation Plant
  - MLCB Barstow
  - NAWS China Lake
- “In the wings”
  - MCAGCC 29 Palms
- Future ...
  - Hawaii Solar Multiple Award Contract (MAC): Army, Air Force, Navy, Marine Corps

# *But Before You ...*

LET'S MAKE  
A DEAL



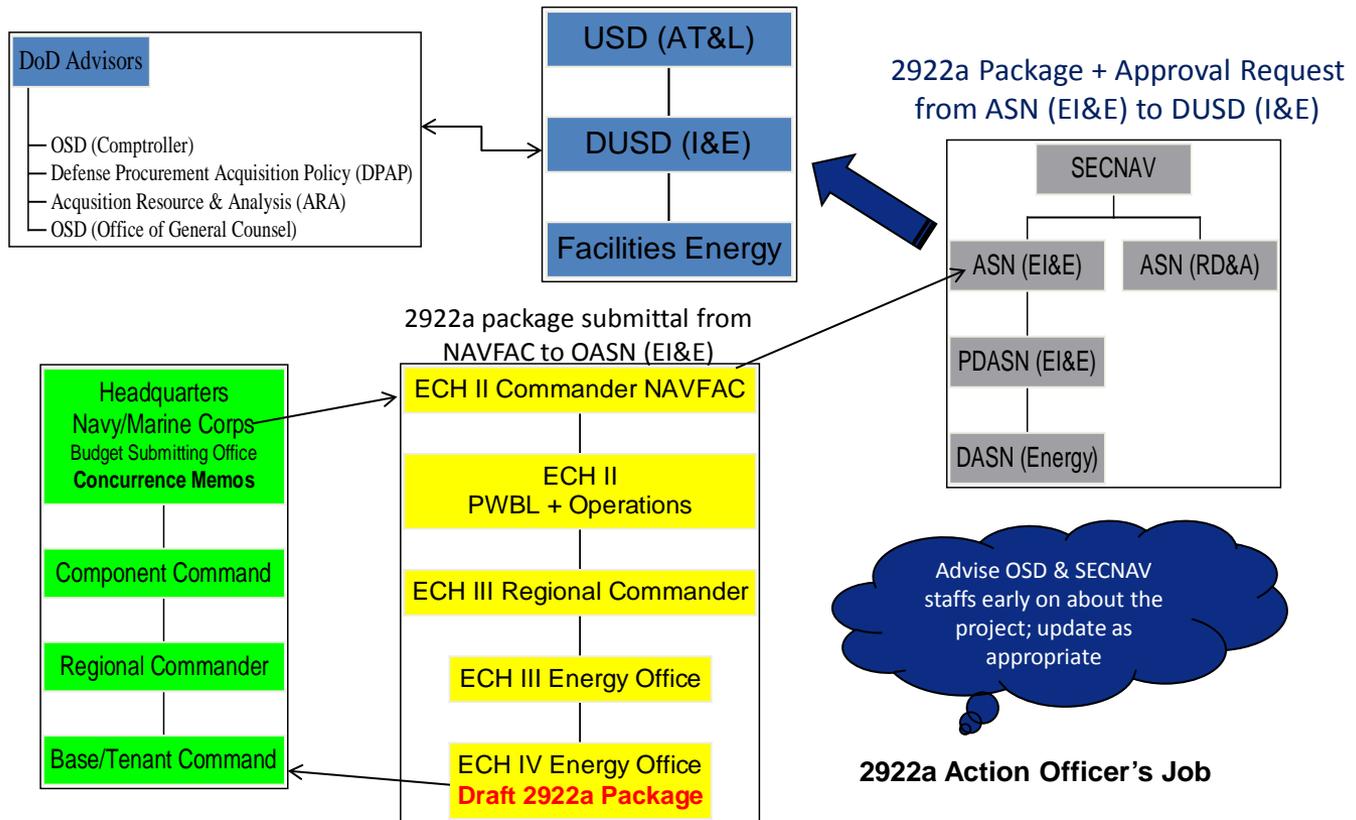
Don't fall in love with the deal so much that you forget the key precursors of this courtship ...

- **NEPA documentation**
  - CATEX, EA, EIS, and associated timelines
- **Land Use Authorities**
  - BLM Withdrawn lands, Navy fee-owned, others
- **Energy Requirements**
  - Know what you need rather than depend on someone telling you what you can have
- **Commitment by the “bill payer” (Budget Submitting Office) for the LONG-Term**
  - In just a few years, the history and memory of commitments will be lost, so, put it in writing
- **Manage contractors’ expectations on Gov’t Requirements**
  - Some things can’t be changed...it’s a contract subject to FAR, etc.
  - If you’re not familiar with the rodeo, you need to get to the fairgrounds early
- **Contractors are responsible to establish financial arrangements**
  - Need to work this in advance of the deal – not after...
  - These isn’t the issue for the Gov’t to solve/address
- **Operational Impacts – Present & Future**
  - “The future ain’t what it used to be...”
- **POA&M for the Project Authorization – Timeline!**
  - Without this timeline, “Where ever you go there you are...”



# Department of the Navy: 2922a Process Flow Map

## 2922a Utility Service Contracts Approval Process Flow Map (Shore Energy Issues)



COORDINATION PAGE



Southwest

<u>Office/Dept</u>	<u>Name of Representative /Title</u>
ASN (EI&E)	Ms. Jackalyne Pfannenstiel
DASN (I&F)	Mr. Roger Natsuhara
DASN (Energy)	Mr. Tom Hicks
DASN (Environment)	Mr. Donald Schregardus
OASN (EI&E)	Staff: Energy, Environment, Real Estate (Asset Mgmt), Acquisition Counsel: Energy, Environment, Real Estate (Asset Mgmt), Acquisition
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NAVFAC HQ	RADM Christopher J. Mossey, CEC, USN, Commander, NAVFAC
NAVFAC Atlantic	RDML Kevin R. Slates, CEC, USN, Commander, NAVFAC, Atlantic
NAVFAC SW	CAPT Keith Hamilton, CEC, USN, Commanding Officer, NAVFACSW Staff: Ops, Energy, Environment, Real Estate (Asset Mgmt), Acquisition Counsel: Energy, Environment, Real Estate (Asset Mgmt), Acquisition
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HQMC LF	MAJGEN Robert R. Ruark, Assistant Deputy Commandant, Installations and Logistics (Facilities)
MARFORPAC	LTGEN Duane D. Thiessen, Commander, U.S. Marine Corps Forces Pacific
MCI WEST	MAJGEN Anthony L. Jackson, Commanding General Marine Corps Installations West
MCLB Barstow	Colonel Daniel P. Ermer, Commanding Officer, Marine Corps Logistics Base Barstow Staff: Ops, Energy, Environment, Real Estate (Asset Mgmt), Acquisition Counsel: Energy, Environment, Real Estate (Asset Mgmt), Acquisition



# 2922a Recipe - List of Documents

## Primary TABs

- ASN (EI&E) submittal to DUSD (I&E) requesting authorization
  - TAB A: Project Summary
  - TAB B: Project Description Slides
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## Background TABs

- TAB C: Incoming Action Memo from Commander NAVFAC to SECNAV
- TAB D: HQMC (Budget Submitting Office) Concurrence Memo on PV Task Order
- TAB E: Economic Analysis Summary
- TAB F: Legislative & Regulatory Requirements (including NEPA)
- TAB G: Summary of Contribution to Energy Goals at MCLB Barstow
- TAB H: Proposed Contract/Task Order
- TAB I: Coordination List

Full set of Backup Documentation: NEPA, Land Use Authorities, Acquisition, etc.

- OTHER RELEVANT INFO (determined by “those who must not be named...”)

# Uncertainty – It's a Given (Probably)

- This 2922a process is still a work in progress
  - We're still finding issues to address... "tweaks"
  - *The future ain't what it used to be.*
- Gov't entities have different reqs/expectations
  - Don't presume...
  - *We made too many wrong mistakes.*
- Need folks to solve the issue, not admire it
  - Provide options/solutions, not just issues...
  - *There are some people who, if they don't already know, you can't tell them.*

# The End ?

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Questions?

## China Lake Solar Electricity Utility Services Contract Project Summary

### Description of Proposed Transaction

Naval Facilities Engineering Command proposes to execute a 20-year fixed-price contract with SunPower Corporation, Systems (SunPower) to purchase power from a 13.78 megawatt photovoltaic (PV) system to serve the electrical requirements of NAWS China Lake.

### Contract Details:

- The contract term is 20 years (from start of Commercial Operation Date)
- The total minimum contract value is approximately \$80 million; maximum is \$100M.
- Should the contract be terminated early, the Department of the Navy will be responsible to cover termination costs for unrecovered capital investment and potentially unrecovered allowable costs.

### Benefits and Risks – No operational impacts due to this project

#### Economic Benefit:

- Estimated cost savings of approximately \$13M (2010 dollars) over the 20-year contract

#### Energy Independence and Security:

- Reduces reliance of electricity generated from fossil fuel (natural gas)
- Provides up to 70% of the summer peak daytime electricity requirement
- Project is wholly located within NAWS China Lake installation

#### Risks:

- In the event the electrical load requirements fall below the minimum guaranteed amount, Navy must still pay the minimum guaranteed amount.
  - Risk is considered low due to projected growth in China Lake missions.
- NAWS China Lake must pay Southern California Edison (SCE) to have standby power available in the event the PV system cannot provide the power.
  - The cost for this standby power, plus the cost for the renewable power under this contract, is still less than the costs of all power as now being supplied by SCE.

### Notional Timeline

Finalize Task Order (T.O.) with contractor	29 April 2011
DoD Approval to sign T.O.	August 2011
SunPower arrange financing, sign T.O.	September 2011
Design of Photovoltaic system	Sep-Dec 2011
Start Construction of photovoltaic system	Dec 2011*
Power Delivery to NAWS China Lake	Summer 2012

\* Must start continuous construction by 31 Dec 2011 to be eligible for the federal cash grant available under American Recovery and Reinvestment Act (ARRA).

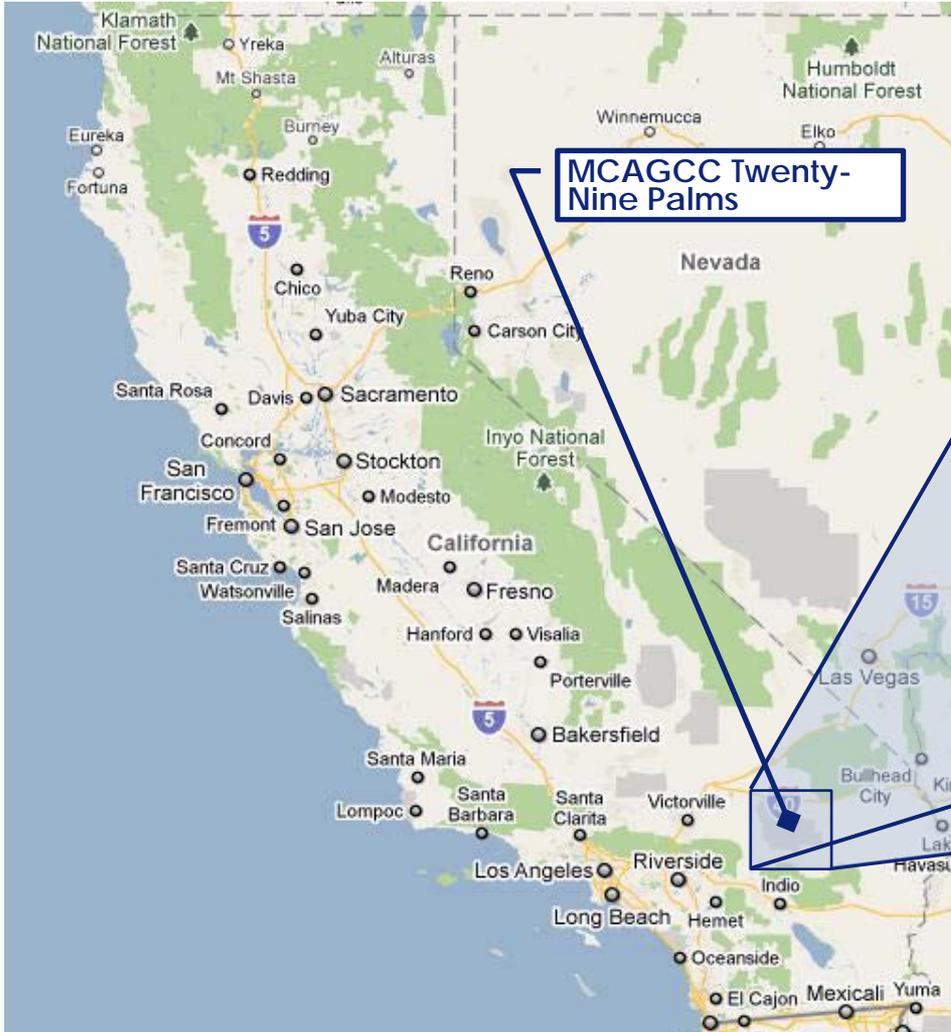
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CNIC	VADM Michael C. Vitale, USN, Commander Navy Installations Command Staff: Ops, Energy, Environment, Real Estate (Asset Mgmt), Acquisition Counsel: Energy, Environment, Real Estate (Asset Mgmt), Acquisition
Navy Region SW	RADM William D. French, USN, Commander, Navy Region Southwest Staff: Ops, Energy, Environment, Real Estate (Asset Mgmt), Acquisition Counsel: Energy, Environment, Real Estate (Asset Mgmt), Acquisition
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# Marine Corps Air Ground Combat Center (MCAGCC) 29 Palms

Major Tenant: Marine Air Ground Task Force Training Command (MAGTFTC)



MCAGCC Twenty-Nine Palms

## MCAGCC 29 Palms

(596,000 Acres)



Project Site (36 Acres)

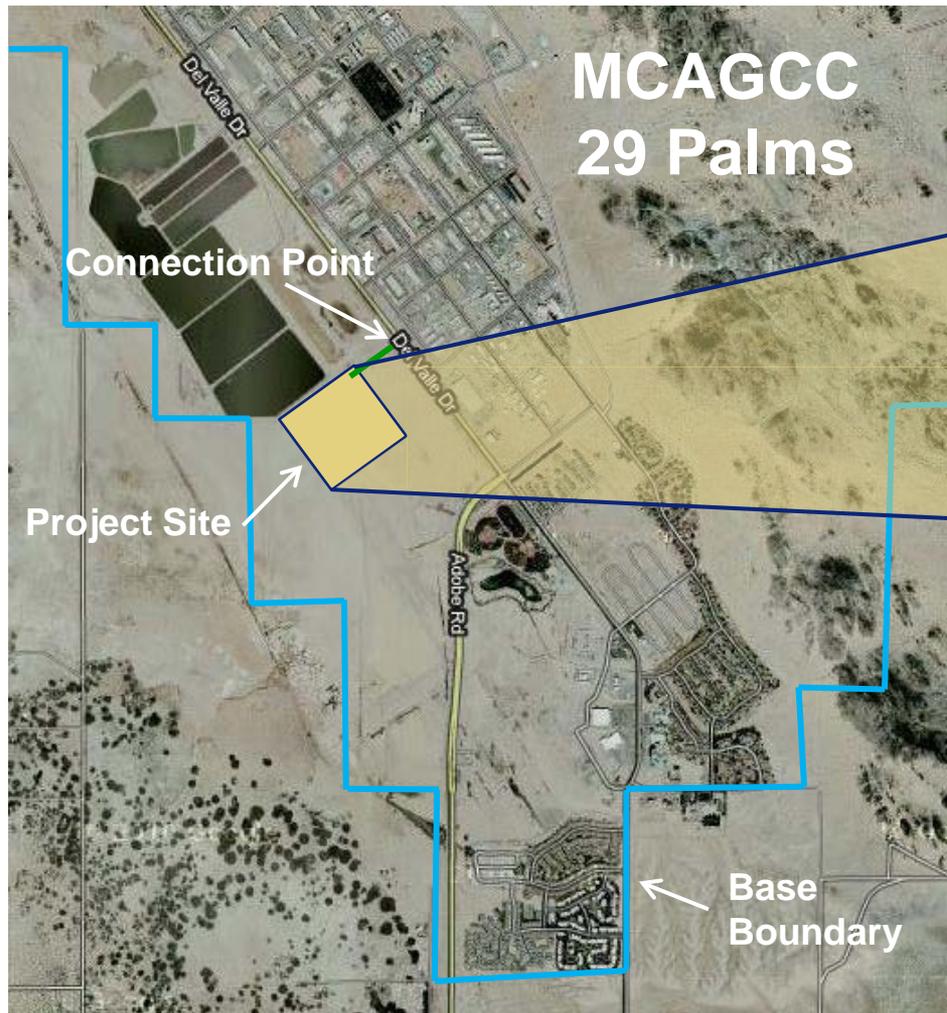
See Detail Next Slide

- Mission: Live-fire training for Marines and Sailors

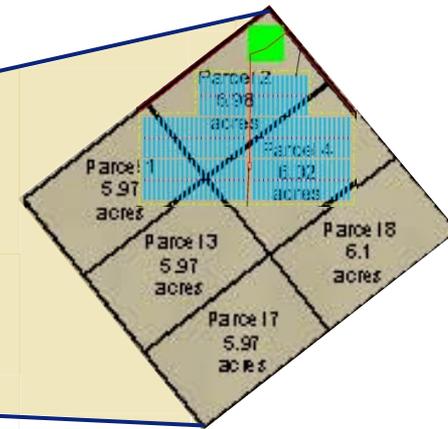
TAB B



# MCAGCC 29 Palms Solar Project



## 1.16 MW Solar Array



- Will produce ~ 2,600 MWh Annually
  - 2.5% of total annual electric load
  - 5% of summer daytime peak load
  - 10% of winter daytime peak load

TAB B



# MCAGCC 29 Palms Solar Project



- ~10 acres of 36 acre site – No operational impact
- System installed, owned, operated, maintained by contractor
- Photovoltaic (PV) Panels
  - Single-Axis Tracker System
    - Panels follow the sun
- Power from PV system will be cheaper than conventional (“brown”) power
  - Stabilized rate over 20 years
  - Estimated savings - \$2.9 million (2010 Dollars)

**TAB B**



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

SEP 27 2011

MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (ENERGY,  
INSTALLATIONS & ENVIRONMENT)

SUBJECT: Approval to Execute 20-Year Contract for Operation of an Energy Production Facility and to Purchase Its Electricity at Naval Air Weapons Station (NAWS) China Lake, California

This memorandum responds to your September 26, 2011, request for Secretary of Defense approval, pursuant to 10 U.S.C. § 2922a, of a proposed contract for the operation of an energy production facility. This facility will be situated on Federal real property and operated under the jurisdiction of the Secretary of the Navy. Under the agreement, the Navy will contract to purchase a minimum amount of electricity from the system, based on an annual quota, and will make no capital investment in the facility.

The privately-owned-and-operated production facility, located at NAWS China Lake, will consist of an array of photo-voltaic panels with a production capacity of approximately 13.78 megawatts. The Navy estimates that the facility will provide roughly 30 percent of the total annual electric load at NAWS China Lake at a price that is less than the current and projected cost of electricity from conventional sources. All of the power produced by the facility will be purchased and consumed by NAWS China Lake, saving the Navy approximately \$13,000,000 over the life of the contract. The contract also will assist the Navy and the Department of Defense in meeting their renewable energy goals.

Based on the material presented by the Navy and pursuant to the authority delegated to me relating to section 2922a, I approve the proposed contract.

A handwritten signature in black ink, appearing to read "Dorothy Robyn".

Dorothy Robyn  
Deputy Under Secretary of Defense  
(Installations and Environment)