

C6. CHAPTER 6

DEPARTMENT OF DEFENSE (DoD) ELECTRICITY PROGRAM

TABLE OF CONTENTS

| | <u>Page</u> |
|-----------------------------|-------------|
| C6.1. General | 2 |
| C6.2. Policy Implementation | 2 |
| C6.3. Responsibilities | 2 |
| C6.4. SUMOs | 5 |

C6.1. GENERAL

This chapter discusses policy implementation guidelines and management responsibilities that govern centralized electricity acquisition through competitive procurements. Electricity industry deregulation in the United States and nondiscriminatory access to the transmission grid create potential cost-saving opportunities for installations that participate in the centralized electricity acquisition program.

C6.2. POLICY IMPLEMENTATION

C6.2.1. Section 2304 of title 10, U.S.C. (Reference (fff)) requires DoD organizations to take advantage of competitive opportunities in the electricity market to reduce costs and enhance services.

C6.2.2. Agencies shall ensure effective and efficient utility commodity procurement by investing in cost-effective renewable energy sources, maximizing energy conservation efforts, reducing demand, and regionally aggregating bargaining power.

C6.2.3. DoD organizations are encouraged to partner with Defense Logistics Agency (DLA) Energy to procure electricity in States or regions where the electric industry has restructured and the electrical generation is deregulated. Partnering with non-DoD Federal agencies should also be pursued when it will advance these policies. DLA Energy will aggregate regional electricity demand including renewable energy to competitively procure electricity and ancillary and incidental services needed to meet identified demand. DLA Energy shall base award determinations on best value compared to the applicable utility tariff available under a utility services contract and the impact of terminating the existing electric services contract.

C6.2.4. DoD will take no action to bypass the local distribution company systems without prior approval of the Deputy Under Secretary of Defense for Installations and Environment.

C6.3. RESPONSIBILITIES

C6.3.1. DLA Energy. DLA Energy shall:

C6.3.1.1. Aggregate electricity demand reported by DoD installations and partnering Federal agencies.

C6.3.1.2. Perform or arrange economic analyses of supply options.

C6.3.1.3. Prepare solicitations and awards, and administer contracts to procure competitive electricity for delivery to designated points.

C6.3.1.4. Monitor the market for competitive electricity opportunities to reduce energy costs through a centralized acquisition process. DLA Energy shall work with suppliers, other industry participants, and utility companies to increase opportunities for competitive electricity procurement and delivery.

C6.3.1.5. Establish a customer feedback mechanism that addresses installation requirements and captures suggestions to improve the electricity program.

C6.3.1.6. Ensure DoD Components have a basic understanding of the electricity market and the DLA Energy electricity program.

C6.3.2. DoD Components. DoD Components shall:

C6.3.2.1. Plan, program, budget, and fund electricity requirements to support their installations.

C6.3.2.2. Consider using the DLA Energy competitive electricity program to aggregate and procure electrical requirements.

C6.3.2.3. Submit an authorization letter to DLA Energy requesting inclusion into the DLA Energy competitive electricity program if the DLA Energy competitive electricity program is deemed best value. The letter, signed by an authorized representative, shall:

C6.3.2.3.1. Confirm that the installation gives DLA Energy approval to solicit on behalf of, and receive usage data on, all specified accounts.

C6.3.2.3.2. Specify all meters and accounts by service address, account number, (include old and new if applicable), service voltage, and any additional unique meter information that may be indicative of the accounts.

C6.3.2.3.3. Provide a statement that authorizes the utility to transfer data to DLA Energy electronically.

C6.3.2.3.4. Provide invoice certification and payment office information.

C6.3.2.3.5. Provide the name, title, email address, and telephone and fax numbers of the installation point of contact.

C6.3.2.4. Maintain the installation and utility relationships that transmit and distribute electricity to the meter.

C6.3.2.4.1. Services utilities management offices (SUMOs) shall initiate or ensure the installation initiates a formal agreement with a utility company to transmit and distribute contract electricity upon DLA Energy contract award. The SUMO or installation shall provide

the appropriate tariff rates to DLA Energy. The utility company transmission and distribution agreement must be formalized and in place prior to the anticipated contract start date.

C6.3.2.4.2. Several methods will establish a distribution agreement with a utility company:

C6.3.2.4.2.1. Utilizing the General Services Administration (GSA) area-wide contract, which is the most frequently used method to provide electricity distribution service.

C6.3.2.4.2.2. When a GSA area-wide contract is not available, a separate negotiated contract with a utility company may be established in accordance with part 41 of the Federal Acquisition Regulation (Subpart 41.205) (Reference (xx)).

C6.3.2.5. Maintain a utility service contract when the utility company is determined to be the best value to the Government.

C6.3.2.6. Monitor State regulatory commission activities and advise DLA Energy of any regulatory action that may affect the DLA Energy electricity program.

C6.3.2.7. Continue to provide utility rate expertise and regulatory and rate intervention support for all DoD installations in the utility service territory in which the DoD Components are the dominant users.

C6.3.2.8. Validate installation electricity demand and provide appropriate assistance, including technical specifications, to DLA Energy.

C6.3.2.9. Jointly review DLA Energy economic analysis of supply options with the DLA Energy support team.

C6.3.2.10. When requested, participate in the development of technical criteria or participate during the technical and price review of proposals offered in response to solicitations.

C6.3.3. Non-DoD Federal Agencies. When a non-DoD Federal agency chooses to participate in a DoD managed procurement in accordance with this manual, that agency shall perform all the same responsibilities as a DoD Component would in accordance with paragraph C6.3.2.

C6.4. SUMOs

| <u>Organization/Address</u> | <u>Telephone Number</u> |
|--|--------------------------------------|
| <u>Defense Logistics Agency</u> | |
| Defense Logistics Agency Energy 8725 John J. Kingman Road, Suite 3827 Ft. Belvoir, VA 22060-6222 Website: www.desc.dla.mil | COM: (703) 767-8572 DSN: 427-8572 |
| <u>Army</u> | |
| U. S. Army Engineering and Support Center ATTN: CEHNC-IS-FS 4820 University Square Huntsville, AL 35816-1822 | COM: (256) 895-1275 DSN: 760-1275 |
| Headquarters U. S. Army Installation Management Agency ATTN: IMPW-E 2511 Jefferson Davis Highway Arlington, Virginia 22202 | COM: (703) 602-0142 |
| <u>Navy/ Marines</u> | |
| Naval Facilities Engineering Command ATTN: Code 13B Alexandria, VA 22332-2300 | COM: (757) 322-4698 DSN: 262-4698 |
| Facilities Engineering Command Southwest Division Code 163 1220 Pacific Highway San Diego, CA 92132-5190 | COM: (619) 532-3974 |
| Naval Facilities Engineering Command Southern Division P.O. Box 190010 2155 Eagle Drive Charleston, SC 29411-0068 | COM: (803) 820-5908 |
| Naval Facilities Engineering Command Atlantic Division Code 164 Norfolk Naval Base Norfolk, VA 34511-6287 | COM: (757) 322-4698 DSN: 262-4698 |
| <u>Air Force</u> | |
| HQ Air Force Civil Engineering Support Agency, CESE ATTN: HQ AFCESA/CEN 139 Barnes Drive, Suite 1 Tyndall AFB, FL 32403-5319 | COM: (850) 283-6217 DSN: 523-6217 |