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DoD 3rd Party Financing Authorities

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DoD 3rd Party Financing Authorities

- Power Purchase Agreements (PPAs)
 - 10 years – FAR Part 41
 - Up to 30 years – 10 U.S.C. § 2922a
- Enhanced Use Lease (EUL)
 - 5 years or longer with approval – 10 U.S.C. § 2667
- Energy Savings Performance Contracts (ESPCs)
 - Up to 25 years - 42 U.S.C. 8256 / 10 U.S.C. § 2913
- Utility Energy Service Contracts (UESCs)
 - 10 years - 10 U.S.C. § 2913 provides for obtaining the savings and benefits of a UESC, but does not contain any authority to contract beyond the 10-year limit provided generally for utility contracts under 40 U.S.C. § 501(b)(1)(B)

10 U.S.C. § 2922a

- Secretary of a Military Department may enter into contract for up to 30 years with Secretary of Defense approval of proposed contract... Note: authority has been re-delegated to DUSD(I&E) (July 11, 2011)
 - For the provision and operation of energy production facilities
 - On real property under the Secretary's jurisdiction or on private property
 - And the purchase of energy produced from such facilities
 - The costs of contracts under this section for any year may be paid from annual appropriations for that year.
- Section 2922a refers to 10 U.S.C. 2917 – Development of geothermal energy on military lands – OSD has recently approved 2922a projects that are landfill gas and solar

10 U.S.C. § 2922a Examples

- Marine Corps Air Station (MCAS) Miramar – On February 15, 2011 the Navy received USD (AT&L) approval for a 15-year contract for Landfill Gas at MCAS Miramar, California. The project will consist of a plant that will have a capacity of 3 MW and produce 24,000 MWh (about half the annual consumption of Miramar) at prices comparable to conventional power.
- Naval Air Weapons Station (NAWS) China Lake – On September 27, 2011 the Navy received DUSD(I&E) approval for a 20-year contract for a PV project under this authority. With 13.78 MW of capacity and an estimated annual output of 29,000 MWh, this solar project will provide roughly 30 percent of the total annual electric load at NAWS China Lake. It will do so at a price that is less than current and projected costs of electricity from conventional sources.

10 U.S.C. § 2662

- If an EUL is related to energy production, then a certification by the Secretary of Defense is required for that project.
- The authority for certifications has been delegated to the DUSD (I&E) as the senior real property officer for DoD. Certification is required prior to issuing a contract solicitation or other lease offering.
- DoD certification must certify that the energy production is consistent with the goals and plans found in 10 U.S.C § 2911. (Energy performance goals and master plans)