



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON DC

MEMORANDUM FOR ALMAJCOM/A7

23 OCT 2012

FROM: HAF/A7C
1260 Air Force Pentagon
Washington, DC 20330-1260

SUBJECT: Policy on Energy Savings Performance and Utility Energy Service Contracts
(ESPC/UESC) (A7C Memo, dated 4 Oct 10)

The AF continues to endorse the use of third-party financed efforts such as ESPCs and UESCs to help meet AF energy goals and comply with White House/DoD directives. Installations are beginning to identify more project opportunities and Energy Service Companies (ESCOs) and Utility Providers continue to show interest in partnering with the AF. Efforts by the Air Force Civil Engineer Center (AFCEC) to reinvigorate these programs, in partnership with several MAJCOMs, are showing success.

In Aug '12, Tinker AFB (the largest AF facility energy consumer) awarded the first ESPC since 2009. This \$91M heat plant decentralization project will save 493,000 MBTUs a year, enough energy to power 12,424 homes, impacting 70 buildings and reducing Tinker's energy intensity by 30 percent. The AF will use the \$6.4M in annual utility savings to pay for the financed infrastructure improvements and maintenance over the next 20 years.

I ask you to help your installations and the AFCEC continue to identify candidate projects. Your installations are encouraged to work with ESCOs and Utility Provider(s) to help identify and develop potential ESPC/UESC projects, as long as there are no real or implied government commitments to a specific contractor or utility, prior to AFCEC involvement/approval. You will soon see a revision to ETL 11-24, Energy Savings Performance Contracts, to clarify any confusion on ESCO engagements. We are hosting a RIE to improve our ESPC/USPC processes and will provide results in the near future.

ESPCs and UESCs are often the right tool to help achieve energy goals—particularly when a sound business case exists. We have shifted from a sharp focus on heat plants to a wider aperture which encompasses central plants, process energy and data centers, and we are also open to any viable ESPC/UESC that makes good business sense. Contact the AFCEC Energy Director, AFCEC/CN, Mr Rick Stacey at DSN 523-6341 for additional information.

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The Civil Engineer
DCS/Logistics, Installations & Mission Support

cc: SAF/IEA
HQ AFCEC/CL/DD
AF/A7CE

Energy Savings Performance Contract (ESPC) Engagement Guidance

Preamble: This guidance applies to all ESPC acquisition activities prior to the release of the ESPC Notice of Opportunity (NoO). The guidance is not intended to limit Energy Service Company (ESCO) opportunities to introduce and market their firm's capabilities to Air Force Installations, Major Commands (MAJCOM) and the Air Force Civil Engineer Center (AFCEC) or to limit sharing energy conservation ideas of a conceptual nature among AF bases. The guidance does, however, caution ESCOs from engaging in any Pre-NoO activities that could affect fair and open competition between ESCOs. AFCEC will provide overall project management and contracting support for most subsequent ESPC projects.

Installation/MAJCOM/AFCEC Guidance

- AF installations, MAJCOMs and AFCEC are encouraged to entertain marketing visits requested by ESCOs. Scheduling and timing of any such visit will be at the discretion of the designated energy program personnel at that location.
- While ESCOs are encouraged to market their firm's ESPC capabilities to government designated energy program personnel and introduce and/or share conceptual energy conservation ideas, government personnel are reminded to not begin any real or perceived acquisition activities prior to release of a NoO.
- ESCOs remain free to propose energy conservation ideas in the form of a non-proprietary document prior to the release of an ESPC NoO. AFCEC may post on an AF-internal website all non-proprietary ESCO provided conservation measures in order to facilitate the exchange of ideas among Air Force personnel.
- Once the government makes a decision to pursue the potential acquisition of an ESPC, all ESCO engagement will be at the direction of the designated government contracting officer.
- Installations must keep their MAJCOM and the AFCEC informed as ESPC projects develop.

ESCO Guidance

- ESCOs are encouraged to market their firm's ESPC capabilities to government designated energy program personnel and share conceptual energy conservation ideas.
- Any marketing literature or conceptual ideas proposed in presentations or papers freely provided by the ESCO to government personnel will be handled by the government as non-proprietary and may be shared with other AF installations, MAJCOMs and AFCEC personnel. Proprietary info, if provided by an ESCO and annotated as "proprietary" will be protected by the AF Energy Team.
- The scheduling and timing of any marketing visit will be at the discretion of the designated energy program personnel at that location.
- Once the government has decided to pursue potential acquisition (NoO) of an ESPC, the ESCO may not request information regarding the scope, cost or timing of that particular initiative from any government personnel except through the government's designated contracting officer.

Acronyms/Abbreviations

AFCEC – Air Force Civil Engineer Center

CN – Energy Directorate under the AFCEC

CND – Energy Program Development Division under the AFCEC Energy Directorate

CO – Contracting Officer

DOE – Department of Energy

EMSG – Energy Management Steering Group; a cross functional team at all bases and MAJCOM comprised of unit commanders and wing leadership that meets at least semi-annually to address energy issues/performance within their respective areas of responsibility

ESCO – Energy Service Company; 16 ESCOs are fully qualified under the DOE FEMP ESPC IDIQ

ESPC – Energy Savings Performance Contract; authorized under 42 USC 8287 and FAR 23.205

FEMP – Federal Energy Management Program under DOE; owns the ESPC IDIQ that the AF uses

IDIQ – Indefinite Delivery/Indefinite Quantity; type of contracting vehicle with a contract dollar value ceiling and separate task orders awarded under that ceiling and contract umbrella

MAJCOM – Major Command; bases are organized, trained and equipped under their respective 13 MAJCOMs (mostly organized by function or in some cases geographically (Europe and Pacific))

NoO – Notice of Opportunity; “formal” notice to ESCOS as part of DOE FEMP ESPC IDIQ process

OPR – Office of Primary Responsibility; eg, the base energy manager is typically the focal point for facility energy and ESPCs on an installation

PA – Preliminary Assessment; after ESCOs look at specific areas on the installation (base), they can choose to submit ideas/potential solutions (non-proprietary) to meet the NoO requirements

SAF/IEN – Deputy Assistant Secretary of the Air Force for Energy; responsible for policy and oversight of the AF energy program

