

The Color of Money

What is Used in Performance Contracting

- Margaret Simmons
- Counsel
- U.S. Army Engineering & Support Center, Huntsville
- U.S. Army Corps of Engineers
- The views in this presentation are those of the author and not those of USACE or the Army

Types of Available Funding (Army)

- Appropriations most used on ESPC/UESC program:
 - Operation and Maintenance (O&M)
 - Other Procurement (OPA)
- Appropriation NOT used within Army on ESPC/UESC:
 - MILCON (& MILCON for ERCIP-energy resilience conservation investment program)
- Other potential appropriation could be RDT&E (depending on the customer funding)

Types of Projects- Resiliency

- DOD has renewed focus to execute ESPC/UESC projects that contribute to “resiliency”
- Army Directive 2017-07 (Installation Energy and Water Security Policy) issued 23 Feb 2017 states Purpose: To establish requirements for Army energy and water security to enhance the resilience of Army installations
- The Army wants: 1) redundant and diverse sources of supply, including renewable energy and alternative water;

Types of Projects - Resiliency

- 2) reliable infrastructure condition; and 3) effective systems operations.
- To implement: Landholding commands will prioritize projects in existing programs, including efficient use of third-party resources, operations and maintenance accounts, and military construction, as appropriate.
- The Challenge: Adequate funding to implement projects OR using ESPC/UESC when these can be included in a project that cash flows.

Resilience

- Resilience is defined in the Army Directive as: The ability to anticipate, prepare for, and adapt to changing conditions and withstand, respond to, and recover rapidly from disruptions.
- So with that definition, projects need to include or identify how the proposed Energy Conservation Measures (ECMs) will contribute to resilience.
- Resilience alone is not a project or an ECM.

Funding that cannot be used

- Army Policy Guidance for Implementation of ESPC (July 2015) prohibits using ESPC in conjunction with a MILCON project – and also applies to ERCIP projects since they are MILCON funded. OMA funds such as SRM may be used in conjunction with ESPCs.
- ERCIP is a special MILCON fund. DOD has put a focus on using the ERCIP funding to implement projects that provide resilience.

Conclusion

- EISA 2007 indicated that the Federal government could use a combination of appropriated funds and private financing for third party projects. However, within DOD MILCON cannot be used.
- Other funding could be considered depending on the project – as discussed above.
- Incorporating/addressing energy security and resiliency will be critical items for future actions.

Questions?

- Contact information:
- Margaret Simmons, 256-895-1101
- margaret.p.simmons@usace.army.mil

- Thanks for your time and interactions!