

ACORE Member Comments

Army Draft RFP: LARGE SCALE RENEWABLE ENERGY PRODUCTION FOR FEDERAL INSTALLATIONS

The U.S. Army's objective to procure reliable locally generated renewable and alternative energy (RAE) utilizing Power Purchase Agreements (PPA) or other contractual equivalents presents a significant opportunity to leverage private sector capital and ingenuity in support of the military's mission. The renewable energy sector understands that it is the intent of the government to only purchase the energy that is produced and not to acquire any generation assets. A number of ACORE members have provided comments directly. The purpose of this summary is to highlight key points or issues identified by ACORE members who have commented and to help inform Army personnel and others involved in the process.

Summary key points:

- While the intent of the RFP is to leverage private capital, the contracting amount of \$7 billion dollars as identified in the document should be fully described.
- While the intent of the RFP is to encourage innovation and lower costs, the structure of proposed task orders could be too rigid and potentially decrease the total net impact of the solicitation as it applies to the goals. On one hand, to allow for a very open task order submission could encourage innovative proposals that include integrated technology, innovative financial products, and the featuring of new technology could provide for a best value submission. On the other hand, task orders that are specific and rigid in their issuance could limit innovation.
- The request for a guaranteed maximum PPA price per technology with no or limited production assumptions could create a race to the bottom that unfairly scores developers who may not intend or are unable to build their projects.
- The military may want to encourage greater focus by the private sector on "solutions" (versus technology) in response to base opportunities. Such an approach would allow solutions to be tailored to the resources and circumstances of each base.
- The military would likely find value by tapping into market attributes or products that provide guaranteed savings or allow for hedging.
- Long-term savings should be an important objective. In areas where electricity rates are low and that have few state programs or incentives, PPA models can still compete in which the taxpayer saves as much as 20% over 25+ years, even when the renewable energy power may cost more than the current rate for the first 4 to 6 years.
- In contracting, there are a number of key issues that could arise which may limit RFP effectiveness. This includes the termination of projects for convenience, in which a termination value schedule is established that is then scored poorly by OMB.

- In addition to the basic power costs, contract pricing should capture the value of important savings and achievement of key objectives, such as the value for grid independence and reliability, hedge against future energy pricing uncertainty, and environmental benefits and greenhouse gas reduction.
- The manner in which the military operates with regard to efficiency and logistics may be instructive to the process of contracting and procurement: depict the process graphically, diagram its elements, carefully review and then eliminate extraneous elements. Consideration should be given to adjusting the process in line with the long-term nature of renewable energy projects.

ABOUT ACORE

ACORE, a 501(c)(3) non-profit membership organization, is dedicated to building a secure and prosperous America with clean, renewable energy. ACORE seeks to advance renewable energy through finance, policy, technology, and market development and is concentrating its member focus in 2013 on National Defense & Security, Power Generation & Infrastructure, and Transportation. Additional information is available at www.acore.org.