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DEFENSE ENERGY SUPPORT CENTER
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FORT BELVOIR, VIRGINIA 22060-6222**

JUL 28 2004

IN REPLY
REFER TO

DESC-DCB

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Proposed Revision to DoD 4140.25-M, DoD Management of Bulk Petroleum Products Natural Gas, and Coal (Incorporation of Part 3, Chapter 6, Electricity)

Attached is a draft of chapter 6 to Part 3 of subject publication for your review and coordination. This chapter addresses the guidelines and management responsibilities relative to the centralized acquisition of electricity through competitive procurements. The draft is also available at the following website: <http://www.desc.dla.mil/DCM/DCMPage.asp?LinkID=DESC> Publications. Components recommending changes to this guidance, must utilize DLA Form 978, <http://www.dla.mil/dss/forms/fillable/d10978.pdf>, Comments on Publication, (March 1976).

In addition to the above, it is recommended that the publication name be changed to "DoD Management of Energy Commodities and Related Services." This change reflects the various commodities in which the Defense Logistics Agency and the Defense Energy Support Center (DESC) is responsible, as assigned by DoD Directive 4140.25, DoD Management Policy for Energy Commodities and Related Services dated April 12, 2004.

Comments/concurrences must be submitted to this office by COB August 27, 2004. Upon approval of chapter 6 and the change in the publication's title, the approved guidance and new title will be reflected in DoD 4140.25-M via the electronic publication system.

Point of contact is Ms. Bathsheba Pearson, DESC-DCB, commercial telephone number: (703) 767-8588; DSN 427-8588; e-mail address: Bathsheba.Pearson@dla.mil.

RICHARD J. CONNELLY
Director

Attachment

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P3.C6. PART 3, CHAPTER 6

DEPARTMENT OF DEFENSE (DOD) ELECTRICITY PROGRAM

P3.C6.1. GENERAL. This chapter discusses policy guidelines and management responsibilities relative to the centralized acquisition of electricity through competitive procurements. Deregulation of the electricity industry in the United States and the nondiscriminatory access to the transmission grid have created potential cost savings opportunities for the installations participating in the centralized electricity acquisition program.

P3.C6.2. POLICY

P3.C6.2.1. Executive Order 13123, "Greening the Government through Efficient Energy Management," (June 3, 1999) requires Agencies to take advantage of competitive opportunities in the electricity market to reduce costs and enhance services.

P3.C6.2.2. DoD's policy is to ensure that utility commodities are procured effectively and efficiently, to invest in cost-effective renewable energy sources, and regionally aggregate bargaining power.

P3.C6.2.3. The DoD and Federal Agencies are encouraged to partner with the Defense Energy Support Center (DESC) for the procurement of their electricity. DESC will aggregate regional electricity demand (including renewable energy) to competitively procure electricity, ancillary and incidental services needed to meet identified demand. Award determinations shall be based on best value compared to the applicable utility tariff available under a Utility Services Contract.

P3.C6.2.4. No actions will be taken to bypass Utility Distribution Company (UDC) systems without prior approval of the Deputy Under Secretary of Defense (Installations & Environment) (DUSD (I&E)).

P3.C6.3. RESPONSIBILITIES

P3.C6.3.1. The Defense Energy Support Center (DESC), shall:

P3.C6.3.1.1. Aggregate electricity demand reported by DoD installations and Federal Agencies.

P3.C6.3.1.2. Perform or arrange for the economic analyses of supply options.

P3.C6.3.1.3. Prepare solicitations, awards, and administer contracts for the acquisition of competitive electricity for delivery to designated points.

P3.C6.3.1.4. Monitor the market for competitive opportunities for electricity, and opportunities for reducing energy costs through the centralized acquisition process. DESC shall work with suppliers, other industry participants, and utility companies to increase opportunities for acquisition and delivery of competitive electricity.

P3.C6.3.1.5. Ensure the Military Services have a basic understanding of the electricity market and of DESC's electricity program.

P3.C6.3.2. The DoD Components and Federal Agencies shall:

P3.C6.3.2.1. Plan, program, budget, and fund their respective electricity requirements in support of installations under DESC's competitive electricity program.

P3.C6.3.2.2. Submit an authorization letter to DESC requesting inclusion in the DESC competitive electricity program. The letter, signed by an authorized representative, should include the following information:

P3.C6.3.2.2.1. State that the installation gives DESC approval to solicit on behalf of, and receive usage data on, all accounts specified.

P3.C6.3.2.2.2. Specify all meters/accounts by service address, account number (old and new if applicable), service voltage, and any additional unique meter information that may be indicative of the accounts to be solicited.

P3.C6.3.2.2.3. A statement authorizing the utility to transfer data to DESC electronically.

P3.C6.3.2.2.4. Invoice certification and payment office information.

P3.C6.3.2.2.5. The name, title, email address, telephone and fax numbers of the installation point of contact.

P3.C6.3.2.3. Maintain the installation and utility relationship for transmission and distribution of electricity to the meter.

P3.C6.3.2.3.1. Service Utility Management Offices (SUMOs) shall initiate or ensure that the installation initiates a formal agreement with the utility company for transmission and distribution of the contract electricity when a DESC contract is awarded. The SUMO or the installation shall provide the appropriate tariff rates to DESC. The utility company's transmission and distribution agreement must be formalized and in place prior to the anticipated contract start date.

P3.C6.3.2.3.2 Distribution agreements with a utility company are generally accomplished by one of the following methods:

P3.C6.3.2.3.2.1. The most frequently used method is the utilization of the GSA area-wide contract (if available) to provide for the necessary electricity distribution service.

P3.C6.3.2.3.2.2. When a GSA area-wide contract is not available, a separate negotiated contract with the utility company can be accomplished in accordance with the Utility Services section of the FAR, Part 41.

P3.C6.3.2.4. Maintain a utility service contract when the utility company is determined to be the best value to the Government.

P3.C6.3.2.5. Monitor state regulatory commissions' activities and advise DESC of any regulatory action that may affect DESC's electricity program.

P3.C6.3.2.6. Continue to provide utility rate expertise and regulatory/rate intervention support for all Military Services' installations in the utility service territory in which the Military Services are the dominant users.

P3.C6.3.2.7. Validate installations' electricity demand, and provide appropriate assistance (including technical specifications) to DESC.

P3.C6.3.2.8. Review (jointly with DESC) DESC's economic analysis of supply options.

P3.C6.3.2.9. When requested, participate in the development of technical criteria and/or participate during the technical review of proposals offered in response to solicitations.

P3.C6.4. SERVICES' UTILITIES MANAGEMENT OFFICES (SUMOs) are as follows:

<u>Organization/Address</u>	<u>Telephone Number</u>
<u>Defense Logistics Agency</u>	
Defense Energy Support Center 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 & Housing Support Center ATTN: CECPW-C Fort Belvoir, VA 22060-5516	COM: (703) 355-7361/7363 DSN: 345-7361/7363
<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
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Air Force

HQ Air Force Civil Engineering
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ATTN: HQ AFCESA/ENE
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