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OPERATIONAL ENERGY
PLANS AND PROGRAMS

INFO MEMO

JAN 31 2013

MEMORANDUM FOR SECRETARY OF DEFENSE

DepSec Action _____

~~THRU~~: UNDER SECRETARY OF DEFENSE (AT&L)

FEB 07 2013

FROM: Sharon E. Burke (ASD, Operational Energy Plans & Programs) *SB*

SUBJECT: Fiscal Year 2014 Operational Energy Preliminary Budget Certification

10 USC 138c requires me to review DoD's proposed annual budget and report to you by January 31st whether the budget is adequate for meeting the goals of the *Operational Energy Strategy*, which DoD released in June 2011. The goal of the strategy is to improve the energy security of military operations by reducing the demand for energy, increasing and securing supplies, and building energy security into the future force.

Energy is a shaping force for DoD. Military operations, capabilities, and facilities depend on a significant and steady supply of energy, a requirement that can be and has been exploited by our adversaries as a vulnerability. Investments made to address this vulnerability help ensure that our forces have the energy options they need to execute missions today and in the future.

Given my preliminary assessment, I certify that each DoD Component's proposed FY14 budget is adequate at this time. My findings are based on the Program Objective Memorandum (POM) submissions and adjustments noted in the Resource Management Decisions, as well as the recommendations of a Certification Advisory Working Group, with representatives from my office, Comptroller, Cost Assessment & Program Evaluation, the Joint Staff, and the Services. If the Components' final budget submissions are consistent with the current POM, I anticipate that I will certify the budgets as adequate and will provide a detailed final report in the spring. I recognize, however, that there may be significant revisions, based on congressional FY13 budget actions, which could substantially impact the level of operational energy investment. If this is the case, then I will reevaluate the FY14 budget and provide a detailed report in the late spring or early summer.

The preliminary assessment showed that DoD budgeted approximately \$3.0B in FY14 and \$13.8B across the FYDP for operational energy initiatives. During the October 2012 DMAG on Energy, DSD Carter requested that we group the initiatives into three investment categories to better clarify "why" an investment in energy was made. These categories are developmental, deliberate, and incidental.

It is particularly important to track resourcing for "developmental" and "deliberate" initiatives, given that these investments are an indicator of how well the military departments are integrating operational energy considerations into the current and future force. Separately, we also track "incidental" initiatives that have operational energy benefits, but are primarily justified for other reasons, including equipment replacement, refurbishment, and upgrade.

The definitions of these investment categories are shown below:

Developmental	20% of total funding	\$2.8B across FYDP	Investments intended to support achievement of a technological edge. Developmental investments are primarily Science and Technology (S&T) efforts.
Deliberate	15% of total funding	\$2.1B across FYDP	Investments made for <u>capability improvements through operational energy</u> . Deliberate investments are done for an operational and/or economical reason and include new systems, new system components, and operational energy program offices.
Incidental	65% of total funding	\$8.9B across FYDP	Investments made for <u>other than operational energy purposes</u> but provide an ancillary operational energy benefit. Incidental investments include the replacement, refurbishment, and upgrade of worn out, outdated, or otherwise non-mission capable equipment which have an operational energy benefit due to improved technology through new systems or system components.

“Developmental” initiatives accounts for 20 percent of the funding (\$2.8B) across the FYDP. These initiatives include S&T efforts such as Combat Vehicle and Automotive Technologies, Naval Variable Cycle Engine Technology, and Adaptive Engine Technology Development Technology Maturation. “Deliberate” initiatives account for 15 percent of the funding (\$2.1B) across the FYDP. These initiatives include Hybrid Electric Drive Development and Implementation, Aviation Energy Conservation RDTE-focused on F-35 efficiencies, expeditionary solar and solar-hybrid programs, KC-135 CFM Product Upgrade Program (C-PUP), and KC-10 drag reduction.

The remaining 65 percent of the funding (\$8.9B) across the FYDP is focused “Incidental” initiatives which are made for other than operational energy purposes but which provide an ancillary operational energy benefit, such as improved overall energy performance. These initiatives include improvements to legacy fleet major end items such as M-1 Abrams Main Battle Tank, M-2 Bradley Infantry Fighting Vehicle, AH-64 Apache Helicopter, UH-60 Blackhawk Helicopter, and C-5M Galaxy Aircraft.

Under the current proposal, the FY14 budget will help DoD field more operational effective forces for future missions.

COORDINATION: TAB A