OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-3500

SUSTAINMENT

April 2, 2020

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY FOR ENERGY, INSTALLATIONS, AND ENVIRONMENT
ASSISTANT SECRETARY OF THE NAVY FOR ENERGY, INSTALLATIONS, AND ENVIRONMENT
ASSISTANT SECRETARY OF THE AIR FORCE FOR ENERGY, INSTALLATIONS, AND ENVIRONMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Oversight of Third-Party Financed Energy Projects

As described in the National Defense Strategy, the velocity and variety of global threats continues to evolve, and we must mitigate risks to our critical infrastructure. The Department leverages third-party financed investments in support of energy security, energy resilience, and mission assurance to maintain secure access to energy resources, which are critical to mission execution.

Ensuring third-party financed energy investments at DoD installations are performing as guaranteed or planned demonstrates good stewardship and makes certain the Department receives the value for which it bargained. Recent GAO and DoD IG reports highlighted the need for increased post-award oversight to include measurement and verification and performance assurance to ensure the Department is maximizing the value required by its agreements. As such, the attached document provides guidance for the "Oversight of Third-Party Financed Energy Projects" to include Energy Savings Performance Contracts, Utility Energy Services Contracts, Real Property Outgrants, Power Purchase Agreements, and Utilities Privatization Service Contracts.

My office, in collaboration with the DoD Components, will routinely review and update this guidance based on implementation of the requirements and feedback. DoD Components are encouraged to share this with energy stakeholders and professionals to the fullest extent possible.

Please direct all questions regarding this document to Mr. Walter Ludwig, who can be reached at (571) 372-6859 or walter.s.ludwig.civ@mail.mil. Thank you for your continued support.

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Lisa A. Jung
Deputy Assistant Secretary of Defense
(Energy)

Attachment:
As stated