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DEPUTY SECRETARY OF DEFENSE  
1010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1010

APR 29 2008

The Honorable Tom Davis  
Ranking Member  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Davis:

Thank you for your letter of January 30, 2008, inquiring how the Department will comply with section 526 of the Energy Independence and Security Act of 2007.

The Department of Defense will develop an implementation plan to identify which alternative and synthetic fuels are covered, what standards will be used to measure whether the fuels meet the requirements of section 526, which contracts are affected, and what contractual provisions will be required. Our goal is to develop this implementation plan by the end of 2008.

We are working with the Environmental Protection Agency and other federal agencies to develop these standards. The report by the National Academy of Sciences comparing greenhouse gas emissions, recently commissioned by Congress, should greatly assist in this effort.

With respect to your specific questions, we will be able to address them when the implementation plan is completed. In addition, based on our current understanding of section 526, the Department has two potentially applicable projects. The Air Force has current requirements for synthetic fuel in order to finish the test and certification program for its fleet by 2011. The fuel is exempt from the contract provisions of section 526 because it is being used specifically for research and testing. The Air Force has expressed interest in a long term contract for synthetic fuel to meet their operating requirements starting in 2012 and has requested the contract provide that domestically produced synthetic fuel meet the lifecycle greenhouse gas emission requirements as established in section 526.

In a separate endeavor, the Air Force recently released a request for proposal for a private developer to finance, build, own, and operate a coal-to-liquids plant on Malmstrom Air Force Base, Montana, through the Enhanced Use Lease authority in 10 U.S.C. § 2667. There will be no contractual commitment that would bind the Defense Energy Supply Center (DESC) or the Air Force to purchase fuel from the plant. Detailed



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information on the proposal can be found at  
<https://www.enstg.com/Signup/Malmstrom.html>.

It is important to recognize that the Department has been a good steward of energy resources and is committed to increasing energy efficiency, consistent with our national security mission. We note that a restrictive interpretation of section 526 could limit the Department's flexibility in buying fuel for emergency purchases, overseas purchases, and charge card purchases at commercial gas stations and airports. Because such an interpretation could affect national security, we need sufficient time to understand fully how section 526 will affect the Department and to implement section 526 in a way that is both consistent with the statute and ensures operational readiness.

A handwritten signature in black ink, appearing to read "Andrew England". The signature is written in a cursive style with a long, sweeping tail that extends to the right.



DEPUTY SECRETARY OF DEFENSE  
1010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1010

APR 29 2008

The Honorable Henry A. Waxman  
Chairman  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

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