



SECRETARY OF THE ARMY
WASHINGTON

01 AUG 2014

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Directive 2014-22 (Establishment of the Office of Energy Initiatives)

1. References:

- a. Memorandum, Secretary of the Army, 29 Aug 2011, subject: Directive for Energy Initiatives Office – Task Force.
- b. Memorandum, Secretary of the Army, 19 Apr 2013, subject: 1-Year Extension of the Energy Initiatives Task Force.
- c. Memorandum, SAFM-CE, 18 May 2011, subject: Review of Cost Benefit Analysis (CBA) for Energy Initiatives Office (CBARB #493).

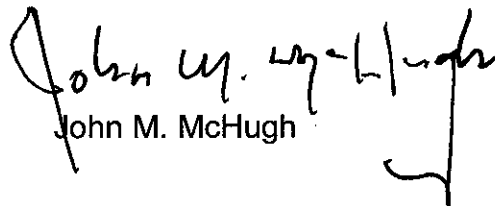
2. The Army is making significant progress toward advancing the energy security of our installations to meet mission requirements and comply with congressional and Presidential mandates to increase the use of renewable energy. We specifically recognized the critical role renewable energy plays in long-term predictability and sustainability. To galvanize our efforts, I directed the formation of the Energy Initiatives Task Force (EITF) in 2011. As a result of its significant progress over the first year of operation, I extended the EITF through fiscal year 2014.

3. Over the past three years, the EITF has guided more than 175 megawatts of privately financed renewable energy projects through procurement at multiple installations. Every project is expected to realize future cost avoidances and enhance the energy security of the installation. In addition, the EITF has developed a healthy pipeline of large-scale renewable energy projects with over 500 megawatts of additional opportunities under assessment, including more than a dozen Army National Guard and U.S. Army Reserve sites. The EITF has proven to be a sound investment with substantial returns for the Army, attracting private capital to develop cost-effective, large-scale renewable and alternative energy projects.

4. Effective 1 October 2014, I am establishing the Office of Energy Initiatives (OEI) as an enduring organization within the Office of the Assistant Secretary of the Army (Installations, Energy and Environment) (ASA (IE&E)). The OEI will serve as the Army's central management office for the development, implementation and oversight of all privately financed, large-scale (greater than or equal to 10 megawatts) renewable and alternative energy projects.

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5. The OEI will leverage and expand on the momentum and early successes the EITF garnered to position the Army to meet the congressionally directed goal that 25 percent of our energy comes from renewable sources by 2025, as well as the President's goal that the Army deploy one gigawatt of renewable energy by 2025.
6. The business case analysis for the OEI, as validated by the Office of the Assistant Secretary of the Army (Financial Management and Comptroller), recognized annual resource requirements for nine civilian personnel and \$28.4 million in funding. Given the fiscal constraints and resulting program reductions confronting the Army, the ASA (IE&E) reprioritized functions and reduced the scope of the projects in the business case analysis. Adjusted requirements are five civilians and \$21 million in funding. The ASA (IE&E) will resource the five civilian authorizations internally. The Installations Program Evaluation Group will rebalance the energy investments to fund the \$21 million for the OEI, but a funding bridge of \$13 million is required for fiscal year 2015. Funding for this shortfall is a priority and will be reprogrammed in the year of execution from within the energy investments. This funding and manning strategy is a prudent use of resources and negates the requirement for a concept plan to establish the OEI.
7. The President recently submitted his fiscal year 2015 budget to Congress. In it, he specifically mentioned American energy and, in particular, renewable energy. We know we will face many budgetary challenges in the coming years, but we will be in a better position to predict and manage our utility costs and meet our mandates with a continued focus on long-term renewable energy initiatives. Our investment now ensures future energy security to achieve our missions.
8. The Office of the ASA (IE&E) is the proponent for this guidance and will incorporate the provisions of this directive into the appropriate administrative publications as soon as possible.


John M. McHugh

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