



OFFICE OF THE UNDER SECRETARY OF DEFENSE
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JAN 24 2008

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS
AND ENVIRONMENT)
ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS
AND ENVIRONMENT)
ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS,
ENVIRONMENT AND LOGISTICS)
ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Energy Savings Performance Contracts and Utility Energy Service Contracts

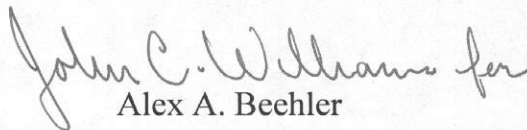
Executive Order 13423, *Strengthening Federal Environmental, Energy, and Transportation Management*, increased the energy conservation requirements for all Federal agencies from two percent per year as required under the Energy Policy Act of 2005 to three percent per year. While the Department of Defense (DoD) has performed well in reaching previous conservation requirements, these increased conservation requirements necessitates renewed emphasis on the tools for attaining conservation.

Two major tools at the Department's disposal are Energy Savings Performance Contracts (ESPC) and Utility Energy Service Contracts (UESC). DoD's energy conservation progress was hampered significantly by the loss of ESPC authority in 2004. Though the use of these tools returned to the previous level during 2006, data show a considerable drop in use for 2007, while the conservation requirements have increased significantly during that time.

In order to achieve the current energy conservation goals, DoD Components must embrace the use of ESPC and UESC. Components shall endeavor to annually award ESPC and UESC with a minimum investment value equivalent to ten percent of the component's energy consumption. Components that did not reach the six percent reduction for FY 2007 shall explain why and shall provide a plan for achieving future conservation requirements to my office by February 29, 2008. Starting with the FY 2008 Annual Energy Management Report, Components not achieving the 10 percent investment milestone shall provide a report as part of the report.



Energy conservation is a critical program for the Department. I look forward to your continued efforts in this area. My point of contact for the energy program is CDR Brad Hancock, at 703-571-9074 and brad.hancock@osd.mil.

A handwritten signature in cursive script that reads "John C. Williams for Alex A. Beehler". The signature is written in dark ink and is positioned above the printed name.

Alex A. Beehler
Acting Deputy Under Secretary of Defense
(Installations and Environment)