

The Army's Utilities Privatization Initiatives Build Energy and Water Resilience on Installations

By Mr. Jack Surash, PE

Acting DASA Energy & Sustainability



It is no secret that energy resilience is vital for Army readiness. The Army is continually working to improve assured access to energy by implementing policies and projects that add reliable and diverse energy sources to Army installations, as well as updating the infrastructure to ensure the systems and equipment on Army installation reliably distribute energy where it's needed most. Energy is more than just electricity and installation readiness is dependent upon ALL utilities being reliable, resilient, and safe. This is a critical endeavor and the Army cannot do it alone.

In 1999, a Defense Reform Initiative Directive, established Conveyance Authority 10 U.S.C. §2688, authorizing the Secretary of Defense to convey or transfer Department of Defense (DoD) utility assets, including electric, natural gas, water, wastewater, and thermal, to any municipal, private, regional, district or cooperative utility company or to any other entity. Through this authority, the installations combine real property transactions with the acquisition or privatization of utility services. These contracts may be up to 50 years in length and require the private sector entity or new system owner to invest its funds to acquire, renovate, replace, upgrade and/or expand the utility systems conveyed by the installation.

The Army's Office of the Assistant Chief of Staff of Installation Management manages the Army's Utilities Privatization (UP) Program. The UP Program leverages private sector expertise and financing to restore utility systems and sustain them at full capability--reliably,

efficiently, and safely--allowing installation commanders to focus resources on their core missions. The conveyance of Army utilities to new system owners subsumes risk (i.e., cost, safety, and efficiency) an installation may face if those utilities are not kept up to date or maintained.

As an investment strategy to recapitalize the Army's utility infrastructure, the UP program brings utility systems up to current industry standards.

The Army takes stewardship of taxpayer dollars very seriously and Army utility systems are privatized only where economical. During assessment and evaluation, if the privatization of a system is found to be uneconomical or have potential security risks, it is removed from UP consideration.

Since its inception, the Army's UP Program has been able to achieve safer, more efficient and reliable systems and service that meets industry standards while reducing total ownership costs. Across the Army, the UP Program has benefited installations and bases. New metered data confirms that new pipes put in place by new system owners has significantly cut water and natural gas leakage, saving the Army significant funds in line loss per year. Beyond the cost savings, new electrical systems increase energy efficiency, reliability and safety with better controls, relays, and switching.

The Army has been the most aggressive implementer of utilities privatization in the DoD. To date, the Army has privatized 151 out

of 356 (or 42 percent) of its utility systems at U.S. Army Installations. Privatized systems include 41 electric, 39 gas, 33 water, 35 wastewater, and 3 thermal utility systems. Between fiscal year 2018 and fiscal year 2024, the Army plans to evaluate 109 more utility systems, bringing the count to 71 percent either privatized or under consideration. The Army has made significant improvements to its utility infrastructure, and UP has expedited the process.

UP is a significant utility re-investment strategy for the Army. In addition to the UP Program, the Army is continuously looking for emerging energy technologies and opportunities. The Army is exploring additional initiatives that consider combined heat and power, cyber security, microgrids, controls, storage, system replacement, and islandability. The Army is steadily progressing towards energy and water resilience and security to allow for a minimum 14-day uninterrupted access to energy and water for critical missions.

For more information on the Army's UP Program visit:
<http://army-energy.army.mil/programs/privatization.asp>