



DEPARTMENT OF THE NAVY
THE ASSISTANT SECRETARY OF THE NAVY
(ENERGY, INSTALLATIONS, AND ENVIRONMENT)
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WASHINGTON, DC 20350-1000

October 31, 2023

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Department of the Navy Chief Sustainability Officer Serial Five: Shore Energy Goals

- References: (a) Executive Order 14057 “Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability,” December 8, 2021
(b) Department of the Navy Climate Action 2030, May 2022
(c) 10 U.S.C. § 2922a
(d) DoDI 4170.11, “Installation Energy Management,” December 11, 2009, as amended
(e) 2022 National Defense Strategy, October 27, 2022
(f) Department of Energy “Guidelines Establishing Criteria for Excluding Buildings from the Energy Performance Requirements of Section 543 of the National Energy Conservation Policy Act as Amended by the Energy Policy Act of 2005,” January 27, 2006
(g) SECNAVINST 3501.2, “Department of the Navy Mission Assurance Program,” January 4, 2021
(h) DoDI 3020.45, “Defense Critical Infrastructure Program (DCIP) Implementation” April 21, 2008, as amended
(i) 10 U.S.C. § 2920
(j) Implementing Instructions for Executive Order 14057 “Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability,” The White House Council on Environmental Quality, August 2022

As the Department of the Navy (DON) Chief Sustainability Officer (CSO), I am issuing this memorandum, the fifth in a series that sets and shapes the Department’s sustainability policies and practices. This memorandum specifies goals for decarbonization of shore electricity and vehicle use as directed by reference (a) and (b), and energy security and resilience goals as directed by reference (c) and (d).

As described in reference (e), the homeland is no longer a sanctuary, and maintaining energy security and energy resilience is critical to the DON’s readiness. To meet these goals, I am directing the Navy and Marine Corps to take immediate and sustained action to:

- **Reduce Energy Use.** The Services shall reduce average facility energy use intensity (EUI)¹, by 10 percent from a 2020 baseline by calendar year 2030. This shall be achieved through both direct energy-saving investments and through cultural and

¹ EUI calculations shall apply to “goal subject” facilities and not “goal excluded” buildings as defined in reference (f).

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behavioral change. The Services shall continue to report quarterly and annual gross energy use, EUI, and exclusions such as non-tactical vehicle energy use, as required. The Services shall streamline and improve data reporting through the use of updated data feeds and visualization tools for maximum transparency.

- **Maximize Energy Resilience and Conservation Investment Program (ERCIP) Funding.** The Services shall maintain a robust pipeline of potential ERCIP projects ready for submission, so that if any project becomes delayed, another project is available to be substituted. Project proposals shall be made available no later than 1 July of each year. Project submissions should emphasize the objectives established in the Office of the Secretary of Defense's annual ERCIP guidance. Current objectives include energy resilience, microgrids, and long-duration battery storage.
- **Maximize Third-Party Financing.** The Services shall implement third-party financing authorities to contract for at least \$1.25 billion in utility capital improvements, energy conservation measures, and increased resiliency by the end of calendar year 2027. Military construction and Facilities Sustainment, Restoration and Modernization programs do not provide sufficient independent resources to execute all necessary requirements effectively. Third-party financing authorities, including energy savings performance contracts, utility energy service contracts, utilities privatization contracts, area wide contracts, and other third-party financing approaches shall be used to the fullest extent to appropriately leverage the DON's infrastructure portfolio. The Services shall ensure that projects provisioned through third-party financing will be effectively operated and maintained over their full useful life.
- **Develop an Energy Resilience Plan.** As directed by reference (d), the Services shall develop an Energy Resilience Plan that, at a minimum, includes a pathway for deploying cyber-secure microgrids at all DON installations where Task Critical Assets (TCAs) and DoD Critical Assets (DCAs) reside. The Plan shall enable off-grid energy resilience for all TCAs and DCAs, as defined in reference (g) and reference (h), respectively. An initial brief with an outline of the Plan is due to the Director of Shore Energy Programs on 1 July, 2024 and the final Plan is due on 31 August, 2024. An Interim Progress Review (IPR) of Plan execution will be due on 1 November of each year until the Plan is fully executed.
- **Complete Energy Resilience Exercises.** The Services shall conduct a minimum of eight energy resilience and readiness exercises (ERRE) per FY, beginning in FY24. This target is inclusive of the existing reference (i) directive to complete at least five annual black start exercises (BSX). ERREs shall include Table-Top Exercises (TTX), Intermediate Level Exercises, and BSXs. Lessons learned from ERREs and actual, unplanned utility outages that may occur shall be recorded in after-action reviews. Data on these events shall be prepared for inclusion in the annual AEPRR and also made available on a quarterly basis for the review of the Deputy Assistant Secretary of the Navy for Energy (DASN(E)). This critical information will inform

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investments in energy and climate resilience for critical missions and infrastructure starting with the FY 2026 budget and FY 2027 POM.

As discussed above, the DON has a statutory requirement to advance installation energy resilience. Concurrently, reference (a) directs Federal agencies to achieve 100 percent Carbon Pollution-Free Electricity (CFE) on a net annual basis and a 50 percent CFE match of 24/7 demand on an hourly basis by 2030. To meet these dual mandates, I am directing the Navy and Marine Corps to take immediate and sustained action to:

- **Prioritize the Development of CFE for On-site Generation.** As part of the Installation Energy Program Summaries (IEPS) process, the Services shall prioritize the development of on-site CFE generation when such on-site projects are lifecycle cost effective or the cost premium is fair and reasonable, and the project contributes to installation energy resilience efforts. On-site CFE generation projects are defined here as those that provide the primary electric power source for an installation and also meet the definition of on-site CFE in reference (j). CFE solutions for backup generation are also encouraged, where practicable. When appropriate, on-site CFE projects should be paired with microgrids and energy storage technologies that are capable of shifting power supply and demand, which increases installation resilience exponentially. On-site CFE projects also minimize at-risk fuel supply chains and guard against the risks of aging electric grid infrastructure.
- **Maximize Procurement of CFE.** Use any acquisition method available to the Services for CFE procurement when the purchased CFE is lifecycle cost effective or the cost premium is fair and reasonable. Purchasing CFE at a known, fixed price for multiple years will create budget certainty for the DON, and, in some cases, provide additional value as negotiated power purchase agreement (PPA) contracts outperform market rates and inflation.
- **Modernize Installation Energy Infrastructure.** The Services shall use all available methods to upgrade and modernize energy infrastructure at installations to support the implementation of electric vehicle charging facilities, enabling the achievement of reference (a) vehicle acquisition goals. Upgrades are critical to address electrical capacity needs and to improve reliability since many portions of existing electrical distribution systems are nearing or exceeding their designed life expectancy.

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My point of contact for matters addressed in this memorandum is Mr. Michael Savena, Director of Installation Energy Programs, (703) 692-2596, michael.j.savena.civ@us.navy.mil.

A handwritten signature in black ink that reads "Meredith Berger". The signature is written in a cursive, flowing style.

Meredith Berger

cc:

Secretary of the Navy

Under Secretary of the Navy

Commandant of the Marine Corps

Chief of Naval Operations

General Counsel of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)

Assistant Secretary of the Navy (Manpower and Reserve Affairs)

Assistant Secretary of the Navy (Research, Development, and Acquisition)