

United States Senate

July 23, 2018

The Honorable James N. Mattis
Secretary of Defense
Pentagon
Washington, DC 20330-1670

Dear Secretary Mattis:

We are writing today to express our strong support for the continued utilization of Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs) within the Department of Defense (DoD). We appreciate your personal commitment to these types of public-private partnerships that allow DoD to use private sector financing and innovation to reduce maintenance backlog, enhance energy resiliency and update DoD infrastructure.

DoD has accounted for more than half of the \$21.8 billion in private sector investment through ESPCs and UESCs since the program's inception. These investments will yield \$48 billion in savings by the year 2030. As you know, these projects are financed and executed by private entities and paid for through future savings including utility bill, operations, and maintenance savings. ESPCs and UESCs reduce the amount of taxpayer dollars spent on energy and water, allowing DoD to address critical infrastructure needs using money from the private sector. This enables appropriated dollars to be freed up to address operational mission needs or to be leveraged more effectively as part of performance contracting.

We know that the focus of the administration and DoD is to efficiently execute today's mission while preparing for future missions. That means improving infrastructure and addressing resiliency and energy security. As reflected in the report accompanying the 2019 Senate National Defense Authorization Act, we agree with this focus and believe that performance contracting is a valuable tool to accomplish these goals.

We urge you to work with the services and agencies to encourage both continued and expanded use of ESPCs and UESCs to address mission-critical resiliency and cybersecurity needs. As an infrastructure investment, Congress provided several billions of dollars for additional Sustainment, Restoration and Modernization (SRM) funding in FY18 and expects to do the same in FY19 to address maintenance backlog. We suggest that DoD utilize a portion of these funds to leverage more investment through performance contracting.

In response to Senate NDAA Report language, your directing a percentage of SRM funds to be used in concert with third-party investment would enable more comprehensive investments in cybersecurity, energy security and resiliency. ESPC authority allows SRM funds to be leveraged as one-time cost savings to increase overall investment. A comprehensive ESPC or UESC will provide a guarantee or assurance that projects will perform, will ensure proper equipment operation and maintenance by

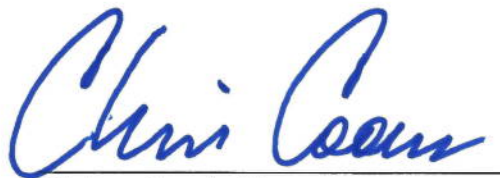
qualified individuals, and will embed replacement and repair costs as necessary within the performance contracts. In short, performance contracts can greatly mitigate risk to DoD.

As Senators interested in the continued use of performance contracting to achieve DoD goals, we urge you to set a DoD-wide goal for performance contracting and to focus on achieving resiliency and security with little or no up-front appropriations through these innovative tools.

Sincerely,



Cory Gardner
United States Senator



Christopher A. Coons
United States Senator



Thom Tillis
United States Senator



Jeanne Shaheen
United States Senator



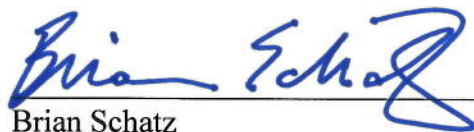
Lisa Murkowski
United States Senator



Michael F. Bennet
United States Senator




Lindsey O. Graham
United States Senator



Brian Schatz
United States Senator



Maria Cantwell
United States Senator



Ron Wyden
United States Senator