NAVAL SUPPORT FACILITY INDIAN HEAD
Potential ESPC Project
Proposed Steam Generation Facility

FACT SHEET

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Naval Support Facility (NSF) Indian Head is the Navy's principal Center of Excellence for guns, rockets and missiles; energetic chemicals; ordnance devices; missile weapon simulators; explosive process development engineering; and explosive safety, occupational safety and health, and environmental protection.
NSF Indian Head employs 3,500 personnel including six major commands supporting the Navy, Department of Defense, and U.S. Joint Forces missions: Indian Head Division, Naval Surface Warfare Center; Naval Explosive Ordnance Disposal Technology Division; Naval Ordnance Safety and Security Activity; Naval Sea Logistics Center Detachment Indian Head; Joint Interoperability Test Command; Marine Corps Chemical Biological Incident Response Force, and NAVFAC Washington.

The proposed Energy Savings Performance Contract (ESPC) at NSF Indian Head would involve the replacement of current installation steam and a portion of power-generation facilities inside the security perimeter that would better support the installation's mission to sustain combat readiness through effective and efficient shore installation management and support. The Navy will own the facilities constructed by the ESPC; the existing NAVFAC workforce will operate them. The proposed ESPC project could meet this goal in a number of important ways, including:

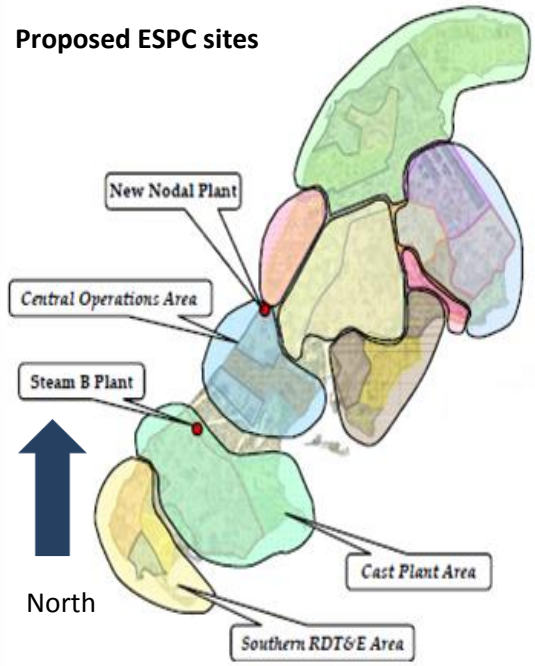
- Increase reliability of energy production and distribution at the installation.
- Improve existing energy infrastructure and delivery systems.
- Provide energy-production cost savings that would drive down installation operating costs.
- Provide a facility that will meet the State of Maryland's regulatory requirements for air quality.

The Navy's emerging energy strategy is centered on energy security, energy efficiency and environmental stewardship while remaining the pre-eminent maritime power:

- Energy efficiency increases mission effectiveness; efficiency improvements minimize operational risks by saving time, money and lives.
- Environmental stewardship protects mission capabilities.
- Investments in environmentally-responsible technologies afloat and ashore reduce greenhouse gas emissions and lessen dependence on fossil fuels.

An ESPC would be used to cost-effectively support the Navy's operational goals and to ensure energy savings without up-front capital costs or special appropriations.

Proposed ESPC sites



Source: Navigant Consulting 2009

An ESPC project at NSF Indian Head would involve contracting with an energy service company (ESCO) to finance, design, and construct steam generation facilities in the areas shown on the map above. The Navy would manage and maintain the facility designed to meet the Navy's demand for steam while consistent with the installation's security and operational requirements.

8-2-2010

The Navy is committed to its on-going partnership with the local community. The proposed ESPC development could mutually benefit the Navy and the community by enhancing the Navy's operational capability. For example:

Providing a decentralized steam and a 3.5 MW co-generation facility (electricity and steam) on-base would likely result in significant reduction in greenhouse gases and cost savings through an improved steam distribution network, as well as:

- More dependable power to the installation.
- Eliminate coal deliveries to the installation.
- The National Environmental Policy Act (NEPA) requires federal agencies to assess the potential environmental impacts of their proposed actions. The Navy would require the successful ESCO to comply with all applicable environmental laws and regulations and may require the ESCO to fund required NEPA studies.
- Support continued installation presence in the community.
- Strengthen partnership with the local economy.
- The ESPC and potential EUL project are complementary; the EUL project would assist in providing greater energy reliability and back-up power to the installation and its supported commands. The ESPC:
  - Provides efficiency improvements and new equipment using private investments.
  - Enhances the ability to plan and budget energy, operation, and maintenance accounts.
  - Locks in a fair, long-term rate structure to buffer from spiking energy prices.
  - Shifts burden of providing power to ESCO in the face of weather, equipment failure and other disruptions.

The Navy believes the successful execution of an ESPC development for a co-generation energy facility would be a win-win for the installation and the community. The ESPC would strongly support efficient mission execution, long-term program sustainability at NSF Indian Head and the attainment of greater energy efficiency, renewable energy, water conservation, emissions reduction, and a healthier, safer working environment. As part of the NEPA review process, the public will have opportunities to comment.

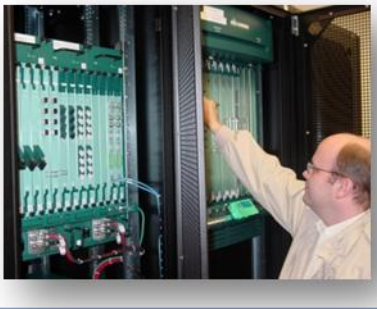
Projected ESPC Timeline: Proposed Co-Generation (Electricity & Steam) Facility

2010
- Navy solicits preliminary energy audits and energy saving project proposals from ESCOs

2011
- ESCOs prepare preliminary audits and proposals
- Navy selects proposal and agrees to pay for detailed feasibility study
- Navy begins NEPA review
- ESCO begins detailed feasibility study

2012
- ESCO completes feasibility study, develops proposal
- Navy completes NEPA review and signs FONSI or ROD
- Navy accepts proposal and enters into contract with ESCO or rejects proposal
- ESCO proceeds with project design

2013 - 2015
- ESCO constructs project



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