Department of the Air Force
Consortium Management Organization (CMO)
Request for Solution (RFS)
Other Transaction Authority (OTA)

CMO RFP NUMBER: FA8003-26-R-0023

1.0 REQUIREMENT

Department of Defense (DoD) installations largely rely on off-site energy providers to support land, air, sea, space, and cyberspace-based national security missions. This dependence creates unacceptable risks, because grid outages caused by maintenance issues, extreme weather, and attacks by determined adversaries may impact our national security missions. To ensure mission continuity even during a grid outage, congress has mandated that DoD achieve by 2030 at least 99.9% energy resilience year-round (i.e., no more than 8.76 hours of downtime annually) for all of its critical missions at all DoD installations (See 10 U.S.C. § 2920).

The Department of the Air Force (DAF) alone has identified nearly 4,000 resilience gaps at its installations worldwide that need rapid and cost-effective mitigation. Meeting this challenge requires DAF to access innovative energy resilience technologies, deploy commercial off-the-shelf technologies, and implement new business models at an enterprise-wide scale with commercial speed.

Concerned that DoD and the military services are unable to access or deploy these technologies and business models at the scale, speed, and cost-effectiveness required to meet its energy resilience challenges, Congress has encouraged DoD to leverage its authority pursuant to 10 U.S.C. § 4022, to partner with a third-party consortium dedicated to military installation resilience and energy innovation.[1]

10 U.S.C. § 4022 authorizes DoD to conduct prototype projects that are directly relevant to enhancing DoD's mission effectiveness. Other Transaction Authority (OTA) is an alternative to Federal Acquisition Regulation (FAR)-based acquisitions that 1) enables innovative, non-traditional defense contractors to engage with DoD, 2) identifies and realize teaming opportunities among entities to promote integrated research and prototyping efficiencies, 3) improves the timeline from solicitation to award for DoD prototypes, 4) and reduces the cost and improves integration of energy resilience prototypes. Because energy innovation is rapidly occurring in the private sector and around the world, establishing a public-private partnership with streamlined processes will help DAF access this innovation to strengthen the energy resilience of its installations.

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[1] *See* National Defense Authorization Act for Fiscal Year 2023, Section 322(g) (stating that "Each Secretary of a military department may enter into a partnership with, or seek to establish, a consortium of industry, academia, and other entities…the primary work of which relates to technologies and business models relating to energy resilience…") *See also* S. Rep. No. 117-39 for the National Defense Authorization Act for Fiscal Year 2022, p. 132 (stating the "[C]ommittee is also concerned that the DOD is currently unable to access innovative energy and military installation resilience technologies or deploy technologies and new business models at the scale, speed, and cost-effectiveness required to meet these challenges. Accordingly, the committee encourages the Department to create and/or partner with a consortium of industry, academic, and national laboratory partners dedicated to military installation resilience and energy innovation…")

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1.1 Consortium Management Organization (CMO)

DAF is issuing this competitive RFP to select a CMO with whom to establish the Defense Energy Consortium (DECo), a first-of-its-kind, public-private partnership where the members of the consortium will be responsible for fully financing potential projects using private capital to increase the energy resilience and mission assurance of DAF installations worldwide. Unlike other consortia previously authorized under 10 U.S.C. § 4022, DECo will not guarantee any appropriated funding for either the CMO nor obligated funds for future prototype projects awarded through the CMO.

The CMO's members will include financiers, small businesses, non-traditional defense contractors, and an administrative team that will manage the operations of the consortium. Once DAF negotiates and executes the Base OTA Agreement, or Consortium Management Agreement (CMA), DAF will competitively issue, down select, and award prototype agreements to the CMO as the entity authorized to represent the consortium member or team that proposed the prototype project.

10 U.S.C. § 4022 allows the entire cost of the prototype to be fully financed by the performers using third-party capital, provided DoD provides some form of consideration, such as access to DAF property and facilities.[2] DoD has formed 30-plus consortia that leverage 10 U.S.C.§ 4022, but they rely on public financing through congressional appropriations instead of leveraging billions in readily available private capital. Because DECo will rely on private financing, DECo's programmatic, legal, and fiduciary roles and responsibilities will be materially different from the standard DoD OTA consortium business model and will require DAF and the down selected CMO to iterate, deliberate, and negotiate novel business processes and terms and conditions for a CMA to establish DECo.

Following selection of the CMO by DAF, the CMO will work with DAF at its own expense and financial risk to conduct the necessary due diligence to establish the unique features of DECo and to negotiate the CMA. DAF expects that these due diligence activities will occur over an extended period of time and may include the following:

- **Obtaining Funding Commitments:** DECo's business model of relying solely on private financing instead of public funds will require a pool of investors. Following the selection of the CMO and prior to executing the CMA, the CMO will likely need to work with financial experts and fund managers to raise capital by attracting additional financiers to DECo. The CMO's financial experts will be responsible for complying with all relevant legal requirements for managing investor funds. Ideally, the CMO's financial experts will also have the capacity and expertise to engage with the investment authorities in the

[2] Office of the Under Secretary of Defense for Acquisition and Sustainment (OUSD), "Report to Congress, Recommendations on Use of Other Transaction Authority, Section 824 of the National Defense Authorization Act for Fiscal Year 2022 (Public Law 117-81)" January 2022, p. 5-6, available at: https://www.acq.osd.mil/asda/dpc/cp/policy/docs/pa/Recommendations%20on%20Use%20of%20Other%20Transaction%20Authority%20(FY%202022%20NDAA,%20Sec%20824).pdf.

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nations that host DAF installations (i.e., Germany, Greenland, Italy, Japan, Portugal, Spain, South Korea, Turkey, and the United Kingdom) and be able to guarantee that no improper investments are being made by prohibited countries or from questionable sources.

- **Building DECo's Membership**: The CMO will need to build DECo's membership to include a broad array of energy-related stakeholders. These stakeholders include, but are not limited to, small businesses, traditional defense contractors, original equipment manufacturers, nonprofit organizations, national laboratories, academia, energy service companies (ESCOs), utilities, utility associations and research organizations, and professional services companies. The CMO will need to ensure that it will not unnecessarily exclude or burden innovative companies and non-traditional defense contractors from becoming members.

- **Negotiating the DECo CMA**: The unique nature of DECo's reliance on private financing combined with its focus on installation energy prototypes will require DAF and the CMO to negotiate novel terms and conditions for a CMA to govern the consortium. For instance, the CMO and its members under the terms of the CMA will need to adhere to federal, state, and utility laws, regulations, and procedures, including transmission interconnection requirements, National Environmental Policy Act (NEPA) procedures, and federal real estate leasing laws to build onsite energy resilient generation.

  Similar considerations will need to be addressed for DAF installations overseas.

  Any solution proposed will require DECo and its members and financiers to use one or more federal laws and regulations for structuring the long-term, third-party financed, power purchase agreements and energy services contracts (See Attachment 1). This will require DECo to have in-house expertise and experience with negotiating and executing energy commodity and energy services contracts with DoD.

  The novel CMA terms and conditions may also include the following – indemnifying DAF against all costs incurred while executing a prototype project if DAF decides not to award a follow-on production contract; transparency and reporting requirements detailing the CMO's financial due diligence of its investors and members; processes for calculating and disclosing reasonable Returns on Investment (ROIs) on a portfolio of prototype projects, and continuing education requirements for DECo's members and financiers to maintain proficiency on DoD's specialized energy procurement laws.

After DAF executes the CMA to establish DECo, DAF will issue a portfolio of prototype solicitations to DECo.

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2.0 INSTRUCTIONS TO OFFERORS

2.1 General Information

All questions concerning this RFP, either technical or procedural, must be submitted via email to the Agreements Officer below.

No direct discussion between the technical representative and prospective Offeror will be conducted.

All questions and proposals must contain ***CMO RFP (FA8003-26-R-0023)*** in the subject line.

Submit all questions and proposals to Mr. Brock T. Moon at **brock.moon@us.af.mil** and Mr. Nicholas Kimmey a**t** **nicholas.kimmey@us.af.mil**

2.2 Proposal Format and Content

The proposal shall be in 12-point Times New Roman font, single-spaced with no less than one-inch margin on all sides. Tables, charts, and drawings must be clear and legible.

Hyperlinks are not allowed.

Proposals and all attachments shall be readable by Microsoft Office or Adobe Acrobat.

Offerors shall not include classified material in the proposal.

Proposals must be valid for 180 days after submission unless the offeror formally withdraws.

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3.0 PROPOSAL SUBMISSION

Offerors are required to submit their proposals in separate sections as follows:

Section	Section Title	Maximum Number of Pages
I	CMO Management and Business Process	5
II	Developing a Portfolio of Prototype Projects	15
III	Obtaining Funding Commitments	
IV	Building DECo's Membership	
V	Negotiating the DECo CMA	Unlimited
VI	Relevant Experience	5

3.1 Section I: CMO Management and Business Process

The CMO offeror and their teaming members shall provide the following:

For the CMO proposing to perform the administrative management duties under this CMO RFP, please provide the following information:

- Point of Contact: Name, address, email address, telephone numbers,
- Entity Identity Numbers: Unique Entity Identity (UEI) through SAM.gov, Commercial and Government Entity (CAGE) Code through the Defense Logistics Agency,
- Business Size/Organization Type (i.e., Large, Non-Traditional, Academia, etc.), and
- Facility Clearance: Status and Level.

For <u>each</u> of the CMO's teaming members authorized to negotiate with DAF in connection with this CMO RFP, the teaming members shall provide the following information:

- Point of Contact: Name, address, email address, telephone numbers,
- Entity Identity Numbers (UEI, CAGE Code), if applicable,
- Business Size/Organization,
- Relationship to the CMO (length of relationship, type of contractual relationship),
- Role under the CMO,
- Role under DECo, and
- Security Clearance Level and Status.

Provide a narrative overview describing how the CMO will manage the overall business process of DECo. Include the following information:

- Organizational structure, identifying each responsible party and their scope of work,
- Processes for managing and disseminating CUI, and
- The overall process flow diagram of how DECo will operate.

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3.2 Section II: Developing a Portfolio of Prototype Projects

The offeror and teaming members shall describe their approach to building a prototype project pipeline.

3.3 Section III: Obtaining Funding Commitments

The offeror and teaming members shall describe their approach for obtaining funding commitments from financiers and how they will manage any funds received.

3.4 Section IV: Building DECo's Membership

The offeror and teaming members shall describe:

- Their technical expertise around the technology areas identified in Attachment 2, if any,
- The approach they will use to build DECo's membership to include a broad group of performers from the technology areas in Attachment 2, and
- How they will vet DECo's members.

3.5 Section V: Negotiating the DECo CMA

The offeror and teaming members must provide a draft CMA for DAF's consideration. Include all relevant terms and conditions, including those identified in Attachment 3. Please label the draft CMA confidential and proprietary, if needed. Please also include an overview summary of any key terms and conditions that may require further deliberation and describe the rationale for the proposed language.

The initial draft CMA will be used to help DAF understand the goals and concerns of the CMO and its teaming members. The draft will help kickstart the party's iterative deliberations on the CMA and help DAF identify key individuals to include in those deliberations.

3.6 Section VI: Relevant Experience

The CMO and its teaming members shall provide up to three examples each (maximum 9 total) on its:

- Experience managing DoD consortia organized under 10 U.S.C. § 4022, and include government POC information as references,
- Experience engaging with third party financiers, and
- Knowledge of utility and energy specific regulatory constraints and experience building industry partnerships.

Do not include examples that do not fall within the above scope.

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4.0 PROPOSED EVALUATION FACTORS AND RELATIVE IMPORTANCE

The Government will evaluate proposals based on the following factors. Failure to adequately address any section may result in a lower evaluation.

Evaluation Factors:

- **Section I: CMO Management and Business Process**
  - **Evaluation Focus:** The clarity, efficiency, and effectiveness of the proposed CMO management and business processes. The Government will assess the offeror's organizational structure, processes for managing and disseminating Controlled Unclassified Information (CUI), and the overall process flow diagram of how DECo will operate. Strong proposals will demonstrate a clear understanding of the administrative and management responsibilities required to operate a successful consortium.
  - **Discriminators:**
    - Clear and concise organizational structure, with well-defined roles and responsibilities for each party.
    - Robust processes for managing and disseminating CUI in compliance with DoD regulations.
    - Comprehensive process flow diagram that illustrates the end-to-end
- **Section II: Developing a Portfolio of Prototype Projects**
  - **Evaluation Focus:** The offeror's approach to developing a viable portfolio of prototype projects that meet the DAF's infrastructure needs and are attractive to private investors.
  - **Discriminators:**
    - A well-defined process for coordinating installation site visits and high-level financial feasibility analysis using CUI.
    - Approach to working with individuals who have the appropriate security clearances and are working under non-disclosure agreements (NDA).
    - Clarity in developing recommendations on how to structure a portfolio of prototype projects that the DAF could tranche out over successive years under competitive solicitations for DECo's members to finance.
- **Section III: Obtaining Funding Commitments**
  - **Evaluation Focus:** The feasibility and credibility of the proposed approach for obtaining funding commitments from financiers. The Government will assess the offeror's understanding of the financial landscape for energy resilience projects, the plan for attracting investors to DECo, and the methods for managing funds received. Proposals should demonstrate the offeror's ability to comply with all relevant legal requirements for managing investor funds and to engage with the investment authorities in nations that host DAF installations.
  - **Discriminators:**
    - Specific strategies for attracting private capital to DECo, including the identification of potential investors and financial institutions.
    - Demonstrated expertise in complying with all relevant legal requirements

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for managing investor funds, including those related to international investments.
    - Capacity to vet investors and confirm the funds are from acceptable sources.

- **Section VI: Relevant Experience**
  - **Evaluation Focus:** The depth and breadth of the offeror's and teaming members' directly relevant experience. The Government will assess the demonstrable success in managing DoD consortia under 10 U.S.C. § 4022 (including provided references), financing DoD installation energy infrastructure projects, and designing, constructing, and managing DoD energy resilience infrastructure. Experience examples must be directly relevant to the scope of this RFP, as outlined in Section VI of the Proposal Submission section. The offeror's ability to provide government POC information as references will be evaluated.
  - **Discriminators:**
    - Number and relevance of successful DoD consortium management experience under 10 U.S.C. § 4022, including strong, positive references.
- **Section V: Negotiating the DECo CMA**
  - **Evaluation Focus:** The clarity, comprehensiveness, and innovativeness of the proposed CMA terms and conditions. The Government will assess the degree to which the proposed terms and conditions address the unique challenges of a privately financed energy resilience consortium, including, but not limited to, those outlined in Section 3 of this RFP (e.g., indemnification, transparency, ROI calculation, continuing education). The government will also evaluate the summary of key terms requiring further deliberation and assess the rationale for the proposed language. Strong proposals will demonstrate a deep understanding of the legal, financial, and operational considerations involved in establishing and managing DECo, while protecting the interests of the DAF and encouraging robust consortium member participation.
  - **Discriminators:**
    - Extent to which the proposed CMA addresses federal, state, and utility laws and regulations including, but not limited to, transmission interconnection requirements, NEPA and federal real estate leasing laws, especially in an international context.
    - Terms and conditions related to accounting transparency.
- **Section IV: Building DECo's Membership**
  - **Evaluation Focus:** The effectiveness and feasibility of the proposed approach for building a robust and diverse DECo membership, including financiers, small businesses, non-traditional defense contractors, and other energy-related stakeholders. The Government will assess the offeror's technical expertise in the technology areas identified in Attachment 2, the plan for attracting a broad group of performers, and the methods for vetting potential members. Strong proposals will demonstrate a clear understanding of the energy resilience ecosystem and the ability to build a thriving consortium that includes innovative companies and non-traditional defense contractors.

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- **Discriminators:**
  - Extent of technical expertise aligned with the DECo technology areas identified in Attachment 2.
  - Clarity of the membership vetting process, ensuring compliance and suitability for DoD projects.
  - Proactive plan to recruit small businesses and non-traditional defense contractors, with concrete examples.

5.0 BASIS FOR AWARD

The Government intends to select one responsible offeror to be the CMO with which the government will then pursue further negotiation.

3 ATTACHMENTS:

1. DECo Authorities and Funding Opportunities
2. DECo Technology Areas
3. Consortium Management Agreement Terms and Conditions

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