SEC. 2804. MODIFICATION OF DEPARTMENT OF DEFENSE AUTHORITY TO ACCEPT FINANCIAL INCENTIVES, GOODS, OR SERVICES UNDER THE AUTHORITY OF ENERGY SAVINGS CONTRACTS AND ACTIVITIES.

(a) AUTHORITY TO ACCEPT FROM STATE AND LOCAL GOVERNMENT.—Section 2913(c) of title 10, United States Code, is amended by inserting "or a State or local government," after "a gas or electric utility,".

(b) RETENTION OF RECEIPTS.—Section 2912(c) of such title is amended by striking "from gas or electric utilities".

[PLEASES NOTE: THE "CHANGES TO EXISTING LAW" SECTION BELOW SETS OUT IN RED-LINE FORMAT HOW THE LEGISLATIVE TEXT ABOVE WOULD AMEND EXISTING LAW.]

Section-by-Section Analysis

This proposal would amend 10 U.S.C. 2913(c) to permit the Secretary of Defense (Secretary) to authorize military installations to accept financial incentives offered by State or local governments or other entities to adopt technologies and practices that the Secretary determines are in the interest of the United States and consistent with the energy performance goals for the Department of Defense (DoD). Currently, 10 U.S.C. 2913(c) only allows the Secretary to authorize military installations to accept such financial incentives, goods, or services directly from gas or electric utilities. This limitation prevents DoD from directly accepting financial incentives offered by a State or local government to increase energy efficiency or install energy efficient equipment. For example, the New York State Energy Research and Development Authority (NYSERDA) has a program whereby eligible building owners and leaseholders may receive financial incentives to improve the energy efficiency of new and substantially renovated buildings. Approximately $90 million has been allocated to the program; some of which is to offset a portion of the incremental capital costs to purchase and install energy-efficient equipment in these buildings to reduce energy consumption. As DoD is required by statute to construct new buildings to meet energy efficient performance standards the limitation prevents DoD from directly accepting financial incentives for which it most likely qualifies.

Budget Implications: This proposal would allow the Secretary to authorize military installations to accept financial incentives, goods, or services directly from a State or local government that are in the interests of the United States and consistent with the energy performance goals of DoD. Incentives in the form of cash payments will be treated in the same manner as cash payments under section 2913(c) that are received from gas or electric utilities. Incentives in the

form of discounts on the price of supplies or services will increase the purchasing efficiency of future appropriations, but will not create a requirement for higher or lower appropriations in the future.

RESOURCE REQUIREMENTS ($MILLIONS)									
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**APN From**	**BA**	**Dash-1 Line Item**	**Program Element**
Navy	($1.350)	($1.350)	($1.350)	($1.350)	($1.350)	OMN	BA1	BSS 1	0703879N
Army	($0.500)	($0.500)	($0.500)	($0.500)	($0.500)	OMA	BA1	SAG 132	0202176A
Marine Corp	($0.223)	($0.223)	($0.223)	($0.223)	($0.223)	OM MC	BA1	BSS 1	0206479M
Air Force	($0.280)	($0.280)	($0.280)	($0.280	($0.280)	OM AF	BA1	SAG 11Z	0207479F

Change to Existing Law: This proposal would make the following change to sections 2912 and 2913 of title 10, United States Code:

§2912. Availability and use of energy cost savings

(a) ***

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(c) TREATMENT OF CERTAIN FINANCIAL INCENTIVES.—Financial incentives received ~~from gas or electric utilities~~ under section 2913 of this title shall be credited to an appropriation designated by the Secretary of Defense. Amounts so credited shall be merged with the appropriation to which credited and shall be available for the same purposes and the same period as the appropriation with which merged.

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§ 2913. Energy savings contracts and activities

(a) ***

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(c) ACCEPTANCE OF FINANCIAL INCENTIVE, GOODS, OR SERVICES.—The Secretary of Defense may authorize any military installation to accept any financial incentive, goods, or services generally available from a gas or electric utility, **or a State or local government,** to adopt technologies and practices that the Secretary determines are in the interests of the United States and consistent with the energy performance goals for the Department of Defense.

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