

DAV12593

S.L.C.

AMENDMENT NO. _____ Calendar No. _____

Purpose: To provide for a limitation on the availability of funds for the procurement of alternative fuel.

IN THE SENATE OF THE UNITED STATES—112th Cong., 2d Sess.

(no.) _____

To authorize appropriations for fiscal year 2013 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes.

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. INHOFE with Mr. McClain

Viz:

1 At the appropriate place in title III, insert the following:
2

3 **SEC. ____ . LIMITATION ON AVAILABILITY OF FUNDS FOR**
4 **PROCUREMENT OF ALTERNATIVE FUEL.**

5 (a) **LIMITATION.**—Except as provided in subsection
6 (b), none of the funds authorized to be appropriated by
7 this Act or otherwise made available during fiscal year
8 2013 for the Department of Defense may be obligated or
9 expended for the production or sole purchase of an alter-
10 native fuel if the cost of producing or purchasing the alter-

1 native fuel exceeds the cost of producing or purchasing
2 a traditional fossil fuel that would be used for the same
3 purpose as the alternative fuel.

4 (b) EXCEPTION.—Notwithstanding subsection (a),
5 the Secretary of Defense may purchase such limited quan-
6 tities of alternative fuels as are necessary to complete en-
7 gine or fleet certification for 50/50 blends. In such in-
8 stances, the Secretary shall purchase such alternative fuel
9 using amounts authorized for research, development, test,
10 and evaluation using competitive procedures and shall en-
11 sure the best purchase price for the fuel.



ISI
Title: III
LP

— SASC Majority: Quirk
— SASC Minority: Niemeyer
5/15/2012 9:13 AM

Limitation on availability of funds for procurement of alternative fuels

The committee recommends a provision that would prohibit the use of funds authorized to be appropriated to the Department of Defense in Fiscal Year 2013 from being obligated or expended for the production or sole purchase of an alternative fuel if the cost exceeded the cost of traditional fossil fuels used for the same purpose, except for continued testing purposes.

The committee notes that in December 2011, the Defense Logistics Agency, on behalf of the Department of the Navy, purchased 450,000 gallons of biofuels for \$12 million, which equates to \$26.66 a gallon. According to the Department of the Navy it was the single largest purchase of biofuel in government history and was carried out in order to "demonstrate the capability of a Carrier Strike Group and its air wing to burn alternative fuels." The Department of the Navy noted that, despite the use of operations and maintenance funds for the purchase, the demonstration is deemed a research, development, test and evaluation (RDTE) initiative as justification for the higher cost per gallon.

The committee also notes that the Vice Chief of Naval Operations testified before the Subcommittee on Readiness and Management Support on May 10, 2012 regarding pressure on readiness accounts from increased fuel prices that "every \$1 increase in the price per barrel of fuel results in approximately \$31M of additional cost annually above our budgeted level." Therefore, the high cost of fuel has direct and detrimental impact on other readiness accounts.

The committee strongly supports initiatives undertaken by the Department to reduce the fuel demand of the operational forces through affordable new technologies that increase fuel efficiency and offer alternative sources of power. But given the pressure placed on current and future Defense budgets, the committee is concerned about the use of operations and maintenance funds to pay significantly higher costs for biofuels being used for RDTE efforts. Therefore, the committee directs the Secretary of Defense to develop and promulgate guidance to the military services and Defense agencies on the difference between the operational use of alternative fuels versus continued RDTE initiatives.