After “last remnants” of non-contested launches, Air Force seeks competition

Enlarge / The Delta IV Heavy is the world’s second-most powerful rocket.

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This week, the US Air Force made a couple of announcements about future launches of the Delta IV Heavy launch vehicle as well as the Atlas V rocket. Both vehicles, built and launched by United Launch Alliance, once held a monopoly on the launch of US national security satellites.

But now that is changing for good, said Col. Robert Bongiovi, director of Launch Enterprise for the Air Force, during a conference call with reporters. “These are the last remnants of our sole source contracts,” Bongiovi said. “We look forward to embracing the competitive landscape that we have worked hard with industry to create.”

Delta IV Heavy

Bongiovi said the Air Force intends to fly National Reconnaissance Office satellites on the Delta IV Heavy rocket five more times, beginning next year, with the final flight occurring in 2024. Because the Air Force is the only customer for this rocket, it will provide a total of $1.18 billion in

“Launch Operations Support” funding to be spread across the launch of these five spy satellites.

During the call, Bongiovi was at pains to distinguish this funding from the controversial “launch capability contract,” known as the ELC payment, that United Launch Alliance received from its formation in 2006 through this year. This payment, worth about $1 billion a year, covered booster assembly at the pad, range fees, and more. ULA received this award on an annual basis, regardless of the amount of rockets it launched, in order to maintain readiness.

Critics—including SpaceX founder Elon Musk who sought to compete on a level playing field—decried the ELC payment as an anti-competitive subsidy. Ultimately, the arguments of critics have more or less prevailed, as the ELC is going away in part for now and permanently in a few years.

“This is fundamentally different from ELC,” Bongiovi said of the new award to United Launch Alliance. “It’s a totally different contract structure and technique.” For example, he said, the new award is a firm fixed-price contract versus the cost-plus ELC payment, and it was sized just for these five missions. The original ELC payment was intended to support up to eight missions a year.

Atlas V rocket

Bongiovi also said the final three missions awarded to the Atlas V rocket under the non-competed Phase I contract should fly during the next 12 months. These missions, NROL-101, AEHF-6, and AFSPC-7, will receive a separate “completion contract” on October 1 for launch-support operations. He did not say how much that contract would be worth. Future missions will be awarded and competed without the benefit of such completion contracts.

The rise of competition—SpaceX has begun competing for Air

Force contracts over the last five years—has brought down prices for the Air Force. “I think competition is a huge part of affordability,” Bongiovi said. “It’s also a huge part of getting innovation into the system. You look at where we are today, it’s clearly the competition of industry that has us where we have multiple innovative companies.”

The Air Force looks to carry that forward into “Phase 2” of the Air Force launch program under which the two incumbents, United Launch Alliance and SpaceX, are competing with Northrop Grumman and Blue Origin. From these four companies, the Air Force will select two to launch its national security satellites from 2022 to 2026. All of these awards will be based on fixed-price contracts, without any “launch support” awards or contracts.

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