

Avoiding a Launcher Monopoly

The Air Force's long-awaited certification of upstart SpaceX to compete for lucrative satellite launch business came in late May, just as the Senate Armed Services Committee was sharpening its oversight of the Evolved Expendable Launch Vehicle program. The coincidental timing could ultimately prove beneficial for the service as it seeks a contract for GPS III launch services.

Arizona Republican Sen. John McCain, the new SASC chairman, has long been suspicious of sole-source contracts, putting United Launch Alliance's lock on the EELV program directly in his sights.

In the last year, Russia's illegal incursion in Ukraine has only heightened McCain's concerns about ULA, a Lockheed Martin Corp. and Boeing Co. joint venture that relies on a Russian-built motor for its Atlas V rocket.

In a statement following the Air Force's announcement, McCain called SpaceX's certification a "win for competition," and he wasted no time pointing out that unlike the RD-180, which powers the Atlas V, SpaceX's Falcon 9 rocket does not rely on a Russian engine, nor does ULA's larger, but more expensive, Delta IV rocket.

"Over the last 15 years, as sole-source contracts were awarded, the cost of EELV was quickly becoming unjustifiably high," McCain said. "I am hopeful that this and other new competition will help to bring down launch costs and end our reliance on Russian rocket engines that subsidizes Vladimir Putin and his cronies."

Indeed, McCain has made the issue an emotional one, arguing that fueling Russia's space and defense business is only helping to arm Russia's military against Ukrainian forces, a direct contradiction of US foreign policy.

"To acquire systems that put money in the pockets of cronies of Vladimir Putin, who is dismembering a country as we speak, would be an insult to the American taxpayer and a betrayal of everything the United States of America stands for and believes in," he told reporters May 14.

McCain's version of the Fiscal 2016 defense authorization bill, approved by his panel in May, addresses both the issue of competition and the Russian engine. Despite pushback from the Air

Force, the bill revalidates the direction in last year's authorization measure to end the use of Russian engines for national security space launches by 2019.

Air Force Secretary Deborah Lee James has argued that the 2019 timetable is unrealistic, telling Senate appropriators in February that technical experts believe it will take six to eight years to develop and build the new rocket engine and another one to two years to integrate it on the rocket.



SpaceX's Falcon 9 doesn't need a Russian engine.

"This truly is rocket science," James said. "These are hard technological problems."

After the hearing, James directly addressed the issue of competition, telling reporters the 2019 date could ultimately tip the competition in SpaceX's favor, giving it the same type of advantage ULA has long enjoyed.

"I worry that we run the risk of trading one monopoly, which is what ULA

has been, for a new monopoly," James said. "And I don't think anybody wants that to happen."

While McCain's bill maintains the 2019 date and requires a plan for achieving that goal, it does include an exception. This "special rule," allows the Air Force to award a competitive contract for as many as nine launches for the Atlas V, even if ULA cannot get a national security waiver for the engines.

"This could result in as few as zero Russian rocket engines or up to nine, depending upon the outcome of the competitions," according to the committee's report language, accompanying the bill. "The committee believes that the continued use of Russian rocket engines represents a threat to our national security and that their use should be minimized to the greatest extent practicable."

Since 2005, the Air Force "has spent billions of dollars supplementing the infrastructure and capacity of the incumbent launch provider. Also, since 2005, new launch providers have entered the market and created competition," according to the committee's report. "The committee believes that with the introduction of space launch competition, launch capability subsidies inappropriately inhibit fair competition and are no longer necessary."

The bill therefore includes language prohibiting contracts or line items to procure property or services for EELV space launches apart from the primary contract. This language effectively ends what the committee considers unfair subsidies to ULA for its Atlas V engine.

For their part, Air Force officials seem to agree and are working with the acquisition community to rework the so-called EELV launch capabilities contract that has served as an insurance policy of sorts to keep ULA on the program.

"I don't think you can have fair competition with that contract in place. There'll have to be a change," Gen. John E. Hyten, commander of Air Force Space Command, told House lawmakers in March. ✪

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