NEWS RELEASE

Space Development Agency awards York Space $615 million contract for 62 satellites The satellites are for SDA's Transport Layer Tranche 2 Alpha

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York Space satellites delivered to the Space Development Agency for the Tranche 0 Transport Layer. Credit: York Space Systems

WASHINGTON — The Space Development Agency has awarded York Space a $615 million contract for 62 satellites for DoD's low Earth orbit constellation.

These satellites are for the portion of SDA's mesh network known as **Transport Layer Tranche 2 Alpha**, SDA's director Derek Tournear said Oct. 19 at the MilSat Symposium in Mountain View, California.

Tranche 2 Alpha is projected to have about 100 satellites. Tournear said a second vendor has been selected to produce additional satellites for Tranche 2 Alpha but its name can't be disclosed until contract negotiations are completed.

York's latest contract makes the Colorado-based manufacturer currently SDA's largest supplier of satellites, with 124 ordered to date. The $615 million agreement includes an incentive payment for on-time delivery.

SDA, an organization under the U.S. Space Force, is building a **layered network of military satellites**. The Transport Layer will serve as a tactical network to move data to users around the world, transmitting classified data such as early warnings of missile launches.

Alpha satellites carry optical communications terminals, Ka-band communications and Link 16 data transmission payloads. The Transport Layer Tranche 2 satellites are projected to launch in 2026.

Transport Layer Tranche 2 also includes 72 Beta satellites that were recently **ordered from Lockheed Martin and Northrop Grumman**. These carry more complex communications payloads.

Tournear said the agency was on track to also acquire 44 Gamma satellites for Transport Layer Tranche 2 but is revising plans. The Gamma satellites require Advanced Tactical Datalink payloads to communicate with U.S. military tactical aircraft and other platforms.

SDA is in discussions with a third Beta vendor to produce an additional 24 satellites that would have "some of the capabilities of Gamma," said Tournear. A solicitation will be issued for only 20 Gamma satellites.

"We would move essentially 24 from Gamma to Beta," he said. When completed, the Transport Layer Tranche 2 will provide global communications.

Planning a network of 500 satellites

The overall constellation, which SDA calls the **proliferated warfighter space architecture**, is made up of small satellites supplied by multiple vendors, all interconnected via optical laser links.

Tournear said the architecture is projected to have about 500 satellites — 400 in the Transport Layer and 100 in the Tracking Layer.

These satellites are built to last about five years in orbit so SDA will buy replacement batches every two years to replenish the constellations and, in the process, add new features and payloads as they become available.

Tournear during his presentation at MilSat brought up recent pushback SDA has received inside the Pentagon for its **"go fast" procurement** methods.

He pointed out that the DoD procurement culture still has a hard time adapting to commercial-like approaches such as those used by SDA.

The Pentagon's cost accounting office, for example, recently asked SDA to submit its projected procurement plans over the next 20 years. This is how the traditional procurement apparatus works, Tournear said, whereas SDA is trying to field new technologies in months or single-digit years, rather than the decades-long timelines that have become customary for major defense programs.

“And so that mentality is what we’re breaking,” Tournear said.

“There’s just no way that you can expect to stay ahead of the adversary If you have to know exactly what you’re going to be doing 20 years from now,” he added.

The Beta satellites solicitation, for example, was released in April and the contracts were awarded in August. The Alpha solicitation was posted in July and awards made in October.

Credit: Space Development Agency
The Pentagon doesn’t normally operate at that speed, he said. But DoD needs to have these new space systems in orbit as soon as possible to counter China’s rapid military modernization. The agency also wants to incentivize suppliers to innovate faster and keep program costs down, Tournear said.

Traditionally military satellite constellations have been built by a single vendor and that has proven to drive up costs, he said. “So we need to make sure that the marketplace is competitive.”

Tournear said there is still skepticism about SDA being able to buy Transport Layer satellites for about $15 million per unit. “People have told me that the only reason we’re able to do that for that price point is because the industry is losing their shirt on all these contracts.”

Companies have to be aggressive with pricing, but Tournear doesn’t believe they’re losing money in order to win contracts. “We’ll see what happens in Tranche 2,” he said. “That’s the whole point of Tranche 2, is to convince the Pentagon that this actually is the price that we will pay in perpetuity, because that is where the commercial price point is at.”

For SDA, “it’s important to make this business case work,” he added. The Pentagon’s cost accounting office warned SDA that prices will go up “if you don’t pick one vendor and stick with them,” he said. “There’s a lot of pressure to just go with a single vendor … I contend that’s not the capitalist way. I contend that if we have competition, we can keep costs down, we can keep the market stable and make sure that there’s a good industrial base.”