Department of Energy
Washington, DC 20585

AUG 0 3 2006

MEMORANDUM FOR DISTRIBUTION

FROM: GEORGE MALOSH
ACTING CHIEF OPERATING OFFICER
OFFICE OF SCIENCE

SUBJECT: Development of Fiscal Year 2007/2008 Performance Agreements for Energy Management

In February 2006, Clay Sell, the Deputy Secretary Department of Energy established a new process for developing energy performance agreements required under DOE Order 430.2A, "Departmental Energy and Utilities Management." The process for the Department is based on the approach we have been using in the Office of Science (SC) for the past three years. Therefore, we will continue to develop our energy performance agreements based on the SC approach. The Order requires that the DOE energy management processes include performance agreements developed by DOE Field Elements with their contractors and states that these performance agreements should include performance objectives, measures and annual expectations. As a result of the Annual FEMP reporting to Congress and the new Energy Management Score Card report to the Office of Management and Budget, the status of our energy performance agreement and our results will be tracked and reported.

With the recent passage of the Energy Policy Act (EPACT) of 2005, new energy management goals have legislatively been put in place that will challenge us to further reduce our energy consumption, enhance our operations and impact our equipment purchases. I have provided (attachment 1) an overview of the major energy bill provisions affecting energy management agreements. These provisions are also reflected in the Guidance (attachment 2). As noted in the Guidance, the first five Objectives listed with the accompanying Measures and Expectations, correspond to requirements of EPACT 2005 and are required for each site. Since the EPACT goals are designed to be Agency-wide, each site should strive to reach these goals. However, because the goals are Agency-wide, those Office of Science sites that are unable to meet the overall goal due to costs or procurement restrictions (e.g., renewable energy as a percentage of total electricity consumption) may select a lesser goal with the difference made up by another Office of Science site that can exceed the goal. If you are unable to develop a measure in one of these areas, please provide a brief justification in your agreement. The remaining Objectives, Measures, and Expectations should be considered in developing your site-specific agreements.

I am, therefore, requesting that each site office work with its laboratory to develop an appropriate and cost-effective energy performance agreement for FY 2007 based on the attached Guidance and taking into consideration your assessment of your FY 2005 and FY 2006 performance in

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terms of areas needing improvement. Performance agreements should be developed, as appropriate, for the mission of the site and use a graded approach.

The Guidance, developed in conjunction with the DOE Federal Energy Management Program (FEMP), contains a list of example Objectives, Measures, and Expectations that can be used in developing your FY 2007 agreements. Objectives, Measures and Expectations for FY 2008 are also included if you decide to prepare a two year agreement. The Guidance is a starting point for the development of the measures. Sites should select the appropriate Objectives and modify the measures and expectations to reflect site specific conditions.

In terms of reporting your progress in meeting your FY 2006 Energy Performance Agreements, FEMP will transmitting reporting guidance to require reporting of your progress as part of the Annual Energy Management Report that is completed by your laboratories.

A copy of your performance agreement should be provided to me with a copy to Brian Connor of FEMP by November 15, 2006. If you have any questions concerning developing the performance agreement, need assistance in development of appropriate measures, or if you are unable to meet this date, please contact Arnie Edelman, of my staff, at 301-903-5145 or arnold.edelman@science.doe.gov.

Attachments

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