DLA ENERGY

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Agenda

• Global Organization / Support
• How We Do Business
• How We Support The Warfighter
  – DLA Energy Operations
  – DLA Energy Regional Offices
• Summary
DLA Energy

**Mission**
To Provide the Department of Defense and Other Government Agencies with Comprehensive Energy Solutions in the Most Effective and Efficient Manner Possible

**Vision**
Our Customers First Choice for Energy Solutions

**Values**
- People
- Service
- Excellence
- Innovation
- Trust
### DLA Energy Enterprise – FY09

#### Military Fuel
- **Inventory**: 59.6M barrels*
- **Storage Locations**: 625
- **Transactions**: 23.8M
- **Barrels Sold**: 129.0M
- **Fuel Cards**: $829M
- **Aerospace Energy Sales**: $79.6M

#### Petroleum Sales: All Customers
- FY05 Net Sales: 132.5M barrels, $8.5B
- FY06 Net Sales: 133.9M barrels, $12.7B
- FY07 Net Sales: 132.4M barrels, $12.6B
- FY08 Net Sales: 132.5M barrels, $17.5B
- FY09 Net Sales: 129.0M barrels, $12.2B
- FY10 Estimate: 128.0M barrels, $14.4B

#### Expanding Energy Solutions
- **National Gas Business**: $292M
- **Electricity Business**: $863M
- **Coal Contract Business**: $68.9M
- **Renewables**: $819K
- **Estimated U.P. Awards**: $1.2B

#### Forward Presence
- **Co-located**: 3 Service Control Points
- **5 Geographic Regions**: approx. 254 personnel

#### Personnel On Board
- **Civilians**: 1033
- **Military**: 63

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* 42 Gallons = 1 Barrel
How We Do Business

DLA Energy FY09 Contract Awards

- **Ground Fuels**
  - $2,500 M (11.2%)

- **Electricity**
  - $939.5 M (4.2%)

- **Natural Gas**
  - $39.9 M (0.2%)

- **Facilities Acquisitions**
  - (Storage/Alongside Refueling/Env/Testing)
  - $249.7 M (1.1%)

- **Bulk Fuels Division**
  - $16,300 M (72.7%)

- **Bunkers**
  - $225 M (1.0%)

- **Energy Ent**
  - $1,400 M (6.3%)

- **Coal**
  - $41.2 M (0.2%)

- **Aerospace Energy**
  - $112 M (0.5%)

- **Into-Plane**
  - $583 M (2.6%)

**Total Awards (FY 2009)**

$22.4 Billion
How We Do Business

DLA Energy Costs

Dollar Breakdown (FY09)

Product 90%

Terminal Ops (2%) & Transportation (2%)

SRM 3%

DLA Energy Operations 3%
How We Do Business
Where DLA Energy Gets Its Typical Dollar

(FY09 Sales Data)
How We Do Business
Small Business Office

Current FAR Policy *(FAR Part 19.201 (a))*

“It is the policy of the Government to provide maximum practicable opportunities in its acquisitions to small business, Veteran-owned Small Business, Service Disabled Veteran-owned Small Business, HUBZone small business, small disadvantaged business, and woman-owned small business concerns. Such concerns shall also have the maximum practicable opportunity to participate as subcontractors in the contracts awarded by any executive agency, consistent with efficient contract performance.”
How We Support the Warfighter

DLA Energy Operations
# Bulk Petroleum

## Program Overview
- Supplier Facing Business Unit
- Bulk Fuels Contracting
  - $14.3 Billion in Awards FY09
- Services and Storage Contracting
  - $315 Million in Awards FY09
- International Agreements
  - 40 Agreements in Place/$ 448 Million in IA support FY09

## Major Accomplishments
- Continued OIF/OEF Support
- Korean Army GOCO
- Hydrotreated Renewable Jet Fuel Awards
- Jet A Initiative Award
- Rocky Mountain West Bulk Petroleum Awards
- Western Pacific Bulk Petroleum Awards

## Current Initiatives
- Assumption of AETC Fuels Operations Contracting
- USAREUR Optimization
- Increased storage in Afghanistan
- Turkey International Agreements
- Alongside Aircraft Refueling for Navy
- Camp Pendleton Optimization

## Future Initiatives
- New Bid Evaluation Model
- Pacific Storage
- Continued Alternative Fuels Initiatives
- International Agreement Budget SOP
- Nineteen Additional Agreements in the Pipeline
- More LEAN events
Direct Delivery Fuel

Program Overview

• Posts, Camps & Stations (PC&S)
  – Commercial ground fuel products worldwide
  – Diesel Fuel, Gasoline, Heating Oil, Alternative Fuels
• Into-Plane
  – Aviation fuels at commercial airports worldwide
  – Often DoD’s first line of logistics on foreign soil
• Ships Bunkers
  – Ship propulsion fuels at commercial seaports worldwide

Major Accomplishments

• OEF/OIF Support
  – Afghanistan – multiple supply chains; increased reserve storage capability
  – Iraq – Uninterrupted fuel support to the Warfighter; products sourced from Turkey
• FEMA Contingency Support
  – Proof-of-Concept Drill
  – Successfully supported Hurricanes Gustav & Ike, Kentucky ice storms

Current Initiatives

• Major Acquisitions
  – PC&S – Afghan transportation, Kosovo, Spain, Greece, Egypt PC&S, Hawaii, Japan
  – Into-Plane - Domestic West (80 locations)
  – Ships Bunkers – Central & South America, Asia (22 locations) wrap-up
• AFRICOM Support
• SEA Card Ordering Management System (SCOMS) Open Market Program

Future Initiatives

• LEAN events
• Pricing for Non-DoD Customers
• Swipe Sea Card Open Market Pilot Program
## DFSP Management

### Program Overview
- Oversight of 630 DFSPs with major programs in the following:
  - Inventory Accountability
  - Inventory & Dist Mgmt
  - Terminal Ops
  - SRM
  - Privatization
  - BSM-E Systems Support and Training

### Major Accomplishments
- Air Force GOCO storage awards (46 locations)
- Army Korea GOCO contract (10 locations)
- AFCEE MOA
- Increased SRM staffing by 43%
- Increased coverage for AF/RE/synfuel requirements
- Increased BSM-E training/CBT opportunities
- 94% of FMD deployments complete
- Region roll-out of inventory functions complete
- Inventory Management intranet tool deployed

### Current Initiatives
- USAREUR Optimization
- Increased storage in Afghanistan
- Jet-A Demonstration
- Assumption of AETC and AFSPC contracts
- SRM Installation Level Reviews
- SRM Funding Policy Document P-12
- BCA for Secondary Sales
- Responsible Officer Webpage
- POAM 7 Inventory and Financial Reconciliation
- Redefine Inventory Metrics

### Future Initiatives
- 505th QM transition to DLA Energy Study
- Assumption of Task Force-East Contracts
- Development and Execution of SRM Master Plan
- AFCESA MOA
- FES Independent Design Recovery
- Market Research Study for Point of Sale Devices
- Logistics Mgmt of expanding AF/RE/Synfuel Initiatives
- Expanded Bulk Additive Mgmt
- Compliance Inspection Program
- Complete Inventory Desk Guide Library
Fuel Card Program

**Program Overview**
- DoD-level program office for AIR Card®, DoD Fleet Card and SEA Card® programs
  - Policies, procedures, program support
- FY09:
  - AIR Card®: $612M, 300K transactions
  - DoD Fleet: $37M, 585K transactions
  - SEA Card®: $180M, 1694 transactions

**Major Accomplishments**
- Major policy development – DoD Manual, 4140.25
- 24/7, 365 global warfighter support
- DoD Fleet Card Program successful transition to Wright Express
  - FY 10 Rebates to date: $541,963K
- AIR Card® WAWF pilot program for Navy
- Budgeting tool - Strategic Sourcing Report
- Development of Contract & Open Market SEA Card®
- Order Management System (DoD-SCOMS®)

**Current Initiatives**
- Expand DoD-SCOMS® Open Market sales
- Swipe SEA Card® Pilot to begin Fiscal Year 2011 Expansion of AIR Card® website
- Develop PWS for AIR/SEA Card® Contract

**Future Initiatives**
- WAWF – AIR Card® program - Army rollout
- WAWF – DoD Fleet Card Program
- LSS – Two Enhancement Initiatives
- Program Management Reviews
Aerospace Energy

Program Overview

- DoD Integrated Material Mgr for space and space-related products and services
  - Liquid propellants
  - Chemicals/compressed gases
  - Cryogens
- Multiple supply chains
  - 96% long term contracts
  - 76% direct vendor delivery
  - Robust transportation mission
  - Limited industrial bases

Major Accomplishments

- 19 FY09 launches -100% On Time/On Spec
- OIF/OEF bulk helium delivery
  - “Drop, Swap and Go” CONOPs
  - $19.4 M in container savings through FY09
  - Acquisition strategy re-engineering estimated to produce $2M savings over FYs10 and 11
- Continuous Process Improvement (CPI) recognition
  - 2006 DLA Small Team Award
  - 2007 DLA Green Products and Services Award
  - 2008 SDDC Transporter of the Year

Current Initiatives

- Ongoing major acquisitions
  - CONUS Gaseous Helium in cylinders
  - Prime Vendor Cryogenics for Aberdeen Proving Ground
  - Southeast CONUS Aviator’s Breathing Oxygen/Liquid Nitrogen
- Increase storage for “industrial base of one” supply chains
  - RP-1/RP-2
  - JP-10/PF-1
- Re-engineer business processes via multiple LSS Events

Future Initiatives

- Anticipated increase in bulk helium demand
- Increase Customer Relationship Management opportunities
- Customer and supplier automation
Energy Plans & Programs

Program Overview

• Acts as the lead agent across a multitude of functions associated with the Center's roles in bulk petroleum, alternative fuels, and renewable energy. Has management responsibilities for the following offices:
  – Executive Agent (EA) Office
  – Research and Development Program Office
  – Energy Business Development Office

Major Accomplishments

• Research & Development
  – HRF-76: Contract to produce HRF-76 compliant fuel derived from algae oil for US Navy applications
  – HRJ-8: Contracts for up to 400,000 gal bio-derived fuel for AF testing & certification
  – Multiple energy-related R&D contract awards
  – Enabler for DLA Energy winning DLA Green Energy & Services Award

Current Initiatives

• FY10 NDAA Section 334 Congressionally-mandated study
• Green Initiative for Fuels Transition Pacific
• Multiple energy-related R&D projects
• Support of Executive Agent supply chain enhancement projects

Future Initiatives

• Orchestration of EA 2020 evolution
• Continual support of DoD alternative fuel and renewable energy initiatives
  – Strive towards supply chain integration of alternative fuels
Executive Agent

**Program Overview**

- Implement/management of supply chain responsibilities through a Component Steering Group
  - Equipment/training
  - End-to-end distribution
  - Information management
  - Quality

**Major Accomplishments**

- Terminal Operation Service (TOS) toolkit (Basic Module)
- Bulk Petroleum Common Operating Picture (BP-COP) functional requirements
- Web-Based Reporting Petroleum Oil & Lubricants (REPOL) capability

**Current Initiatives**

- BP-COP capability development
- Joint Publication 4-03 ( Bulk Petroleum Doctrine) Rewrite
- DOD Directive Type Memoranda for Coordinated Management of AF/RE Requirements
- Defense Fuel Support Point baseline assessment

**Future Initiatives**

- DODD 4140.25 Rewrite
- TOS Modules for retail and contingency operations
- Class IIIB Executive Agent Strategy (Heavy)
Quality/Technical Support

Program Overview

- Quality and Technical acquisition Support for all Energy procurements
  - Quality Assurance and Surveillance
  - Standardization and Cataloging
  - Project Management of Test and Evaluation Programs
  - Evaluation of Energy Policy and Legislation

Major Accomplishments

- OEF/OIF Support
  - Development of NSNs and specifications
  - Review of waivers and exceptions
- Disposition Requests for off-spec product
- Rewrite of DoD QA/QS Standard for Fuels, Lubricants and Related Products
- Technical Oversight for $48M in R&D projects

Current Initiatives

- Support of the AF Jet A Conversion Program
- Approval program to increase the supplier base for JP-8 +100
- 1910 Quality Assurance Specialist DTC Intern Program
- Annual publication of the Petroleum Quality Information System Report

Future Initiatives

- Evaluation of fuel additives to reduce cost within the logistical supply chain
- Resolution of workforce vulnerability of the QAS 1910 job series
- Quality Automation through Energy Convergence
- Standardization of acquisition requirements through supply chain management
## Installation Energy

### Program Overview
- **Natural Gas** - $1.09B in multi-year contracts, over 200 customers across the U.S., $47M cost savings FY08
- **Electricity** - $1B in multi-year contracts serving over 200 accounts in IL, MA, ME, MD, NJ, NY, PA, RI, TX, & DC
- **Renewable Energy** - $2.9M in contract awards for DOD and Fed Civilian customers across the U.S
- **Renewable Initiatives** – providing contracting support for long term PPA for renewable project development
- **Demand Response** – providing contract support for customer participation in load response/reduction programs that offer financial incentive to curtail load during peak demand

### Major Accomplishments
- Issuance of three long term PPA solicitations for on-site photovoltaic arrays for DLA, DOE, and EPA
- Award of first portfolio approach for electricity customers within PJM valued at over $649M
- Achieved a cost avoidance for natural gas customers in FY08 of approximately $47M.

### Current Initiatives
- Completing procurement process for on-site photovoltaic array requirements for award or no-award decision
- Preparation of issuance for nationwide natural gas procurement for period 01 Oct 10 through 30 Sep 12
- Business Unit realignment due to increase in mission; ESPC, electricity and on-site renewable projects personnel

### Future Initiatives
- Becoming the Center of Excellence for Renewable Energy Initiatives
- Biomass Procurements on behalf of DOD and Federal Civilian facilities
## Energy Enterprise

### Program Overview

- Utilities privatization is the preferred method for improving utility systems and services by allowing military installations to benefit from private sector financing and efficiencies.” DepSecDef, 10/09/2002
- Comprised of two contractual actions:
  - The transfer of ownership of a utility system
  - Procurement of utility services for up to 50 years

### Major Accomplishments

- Private vs. DoD ownership = modern systems
- Awards for 79 systems at 50 installations
- Award value: $9.11 B, $1.86 B less than should-cost estimate
- Administer 26 contracts for 30 installations (Army and Air Force) and 56 systems

### Current Initiatives

- Contract Admin function continues to grow – forming partnership with Army to administer its contracts
- Planned FY 10 awards for 32 systems at 14 installations (Army, Air Force and DLA)
- MOA with Air Force to administer UP contracts
- Grow the UP workforce by nearly 50%

### Future Initiatives

- Success in the DLA, Army and Air Force programs is best marketing tool for future Navy support
- DLA Energy intends, where practicable, to leverage UP contractors (Utility Energy Services Contracts)
  - Authority exists to contract with utilities for energy services
  - These contracts can be used to help installations meet energy conservation and renewable energy goals
How We Support the Warfighter

DLA Energy

Regional Offices
How We Support the Warfighter

DLA Energy Regions

Approximately 1100 military and civilians worldwide
How We Support the Warfighter

DLA Energy Region Functions

• Forward Customer Support
• Ordering Fuel
• Arranging Transportation
• Quality Surveillance & Assurance
• Contractor Terminal Support
  • Facility
  • Contracting Officers Representative (COR)
DLA Energy Americas Operations

- 5 Time Zones (West Coast Lesser Antilles)
- Over 400 DFSPs
- 14 Major Pipeline Distribution Systems
- Fuel delivered annually – 2.6 Billion USG
  - Ground Forces - 84.4 Million USG
  - Air Forces - 1.8 Billion USG
  - Naval Forces - 742.5 Million USG
- 38/38 - Suppliers / Contracts (FY08)
- $7.8 Billion - Value of Contracts (FY08)
- 2,045 – Accounts
- 9,000 to 11,000 - Movements/Month
- 400,000 to 550,000 - Transactions/Month

Latin America
DFSP Locations: 4
Forward Operating Locations: 3
Bunker Locations: 35
Into-Plane Locations: 38
DLA Energy - Europe: EUCOM Operations

- EUCOM Operations
- EUCOM Exercises and Events
- EUCOM Daily Sustainment and DFSP Management
- EUCOM Into Plane Contracts
- EUCOM MGO Bunker Contracts
- USAF/USAFE Bulk Fuel Optimization
- USAREUR and IMCOM Fuel Facility Optimization
DLA Energy - Europe: AFRICOM Operations

- AFRICOM Operations and Exercises
- DFSP Djibouti/Camp Lemonier
- AFRICOM Cooperative Security Locations (CSL)
- African Partnership Stations
- Maritime Interdiction Operations
- African Fuels Initiative
- Africa Into Plane Contracts
- Africa MGO Bunker Contracts
Support to the Service Components

- 2 active combat theaters in addition to CJTF-HOA, air and maritime operations
- Fuel delivered annually:
  - Ground Forces:
    - OEF - 104M USG
    - OIF - 430M USG
  - Air Forces: 616M USG
  - Naval Forces: 285M USG

Critical

65% of World's Oil Reserve
41% of World's Natural Gas
3X's Strategic Choke points

Complex

22 Countries
683M People
32 Major Ethnic Groups
7 Major Languages
12 Major Religions *

*Predominantly Muslim

DLA Energy personnel co-located with:
- USCENTCOM (Tampa)
- NAVCENT (Bahrain)
- MARCENT (Bahrain/Tampa)
- ARCENT (Kuwait)
- MNF-I (Iraq)
- CJTF-101 & JLC (Afghanistan)
- ODRP/US EMBASSY (Pakistan)
- US EMBASSY (Afghanistan)
- Supreme BFI (Afghanistan)
DLA Energy Pacific Operations

6 of World’s Largest Armed Forces

36 Countries

Nearly 60% of World’s Population

World’s Two Most Populous Countries

Nearly 60% of World’s Population

51% of Earth’s Surface

105 Million Square Miles

16 Time Zones

30% of Gross World Product

Strategic Sea Lanes

World’s Two Most Populous Countries
Takeaways

• Global Organization
• Forward Thinking
• Primary Mission = Warfighter Support