DEFENSE LOGISTICS AGENCY

America's Combat Logistics Support Agency

DEFENSE LOGISTICS AGENCY

Energy

Mr. Patrick J. Dulin
Deputy Commander

June 28, 2011
Agenda

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

Office of Secretary of Defense

Unified Commands
DLA Energy
LNOS

JCS

Army

Navy/Marine Corps

Air Force

Defense Logistics Agency

Defense Logistics Agency Energy

Regions / Field Offices

Fuel Terminals

Service Control Points

Customers

Army Petrol Center

NAVSUP Energy

AFPET

SAPO
DLA Energy
Mission, Vision and Values

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 customer’s first choice for energy solutions.

Values
• Warfighter needs guide us
• Integrity defines us
• Diversity strengthens us
• Excellence inspires us
# DLA Energy Enterprise

## Military Fuel FY10

<table>
<thead>
<tr>
<th>Category</th>
<th>FY06 Net Sales</th>
<th>FY07 Net Sales</th>
<th>FY08 Net Sales</th>
<th>FY09 Net Sales</th>
<th>FY10 Estimate</th>
<th>FY11 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barrels Sold</td>
<td>133.9M barrels</td>
<td>132.4M barrels</td>
<td>132.5M barrels</td>
<td>129.0M barrels</td>
<td>130.5M barrels</td>
<td>125.5M barrels</td>
</tr>
<tr>
<td>Fuel Cards</td>
<td>$12.7B</td>
<td>$12.6B</td>
<td>$17.5B</td>
<td>$12.2B</td>
<td>$15.3B</td>
<td>$18.0B</td>
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<tr>
<td>Inventory</td>
<td>59.9M barrels*</td>
<td>630</td>
<td>130.5M barrels</td>
<td>59.9M barrels*</td>
<td>630</td>
<td>130.5M barrels</td>
</tr>
<tr>
<td>Storage Locations</td>
<td>630</td>
<td>130.5M barrels</td>
<td>59.9M barrels*</td>
<td>630</td>
<td>130.5M barrels</td>
<td>59.9M barrels*</td>
</tr>
<tr>
<td>Barrels Sold</td>
<td>130.5M barrels</td>
<td>$699.7M</td>
<td>$69.6M</td>
<td>130.5M barrels</td>
<td>$699.7M</td>
<td>$69.6M</td>
</tr>
</tbody>
</table>

## Expanding Energy Solutions FY10

- **Natural Gas Business**: $492M
- **Electricity Business**: $36.5M
- **Coal Contract Business**: $31.8M
- **Renewables**: $1M
- **Energy Savings Performance**: $33.5M
- **Estimated U.P. Awards**: $616M

## Petroleum Sales: All Customers

<table>
<thead>
<tr>
<th>FY06 Net Sales</th>
<th>FY07 Net Sales</th>
<th>FY08 Net Sales</th>
<th>FY09 Net Sales</th>
<th>FY10 Estimate</th>
<th>FY11 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.54M barrels</td>
<td>$12.7B</td>
<td>133.9M barrels</td>
<td>132.4M barrels</td>
<td>132.5M barrels</td>
<td>130.5M barrels</td>
</tr>
</tbody>
</table>

* 42 Gallons = 1 Barrel

## Foreign Military Sales FY10

- **Net Sales**: 3.54M barrels - $340.5M

## Forward Presence FY10

- Co-located: 3 Service Control Points
- 4 Geographic Regions: approx. 283 personnel

## Personnel On Board FY10

- **Civilians**: 1148
- **Military**: 63
How We Do Business
DLA Energy FY10 Contract Awards

- Ground Fuels: $2,600 M (17.2%)
- Installation Energy: $700 M (4.6%)
- Facilities Acquisitions: $400 M (2.7%)
- Aerospace Energy: $80 M (1%)
- Energy Ent: $1,300 M (8.6%)
- Mobility Fuels: $800 M (5.3%)

Total Awards (Fiscal Year 2010)
$15.08 Billion
How We Do Business

DLA Energy Costs

Dollar Breakdown (FY11)

- Product: 91%
- Terminal Ops (1%) & Transportation (2%)
- SRM: 4%
- DLA Energy Operations: 2%
How We Do Business
Where DLA Energy Gets Its Typical Dollar
(FY10 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
- Bulk Fuels Contracting
  - $9.2B in awards FY10
- Services and Storage Contracting
  - $446M in awards FY10
- International Agreements
  - 42 Agreements in Place/$492M in IA support FY10

### Major Accomplishments
- Continued OIF/OEF Support
- Increased Storage in Afghanistan
- Optimization awards
- Alongside Aircraft Refueling for Navy
- AETC Fuel Operations Contracts
- COCO Storage in Singapore
- Continued support of bulk fuel programs
- Signed Fuel Exchange Agreement with UAE

### Current Initiatives
- Peer Review process for fuel programs
- DoE Heating Oil Reserve Storage
- Arabian Gulf/Multiple COCO Storage efforts
- Cape Canaveral Optimization
- Global Strike/Space/AETC Fuel Operations
- Navy Green Fleet Hydrotreated Renewables

### Future Initiatives
- Co-mingled Storage
- Commercial Jet Fuel purchasing
- Process Improvements
- International Agreement Budget SOP
- Nineteen Additional Agreements in the Pipeline
- SOPs/Desk Guides
- Al Dhafra bulk fuel support
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, Alabama tornadoes

Current Initiatives
- Major Acquisitions
  - PC&S – FEMA, Alaska, Columbia, Germany, Italy, Djibouti, Kyrgyzstan (MTC), Iraq (State Department), Afghanistan (NDN, Pakistan & Bagram pipeline)
  - Ships Bunkers – Domestic, Central & South America, Pacific (125 locations)
  - 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

• Increased Warfighter Stockage/CENTCOM Support
• Army Korea GOCO contract (10 locations)
• Funded 108 installation level engineering surveys
• Increased SRM staffing by 43%
• 98% of FMD deployments complete/completed FMD 8 baseline configuration
• Completed Secondary Sale Interim Guidance
• Inventory Management intranet tool deployed
• Completed first round of Staff Assist Visits

Current Initiatives

• Jet-A Demonstration/DFSP Charleston Conversion
• Assuming AF contracts-AETC/AFSPC/AFGSC
• PACOM Study Implementation
• Global Inventory Reduction Study (DORRA)
• EBS Implementation – external portal
• Align FMD Configuration with EBS convergence
• Expansion of Inventory Metrics
• DWCF loss reduction aboard Navy vessels

Future Initiatives

• Assumption of AFMC Contracts
• Wake Island Optimization Study
• Development/Execution of FY12 SRM Master Plan
• Compliance Inspection Program
• BCA on quantity determination
### Fuel Card Program

**Program Overview**
- DoD-level program office for AIR Card®, DoD Fleet Card and SEA Card® programs
  - Policies, procedures, program support
- FY10 Stats:
  - AIR Card®: $561M, 212K transactions
  - DoD Fleet: $54M, 676K transactions
  - SEA Card®: $199M, 1450 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
- FY10 Fleet Rebates $719K
- 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
- 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

- 16 launches in FY10 - 100% on time/on spec
- OIF/OEF bulk helium delivery
  - Developed in-country production of gaseous helium via 2 COCO Helium Transfill Facilities in AFG
  - Successfully supported surge of OEF Army Aerostats from 6 to 63
- 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 - open solicitations
  - CONUS Gaseous Helium
  - Gaseous Helium Trailers/ISO Containers
  - OCONUS Helium - Afghanistan
  - Gaseous Hydrogen and Gaseous Oxygen - Warner Robins AFB
  - Liquid Helium in DEWARS
  - Aviator’s Breathing Oxygen - multiple Middle East locations
- Contact: Sharon.Murphy@dla.mil to receive copies of solicitations

Future Initiatives

- Anticipated increase in bulk helium demand
- Customer and supplier automation
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 Accomishments

• 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
• Update overarching DLA Energy QA policy and training standards
• Quality Automation through Energy Convergence
• ICW CAAFI/FAA develop EISA 526 compliance policy
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
- Orchestrated center efforts to acquire over 760K USG of hydrotreated alternative jet & marine diesel
- Completed FY10 NDAA Section 334 Congressionally-mandated study
- Multiple alt fuel-related R&D contract awards
- Enabler for DLA Energy winning 2010 DLA Green Energy & Services Award

Current Initiatives
- Acquisition Manager for 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
- Pursues initiatives related to improvement of the Class III Bulk Petroleum supply chain
  - Equipment
  - Training
  - End-to-End Distribution
  - Information Management
  - Quality

### Major Accomplishments
- Revision of the Joint Publication 4-03 – Bulk Petroleum Doctrine – Dec 2010
- Consolidated All On-line Petroleum Supply Chain training to Defense Knowledge On-Line
- Assisted in Refining the Fully Burdened Cost of Energy Concept
- Standardized Specification for Collapsible Fuel Tanks

### Current Initiatives
- Bulk Petroleum-Common Operating Picture (BP-COP) Deployment
- Automatic Identification Technology (AIT) Feasibility Study
- Temperature & API Correcting Meters (TACM) Feasibility Study
- Collapsible Fuel Tank Enhancement Evaluations

### Future Initiatives
- EA2020 Long Range Strategy Implementation
- Class IIIB Energy Logistics Footprint Assessment
- Automotive Information Module 2 (AIM2)
- DFSP Management
## Installation Energy

### Program Overview

- **Energy Commodities**
  - Managing $2.1B in natural gas, electricity, coal, renewable energy and ESPC contracts
  - Serving over 200 customers (DoD/Fed Civ)
- **Energy Savings Performance Contracts (ESPC)**
  - Partnering with DoE...ESPC ID/IQ contracts
  - Assist military Services with using ESPC contracts to reduce energy demand
- **Renewable Energy** – Serve as DoD contracting agent for purchasing renewable energy to meet mandated energy goals
- **Electricity Demand Response Program**
  - Assisting customers in enrollment to support grid reliability

### Major Accomplishments

- Awarded over $600M in natural gas, coal, electricity, renewable energy and ESPC contracts in FY10
- Achieved a 19% cost avoidance for natural gas customers in FY10 of approximately $62M
- ESPC efforts are supporting energy reduction goals by saving 868B btu's/year
- Procured over 5.5M megawatt hours of renewable energy
- Issuance of multiple solicitations for large and small scale solar projects
- Participation in electricity demand response programs netted customers over $4.6M in credits on their utility bill in FY10

### Current Initiatives

- Working multiple ESPC efforts in support of Army, Regional Support Commands and other DoD agencies
- Supporting multiple renewable energy project efforts for Army
- Electricity procurement to support DoD and federal civilian customers in Northeast region
- Natural gas procurement supporting DoD and federal civilian customers in CA

### Future Initiatives

- Become center of excellence for renewable energy
- Continued growth of ESPC program
- Expand implementation and execution of electricity demand response at federal facilities
- Support purchase of biomass pellets for customers with on-site biomass generation facilities
## Energy Enterprise

### Program Overview
- Many DoD utility systems are poorly maintained, resultantly, significant system deficiencies exist across DoD utility systems which degrade system reliability, threaten mission readiness, potentially compromise energy security and, in some cases, constitute a serious threat to life, health and safety.
- Utilities privatization (UP) is DoD’s preferred method for addressing utility infrastructure deficiencies by leveraging private sector financing and efficiencies.

### Major Accomplishments
- DLA Energy’s UP program supports OSD’s UP initiative.
- DLA Energy is the UP contracting support provider of support for the Army and Air Force.
- Private vs. DoD ownership = service via modern systems.
- Awards for 90 systems at 42 installations.
- Award value: $9.56B, $2.04B less than estimated cost if DoD retained ownership and properly maintained systems.
- Administer 34 contracts for 29 installations (Army and Air Force) and 60 systems.

### Current Initiatives
- Contract admin function continues to grow – forming partnership with Army for administration of its contracts.
- Planned FY11 awards for 21 systems at 10 installations.
- MOA with Air Force to administer UP contracts.

### Future Initiatives
- Energy Enterprise 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)
WARFIGHTER FOCUSED, GLOBALLY RESPONSIVE SUPPLY CHAIN LEADERSHIP

DLA Energy Americas Operations

PIFELINES
AM West
Chevron 1
Chevron 2
Idaho
Holly Corp
KM – North
KM – West
KM – East
CalNev

PIFELINES
AM East
KM
Plantation
Explorer
Magellan
EPCO
Buckeye
Colonial

• $7.8 Billion - Value of Contracts (FY10)
• 2.6 Billion GL - fuel delivered (FY10)
  • 1.8 Billion GL - Air Forces
  • 742.5 Million GL - Naval Forces
  • 84.4 Million GL - Ground Forces
• 400,000 to 550,000 – Transactions / Month
• 9,000 to 11,000 - Movements / Month
• 2,045 – Customer Accounts
• 392 DFSPs (Fuel Storage Facilities)
• 37 / 37 - Suppliers / Contracts (FY10)
• 14 Major Pipeline Distribution Systems
• 5 Time Zones (West Coast - Lesser Antilles)
• 4 COMBATANT Commands

 Latin America Operations
54 - Into-Plane Sites
35 - Bunker Locations
5 - DFSP Locations
4 - Forward Opns Sites
DLA Energy – Europe/Africa 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/AFRICA 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
DLA Energy Middle East Operations

**The CENTCOM AOR is . . .**

<table>
<thead>
<tr>
<th>Complex</th>
<th>Critical</th>
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<tbody>
<tr>
<td>683M People</td>
<td>56.6% of World’s Oil Reserve</td>
</tr>
<tr>
<td>20 Countries</td>
<td>47.1% of World’s Natural Gas</td>
</tr>
<tr>
<td>32 Major Ethnic Groups</td>
<td>4 x Strategic Choke points</td>
</tr>
<tr>
<td>7 Major Languages</td>
<td></td>
</tr>
<tr>
<td>12 Major Religions *</td>
<td></td>
</tr>
<tr>
<td>* Predominantly Muslim</td>
<td></td>
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</table>

**The Middle East office is . . .**

Supporting the Warfighter:
Two combat theaters (OEF, OND), in addition to CONOPs planning and air and maritime CTFs.

<table>
<thead>
<tr>
<th>Supported</th>
<th>Fuel</th>
<th>Cost</th>
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<tbody>
<tr>
<td>OND</td>
<td>629.6M gallons</td>
<td>$2,487.0M</td>
</tr>
<tr>
<td>OEF</td>
<td>429.4M gallons</td>
<td>$1,696.1M</td>
</tr>
<tr>
<td>Air Forces</td>
<td>565.2M gallons</td>
<td>$2,234.6M</td>
</tr>
<tr>
<td>Naval Forces</td>
<td>185.8M gallons</td>
<td>$734.6M</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,810M gallons</td>
<td>$7,152.3M</td>
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</table>

Forward postured in support of:

<table>
<thead>
<tr>
<th>Country</th>
<th>Supported Effort</th>
<th>Personnel</th>
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</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>CENTCOM</td>
<td>42</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>Embassy; USFORA (OEF);</td>
<td>3</td>
</tr>
<tr>
<td>Kuwait</td>
<td>USF-I (OND)</td>
<td>3</td>
</tr>
<tr>
<td>Iraq</td>
<td>USF-I (OND)</td>
<td>1</td>
</tr>
<tr>
<td>Belgium</td>
<td>NATO (JFC-Brunsum)</td>
<td>1</td>
</tr>
<tr>
<td>CONUS (Tampa)</td>
<td>CENTCOM LNO; Region Office</td>
<td>7</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>57</td>
</tr>
</tbody>
</table>

* Predominantly Muslim

- 11% World’s seaborne oil traverses Gulf of Aden
- 40% World’s seaborne oil traverses Strait of Hormuz
- 4% World’s seaborne oil traverses Strait of Hormuz
- 11% World’s seaborne oil traverses Gulf of Aden
DLA Energy Pacific Operations

- 36 Countries
- 6 of World’s Largest Armed Forces
- Nearly 60% of World’s Population
- World’s Two Most Populous Countries
- 16 Time Zones
- 51% of Earth’s Surface
- 105 Million Square Miles
- 29% of Gross World Product
- Strategic Sea Lanes

Countries and Locations:
- Japan (Yokota)
- Korea (Daegu)
- Guam (Andersen)
- Hawaii (Pearl Harbor)
- Hawaii (Anchorage)
- Singapore (2 QARs)
- Strategic Sea Lanes

Key Points:
- DLA Energy-Pacific
- Locations in the Pacific Ocean
- High Population Countries
- World’s Largest Armed Forces
- Time Zones and Geographic Extent
Takeaways

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