

U.S. Department of Energy
Washington, D.C.

NOTICE

DOE N 430.1

Approved: 10-28-97

Expires: 10-28-98

SUBJECT: ENERGY SYSTEMS ACQUISITION ADVISORY BOARD PROCEDURES

1. OBJECTIVES.

- a. To streamline the Energy Systems Acquisition Advisory Board (ESAAB) process and to ensure informed, objective, and documented Strategic and Major System Critical Decision, Baseline Change Proposal, and site selection final decisions.
- b. To implement Office of Management and Budget (OMB) Circular A-109.
- c. To address Departmentwide issues and opportunities before committing resources prior to proceeding to the next acquisition phase in the life cycle of a Strategic System (SS) or Major System (MS), and to ensure formal, executive decision making consistent with the Department's strategic planning and annual budget processes.
- d. To integrate DOE fixed asset management processes, found in DOE O 430.1, LIFE-CYCLE ASSET MANAGEMENT (LCAM), with the ESAAB executive decision-making process.
- e. To incorporate the substance of this Notice, when appropriate, into DOE O 430.1.

2. CANCELLATION. None.

3. APPLICABILITY. This Notice and the ESAAB and ESAAB-equivalent decision-making processes apply to every program and project designated as an SS or MS. Similar decision procedures, to be individually tailored by the designated Acquisition Executive to the size and complexity of the project, apply to projects below the MS level. Naval Nuclear Propulsion Program Facilities and activities under Executive Order 12344 and Public Law 98-525 are excluded from the provisions of this Notice.

4. REQUIREMENTS.

- a. The ESAAB and its related ESAAB decision-making process shall be used to make final decisions on SS Critical Decisions, Level 0 Baseline Change Proposals, and site selections.

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Office of Field Management

- b. ESAAB-equivalent and related procedures shall be developed and used to ensure a formal, documented, and auditable management process for making final decisions on delegated SS and MS Critical Decisions, Level 1 Baseline Change Proposals, and site selections. Similar procedures for project decisions below the MS level shall be developed by the responsible Acquisition Executive (Program Secretarial Officer, Field Office Manager, or other official as delegated) and shall be graded, as appropriate, to reflect the size and complexity of the project.
- c. All SS/MS Critical Decisions and site selections shall be approved by the appropriate Acquisition Executive before proceeding to the next acquisition phase.
- d. Requests for a final action from the ESAAB or ESAAB-equivalent Acquisition Executive regarding Critical Decisions, Baseline Change Proposals, or site selections shall be coordinated with the ESAAB or its equivalent either through an ESAAB/ESAAB-equivalent meeting or an Action Memorandum.
- e. Either the Secretary, Deputy Secretary, or Under Secretary shall serve as the ESAAB Acquisition Executive for an SS; the Cognizant Secretarial Officer (CSO) shall serve as the ESAAB-equivalent Acquisition Executive for MS or delegated SS decisions. Final decision authority below either level shall be expressly delegated and documented by the appropriate Acquisition Executive.
- f. ESAAB membership shall include the CSOs and the Offices of General Counsel; Chief Financial Officer; Human Resources; Environment, Safety and Health; Field Management; Policy; Environmental Management; and Economic Impact and Diversity; or as identified by the Acquisition Executive.
- g. ESAAB-equivalent board members shall represent the same functions as the ESAAB. These members may be from either (1) Headquarters (HQ) functional offices of the ESAAB member (e.g., the Chief Financial Officer, General Counsel, etc.) or (2) a similar functional element in the office of the CSO, provided that the HQ functional office representative is notified prior to an impending decision and is given an opportunity to participate in the decision-making process.
- h. The ESAAB Secretariat shall reside in the Office of Project and Fixed Asset Management, Field Management.
- i. An SS shall be designated based on a Total Project Cost (TPC) of \$400 million or more, and an MS, based on a TPC of \$100-\$400 million. In addition to TPC, SS and MS designations shall consider risk factors, international implications, stakeholder interest, and/or national security. The final decision authority for SS and MS designations, and for changes in the criteria for designation, is the Acquisition Executive.

- j. The SS/MS Critical Decision (CD) points, for which an ESAAB or ESAAB-equivalent Acquisition Executive final decision is required, are shown in Table 1.

Table 1. SS/MS Critical Decision (CD) Points.				
Pre-conceptual	Conceptual Design Phase		Execution Phase	Operations Phase
Approve:	▲ CD-1 Mission Need	▲ CD-2 Baseline	▲ CD-3 Start Construction or Remedial Action	▲ CD-4 Start Operations or Complete Cleanup

- k. The starting points of phases delineated in LCAM, which include the conceptual design, execution, and operations phases, define CD-1, CD-2, and CD-4, respectively. (See DOE O 430.1, Paragraph 6e(7).) CD-3 relates directly to the approximate mid-point of the execution phase and is typically made between completion of final design and start of construction, build, or remedial action. The relationship between the Critical Decisions (requiring ESAAB or ESAAB-equivalent Acquisition Executive approval before proceeding to the next phase) and the LCAM life cycle phases is illustrated in Table 1.
- l. Final decision authority for an SS CD-3 shall be delegated to the ESAAB-equivalent Acquisition Executive on the condition that:
- the Secretary (Deputy or Under Secretary) has been notified, with either a copy to or through the ESAAB Secretariat, of the impending decision not less than 30 or more than 90 days before the scheduled decision; and
 - the Secretary (Deputy or Under Secretary) has decided not to require final decision authority at the ESAAB level.
- m. All delegated SS Critical Decisions require a 30-day notification to the ESAAB Acquisition Executive of an impending intent to approve a Critical Decision.
- n. To ensure that an auditable, formal, documented ESAAB-equivalent process is in place, the office of the ESAAB-equivalent Acquisition Executive shall:
- inform the ESAAB Acquisition Executive, through the ESAAB Secretariat, of all Critical Decisions, Level 1 Baseline Change Proposals, and site selections and
 - provide the appropriate documentation to the ESAAB Secretariat.

- o. An SS Baseline Change Proposal that exceeds Level 0 thresholds requires (1) formal notification to the ESAAB Secretariat and (2) ESAAB Acquisition Executive approval. The Acquisition Executive shall determine if a request for ESAAB concurrence is appropriate based on a recommendation from the ESAAB Secretariat with input from the program office.
 - p. SS Level 0 thresholds are defined as: (1) any change of \$50 million or more and/or (2) any change in TPC and/or (3) a 6-month-or-more change in schedule and/or (4) changes in scope that affect mission need.
 - q. An Energy Systems Acquisition Review (ESAR) meeting shall be conducted with the appropriate Acquisition Executive, in lieu of an ESAAB meeting, for any project or program that does not have all the Critical Decision points illustrated in Table 1.
5. **RESPONSIBILITIES.** Roles and responsibilities shall be determined using a graded approach and are generally defined at the discretion of the ESAAB and ESAAB-equivalent Acquisition Executive and Board member.
- a. **ESAAB Acquisition Executive.**
 - (1) Chairs the ESAAB/ESAR meeting.
 - (2) Makes all final decisions for SS Critical Decisions 1, 2, and 4, unless delegated; selected Critical Decisions CD-3, as noted; Level 0 Baseline Change Proposals; and SS site selections. All Critical Decisions shall be documented either through an Action Memorandum or an ESAAB meeting.
 - (3) Makes the final decision regarding project/program SS/MS designation.
 - (4) Delegates final decision-making authority.
 - b. **ESAAB Secretariat.**
 - (1) Serves as staff to the ESAAB Acquisition Executive.
 - (2) Performs duties necessary to implement ESAAB-related responsibilities, including recommendations regarding SS/MS designation, together with program/field offices.
 - (3) Ensures that ESAAB-equivalent procedures for program and field offices, based on ESAAB Acquisition Executive guidance, are documented and implemented.
 - (4) Formulates and periodically updates ESAAB guidelines to reflect current senior management practices.

(5) Issues SS/MS list annually.

c. ESAAB Members.

(1) Serve as advisors to the ESAAB Acquisition Executive.

(2) Based on their areas of primary responsibility, provide recommendations or concurrence/nonconcurrence on final decisions for SS Critical Decisions, Level 0 Baseline Change Proposals, and SS site selections. Because the ESAAB is an advisory body, nonconcurrence by a member shall not require resolution prior to forwarding the request to the Acquisition Executive for a decision.

d. Acquisition Proponent. The CSO who seeks Acquisition Executive approval for final decisions for Critical Decisions, Baseline Change Proposals, and site selections.

e. Cognizant Secretarial Officer (CSO).

(1) Chairs the ESAAB/ESAR-equivalent meeting and makes the final decision for delegated SS/MS Critical Decisions, Level 1 Baseline Change Proposals, and delegated site selections.

(2) Develops and documents procedures for the ESAAB-equivalent process, which should include the following:

(a) a requirement that an ESAAB-equivalent board is appointed for each MS;

(b) a requirement that the ESAAB-equivalent board is appointed for delegated SS CD-3 in accordance with the conditions stated in 4g;

(c) provisions to ensure that ESAAB members are notified and their concerns considered prior to the ESAAB-equivalent meeting/Action Memorandum; and

(d) provisions to ensure that documentation is provided to the ESAAB Secretariat for all delegated SS and all MS Critical Decisions, Level 0 and Level 1 Baseline Change Proposals, and delegated site selection decisions.

(3) Provides ESAAB Secretariat with annually updated list of all planned and/or actual Critical Decision, Baseline Change Proposal, and site selection final decisions.

(4) Provides ESAAB-equivalent procedures to the ESAAB Secretariat for review and comment.

- (5) Formally notifies the ESAAB Secretariat when initiating Conceptual Design for an SS that involves a site selection.
 - (6) Identifies the Critical Decision approval authority for an SS/MS delegated to a lower level.
 - (7) Delegates final decision-making authority.
 - (8) Ensures that appropriate procedures for project decisions for projects other than SSs or MSs, graded to reflect the size and reduced risk of such projects, are addressed for projects for which the CSO holds or delegates decision authority.
6. CONTACTS. Office of Field Management, Office of Project and Fixed Asset Management (FM-20), Ute Debus, 202-586-9265.

BY ORDER OF THE SECRETARY OF ENERGY:



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