

Subject: DOE Response to comments regarding U.S. Department of Energy Proposed Agency Information Collection Request, Federal Register/Vol. 75, No. 100, Tuesday, May 25, 2010/Notices

August 23, 2010

Consolidated Edison Company of New York, Inc.
Detroit Edison
Indianapolis Power & Light Company
PECO
Progress Energy

Dear Recipients:

The Department of Energy (DOE) appreciates your response to our May 25 Federal Register Notice regarding DOE's proposed Information Collection Request for Recovery Act activities, including Smart Grid Investment Grants (SGIG) and Smart Grid Demonstration Projects (SGDP). The DOE shares your commitment to providing taxpayers and the public with timely reporting on the progress of Recovery Act projects – and we share your desire to do this in as efficient a manner as possible. The DOE has made every effort to develop reporting requirements that impose a minimal cost burden on recipients while at the same time fulfilling the intent of the Recovery Act to provide transparency and oversight of the projects it funds.

We appreciate that you are in agreement with providing risk management data and progress reports monthly and also appreciate your feedback about our proposed PVMS reporting. We would like to provide you with an explanation as to why we are asking for this data monthly. The size of these Recovery Act activities, combined with their integral support of the government's strategic goals has resulted in greater interest and scrutiny on the part of Congress, the Administration, and most importantly, the public. Put simply, such a significant taxpayer investment requires more frequent reporting to satisfy such intense interest.

Due to the size and number of these projects, as well as the limitations on spending imposed by the Act's deadline to expend funds by September 30, 2015, taxpayers are taking on greater risk in funding them than is usual for federal financial assistance agreements. In anticipation of this, the Department of Energy advised potential grant recipients as early as June 2009 about potential reporting requirements. As stated in the SGIG Funding Opportunity Announcement:

While the Department of Energy has decided to utilize grants as the vehicle for providing funds to accomplish this purpose, applicants are advised that the Department intends to exercise more stringent management oversight and control than normally seen in grant programs.

In addition, the Department advised recipients about specific reporting requirements at the November 19, 2009 SGIG Orientation session.

Monthly PVMS reporting will aid DOE in managing risks to project success. Quarterly PVMS reporting could create a situation where OE project officers are unable to identify a problem until as much as five months after it occurs.

For example, a project that goes off-track in July, under quarterly reporting, would not be required to provide PVMS data indicating the problem until October 29. DOE review of the report would occur in the first part of November, a full four months following the problem's occurrence. Significant work effort and millions of dollars are being expended on a typical large project each month. The potential for several months to elapse and several tens of millions of dollars to be spent on a project before DOE had any insight into the issues is not an acceptable risk to DOE at this time. Monthly reporting will give DOE insight much sooner, significantly increasing the ability of DOE to engage the recipient in corrective action and to precipitate a positive outcome.

To alleviate some of the burden on recipients imposed by monthly reporting of PVMS, OE made the decision to limit the level of data reported on a monthly basis in two ways. First, budgeted cost of work performed (BCWP) and actual cost of work performed (ACWP) will be required to be reported only at the project/grant level. We expect that you will be calculating earned value data at a much greater level of detail than the project/grant level for your own internal project management purposes. Consequently, the project/grant level roll-up will be sufficient for DOE to gauge the health of the project on a monthly basis. We will rely on you to use your more detailed data, and your own internal processes, to effectively manage your project.

Second, for activity and milestone descriptions that are required as part of the project plans, DOE will only require a simple "on-track/off-track" indicator in the monthly report. Not requiring reporting of BCWP or ACWP at lower levels will relieve recipients of a more onerous burden. Each of these concessions will reduce the cost of developing reports as well as reduce the amount of time needed to prepare them.

We appreciate the extensive efforts that recipients have undertaken to comply with both the spirit and letter of the award agreements. Your feedback regarding the level of effort required to comply with your agreements is important to us and we do take your concerns seriously. To provide clarification, our estimate of level of effort represents hours above and beyond what a project would be expected to carry out as part of regular project management activities.

For example, as outlined in both the Federal Opportunity Announcements and the award agreements, we expect all projects funded under these programs to be conducting risk management activities *as part of their normal project management efforts*. As good risk management is a continuous process, the only additional requirement we are imposing is the reporting of the status of your self-identified risks on a monthly basis. As a result, most of the processes you outline in your estimate should already be part of your internal processes and therefore, already part of your costs.

We want to emphasize that we have sought to avoid being prescriptive regarding what you report in your PVMS submissions, specifically how you define your activities and milestones. Our primary reason for this was to allow you to align what you report to us with your own internal systems.

As much as possible, our reporting requirements have provided recipients with the opportunity to tell us what recipients want to be measured against so that our metrics align with the recipients. We would be happy to work with you in the course of developing your project plans to more effectively align metrics, and we believe this will allow for easier compliance with the monthly reporting requirement. DOE strives to create the least burdensome processes for reporting while still providing sufficient oversight to ensure wise use of taxpayer funds. The proposed data collection accomplishes this goal.

Thank you again for your comments on the proposed reporting request.

Sincerely,

U.S. Department of Energy
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