



The Deputy Secretary of Energy

Washington, DC 20585

August 11, 2016

MEMORANDUM FOR HEADS OF ALL DEPARTMENT ELEMENTS

FROM:

ELIZABETH SHERWOOD-RANDALL

SUBJECT:

“Operational Release” Milestone for DOE Projects

The Secretary and I have made it a high priority to improve project management across the Department of Energy (DOE) and to remove all DOE organizations from the Government Accountability Office’s (GAO) High-Risk List for contract and project management. This policy memorandum further builds on recent project management improvements, such as the revision of DOE Order 413.3B, by requiring continuing senior level oversight on select projects or facilities with commissioning or start-up risks.

A key element of successful project delivery is ensuring that a project’s technical goals, key performance parameters, and strategy for the transition to operations are developed as required by DOE Order 413.3B and maintained and refined over the life of the project. To achieve required performance objectives as soon as practicable, I expect Federal Project Directors to leverage best practices and lessons learned for facility start-up (e.g., phased commissioning, internal and external readiness reviews, adequate pre-operations funding).

Experience has shown that DOE’s complex nuclear, chemical processing, and one-of-a-kind scientific facilities can have significant risks that continue after project completion (Critical Decision 4) and that can impact achievement of full operational capability. Resolution of these risks can be expensive and significantly delay full operational capability or use of these facilities.

To manage these on-going operational risks more efficiently, I expect program offices to provide continued oversight of select projects for which an extended period of transition to operations is likely, including projects that have identified risks that may delay full operational capability. In these instances, I am requiring program offices to develop and execute a detailed plan to attain full operational capability. This plan is in addition to the Transition to Operation Plans currently required to meet minimum threshold project key performance parameters and to achieve project Critical Decision (CD) 4.

The new plan will be approved by the appropriate Project Management Executive (PME) by CD-3. Program offices will provide quarterly progress updates, including lessons learned, to the PME and the Project Management Risk Committee (PMRC) until full operational capability is attained. Upon attainment of full operational capability, the appropriate Under Secretary will approve the project’s “Operational Release,” at which point the quarterly progress updates will no longer be required.



Within sixty days, program offices will review, identify, and recommend specific projects or facilities to the appropriate PME that should be considered for instituting this enhanced process. This review should include all post CD-2 projects and select post CD-4 projects that have yet to attain full operational capability.

The Office of Project Management Oversight and Assessments, in coordination with the PMRC, will work with your offices to facilitate the immediate implementation of this policy, and will codify these changes in the next update of DOE Order 413.3B. In the interim, I expect you to incorporate this policy clarification immediately for select projects or facilities identified by the program offices and approved by the PME.

I appreciate your leadership and continued emphasis on improving project management and mitigating risks across the Department.