



# DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



## DLA ENERGY

Mr. Patrick Dulin  
Deputy Director

August 2010



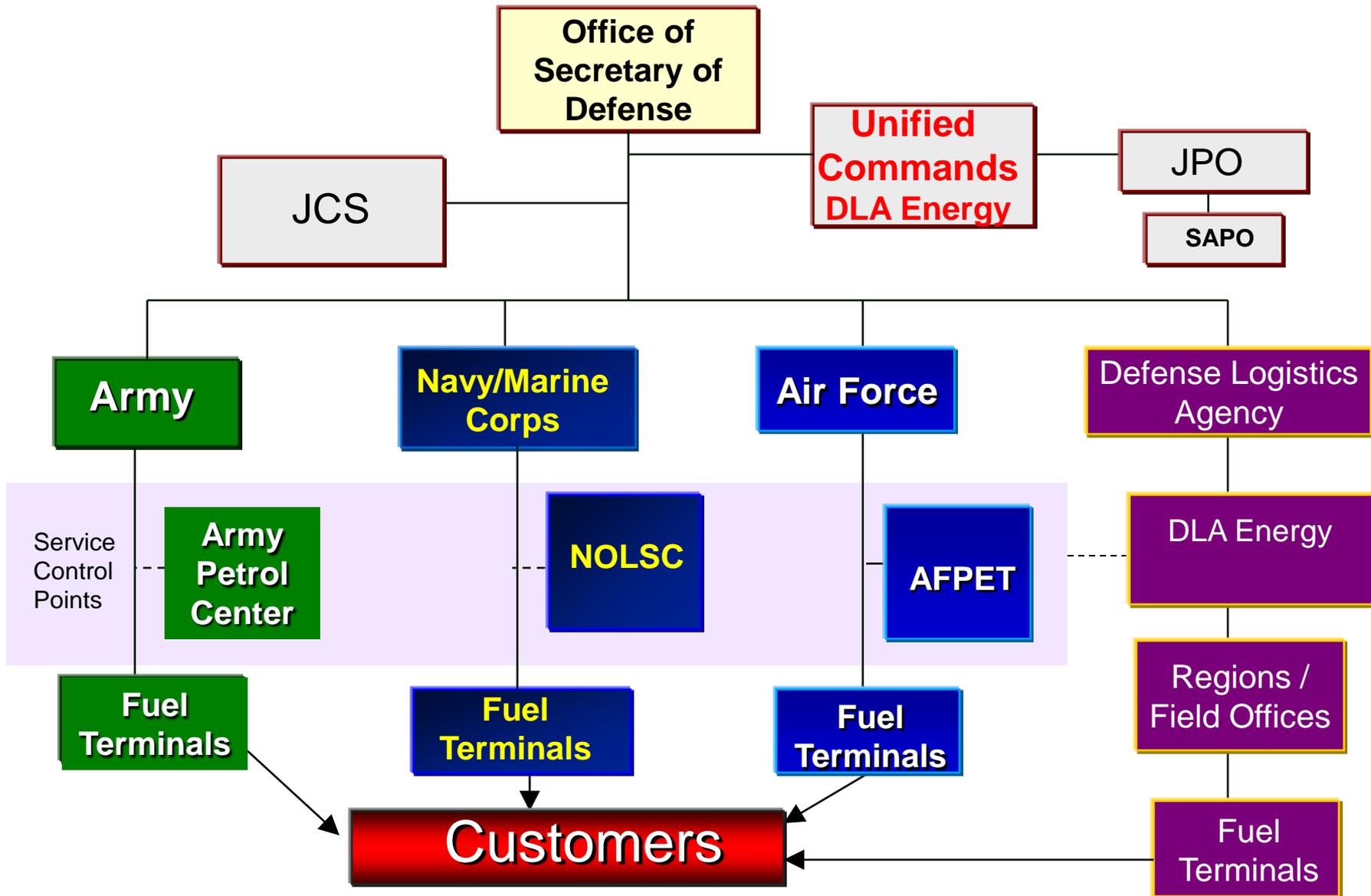
# Agenda

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



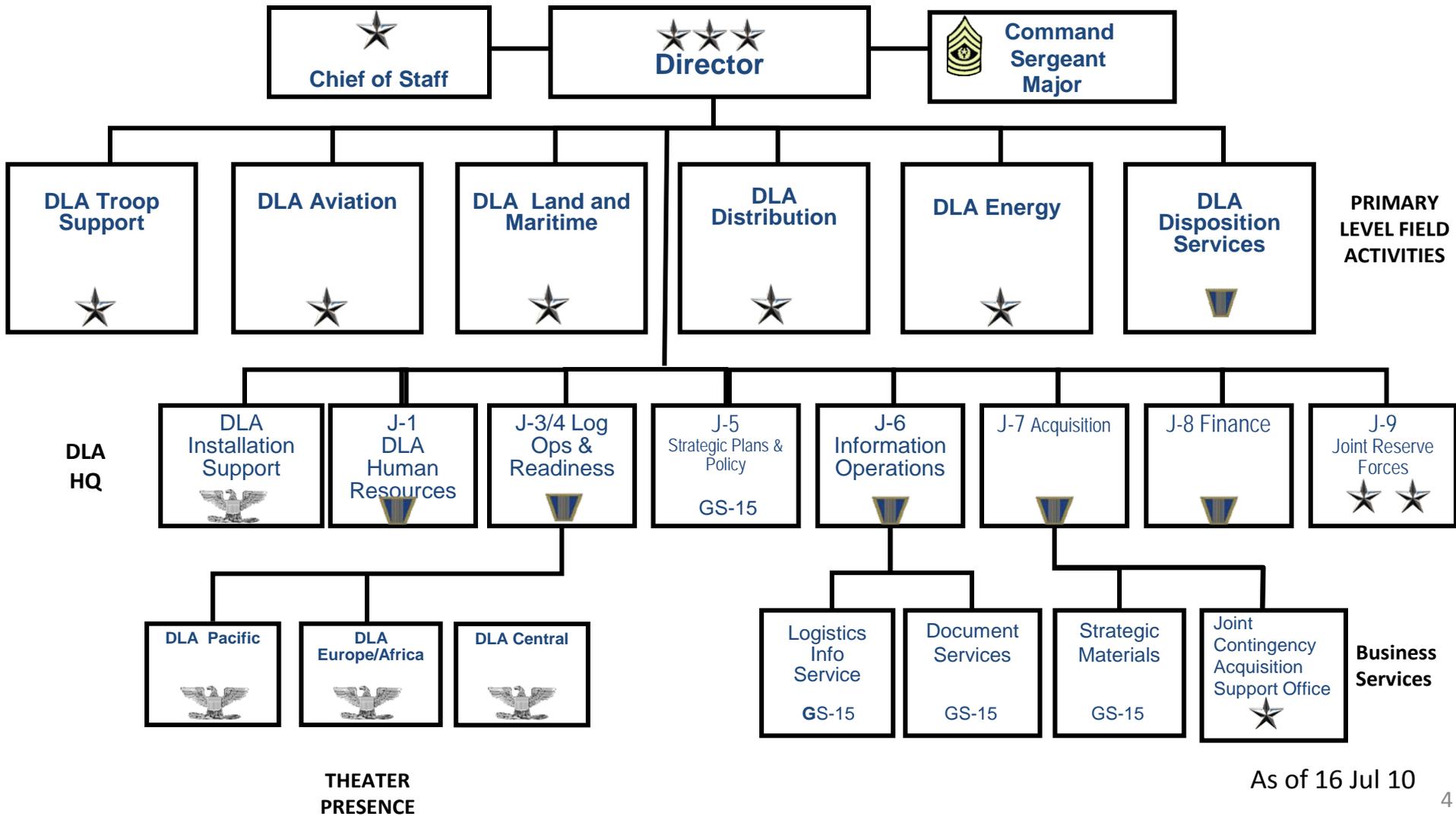
# Global Organization / Support

## DoD Petroleum Structure



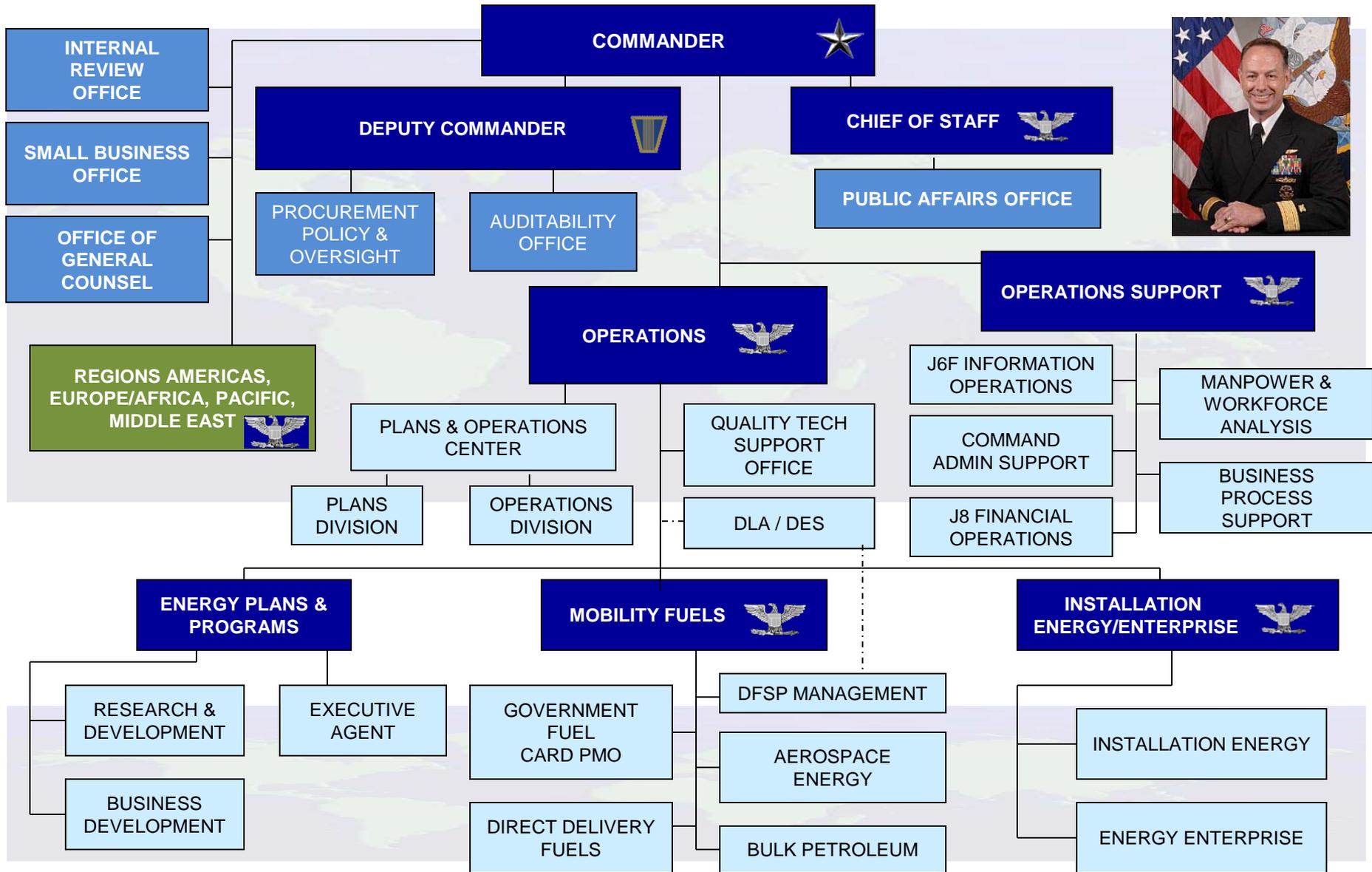


# DLA Organization





# DLA Energy





# 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

## Foreign Military Sales

Net Sales	3.3M barrels - \$253.0M
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\* 42 Gallons = 1 Barrel

## Expanding Energy Solutions

National Gas Business	\$292M
<i>Electricity Business</i>	\$863M
<i>Coal Contract Business</i>	\$68.9M
Renewables	\$819K
<i>Estimated U.P. Awards</i>	\$1.2B
<i>multi year awards</i>	

## Forward Presence

Co-located: 3 Service Control Points  
5 Geographic Regions: approx. 254 personnel

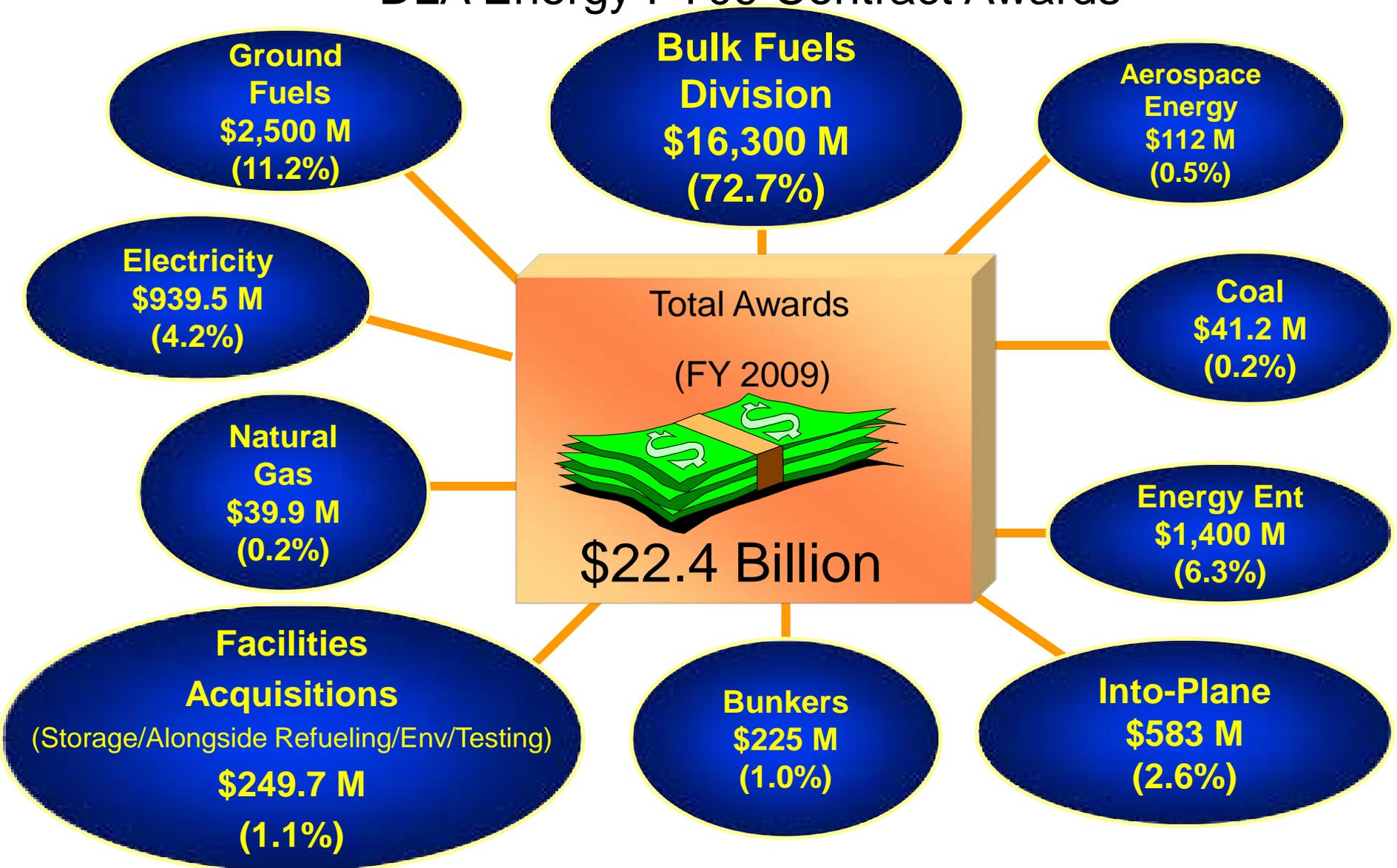
## Personnel On Board

Civilians	1033
Military	63



# How We Do Business

## DLA Energy FY09 Contract Awards

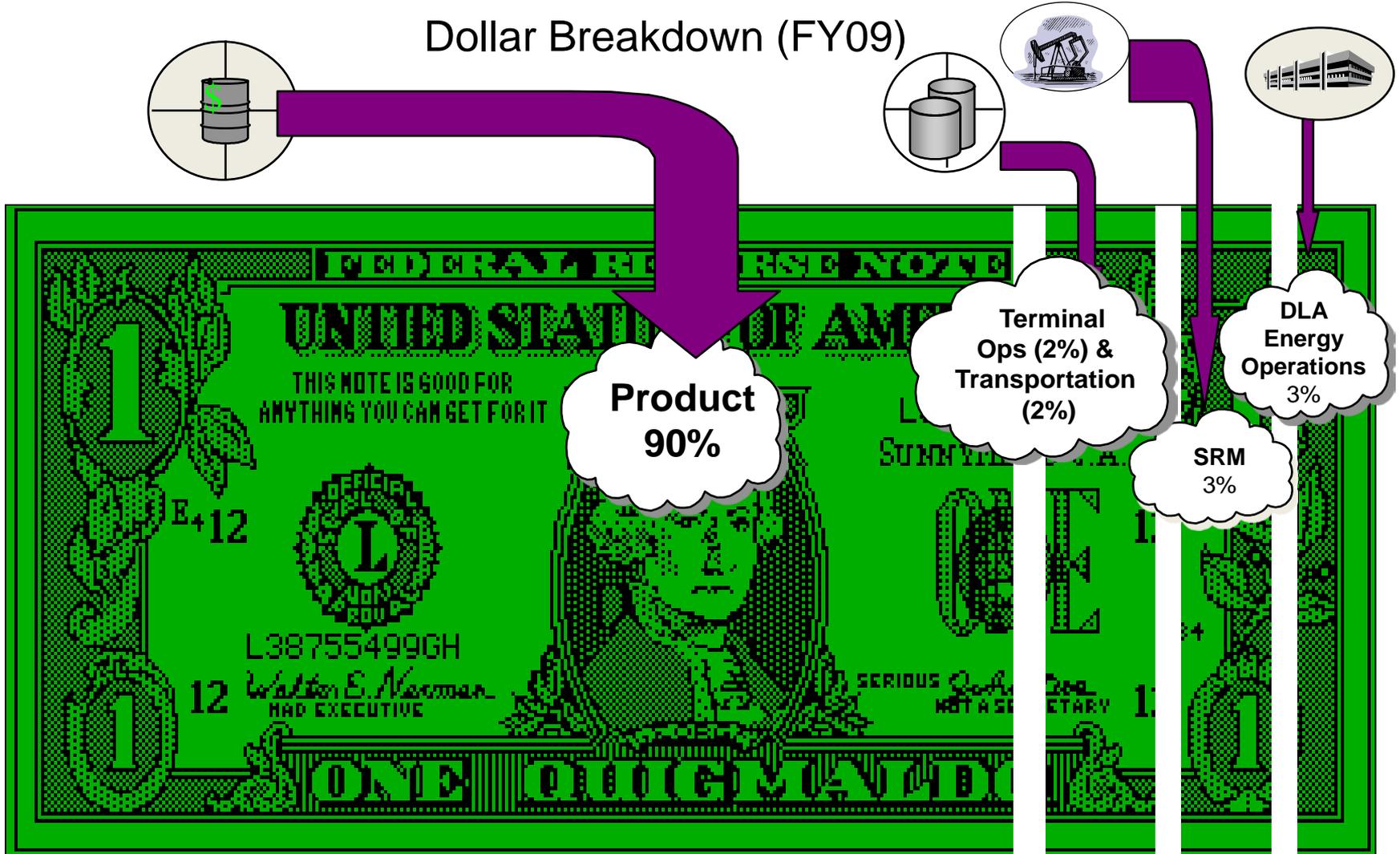




# How We Do Business

## DLA Energy Costs

Dollar Breakdown (FY09)

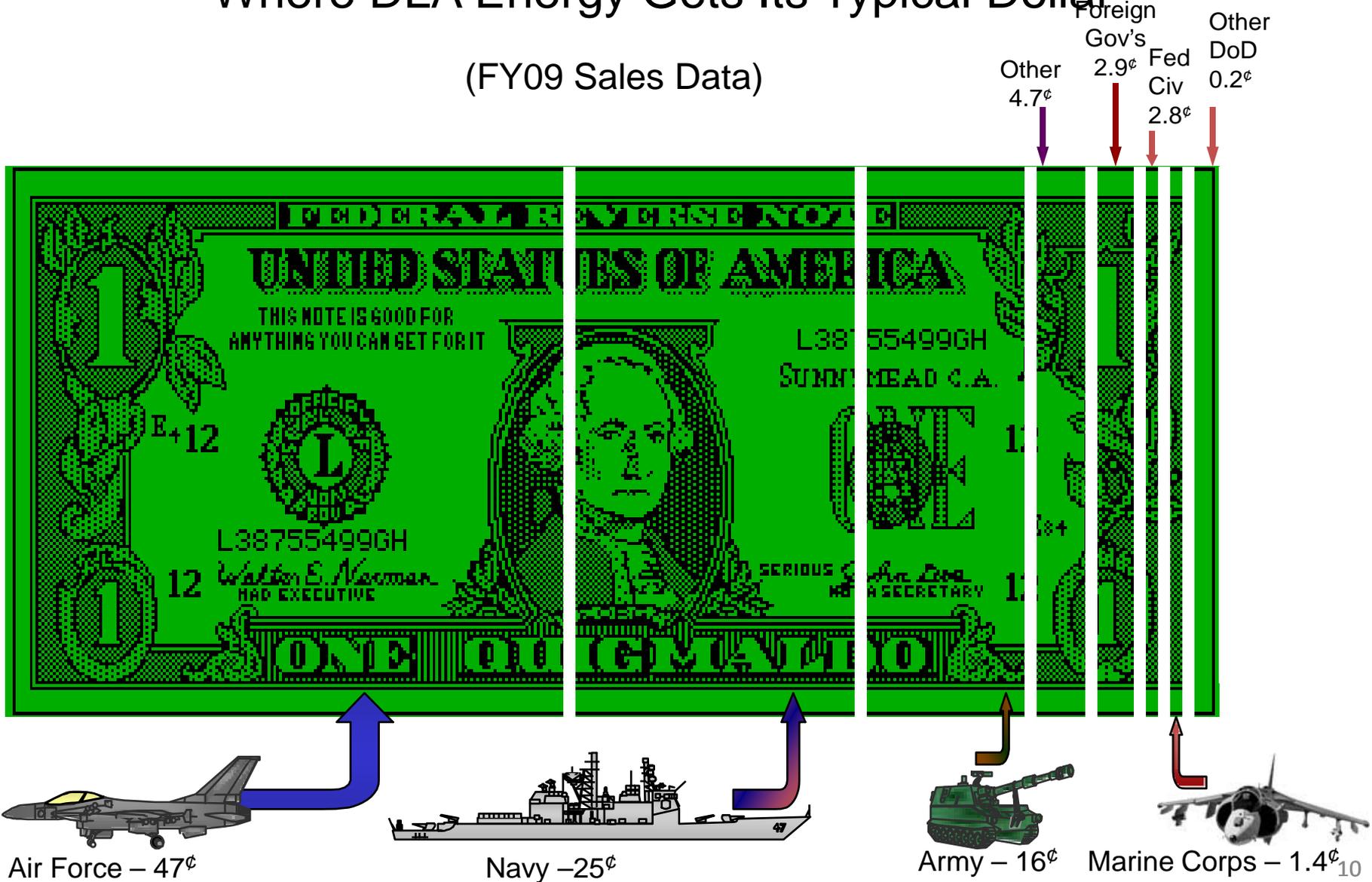




# How We Do Business

## 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

## 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



## 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

## 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

- 505<sup>th</sup> QM transition to DLA Energy Study
- Assumption of Task Force-East Contracts
- Development and Execution of SRM Master Plan
- AFCEA 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
  - Cryogenics
- 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
  - Back-to-back Packard Awards – 2006 & 2007
  - 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



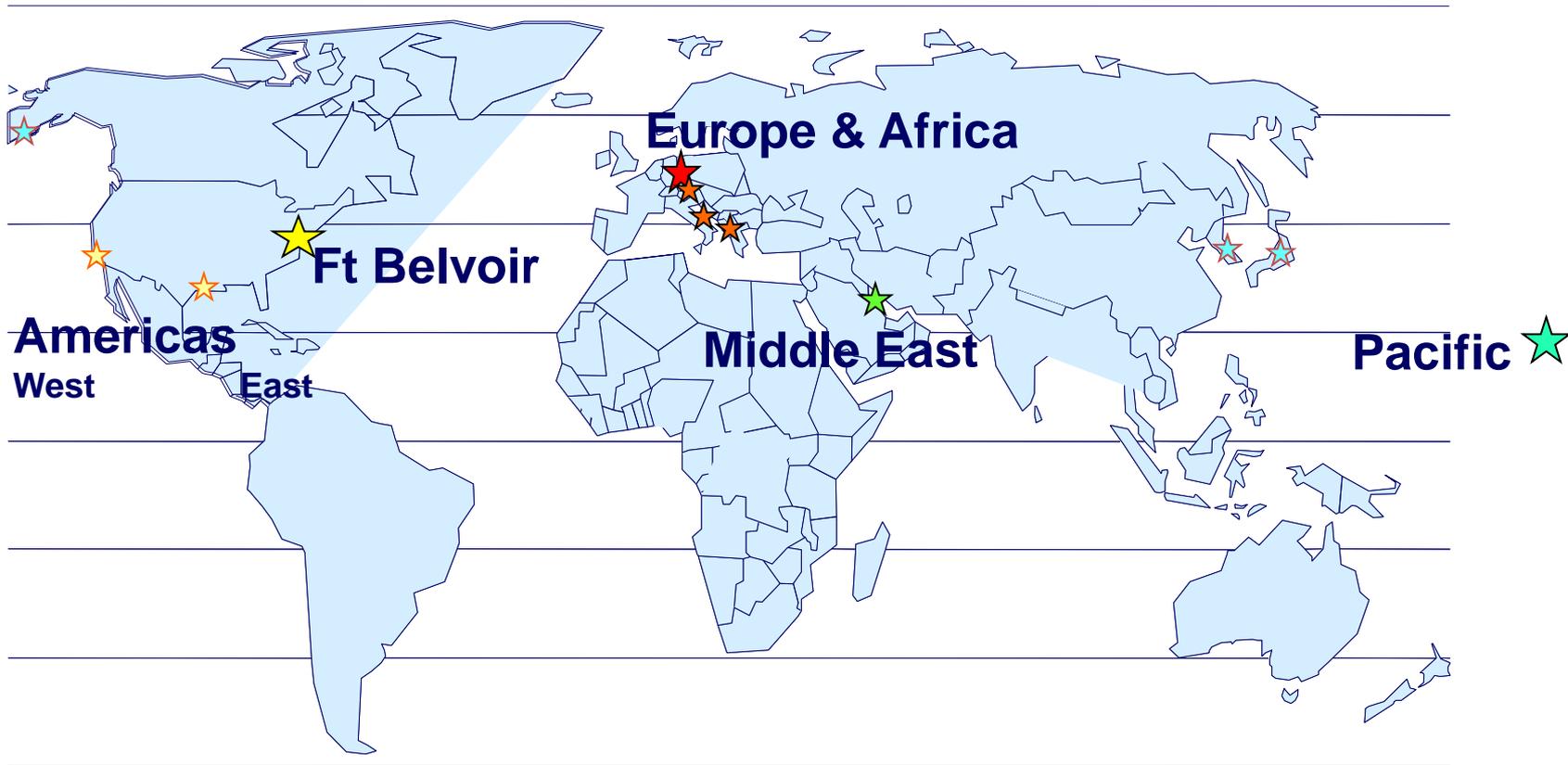
# How We Support the Warfighter

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

- Pipelines – AMW**
- █ Chevron 1
  - █ Chevron 2
  - █ Idaho
  - █ Holly Corp
  - █ KM - North
  - █ KM - West
  - █ KM - East
  - █ CalNev

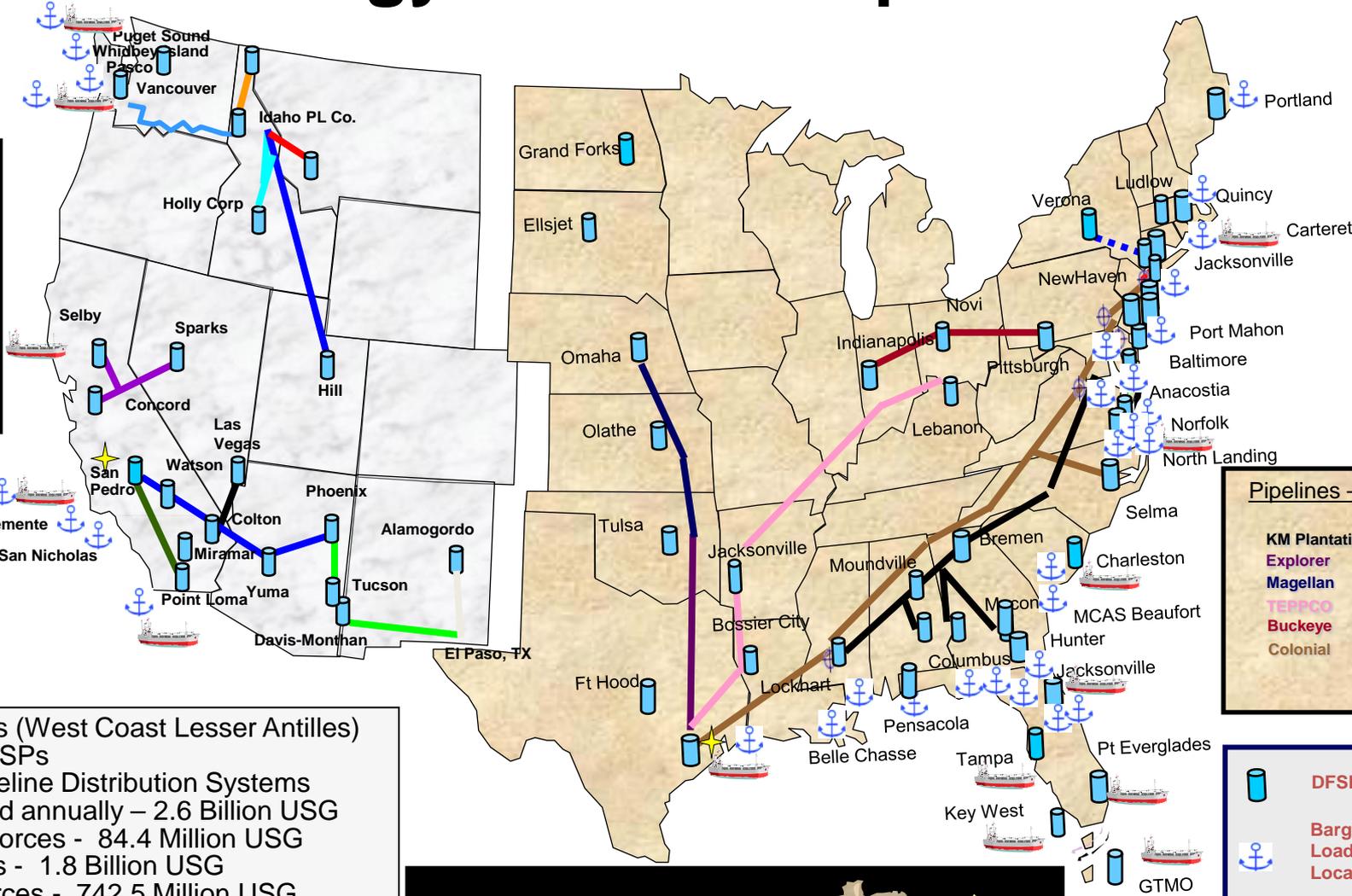
- Pipelines – AME**
- █ KM Plantation
  - █ Explorer
  - █ Magellan
  - █ TEPCO
  - █ Buckeye
  - █ Colonial

- 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**



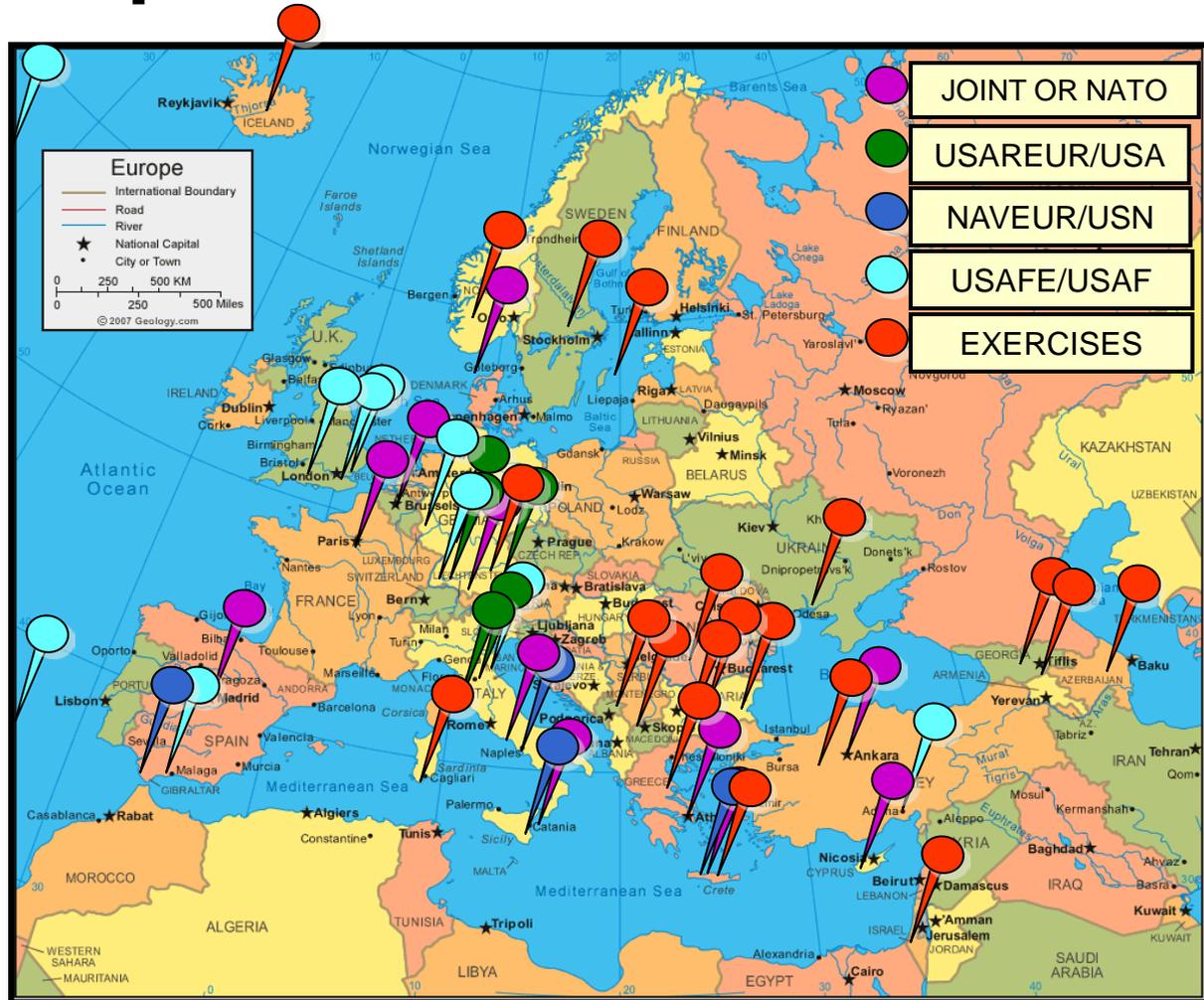
- █ DFSPs
- ⚓ Barge Load/Receipt Locations
- ⚓ Tanker Load/Receipt Locations





# 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





# DLA Energy Middle East Operations

## 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

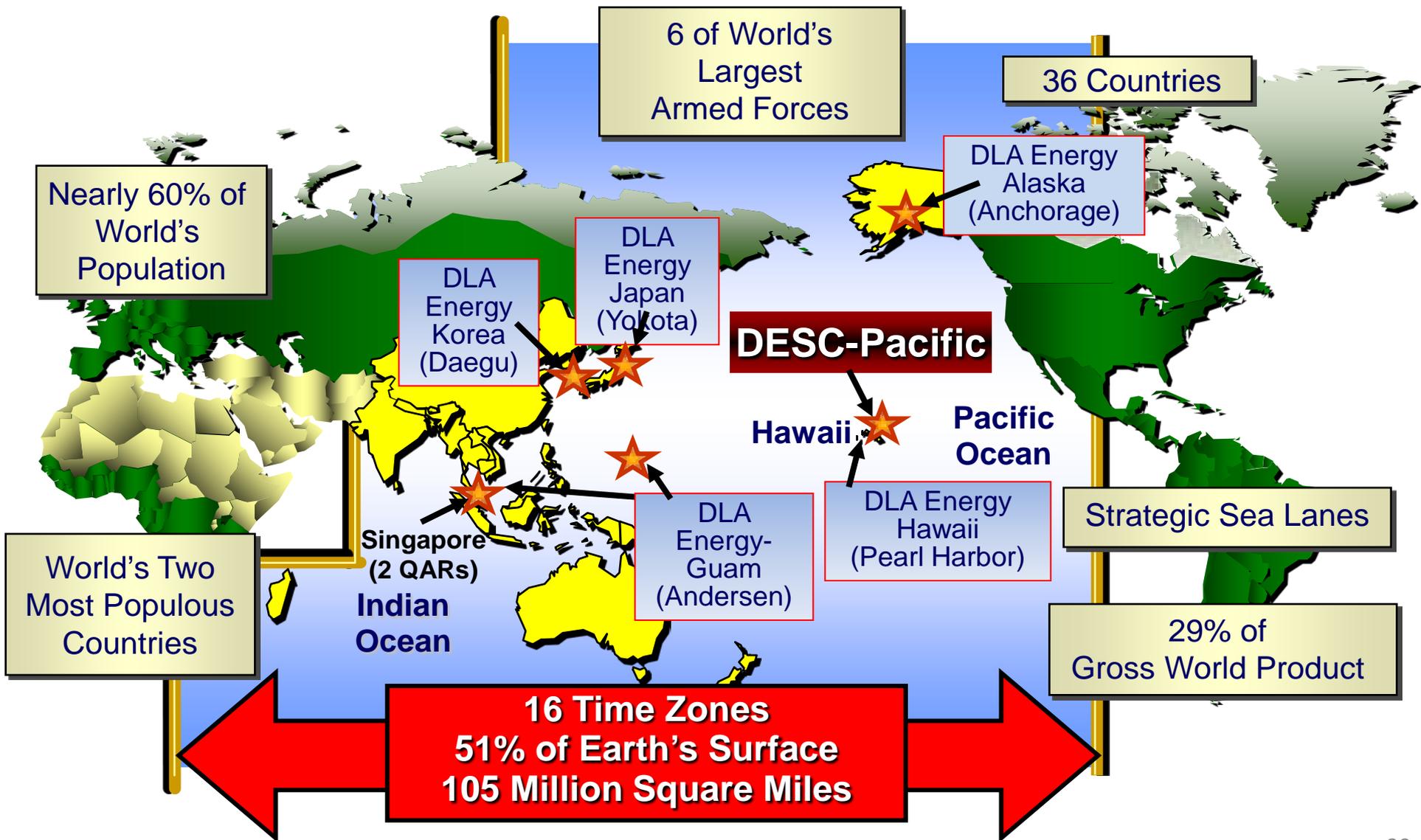


## DLA Energy personnel co-located with:

- 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





# Takeaways

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

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AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY

