



**DEFENSE LOGISTICS AGENCY Energy  
2011 Commander's Guidance**



# DEFENSE LOGISTICS AGENCY Energy

## Fiscal Year 2011 Commander's Guidance

### COMMANDER'S INTENT



**E**ach year, Defense Logistics Agency Energy is faced with new challenges in our mission to provide the Department of Defense and other government agencies with comprehensive energy solutions in the most effective and efficient manner possible. And each year, our agency meets

these challenges through commitment, dedication and innovation. In a time when world events can produce an evolving and ever-changing environment, DLA Energy continues to remain steadfast in supporting energy requirements, remaining agile to address emergent energy needs, and aggressively engaging to support potential new energy solutions.

In the 2011 Director's Guidance, DLA Director Vice Adm. Alan Thompson emphasizes DLA's commitment to supporting America's warfighters and the DoD as America's Combat Logistics Support Agency. DLA's Director's Guidance encompasses the foundation of our mission and values, delineating our three strategic focus areas – Warfighter Support Enhancement, Stewardship Excellence and Workforce Development. DLA Energy is fully committed to the success of the 2011 Director's Guidance and will remain diligent in our commitments to provide continuous energy support.

To support our way forward for the next fiscal

year, my 2011 Commander's Guidance aligns our initiatives, goals and objectives with those of DLA Headquarters, while outlining our anticipated actions and roles supporting the DLA Director's strategic focus areas. This year's guidance also incorporates the DLA organizational awareness that full external and internal involvement will make our mission successful. With our warfighters and customers working as a team, we will move forward together.

Over the course of the year, we saw an increased focus on energy security as each military Service published their specific energy strategies and goals. Some of these plans are aggressive, taking large strides forward in the area of alternative energy solutions. As the Services take these steps, DLA Energy will be there to support their requirements. The DoD continues to lead the Federal government in pursuit of the development and utilization of alternative fuels and renewable energy, and DLA Energy supports these efforts. This year will be a pivotal year as the warfighter seeks alternative fuels and renewable energy solutions to support their energy security, conservation and environmental stewardship goals. DLA Energy has a key role in continuing to leverage our energy expertise in seeking the development and procurement of alternative mobility fuels.

As a global organization with a worldwide reach, our DLA Energy personnel are stationed around the world, ready to support our warfighters and customers, ensuring we stay true to our missions, visions and values as we support their energy requirements.



## WHO WE ARE

### Mission

To provide DoD 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

As a primary level field activity of DLA, the guiding principles that drive us to achieve our mission, pursue our vision and maintain the highest levels of support to the Armed Forces, DoD and our federal civilian customers are as follows:

- Warfighter needs guide us
- Integrity defines us
- Diversity strengthens us
- Excellence inspires us

**DEFENSE LOGISTICS AGENCY Energy**

## BUILDING ON SUCCESS

**DLA Energy's mission expanded during fiscal 2010 and we saw significant strides in warfighter support areas such as alternative fuel and renewable energy. Throughout the past fiscal year, each military Service developed strategic energy goals and DLA Energy welcomed the challenge that came with supporting those new requirements. Our goal is, and always has been, to support the warfighter by providing the most comprehensive energy solutions in the most effective and efficient manner possible. Some examples of our warfighter support over the past fiscal year include:**

- Continued to work closely with Federal Emergency Management Agency to support its fuel requirements in response to presidentially declared emergencies and natural disasters.
- Received the first request to procure 8,000 gallons of diesel fuel to mobilize relief and rescue efforts three days after the 7.0 earthquake hit Haiti. In support of Operation Unified Response in Haiti, DLA Energy procured 4,800 gallons of Jet-A fuel, 21,000 gallons of gasoline and 790,369 gallons of diesel fuel.
- Provided fuel to the U.S. Navy's Kearsarge Amphibious Ready Group as they arrived in the 5th Fleet area of responsibility with embarked Marines of the 26th Marine Expeditionary Unit to contribute to the flood-relief effort in Pakistan.

- Signed a strategic alliance with the Air Transport Association of America Inc. in March in Washington, D.C., recognizing a partnership for the development and deployment of alternative aviation fuels. The alliance highlights the shared goals of the Department of Defense and the principal U.S. airlines to advance the development and deployment of commercially viable, environmentally friendly, alternative aviation fuels.
- Awarded a contract to evaluate new technology using bacteria to convert biomass waste to fuel and upscale it from laboratory application into a prototype mobile unit for use at forward operating locations.
- Awarded a contract to fulfill Army hydrotreated renewable J8 requirement for testing at Southwest Research Institute, San Antonio, Texas and Tank and Automotive Research, Development and Engineering Center, Warren, Mich. The requirement volumes were 34,950 gallons of HRJ8.
- Embraced the 'We are DLA' initiative designed to create a unified, single-agency logistics environment for our customers, suppliers and stakeholders. Our organization is an integral part of something bigger. Our mission is to provide energy solutions to the warfighter and other customers; it's an element of DLA's overarching mission and focus areas of warfighter support enhancement, stewardship excellence and workforce development.



- Awarded multiple contracts for fuel management services at five Air Education and Training Command Air Force installations. This new program resulted in \$16.4 million awarded to Alaska Native Corporations, \$7.4 million to a Service Disabled Veteran Owned Small Business, and \$16.6 million to two small businesses.
- Awarded approximately one million megawatt hours of renewable energy credits and \$33.5 million in energy conservation measures. Continued supporting multiple procurement efforts for large and small scale photovoltaic projects.
- Achieved over \$60 million in cost avoidance for customers under the DLA Energy Natural Gas Program, representing on average a 17 percent savings as compared to local utility provider rates.
- Received over \$2.7 million in credits for customers participating in electricity demand response programs.
- Established two in-country helium transfill facilities in Afghanistan, thereby dramatically reducing airlift of gaseous helium containers within the theater. Both helium transfill facilities, which are in direct support of the U.S. Army's Operation Enduring Freedom Aerostat programs, will also bring gaseous helium supplies closer to the Aerostat Forward Operating Bases and ensure that the gaseous helium supply chain is as efficient as possible.
- Obtained a Defense Federal Acquisition Regulation Supplement for AIR Card® and SEA Card® programs, enabling program warfighter support for fuel purchases up to \$150,000.
- Conducted a variety of research and development studies to advance the state of knowledge involving the intricacies of alternative fuel and renewable energy development and the potential for operational usage.
- Awarded five Utility Privatization contracts with a total value of \$616 million. These contracts privatized seven systems at four installations. Under these contracts, the new system owners will invest approximately \$22 million to correct existing utility system deficiencies and ensure the provision of safe and reliable utility services.
- Successfully leveraged \$16.1 million of American Recovery and Reinvestment Act funding to support projects under UP contracts, successfully managing 60 percent of DLA's American Recovery and Reinvestment Act funding.
- Expanded training for DLA Energy personnel in the use of the customer relationship management application for capturing and tracking opportunities as well as for capturing marketing outreach activity for either sustainment of existing customer support or growth expansion with new customers.
- Continued converging DLA Energy onto the standard DLA enterprise resource platform, Enterprise Business System. In FY 2010, an EBS Energy Convergence Systems Integration

contract was awarded and activity started to deliver an integrated, coherent business solution for all of DLA Energy's business lines and process functionality. This effort will include the full integration of related projects in Real Property and Procurement.

**This year, DLA Energy will continue to face new situations that challenge us in our role to provide energy solutions to our customers. Whether the situations that arise are due to changing economic conditions or new warfighter requirements, they encourage us to stay agile and focused so we can address the emerging energy needs of our customers effectively and efficiently. Some of the challenges facing DLA Energy include:**

- Continuing to support energy needs in the increasingly demanding theater of operations in Afghanistan.
- Continuing to support emerging alternative fuel and renewable energy needs of all DLA Energy customers.
- Continuing to improve business process outcomes for customers and taxpayers.



## STRATEGIC FOCUS AREAS

DLA identified three principal strategic focus areas in both the DLA Strategic Plan for FY 2010 – 2017 and the DLA Director's Guidance for FY 2011. They are:

- **Warfighter Support Enhancement:** Deliver agile and responsive logistics solutions to the warfighter.
- **Stewardship Excellence:** Manage DLA processes and resources to deliver effective warfighter support at optimal cost.
- **Workforce Development:** Foster a diverse workforce and supporting culture to deliver sustained mission excellence.



These strategic focus areas and their 13 related strategies are described in our Strategic Plan. DLA Energy identifies 17 on-going and new initiatives that will be emphasized to progress in these three focus areas in FY 2011. While many of the initiatives impact more than one focus area, we have arranged them by the area they most predominantly support.

## DLA ENERGY'S FY 2011 INITIATIVES



DLA's three fundamental strategic focus areas define our desired outcomes and supporting initiatives.

DLA Energy's 17 ongoing and new initiatives will be pursued parallel with continuous support of our customers' operational needs and continued progress on other key projects. Each initiative is respectively assigned an Office of Primary Responsibility (OPR) with supporting Offices of Collateral Responsibility (OCR). The OPRs will develop a detailed Plan of Action and Milestones (POA&Ms) to identify specific desired outcomes and related progress metrics. The OPRs will also coordinate with the OCRs and others external to DLA Energy, as necessary. OPRs will provide progress reports during scheduled business reviews to the DLA Energy Commander.

The DLA Energy Corporate Board, representing our senior leadership, will meet at least quarterly to oversee our business performance and direct implementation of this guidance. We will regularly monitor our progress in achieving our objectives and re-assess as necessary in order to remove any barriers to success.

### WARFIGHTER SUPPORT ENHANCEMENT

**In FY 2011, warfighter support will continue to be DLA Energy's top priority. DLA Energy is positioned to be the energy solution leader for our DoD customers in traditional business areas and for alternative fuel and renewable energy. We must continue to**



**synchronize our customers' requirements around the globe and successfully connect supply with demand.**

### Desired Outcomes Include:

- Strong support of expected and emergent warfighter requirements.
- Refined capabilities and related performance metrics that define our commitment to supporting current

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logistics needs and future challenges of the Combatant Commands (COCOMs) and military Services.

- Sustained best value support to all operational commitments.
- An integral role in the department's efforts to develop logistics efficiencies in consonance with the Secretary of Defense's guidance to reallocate funding to support force structure and modernization.
- A continually enhanced mission partnership with U.S. Transportation Command in their role as DoD's Distribution Process Owner (DPO), to better support end-to-end supply chain management effectiveness and efficiency for DoD.
- Effective contributions as a key supporter of on-going efforts led by the Joint Chiefs of Staff Director of Logistics (JCS J4) to enhance DoD's Joint Supply Process.
- Merging energy products and services onto the single DLA Enterprise thereby reducing costs and enhancing interoperability.

### Supporting Initiatives:

1. Ensure DLA Energy resources and capabilities support expanded current operations in Afghanistan and initiation of a conditions-based draw down and reset. (DLA FY11 WSE-1)

- Expected actions include:
  - Expand Class III petroleum (CL III) support into Regional Command-North operating locations and CL III storage within Afghanistan.
  - Pursue opportunities to further improve resiliency and redundancy across the Northern Distribution Networks and Pakistan ground lines of communications.
  - Continue stand-up of helium transfill facilities.

OPR: Operations Directorate    OCRs: All Business Units

2. Ensure effective execution, support, and meet requirements for personnel and equipment operating within and potentially preparing to support the responsible drawdown in the Iraqi theater, related Service resets and Operation New Dawn. (DLA FY11 WSE-2)

- Expected actions include:
  - Continue coordination with Central Command on future decapitalization actions.
    - Bucca.
    - Other locations as determined by USFI/CCJ4.
  - Support emerging/transitioning Department of State CL III requirements.

OPR: Operations Directorate    OCRs: All Business Units

3. In consonance with the Secretary of Defense's cost savings and funding realignment initiatives,



help develop and support significant departmental logistics efficiencies that better serve our customers. (DLA FY11 WSE-3)

- Expected actions include:
  - Continue focused Node-Arc engagements to refine fuel inventory demand planning.
  - Continue optimization efforts to capitalize on opportunities for cost efficiencies and implementation of projects that improve DoD operations and maintenance services, as resources allow.
  - Expand program to identify and standardize for DLA Energy equipment to enhance warfighter support.

OPR: Operations Directorate OCRs: All Business Units

4. Further engage with customers and external stakeholders regarding the full scope of DLA Energy's activities and capabilities. (DLA FY11 WSE-5)

- Expected actions include:
  - Support current and emerging COCOM requirements and Service component operations.
  - Continue weekly engagements with Service Control Points and improve stakeholder visits to include the COCOMs and Defense Fuel Support Points.
  - Further align DLA Energy metrics/goals with stakeholder priorities and revise performance metrics.

OPR: Operations Directorate OCRs: Business Process Support, Region Offices

5. Continue developing alternative fuels and renewable energy solutions to meet the department's immediate and future needs. (DLA FY11 WSE-7)

- Expected actions include:
  - Determine alternative fuel industrial production and distribution capabilities to serve as a baseline for alternative fuel strategic planning.
  - Leverage the Air Transport Association of America Inc. strategic alliance to address and mitigate alternative fuel industry development obstacles/issues.
  - Advance alternative fuels and renewable energy (AFRE) "state of knowledge" by executing research and development projects.
  - Leverage renewable energy acquisition expertise to support DoD installations' efforts to meet DoD Strategic Sustainability Performance Plan goals.
  - Engage and support DoD efforts to acquire operational quantities of alternative fuels.

OPR: Operations Directorate  
OCR: Energy Plans and Programs

6. Lead U.S. Government efforts to synchronize In-theater local purchases to meet Combatant Commander's objectives regarding economic impact and theater support.

- Expected actions include:



- Continue to explore supply available in the Caucasus/Central and South Asian (SC/CASA) to support Operation Enduring Freedom requirements.
- Continue to monitor transit/other fees as supplies transit through the SC/CASA in support of Central Command goals.

OPR: Operations Directorate OCRs: All Business Units

7. Continue extensive involvement in Joint Staff J4's efforts to enhance coordination of Joint Supply actions and processes. (DLA FY11 WSE-10)

- Expected actions include:
  - Continue transition and expansion of Executive Agent for Bulk Petroleum responsibilities to support Service components in development of CL III(B) joint capabilities, initiatives and programs.

OPR: Operations Directorate OCRs: All Business Units

8. Provide technical leadership and support to the Services for approval and certification of advanced biofuels and implementation of the Jet-A Initiative. (DLA Energy FY10 WSE-4)

- Expected actions include:
  - Advanced Biofuels.
    - Evaluate new alternative fuel technologies to determine impact on handling, distribution and use of product.
    - Develop and approve new alternative fuel specifications for advanced biofuels through commercial standardization organizations.



- Continue the development of a metric to measure lifecycle green house gases for inclusion in alternative fuels contracts.
- Jet-A Initiative.
- Support the Services in testing and approving the next series of aircraft.
- Complete the antioxidant study and establish a requirement for Jet-A.

OPR: Operations Directorate  
OCR: Quality/Tech Support Office

9. Support current and emerging Sustainment, Restoration and Modernization (SRM) Requirements and maintenance of accurate project and facility information. (DLA Energy FY10 WSE-5)

- Expected actions include:
  - Expanding SRM program management office and DLA Installation Support Engineering for Energy staffs commensurate with FY 2011 funding.

- Committing all authorized SRM funds, less 4th quarter emergency funds, by the end of 3rd quarter FY 2011.
- Complete Memorandum of Agreement with U.S. Army Corps of Engineers (COE) and Naval Facilities Engineering Command (NAVFAC).
- Continue quarterly meetings with Service executing agents to maximize the obligation of all SRM funds by September 2011.

OPR: Operations Directorate  
OCR: Defense Fuel Support Point Management



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**In recent years, DLA Energy's responsibilities have continued to expand not only progressively forward with the warfighter, but also into new mission areas related to**

**AFRE. As mission expansion continues to surpass the growth in resources, it becomes increasingly important to ensure that we continually assess our current potential roles and related processes. We must continue to deliver maximum payoff from taxpayer resources without compromising support for the warfighter. This will emphasize due consideration of risk management factors and the importance of preventing compromise of critical information.**

### Desired Outcomes Include:

- Greater agility in monitoring operational and fiscal performance and responding to challenges, trends and other events.
- Continued identification of improvements in key processes, enabling IT systems, facilities management and environmental practices.
- Aggressive identification and implementation of additional efficiencies and risk mitigation practices.
- Reduction of multiple Automatic Identification Technology platforms as DLA Energy converges onto a single Enterprise.

### Supporting Initiatives:

1. Capitalize on additional DLA opportunities for logistics efficiency savings while sustaining effective mission performance. (DLA FY11 SE-1)

- Expected actions include:
  - Identify and program additional cost reduction opportunities into Presidential Budget Review 13.
  - Identify and report reductions to core costs and the related financial impact on our customers.
  - Work to retire the Aerospace Energy system in preparation for Energy Convergence Release 1.

OPR: DLA Finance Energy    OCRs: Business Process Support and All Business Units

2. Pursue price reductions of as much as 10 percent in selected materiel categories. (DLA FY11 SE-2)

- Expected actions include:
  - Continue to enhance centralized purchasing of natural gas to reduce costs compared to local utility tariff rates.
  - Continue to negotiate fuel price reductions at commercial airport locations.
  - Continue aggressive pursuit of Fleet Card rebates.
  - Continue to partner with vendors to obtain custom fee refunds. (Duty Drawback)

OPR: Operations Directorate    OCRs: All Business Units



3. Continue to achieve significant progress and efficiencies in delivering desired functionality for business processes enabled by DLA Energy's Enterprise Business System (EBS) enhancements. (DLA FY11 SE-4)

□ Expected actions include:

- EBS EC will deliver an integrated capability for DLA Energy's business processes and cycles.
- Integrate DLA Energy costs and revenues with EBS - transparency into enterprise business processes.
- Enable full financial compliance for DLA auditability.
- Provide a fully automated solution for DLA Energy non-petroleum supply chains.
- EC will leverage eProcurement and Real Property for a fully coherent business solution for DLA Energy.

- EC will provide efficient access to data and analytic capability to improve DLA decision making, performance and service to customers.

OPR: Business Process Support OCRs: All Business Units

4. Meet Congressional and DoD inventory management and overall supply chain performance criteria. (DLA FY11 SE-5)

□ Expected actions include:

- Streamline joint CL III inventory and storage requirements through the Inventory Management Plan and tailored efforts such as the on-going Pacific Command Implementation Study.

OPR: Operations Directorate OCRs: Bulk Petroleum, Defense Fuel Support Point Management

5. Continue efforts to meet Stewardship requirements by improving Internal Controls, reconciliations, and process documentation across all business cycles. (DLA Energy FY10 SE-2)

□ Expected actions include:

- Complete Financial Recognition Assessment of COCOs.
- Complete FY11 OMB A-123 Appendix A Deliverables.
- Continue OMB A-123 site visits.
- Continue Energy Convergence to EBS.

OPR: Auditability Sustainment Office  
OCRs: Business Process Support and DLA Finance Energy

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**The key to our current and long-term success is in the strength and diversity of our global workforce to support the warfighter. We must continue to enable our workforce to capitalize on their skills, experience and potential as we build our cadre of future senior leaders. Shaping our workforce proves to be increasingly challenging as we continue to see an escalation in the rate of workforce retirements. Meeting this challenge will require an ongoing strategic focus on recruitment, training, culture and retention.**

## Desired Outcomes Include:

- Identification of current and future skill gaps and the related education, training and experience opportunities required to fill these gaps and ensure the development of a robust workforce ready to take on the challenges of our growing energy mission.
- Continued refinement of our recruitment and training programs with focus on workforce diversity.
- Effective use of the culture survey results and the post-survey action plans to identify common themes, recommend broad range actions and develop a strategic course of action that offers the most efficient results across the organization.
- Enhanced communication between senior management and supervisors on Enterprise-wide issues and initiatives.

## Supporting Initiatives:

1. Ensure civilian and military workforce capabilities match present and future mission requirements through DLA Energy's Talent Management initiative. (DLA FY11 WD-1)

- Expected actions include:
  - Emphasize workforce planning with strategic recruitment, training and development of subject matter experts.
  - Continue formal Mentor/Protégé program.
  - Develop a manpower staffing analysis.

OPR: Manpower & Workforce Analysis

OCRs: All Business Units

2. Support diversity and its related benefits through collaborative efforts focused on recruitment, development and retention. (DLA FY11 WD-2)

- Expected actions include:
  - Develop strategies to recruit in the focus areas.
    - Diversity/Targeted Disability events.
    - Operation Warfighter events.
    - Military Transition Assistance Program.
  - Continue "We Are DLA" recruiting events.

OPR: Manpower & Workforce Analysis

OCRs: All Business Units

3. Enhance DLA Energy's performance and results driven culture. (DLA FY11 WD-3)

- Expected actions include:
  - Prioritize opportunities to further improve DLA Energy culture and its impact on workforce ability to perform at full potential.

## SUSTAINING OUR ENERGY FOCUS

DLA Energy is poised to face the challenges and demands that arise during FY 2011 by staying committed to the initiatives outlined in this guidance. As we implement DLA's three fundamental strategic focus areas of warfighter support enhancement, stewardship excellence and workforce development, we must never lose sight of the needs of the warfighter.

DLA Energy's Executive Board will meet and determine how successfully we are reaching our goals and implementing this year's initiatives. Any obstacles to success that are identified will be addressed quickly and eliminated so we can continue to move in the right direction. Our command progress will be updated throughout the fiscal year on our website: **[www.energy.dla.mil](http://www.energy.dla.mil)**.

I urge all of you to read this year's Commander's Guidance, understand the initiatives, and do your part to contribute to the success of our agency. We are one team united in our commitment to support the warfighter - **We Are DLA.**





Providing Energy Solutions Worldwide