



# Defense Logistics Agency

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## National Defense Industrial Association

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Defense Energy Support Center  
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**Warfighter  
Support**

**Mission Area  
Assessment**

**Workforce  
Development**

**Stewardship  
Improvements**

**Business  
Process**



# Defense Energy Support Center

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- Mission
- Enterprise
- Aerospace Energy
- Fuel Card Program Office
- Alternative Energy Initiatives
- Stewardship Improvements
- Future Focus Areas



# Defense Energy Support Center

## Mission:

To Provide the Department of Defense and Other Government Agencies with Comprehensive Energy Solutions in the Most Efficient and Economical Manner Possible!

## Vision:

Our Customers First Choice for Energy Solutions

## Values:

- People
- Service
- Excellence
- Innovation
- Trust





# Enterprise

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## Military Fuel FY08

- Inventory 59.5M barrels
- Storage locations 632
- Transactions 23.6M
- Barrels sold 132.5M
- Fuel Cards \$230M
- Aerospace Energy Sales \$54M

## Petroleum Sales

- 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 Projection 130.0M barrels - \$15.0B

## Foreign Military Sales

- FY08 Net Sales 4M barrels - \$512.1M

## Expanding Energy Solutions

- \$489.6M Natural Gas Business
- \$477.5M Electricity Business
- \$73.7M Coal Business
- \$2.9M Renewables
- \$706M Estimated Utility Privatization Awards (multi year awards)

## Forward Presence FY08

- HQC – Co-located w/ 3 Service Control Points
  - Approx 750 personnel
- 4 Geographic Regions
  - Approx 225 personnel

## Personnel On Board FY08

- Civilians 921
- Military 61



# Aerospace Energy

## Program Overview

- DoD IMM for space and space-related products and services
  - Liquid propellants
  - Chemicals/compressed gases
  - Cryogenics
- Multiple supply chains
  - 95% long term contracts
  - 77% direct vendor delivery
  - Robust transportation mission
  - Limited industrial bases



## Major Accomplishments

- 23 launches in FY08 - 100% On Time/On Spec - +53%
- OIF/OEF bulk helium delivery
  - “Drop, Swap and Go” CONOPs
  - \$20 M in container savings through FY08
- 20-year contracting authority
  - Hydrazine and Dinitrogen Tetroxide
- Continuous Process Improvement (CPI) recognition
  - Back-to-back Packard Awards – 2007 & 2008
  - 2007 DLA Green Products and Services Award
  - 2007 DLA Small Team Award
  - 2008 SDDC Transporter of the Year

## Current Initiatives

- Ongoing major acquisitions
  - JP-10/Priming Fluid 1
  - Rocket Propellant Grades 1 and 2
  - OCONUS bulk helium
- Gaseous Nitrogen for 30<sup>th</sup> Space Wing
- Increase storage capability for “industrial base of one” supply chains
- LEAN events
  - DD250 processing
  - Budget and standard price process
  - Inventory accounting

## Future Initiatives

- Bulk helium
  - Anticipated increase in bulk helium demand
  - Possible second supply chain
- Increase CRM opportunities
- Customer and supplier automation





# Fuel Card Program Office

## Program Overview

- DoD-level program office for AIR, DoD Fleet, SEA Card
  - Policies, procedures, program support
- FY08:
  - AIR: \$860M, 300 K transactions
  - DoD Fleet: \$72 M, 720 K transactions
  - SEA: \$280 M, 1150 transactions

## Major Accomplishments

- AIR Card non-contract airport price reductions – \$21 M in FY08
- Major policy development – OMB Circular A-123, DoD 4140.25 M
- “Systems enhancements” – contract intoplane into FES, duplicate billing filters, etc.
- 24/7, 365 global warfighter support
- 2007 Packard Award Winner
- Development of SEA Card Order Management System (SCOMS)

## Current Initiatives

- DoD-SCOMS open market pilot program
  - Commenced Jul 2008
- DoD Fleet Card SmartPay 2 transition
  - Transitioned 30 Nov 2008
- Systems improvements to remove fuel card reliance on DFAMS Special Legacy – auditability enhancement



## Future Initiatives

- Wide Area Workflow implementation for non-fuel invoices
- “Swipe” SEA Card
- LSS project – Duplicate Billing Filter processing





# Alternative Energy Initiatives

## Installation Energy

- Energy Commodities:
  - \$1.6B in natural gas, electricity, coal and renewable energy contracts
  - Serving over 200 customers
  - \$47M in natural gas cost savings for FY08
- Renewable Initiatives:
  - Long term (10-20yr) power purchase agreements
- Demand Response:
  - Customer participation in load response programs
  - Financial incentives to curtail load during peak demand

## Energy Enterprise

- Utility Privatization (UP)
  - Private vs DoD ownership = modern systems
  - Privatized to date: 71 Utility Systems at 44 Installations
  - \$7.7B in awards - \$1.6B below “should cost”
- Energy Savings Performance Contracts
  - Private sector investment in energy conservation
  - Guaranteed energy savings pay contractor
  - 8 contracts awarded to date, \$397M award value
- Extending the Enterprise
  - MOA with Air Force to administer UP contracts
  - Adding Utility Energy Services Contracts to “toolbox”

## Current Alternative Energy Initiatives

- Synthetic Fuel Purchases for AF certification program
- Joint program w/ Army to test bio-waste to fuel mobile platform at 6 locations
- Partnership w/ Navy to certify fuel derived from algal oil
- Alaska Proposal – joint venture w/ Alaska for development of a synthetic fuel supplier
- DLA hydrogen forklift program – Conversion of forklifts from petroleum to hydrogen power (4 technologies)

## DESC Energy Strategy

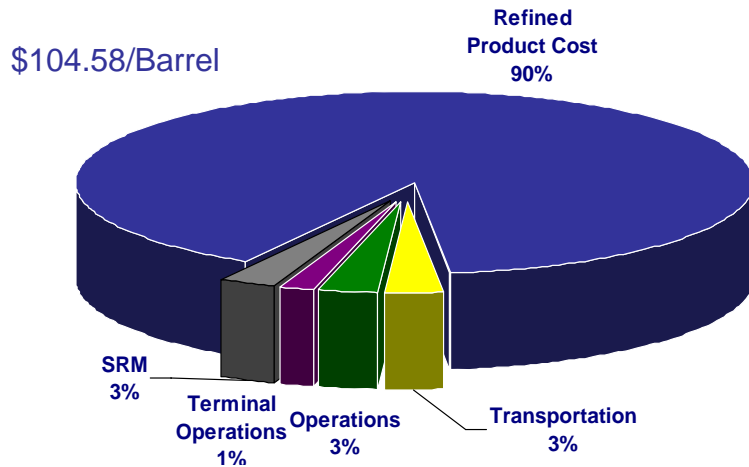
- Center of Excellence for Alternative Energy Program Execution and Implementation
- Increase leadership role within DoD and Inter-agency





# Stewardship Improvements

## Petroleum Cost Breakdown



## Petroleum Standard Prices

- Product portion set by OSD-C and OMB
- In recent years there have been several standard price changes
- FY09 two prices so far
  - 1 Oct – 1 Dec \$170.94
  - 1 Dec – present \$104.58
- DESC Reimbursable workload \$165.4M

## Petroleum Net Sales (M Barrels)

	<u>FY07</u>	<u>FY08</u>	<u>FY09 (Proj)</u>
Air Force	63.0	61.5	61.3
Navy	36.6	35.7	33.8
Army	18.9	20.9	17.9
Marines	0.8	0.7	1.6
Other	13.1	13.5	15.4
<b>Total</b>	<b>132.4</b>	<b>132.5</b>	<b>130.0</b>

## FY08 Aged Collection Efforts

- Retail
  - Total amount settled \$154.8M
    - Collected \$143.4M
    - Realigned \$ 11.4M
- Foreign
  - Total amount settled \$ 52.6M
    - Collected \$ 27.1M
    - Realigned \$ 25.4M



# Future Focus Areas

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- Customer Support
- Accountability
- Continuous Process Improvement/Lean-Six Sigma
- Alternative and Renewable Energy
- Energy Convergence