



DOE IDAHO STRATEGY

Idaho Pre-Proposal Conference

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Under Secretary



Governing Objectives for DOE at Idaho

The exact nature of the procurements is not settled. The objectives by which we are forming our opinions include:

- Nuclear power revival through improved technology
 - Hopefully anchored by R&D, technology selection, conceptual design, final design and construction of a next generation power reactor
 - Final design and construction not likely to occur until the second contract term
- Support of DOE's nuclear technology and high-level waste missions
- Accelerated risk reduction to protect the health, safety and environment of the site and its stakeholders
- Stabilization of DOE's direct economic impact to the community



Why This Procurement and Why Now?

- While the former contracts demonstrated value for the Department, DOE has determined that a major change in approach is required to achieve our objectives
- The procurement announcement was made early to give time for the industry to prepare a response
 - Assembling a corporate and management team that can meet DOE's materially changed performance expectations and strategic direction
 - A concern that unless we act now, contractors may become constrained, through misunderstanding, by an approach that would not be able to provide DOE with the best ingredients for success



Strategy for Implementing DOE's Principles

- Focus a new and expanded nuclear energy mission at Idaho
 - Key element to the Administration's effort to preserve the nuclear power option (Yucca, Price Anderson, etc.)
 - Return Idaho to its applied nuclear technology roots
 - Strong support to promote the mission in Washington
 - Provide long-term mission / economic stability
- Dramatically accelerate the cleanup to free up funding
 - Consistent with overall Environmental Management (EM) approach of accelerated risk reduction
 - Protective of health, safety and environment
 - Support is not strong to substantially increase the total site budget
 - » Tight budget pressures
 - » Concern over ability to sustain increases leading to potential future economic disruption



Critical Success Factors

- Recognition that significant and challenging structural changes in the way of doing business at Idaho will be required to accomplish the strategy (both NE and EM)
- Overhead reduction to turn overhead \$ into cleanup \$ into nuclear technology \$
 - Overhead reduction will have to be both marginal (low hanging fruit) and structural
- Safety – none of this can be accomplished without the ability to improve safety while accelerating work
- Institutional excellence
 - Stakeholder relations – key to change management
 - Management of business license (S&S, financial, property, etc.)



What DOE is Looking For

- NE – A company/team which can build the capability and vision to support the redevelopment of a major nuclear power and technology vision while systematically evaluating and reducing the cost of providing mission infrastructure and support.
- EM – A company/team which can focus on and deliver a safe, risk-based, and dramatically accelerated cleanup completion.



Other Important Program Interests at Idaho

Focused on the NE contract and secondary to primary mission

- Office of Radioactive Waste Management – spent fuel management and technical support
- Office of Science – applied science in materials and other applications
- Other Energy – support in other energy R&D derived from core competency in primary mission
- Defense and Homeland Security – various items that take advantage of the special attributes of the Idaho capabilities



Lessons Learned From Other DOE Contracts

- The project manager (site CEO or Lab Director) is the most significant single determinate of success
 - Leadership and management capability are key
 - Ability to recruit and retain a benchmark management team
 - Technical capability is mostly important as it relates to the ability to lead and manage
 - Ability and interest in learning appear to be somewhat more important than previous technical experience
 - Ability and interest to truly be “accountable” for safety, security, environment financial stewardship and other factors through personal engagement
 - Ability to manage within, but anticipate and influence beyond for external issues of importance



Lessons Learned (Cont.)

- The parent company/team's ability to set expectations consistent with DOE's needs, monitor performance, provide financial, management and technical support, take corrective action and recruit and retain a replacement site manager is the single most significant determinate of their ability to retain the contract



Contract Strategy

- Reduced or tailored requirements
- Minimum interference in the contractor's business
- Higher risk / reward
- Focus on the “vital few” performance measures
- Manage the contract not the contractor



Example Contract Similarities and Differences

Attribute	NE Contract	EM Contract
Term	10 years (with option)	Completion (2012)
Start date	October 1, 2004	October 1, 2004
Culture	Applied Science / R&D with strong overhead management and safety culture.	No frills construction orientation – life in trailers, strong safety culture.
Selection	NE SSO / SEB	EM SSO / SEB
DOE Management	Idaho Field Office (NE PSO)	Idaho Field Office (NE PSO)
Funding Profile	Low initially and growing	High initially and declining
Scope	All site mission elements except EM, Naval Reactors, and directly related infrastructure. There may be a small business set aside.	Only EM elements assigned and directly related and required infrastructures
Procurement process	Draft RFP in fall, Final RFP in winter (dates and specific process set independently)	Draft RFP in fall, Final RFP in winter (dates and specific process set independently)