

FY 2001

ENERGY AND WATER APPROPRIATIONS – Senate Report 106-395

Preliminary Project Design and Engineering, Various Locations -- The Committee is pleased the Department established (OECM) within (CFO). With the establishment of this office, the Committee expects the Department to strengthen its capabilities in the area of construction management oversight. The committee continues to support the use of (EIRs) for all new line item capital projects, conducted by non-proponent, recognized professional project management firms and managed by OECM. EIRs should be conducted prior to construction and after establishing the final performance baseline, and shall include an independent cost estimate, and required corrective action plans and updates...The Committee further notes the Department's proposed request for Project Engineering and Design for certain of its projects in the Defense area for fiscal year 2001, and that the purpose is to achieve a 30-35 percent level of engineering design for new construction projects, prior to providing data to the Congress, in support of construction funding. Such an advanced design should provide a more mature technical and cost baseline, ensuring greater likelihood of achieving project cost and schedule adherence. Therefore, the requirement to restrict the availability of funding for new projects, until an EIR has been reviewed by the Committee, can be lifted. OECM is to work with the Committee to establish guidelines to ensure final performance baselines are developed for each new project, that EIRs are undertaken to validate these baselines, and procedures are developed which make the availability of funding contingent upon successful review and approval by OECM.

ENERGY AND WATER APPROPRIATIONS – House Report 106-701

Project Management -- The Department has established (OECM) to strengthen its project management capabilities. The committee strongly supports this effort. The Department has also proposed a new budget line item for preliminary project engineering and design (PED) which would be used to achieve a 30 to 35 percent level of design for new construction projects before the projects are submitted to Congress for authorization and appropriations. This should provide a more mature technical and cost baseline and a greater likelihood of achieving the project cost and schedule. As part of the fiscal year 2002 budget request, the Department should submit a PED line item for each program area which anticipates funding new construction projects in future budgets...The Committee will not require that an external independent assessment of the baseline cost and schedule of all fiscal year 2001 construction projects be performed before funds can be obligated. However, the Committee directs the Department to identify and document the process that will be used to determine which projects will require an (EIR) and at which phase of the project the review should be conducted. The report should also identify how the use of PED will be incorporated into construction project development. This report should be provided to the House and Senate Committees on Appropriations by December 31, 2000.

ENERGY AND WATER APPROPRIATIONS – Conference Report 106-907

Statutory Language:

Weapons Activities -- For Department of Energy expenses, including the purchase, construction and acquisition of plant and capital equipment and other incidental expenses necessary for atomic energy defense weapons activities in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion; and the purchase of passenger motor vehicles (not to exceed 12 for replacement only), \$5,015,186,000, to remain available until expended: Provided: That, \$130,000,000 shall be immediately available for Project 96–D–111, the National Ignition Facility at Lawrence Livermore National Laboratory: Provided further, That \$69,100,000 shall be available only upon a certification by the Administrator of the National Nuclear Security Administration to the Congress after March 31, 2001, that (a) includes a recommendation on an appropriate path forward for the project; (b) certifies all established project and scientific milestones have been met on schedule and on cost; (c) certifies the first and second quarter project reviews in fiscal year 2001 determined the project to be on schedule and cost; (d) includes a study of requirements for and alternatives to a 192 beam ignition facility for maintaining the safety and reliability of the current nuclear weapons stockpile; (e) certifies an integrated cost-schedule earned-value project control system has been fully implemented; and (f) includes a five-year budget plan for the stockpile stewardship program.

Conference Report Language:

Project Management -- The conferees strongly support the progress being made by the Office of Engineering and Construction Management in bringing standardization, discipline, oversight, and increased professionalism to the Department's project management efforts. The project engineering and design (PED) process developed by the Department represents significant progress toward correcting serious management deficiencies that have historically plagued the Department's construction projects. The conferees believe that implementation of the PED process for all construction and environmental projects throughout the Department will provide the assurance necessary to eliminate the current requirement for an external independent review of all projects prior to releasing funds for construction. The conferees expect the continuation of the external independent review process as discussed in both the House and Senate reports.

Weapons Activities: Construction projects -- The conference agreement provides \$35,500,000 for preliminary project engineering and design.

National Ignition Facility -- The conference agreement provides \$199,100,000 for continued construction of the National Ignition Facility (NIF). The conferees have included a directed reduction of \$25,000,000 in the Weapons Activities account which is to be applied to programs under the direction of the Lawrence Livermore National Laboratory. The conferees have included statutory language providing that only \$130,000,000 shall be made available for NIF at the beginning of fiscal year 2001 and the remaining \$69,100,000 shall be available only upon a certification after March 31, 2001, by the Administrator of the National Nuclear Security Administration that several requirements have been met. These requirements include:

A. A recommendation on an appropriate path forward for the project based on a detailed review of alternative construction options that would (1) focus on first achieving

operation of a 48 or 96 beam laser; (2) allow for the full demonstration of a such a system in support of the stockpile stewardship program before proceeding with construction and operation of a larger laser complex; and (3) include a program and funding plan for the possible future upgrade to a full NIF configuration. The recommendation should include identification of available “off-ramps” and decision points where the project could be scaled to a smaller system.

B. Certification that project and scientific milestones as established in the revised construction project data sheet for the fourth quarter of fiscal year 2000 and the first two quarters of fiscal year 2001 have been met on schedule and on cost.

C. Certification that the first and second quarter project reviews in fiscal year 2001 determined the project to be on schedule and cost and have provided further validation to the proposed path forward.

D. Completion of a study that includes conclusions as to whether the full-scale NIF is required in order to maintain the safety and reliability of the current nuclear weapons stockpile, and whether alternatives to the NIF could achieve the objective of maintaining the safety and reliability of the current nuclear weapons stockpile.

E. Certification that the NIF project has implemented an integrated cost-schedule earned-value project control system by March 1, 2001.

F. A five-year budget plan for the stockpile stewardship program that fully describes how the NNSA intends to pay for NIF over the out years and what the potential for other impacts on the stockpile stewardship program will be.

The conferees remain concerned about the Department’s proposed budget increase and schedule delay for the NIF at the Lawrence Livermore National Laboratory (LLNL). The conferees believe that previously the Department of Energy, and most recently the National Nuclear Security Administration (NNSA), may have failed to examine adequately options for NIF that have fewer than the full 192 beams. For example, a preferred course for NIF may be to complete 48 or 96 beams as soon as possible (although block procurement of infrastructure and glass may be considered), bring the reduced NIF into operation, perform the necessary scientific and technical tests to evaluate whether a full NIF will work and its impact on stockpile stewardship, and then develop a path forward for NIF that balances its scientific importance within the overall needs of the stockpile stewardship program. To move on this path in fiscal year 2001, the conferees recommend that \$199,100,000 be appropriated for NIF as follows: \$74,100,000 as originally proposed for Project 96–D–111, \$40,000,000 from NIF operations funding within the budget request for LLNL, \$25,000,000 to be identified within the budget request at LLNL, plus an additional \$60,000,000 in new appropriations. Furthermore, the conferees direct the Administration to prepare a budget request for fiscal year 2002 that fully reflects a balanced set of programs and investments within the stockpile stewardship program, and that the overall budget profile over the next eight years will accommodate a \$3.4 billion NIF along with the other critical aspects of the program.