PART III – LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS

PERFORMANCE EVALUATION AND MEASUREMENT PLAN (PEMP)
Washington TRU Solutions, LLC
Contract No. DE-AC29-01AL66444
FEBRUARY 1, 2001 through SEPTEMBER 30, 2012

SECTION J, ATTACHMENT D

I. INTRODUCTION

A. This Performance Evaluation and Measurement Plan (PEMP) provides the standardization necessary to assure effective development, administration, and coordination of all phases of the fee determination process.

B. The following matters, among others, are covered in the contract.

1. The contractor is required to manage, operate, and maintain facilities of DOE known as the Waste Isolation Pilot Plant located near Carlsbad, NM, in accordance with the Statement of Work contained in the contract.

   In support of the goals of the Department of Energy's Transformational Energy Action Management (TEAM) initiative, and the goals and objectives contained in Executive Order 13423, Strengthening Federal Environmental, Energy, and Transportation Management, the Contractor shall cooperate with federal Site Office personnel to provide full and open access to the maximum extent practicable to NNSA/DOE-contracted Energy Service Companies (ESCOs) under Energy Savings Performance Contracts (ESPCs) to facilitate on-site assessments of opportunities to improve the Site's energy efficiency, water reduction and renewable energy improvements, and shall provide advisory assistance in reviewing ESCO recommendations as directed by the Contracting Officer. The Contractor shall ensure ESCO personnel are granted access pursuant to contractual requirements; monitor ESCO activities to ensure that site safety and security requirements are adhered to; promptly provide information requested by ESCO personnel to assist them in developing viable recommendations; and, when directed by the Contracting Officer, assist the Site Office in the monitoring and execution of ESPC projects.

2. The Maximum Allowable Fee is established in the contract for the contract term at $Exemption 4 This PEMP allocates the fee available in FY06 to FY12 to Performance Based Incentives and fee unearned during the first five years of the contractor for reasons outside the control of the contractor that has been re-allocated to a Performance Based Incentive in accordance with the terms of the contract.

The designated Fee Determining Official will determine the amount of Performance Based Incentive (PBI) fee earned and will provide the fee determination to the Contracting Officer. The Contracting Officer will transmit the fee determination to the contractor.

C. Fee determinations are not subject to the Disputes Clause of the contract.

II. ORGANIZATIONAL STRUCTURE AND DUTIES

The following organizational structure is established for administering the fee provisions of the contract.

A. Fee Determination Official – Head of Contracting Activity (HCA)

Fee Determination Official (FDO) – The Head of Contracting Activity (HCA) has appointed the CBFO Manager as the FDO. The FDO determines the final performance fee amount based upon all the information furnished and assigns a final percent of performance fee amount that can be earned for the evaluation period. The FDO will notify the Carlsbad Field Office (CBFO) Contracting Officer (CO) in writing or via electronic correspondence of his/her final determination of that performance fee amount.

B. Roles and Responsibilities

1. Carlsbad Field Office Manager

The Carlsbad Field Office Manager or the qualified designee for the contract will be the point of organizational authority within CBFO for development and coordination of the PEMP, approval of minor changes to the PEMP or obtaining HCA approval of major changes, performance monitoring, performance validation, performance reporting, fee recommendations to the FDO, and payment of fees related to PBIs. Primary responsibilities are:

a. In coordination with HCA's functional representatives and EM-HQ, develops PBIs and consolidates them into the PEMP.

b. Assures appropriate coordination of performance expectations and PBIs with HQ program and policy organizations.

c. Submits the PEMP and/or PBIs for necessary HCA approval and headquarters reviews.

d. After final approval, forwards the PEMP and/or PBIs to the contractor through a contract modification.

e. Coordinates major changes with the HCA and provides minor changes to performance expectations and PBIs to the HCA.

2. Carlsbad Field Office Contracting Officer's Representative and **Technical Monitors**

Technical Monitors are members of the Carlsbad Field Office responsible for the work to be measured by the PBIs that assist the Contracting Officer's Representative (COR) in carrying out the following responsibilities as requested:

a. Develop PBIs related to assigned area.

b. Assist in negotiation of PBIs and fee allocations with contractor.

c. Review contractor's request for change to PBIs and recommend approval or disapproval.

d. Monitor, evaluate, and assess the contractor's performance against the PBIs in the PEMP.

e. Validate contractor's performance as it relates to the PBIs.

III. INCENTIVE FEE DETERMINATION PROCESS

While PEMP incentives may be unilaterally developed by DOE, a teaming approach between the Carlsbad Field Office and the contractor provides significant benefits. When incentives are developed jointly, performance expectations are better understood by the parties and tend to focus more on

substantive outcomes. Teaming enhances communication and partnering between and among the parties, which results in greater trust, openness, and cooperation for achieving DOE's goals and objectives.

The PEMP has associated PBIs, which are assessed on an objective basis with all earnable fees at risk.

A. Development of Incentives

1. Performance Based Incentives (PBIs)

a. PBIs are characterized by objectively measurable evaluation of contractor performance. Such incentives reflect specified criteria against which actual performance will be evaluated. The PBIs will be evaluated based on quantifiable measurements.

b. PBIs have specified fee allocated and payable upon completion of specified levels of work accomplished.

c. PBIs can be determined to be annual or Multi-year. Annual PBIs will be measured and evaluated at the end of the fiscal year. Multi-year incentives will be measured and evaluated upon completion of identified work.

2. Base, Stretch and Super Stretch Incentives

a. PBIs are categorized as Base, Stretch, or Super Stretch.

1) Base Incentives – An incentive associated with specific work that is funded in the contract and the fee is allocated from the Available Fee Pool.

2) Stretch Incentives – An incentive that motivates the Contractor to accelerate work by achieving efficiencies in the overall performance on the contract and by coordinating and interacting with generator site contractors over whom they have no contractual control to achieve the PBI results. The level of the effort being measured by these incentives or the work necessary by generator sites to achieve the PBI results is not funded in the contract, but the fee is allocated from the available fee pool. In order to earn a Stretch incentive, the

Contractor must perform the additional work necessary under the contract or the generator site must perform the necessary work to achieve the Stretch Incentive within the funding limits established for the Base Incentive. The authority to initiate activity or an accelerated work package is at the time the incentive is created and is not subject to review by the CBFO Change Control Board if no change to the established baseline is required to accomplish the stretch incentive. If change to the established baseline is required to accomplish the stretch incentive, the established CBFO change control process as outlined in the CBFO change control procedure will be utilized.

3) Super Stretch Incentives – An incentive that motivates the Contractor to achieve significantly more work than that incentivized by fee pool incentives and base contract funding levels. In order to achieve a Super Stretch Incentive, the Contractor must find cost savings in other programmatic areas from base contract funding adequate to fund the incremental work outside the WIPP facility and the related fee. CBFO must approve the transfer of needed incremental funding for work outside the WIPP facility through the Change Control Board process and must specifically authorize initiation of any incremental cost effort. Fee allocated to a Super Stretch incentive is not considered a part of the Total Available Fee pool.

B. Approval of Incentives

The PBIs are reviewed by the Carlsbad Field Office Manager, the Carlsbad Field Office Contracting Officer, and the Carlsbad Field Office program staff prior to obtaining any HCA and headquarters approvals as necessary. Once necessary approvals are obtained, Carlsbad Field Office Contracting Officer incorporates the PEMP and/or PBIs into the contract through a contract modification that is issued to the contractor.

C. Changes to Incentives

Changes to the PBIs will be limited and strictly controlled. Changes will be administered in accordance with the applicable requirements.

D. Monitoring Performance

1. Monitoring Performance: The Carlsbad Field Office will monitor contractor performance against the PBIs throughout the year and term of the PBI. Performance will be discussed with the contractor periodically throughout the year.

2. Validating Performance: The Carlsbad Field Office objectively validates completion of incentive fee performance. Validation is accomplished before payment of earned fee can be made. Validation of performance is documented by the Carlsbad Field Office.

E. Fee Pool

This contract is based upon Part 970 of the Department of Energy Acquisition Regulations (DEAR) and the amount of fee available is subject to the Department's Fee Schedule process.

If a PBI is cancelled or modified during FY06 to FY12, any unearned fee will be allocated to another PBI. Fee which is not earned due to nonperformance of the performance incentive requirements set forth in the PEMP shall not be returned to the fee pool but shall be forfeited.