

Subject: Comments regarding U.S. Department of Energy Proposed Agency Information Collection Request, Federal Register/Vol. 75, No. 100, Tuesday, May 25, 2010/Notices

July 26, 2010

Matthew Grosso
U.S. Department of Energy
OE/Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

Dear Mr. Grosso:

Overview:

As recipients of federal funding under the Smart Grid Investment Grant (SGIG) and Smart Grid Demonstration Grant (SGDG) programs, we appreciate the opportunity to comment on the U.S. Department of Energy's (DOE) request to the Office of Management and Budget (OMB) for a three-year extension of DOE's emergency authority to require monthly project reporting under the Information Collection Request Title: OE Recovery Act Financial Assistance Grants, OMB Control No. 1910-5149.

Grant recipients under these programs are moving forward expeditiously with projects and appreciate the financial and technical support of the U.S. Department of Energy (DOE) as we execute these important investments in our national electric grid. We are committed to providing DOE with timely access to all critical information related to these projects to ensure appropriate oversight for the Department, the Administration, Congress and the American public.

In cooperation with DOE, grantees seek to ensure that oversight and reporting can be done in a manner consistent with the public interest while not significantly diverting time or resources from execution of core smart grid investments. Under the provisions of the American Recovery and Reinvestment Act of 2009 (ARRA), the SGIG and SGDG programs, and other federal requirements, grantees are providing a broad range of reports to ensure that timely access to information related to these projects is provided to enable DOE and other government agencies to appropriately exercise their oversight responsibilities.

With regard to the specific authority requested by DOE, it is grantees' understanding that this authority would permit DOE to require monthly reporting of: 1) Progress Reports, 2) Risk Management Data Updates and 3) PVMS data updates. Our experience with PVMS as a project management tool indicates it functions best as a quarterly review tool, as month-to-month variations are rarely significant enough to provide value-added information to management.

While grantees will provide required reports to DOE under the program, we are concerned that the request for monthly PVMS data reporting underestimates the level of effort required to compile, verify and review this type of reporting for complex integrated projects. Grantees also note that the resource requirements applicable to monthly PVMS tracking may be reduced through establishment of new systems or processes for data collection tailored to DOE requirements. Grantees are considering projects to streamline PVMS data reporting, but these tools will involve significant initial resource investments in terms of cost and human resources and may not be available until early 2011.

Thus, in the interest of assisting DOE in exercising appropriate oversight of projects funded under the SGIG and SGDG programs, grantees:

- 1) Do not object to DOE's request for a 3-year extension of emergency monthly reporting for Progress reporting and Risk Management Data Update reporting.
- 2) Respectfully request that PVMS data reporting should be established as a quarterly reporting requirement.
- 3) Respectfully request that, should OMB approve the 3-year extension of monthly requirements for PVMS reporting, implementation of the monthly PVMS reporting requirement not begin until January 2011 to facilitate establishment of systems to accurately capture this data efficiently.

Reporting Burden:

Grantees have undergone extensive internal reviews to comply with all federal requirements associated with the SGIG and SGDG programs. Meeting these requirements has required the establishment of internal project tracking systems that are different from, and in some cases, more extensive than, established internal project oversight mechanisms. Grantees also place the highest emphasis on reporting accurate information to the DOE and have established extensive data validation and executive review procedures for information reported to DOE. These procedures typically involve: 1) data collection from field operations, 2) data review by program-level project management officers (PMOs), 3) data assembly and review by project compliance resources, 4) data validation by financial oversight organization, 5) data review by project-level PMO and 6) report review and approval by project executives.

Level of Effort Requirements

The DOE request for monthly Progress Report, Risk Management Data Update and PVMS data reporting estimates that execution of these monthly reporting requirements will require approximately 2 labor hours per grantee on a monthly basis. Grantees believe this estimate does not take into account the full impact of data review (as described above) that is required for federal reporting and the executive-level review required for official federal reporting.

Based on experience during the emergency monthly review process, grantees believe a more accurate estimate of the level of effort by each grantee required to file project progress and risk management reports is:

- Field data collection (6 hours)
- Data review by program-level PMOs (6 hours)
- Data assembly and review by project compliance lead (4 hours)
- Data validation by financial oversight organization (2 hours)
- Data review by project-level PMO (2 hours)
- Report review and approval by project executives (2 hours)
- Total Level of Effort (22 hours)

Based on this estimate, over a full year, monthly Progress Report and Risk Management Data Update reporting will add approximately 176 incremental labor hours to project compliance requirements for each SGIG grantee (8 additional reporting periods). Grantees believe that monthly PVMS reporting would substantially increase these resource requirements because of the degree of complex financial reconciliation that would be required. Assuming that PVMS reporting will require at least a comparable level of effort to these monthly reports, grantees anticipate that the monthly PVMS requirement would add approximately 500 additional hours of compliance activity per grantee to projects over a 3-year period.

Project Oversight Commitments:

Grantees anticipate tracking project performance using established internal systems on a monthly basis, consistent with industry best practices. Experience with monthly Progress Reports and Risk Management Data Update reporting indicates that the required content of these reports are consistent with project management best practices. The reporting templates provided by the DOE are clear and information can be assembled for these reports with a minimum of customization.

With regard to PVMS reporting, however, DOE-required metrics do not align perfectly with some established internal systems and in some case may require separate procedures to capture and report. Moreover, the month-to-month variations derived from PVMS data did not typically provide highly useful data points for ascertaining meaningful project progress information. Grantees note that the combination of Special Status reporting, monthly Progress Reports and monthly Risk Management Data Update reporting should provide DOE with timely information to monitor interim events and all relevant information to monitor project progress between quarterly PVMS reports.

Summary

Grantees will work with DOE to execute any reporting required by the Department to ensure appropriate oversight of grantee use of SGIG and SGDG program funds. We have no objection to DOE's request for monthly Progress Reports and Risk Management Data

Update reporting. We are concerned that monthly PVMS reporting will reduce critical resources required to ensure project execution while adding a relatively low level of benefit to DOE and grantees from a project oversight and management perspective.

Thank you for the opportunity to comment on this request.

Submitted on behalf of:

Consolidated Edison Company of New York, Inc.

Detroit Edison

Indianapolis Power & Light Company

PECO

Progress Energy