

SOLICITATION NO. DE-SOL-0003490, MANAGEMENT AND OPERATION OF THE STRATEGIC PETROLEUM RESERVE

Questions/Comments 4 (Final RFP)

68. Question/Comment: Reference RFP Section L, L.15(a) states that “The Offeror shall demonstrate the depth, quality, effectiveness, and completeness of the Offeror’s proposed approach to performing work described in the PWS, including ...identifying specific actions to reduce contract cost.”

Similarly, Section M.5(a) states that “DOE will evaluate the depth, quality, effectiveness, and completeness of the Offeror’s proposed approach to performing work described in the PWS, including ... identifying specific actions to reduce contract cost.”

It is our understanding that, while revenue generation might someday become a “specific action to reduce contract cost,” it does not represent a cost savings measure today, because it does not meet the definition of “Net Savings.” Specifically, the RFP included DEAR 970.5215-4, Cost Reduction, in Section I, Contract Clauses. This cost reduction clause defines Net Savings as a reduction in the total cost of performing an effort where the savings “revert to DOE control and may be available for deobligation.” Today, revenues generated using SPR assets revert to the Treasury rather than to DOE control, as is the current SPR experience with pipeline and terminal leases. While legislative actions might allow such revenues to revert to DOE in the future, they do not revert to DOE today. Thus, a revenue generation method, such as the commercial lease of SPR storage capacity, does not represent a “specific action to reduce contract cost” in the context of the Section M evaluation criteria of this RFP.

Is our understanding correct?

Response: Yes.