

D. ATTACHMENT 6 Performance Evaluation and Measurement Plan is deleted and replaced in its entirety with the following:

**PERFORMANCE EVALUATION AND MEASUREMENT PLAN  
FOR  
EVALUATING CONTRACTOR PERFORMANCE  
AT THE  
NATIONAL RENEWABLE ENERGY LABORATORY**

**March 23, 2007**

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## INTRODUCTION

This document, the Performance Evaluation and Measurement Plan (PEMP), governs the assessment of Contractor performance for Contract Number DE-AC36-99GO10337 at the National Renewable Energy Laboratory (NREL). The PEMP describes the performance evaluation framework and process, the system for establishing performance expectations and performance measures, and how to evaluate progress against the performance objectives outlined in the NREL One-Year Plan, and defines the grading system and weights that will be used for fee determination.

## References and Definitions

Definitions of terms used in this PEMP are as follows:

<u>Terminology</u>	<u>Definition</u>
• Award Fee Period	A defined, discrete portion of an evaluation period. For purposes of this contract, the award fee period is October 1st through September 30 <sup>th</sup> .
• Evaluation Period	The October 1st through September 30th fiscal year.
• Fee Determining Official	DOE Golden Field Office manager, or designee, responsible for reviewing the Performance Evaluation Board (PEB) evaluation of the Contractor and determining the fee that will be awarded.
• Institutional Goal (Level 1 Performance Measure)	A long-term strategic institutional goal that is linked to the Contract statement of work and/or Laboratory vision and strategy.
• Institutional Objective (Level 2 Performance Measure)	A more specific performance statement toward which actions and resources are directed that will lead toward the goal.
• Key Milestone/Key Metric (Level 4 Performance Measure)	An important outcome to be delivered in a specific timeframe or a level of performance that is foundational to a business or operating system/practice.
• Performance Evaluation Board	The board, comprising DOE senior officials, charged with evaluating Contractor performance. A secretariat role is responsible for recording the evaluation decisions made by the PEB and for preparing the draft report for review by the PEB.
• Performance Indicator (Level 3 Performance Measure)	The evidence of achievement of, or progress toward, an institutional performance objective.
• Performance Monitors	Cognizant DOE staff responsible for overseeing a specific scope of work (program/project) or function.

## Performance Measurement Principles

The key principles that underpin measurement of Contractor performance are:

- *Outcome Focus.* As a performance-based contract, measurements focus on outcomes and/or progress toward outcomes.
- *Institutional Perspective.* The focus of performance measurement is at the institutional level and is focused on the Contractor's performance in managing and operating the Laboratory as a whole.
- *Clear Expectations.* Requirements are clearly identified in advance of the performance period and formally documented. Weights and grading scales will be clearly identified.
- *General Prudential.* The Contractor is expected to apply prudent judgment in managing and operating the Laboratory.
- *Clear Accountabilities and Authorities.* Roles and responsibilities of the individuals participating in the evaluation and fee determination process will be clearly defined.
- *Change Control.* Formal change control will be used to address and dispose of new requirements, with appropriate consideration of risk, cost, benefit, and impact on ability to meet other requirements.
- *Timely Feedback.* Issues will be raised to the Contractor management team as they occur so that they can be addressed during the performance period. Issues will not be surfaced for the first time in the formal performance evaluation.
- *Deficiencies.* When deficiencies are identified, they will reference a requirement and identify specific performance that was noncompliant with the requirement. The magnitude of the deficiency will be based on the impact to the mission, the frequency of occurrence, and the appropriateness of the response.

## EVALUATION FRAMEWORK

This section outlines the key elements of the evaluation framework and describes the products used to establish expectations prior to the start of a fiscal year and those used to evaluate performance following the fiscal year.

### Establishing Performance Expectations

In its performance-based management approach to oversight of M&O contracts, DOE places significant emphasis on mission performance, best business practices, and enhanced Contractor accountability. Performance expectations for this Contract are derived from the Statement of Work (SOW) and contract requirements and are aligned with DOE's strategic goals, the EERE mission, and the vision and strategy for the Laboratory. DOE and the Contractor will work together to establish performance measures. Proposed Contractor performance objectives and measures are due to the Contracting Officer no later than August 15<sup>th</sup>. Should DOE and the Contractor not agree upon the performance measures, DOE will unilaterally establish measures in accordance with the terms of the Contract. The final annual performance objectives and measures will be transmitted to the Contractor by letter from the Contracting Officer and will be considered part of the Contract.

The Contractor is responsible for and will be assessed against all elements of the SOW. These elements, which constitute the institutional goals, may be changed by DOE if and when the SOW is modified. The Contractor's success in achieving the goals will be evaluated, in part, on the Contractor's success in accomplishing or making progress on established performance objectives. Performance indicators provide the evidence of the Contractor's success in fulfilling a performance objective.

### Performance Measures

- Institutional Goal (Level 1 Performance Measure) - A long-term strategic institutional goal that is linked to the Contract statement of work and/or Laboratory vision and strategy.
- Institutional Objective (Level 2 Performance Measure) - A more specific performance statement toward which actions and resources are directed that will lead toward the goal.
- Performance Indicator (Level 3 Performance Measure) – The evidence of achievement of, or progress toward a performance objective.
- Key Milestone/Key Metric (Level 4 Performance Measures) – An important outcome to be delivered in a specific timeframe or a level of performance that is foundational to a business or operating system/practice.

Level 1 and 2 performance measures are documented in the NREL One-Year Plan and the level 3 measures documented herein. Level 4 program and business/operations measures are identified in individual program or functional area annual operating plans as described below.

In the One-Year Plan, the Contractor translates DOE direction along with its vision and strategy for the Laboratory into actions that will be accomplished during the fiscal year. The One-Year Plan identifies the mission accomplishments and the management and operations performance it expects to deliver for the fiscal year. The DOE reviews and the Contracting Officer approves this plan. The performance measures and processes used to evaluate the Contractor's performance are in reference to the accomplishment of, or progress toward, the institutional performance measures that are outlined in the NREL One-Year Plan.

The PEMP governs the assessment of Contractor performance. It describes the performance evaluation system, establishes the performance measures and the weights assigned to those measures that will be used to evaluate progress against the performance objectives and supporting activities outlined in the NREL One-Year Plan, and defines the grading system and weights that will be used for fee determination.

Program annual operating plans (AOPs) (or the equivalent documentation of commitments) and business functions are more detailed implementation plans. These plans identify specific tasks, schedules, and milestones. A subset of these milestones, referred to as 'key milestones' (level 4), are used to track progress toward critical program or functional objectives. Within Annual Performance Agreements (APAs), key milestones will be linked to the expected foundational level of performance. Level 3 performance indicators in the PEMP will reference meeting key milestones and foundational performance measures collectively, but not individually. That is, the AOPs and APAs are not a part of the 'institutional' performance evaluation framework. Both AOPs and APAs will be formally signed off by the cognizant DOE official and the NREL executive manager.

The Contractor is required to implement a comprehensive Self-Assessment Program in accordance with Section H-9 of the Contract. The Self Assessment shall address both the strengths and the weaknesses of the Contractor's performance across all elements of the SOW and should address the agreed-upon performance goals, performance objectives, and performance indicators. Where deficiencies are noted, the Contractor shall describe the actions planned or taken to correct the deficiencies and to avoid their recurrence. The Contractor will not be penalized for self identification, although deficiencies noted by the Contractor may be acknowledged in the Department of Energy's evaluation. An unrealistic Self Assessment may result in lower award fee determinations.

The Performance Evaluation Board (PEB) considers the input from DOE performance monitors with respect to performance against agreed upon performance measures (level 4) defined in annual operating plans and annual performance agreements along with the Contractor's Self Assessment. These inputs are used in considering the indicators (level 3) that provide evidence of the Contractor's performance against each performance objective (level 2) and in determining grades at the goal level (level 2). The evaluation report notes where performance has met expectations, exceeded expectations, or where there are performance deficiencies. The Fee Determining Official will review the Contractor's Self Assessment, along with the PEB evaluation, as part of his/her evaluation of the Contractor.

**EVALUATION AND FEE DETERMINATION PROCESS AND SCHEDULE**

The general process and schedule for evaluating performance includes the following steps:

- 1) **Self Assessment Report.** The Contractor submits a Self Assessment to the Contracting Officer 30 calendar days from the end of the evaluation period. The Executive Secretariat forwards the Contractor’s Self-Assessment to the members of the Performance Evaluation Board.
- 2) **Award Fee Performance Evaluation Report.** The PEB Chairperson(s) issues a preliminary (draft) Award Fee Performance Evaluation Report to the Contractor approximately 5 business days following the PEB meeting through the Contracting Officer. The Contractor shall be afforded the opportunity to review the report and meet with the DOE representative to discuss the evaluation within 5 business days of receipt of the report. If desired, the Contractor may submit written comments to the Fee Determining Official (FDO) within 5 business days of meeting with DOE on the draft report. As soon as feasible, upon conclusion of the discussion with DOE, the PEB will finalize the Award Fee Evaluation Report and submit it to the FDO.
- 3) **Fee Determination.** The FDO will determine fee based on the grades submitted by the PEB and the weights and process described herein.
- 4) **Payment of Fee.** The Contracting Officer will authorize payment via letter, of the amount of award fee determined by the FDO for the applicable award fee period. Payment of fee, if any, must be authorized no later than 90 calendar days from the end of the award fee period. If the determination is delayed beyond that date, the Contractor shall be entitled to interest on the determined award fee amount in accordance with DEAR 970.5215-1 Total Available Fee: Base Fee Amount and Performance Fee Amount (Dec 2000).

The evaluation of the Contractor’s performance, the determination with respect to award fee or the amount thereof by the FDO, and implementation thereof by contract amendment shall be final and is not subject to the ‘Disputes’ clause of the Contract.

**PERFORMANCE MEASURE WEIGHTS, GRADES, AND SCORING**

The evaluation addresses performance relative to goals and objectives in two broad areas:

- Mission Accomplishment– Performance measures in this area evaluate the Contractor’s performance in accomplishing the core mission of the Laboratory. Level 4 performance measures are included in program AOPs.
- Management and Operations – Performance measures in this area evaluate the Contactor’s performance in providing effective and efficient business systems and operating practices that enable the mission while ensuring compliance with requirements. Level 4 performance measures are included in annual performance agreements.

Weights are assigned to each goal and performance objective based on the relative importance of each to the conduct of the mission and the effective stewardship and operation of the Laboratory. These weights are established on an annual basis prior to the start of the fiscal year and are documented in Attachment I and summarized in Attachment II.

The general grading scale for performance is summarized in Table A. DOE expects the Contractor to perform at the highest levels of excellence; however, the standard anticipated

**Table A. Letter Grade and Numerical Score Definitions**

Letter Grade	Numeric Grade	Definition
A+	4.3-4.1	<ul style="list-style-type: none"> <li>• Significantly exceeds expectations</li> <li>• Areas of notable performance have or has the potential to significantly improve the overall Lab mission</li> </ul>

		<ul style="list-style-type: none"> <li>No specific deficiencies</li> </ul>
A	4.0-3.8	<ul style="list-style-type: none"> <li>Notably exceeds expectations</li> <li>Areas of notable performance have or has the potential to improve the overall mission of the Lab</li> <li>Minor deficiencies are more than offset by positive performance and do not impact the mission</li> </ul>
A-	3.7-3.5	<ul style="list-style-type: none"> <li>Meets expectations</li> <li>Some areas of notable performance</li> <li>Deficiencies are offset by positive performance and do not impact the mission</li> </ul>
B+	3.4-3.1	<ul style="list-style-type: none"> <li>Meets expectations</li> <li>No notable areas of increased or decreased performance</li> <li>Deficiencies are offset by positive performance and do not impact the mission</li> </ul>
B	3.0-2.8	<ul style="list-style-type: none"> <li>Most expectations are met and/or</li> <li>Minor deficiencies are offset by positive performance and have little or no impact on the mission</li> </ul>
B-	2.7-2.5	<ul style="list-style-type: none"> <li>One or two expectations are not met and/or</li> <li>Deficiencies are offset by positive performance, but may have potential to negatively impact the mission</li> </ul>
C+	2.4-2.1	<ul style="list-style-type: none"> <li>Some expectations are not met and/or</li> <li>Minor deficiencies, although offset by positive performance, have potential to negatively impact mission</li> </ul>
C	2.0-1.8	<ul style="list-style-type: none"> <li>A number of expectations are not met and/or</li> <li>Deficiencies, while somewhat offset by performance, have the potential to negative impact the mission</li> </ul>
C-	1.7-1.1	<ul style="list-style-type: none"> <li>Most expectations are not met and/or</li> <li>Major deficiencies have or will impact the mission</li> </ul>
D	1.0-0.8	<ul style="list-style-type: none"> <li>Most or all expectations are not met and/or</li> <li>Significant deficiencies have negatively impacted the mission</li> </ul>
F	0.7-0	<ul style="list-style-type: none"> <li>All expectations are not met and/or</li> <li>Significant deficiencies have significantly impacted the mission</li> </ul>

level of performance to meet expectations is a B+. DOE encourages the Contractor to exceed this expectation through leadership, innovation, and resourcefulness across all of the elements of the SOW. Performance scores above the standard level will reflect the extent to which the Contractor's actions, in DOE's sole judgment, contribute to advancing NREL's mission and yield more efficient and effective operation of the Laboratory. The Contractor may exceed expectations by delivering results beyond the scope of what was planned or at a level of quality that exceeds baseline requirements, or by having a mission impact at a higher level than anticipated.

This grading scale recognizes three categories of deficiencies which vary in terms of impact on the mission, frequency of occurrence, and/or appropriateness of response. Common to all of these is that a deficiency must reference a requirement and identify specific performance that was noncompliant with the requirement. The magnitude of the deficiency will be based on the impact to the mission, the frequency of occurrence, and the appropriateness of the response as defined below.

- Significant Deficiency.** A major event or sustained level of poor performance that had a substantial impact on the Contractor's ability to carry out the mission. For example, an event that required shutdown of operations and resulted in a cost, schedule, or performance impact may be considered a significant deficiency.
- Major Deficiency,** A recurring event or ongoing level of poor performance that was not self identified, reported, or appropriately addressed, or an event that had moderate impact on the Contractor's ability to carry out the mission.
- Minor Deficiency.** An issue that had no impact on the mission, but requires attention to either comply with requirements or improve performance.

The Contractor is encouraged to self identify issues/incidents, report appropriately and in a timely fashion, and take appropriate corrective actions. When the Contractor takes these actions and there is no impact on the mission nor a frequency of occurrence that suggests a systemic process issue, it is not considered a deficiency.

Each performance objective is assigned a numerical score by the PEB with reference to Table A. Goal scores are computed as the roll up of the weighted numerical scores of the related objectives<sup>1</sup>. A numerical score and a letter grade are developed for each performance goal and then a total score for Science and Technology and for Management and Operations is derived by rolling up the weighted scores of the relevant goals as shown in Table B.

**Calculating Earned Award Fee**

Total available fee will be determined in accordance with Clause H.9 'Fee and Performance' of the Contract. The fee earned by the Contractor shall be determined by first calculating an overall performance grade and score. The overall performance score is calculated as the product of the total weighted score for the S&T performance and the total weighted operations score. The Contractor must achieve at least a 'meet expectations' level of management and

**Table B. FY2007 Contractor Evaluation Score Calculation**

Mission Accomplishment Performance Goals	Numerical Score	Letter Grade	Weight	Weighted Score	Total Score
1.0 Science and Technology					
2.0 Project/Program and Intellectual Asset Management					
<b>Total Score</b>					
Management and Operations Performance Goals	Numerical Score	Letter Grade	Weight	Weighted Score	Total Score
3.0 Leadership and Contractor Stewardship					
4.0 Environment, Safety and Health					
5.0 Business Systems					
6.0 Facilities and Infrastructure					
7.0 Security and Emergency Management					
<b>Total Score</b>					

operations performance (B+) in order to be given full consideration of its Mission Accomplishment performance. Overall fee determination is calculated as the product of the Operation Performance Multiplier and the Percentage Mission Accomplishment Fee earned (Table C).

**Table C. Performance-Based Fee Earned Scale**

Final Grade	Weighted Score	Percent S&T Fee Earned	Management and Operation Performance Multiplier
A+	4.3 - 4.1	100%	100%
A	4.0 - 3.8	97%	100%
A-	3.7 - 3.5	94%	100%
B+	3.4 - 3.1	91%	100%

<sup>1</sup> A set of tables, provided at the end of the PEMP, assist in the calculation of goals scores using the weighted objective scores.

B	3.0 - 2.8	88%	95%
B-	2.7 - 2.5	85%	90%
C+	2.4 - 2.1	75%	85%
C	2.0 - 1.8	50%	75%
C-	1.7 - 1.1	0%	0%
D	1.0 - 0.8	0%	0%
F	0.7 -0.0	0%	0%

## ATTACHMENT I: FY2007 PERFORMANCE MEASURES

### MISSION ACCOMPLISHMENT

Mission accomplishment goals address the Contractor's ability to deliver on the core mission. As a national laboratory focused on energy research, the goals address the delivery of quality and relevant science and technology accomplishments and the use of the resulting knowledge and technology, and the effectiveness of the management of programs and intellectual assets that deliver those accomplishments. Performance objectives and the indicators that will be used to evaluate progress for each of the mission accomplishment goals are identified below. The indicators provide specific evidence of performance, and collectively, they provide the body of evidence that indicates performance relative to corresponding objectives.

#### Goal 1.0: Science and Technology

**The Contractor will deliver high-quality scientific and technological outcomes that advance national and DOE Program goals and that result in utilization of NREL-originated technology and knowledge.**

The focus of the performance objectives in this area is on the outcomes associated with research and with knowledge and technology transfer. The effectiveness of the business processes used to integrate, manage, and steward these efforts is addressed under goal 2.

The weight of this Level 1 Measure is 70%

**Performance Objective 1.1:** Progress toward DOE and National Goals: Advance science and technologies that demonstrate progress toward DOE program and national objectives.

The weight of this Level 2 Measure is 50%

In evaluating performance against this objective, the PEB shall consider the following indicators:

- NREL research results
  - Demonstrate progress toward Advanced Energy Initiative goals.
  - Demonstrate progress toward other program technical targets.
  - Demonstrate the potential for foundational science efforts to impact applied research efforts.
- NREL technical support and testing
  - Validates the performance of technologies that have the potential to impact national goals.
  - NREL-developed tools and techniques provide value.

Performance required to meet expectations:

- NREL technical accomplishments meet key milestones as defined in program annual operating plans.

**Performance Objective 1.2:** Technology Utilization: NREL knowledge and technology are transferred and barriers to market adoption are reduced.

The weight of this Level 2 Measure is 25%.

In evaluating performance against this objective, the PEB shall consider the following indicators:

- Technologies transferred and technology maturation enabled as evidenced by the number of and impact of partnerships including, but not limited to, CRADAs, work for others and licensing agreements.
- Outcomes of industry partnerships demonstrate technology utilization.
- Technical assistance outcomes and impacts.
  - Number and quality of energy projects enabled by assistance.
  - Market barriers lowered through technical assistance.
  - Utilization and adoption of NREL data, tools and techniques.

The following performance is required to meet expectations:

- Key deployment milestones are met as defined in program annual operating plans.
- Partnership agreements demonstrate commercial utilization of NREL science and technology.
- Execute partnership agreements with winning industry-led teams of the Solar America Initiative and Integrated Biorefinery solicitation.

**Performance Objective 1.3:** Research Quality: Science and technology efforts are recognized as innovative and research approaches and practices are sound.

The weight of this Level 2 Measure is 25%

In evaluating performance against this objective, the PEB shall consider the following indicators:

- Significance of external awards and recognition (e.g. R&D 100, FLC, society fellows, peer reviewed journal publications, patents, invited talks, leadership in DOE workshops and academy panels, staff nominations to leadership of research associations)
- Results of external peer reviews
- Accreditations and validations of research and/or testing methods.

The following performance is required to meet expectations:

- External recognition validates NREL's leadership in key areas.
- On balance, results of external peer reviews are positive.
- Accreditations sought are received and maintained.

## **Goal 2.0: Project/Program and Intellectual Asset Management**

**The Contractor provides technical leadership and effective program execution.**

The weight of this Level 1 Measure is 30%

**Performance Objective 2.1: Technical Vision/Strategic Value**

The weight of this Level 2 Measure is 40%.

In evaluating performance against this objective, the PEB shall consider the following indicators:

- Input provides value to DOE program plans, industry roadmaps or national level initiatives.
- Alignment of NREL annual operating plans to DOE multi-year program plans.
- NREL convened forums provide value to program plans.
- NREL analytic efforts provide foundation for program plans.

The following performance is required to meet expectations:

- NREL annual operating plans align with DOE priorities.
- NREL contributes sound technical ideas to DOE program plans, industry roadmaps or national level initiatives.

**Performance Objective 2.2: Program Planning and Management**

The weight of this Level 2 Measure is 30%.

In evaluating performance against this objective, the PEB shall consider the following indicators:

- Milestones are clearly documented in annual operating plans.
- Effectiveness in addressing challenges and issues.
- Proactively inform the customer and effectively respond to customer requests for information.

The following performance is required to meet expectations:

- Annual Operation plans are approved by DOE program managers.
- Key milestones are met on schedule and within budget.
- Results of program reviews are appropriately addressed.
- Communications with DOE are timely and accurate.
- Issues are appropriately addressed.

**Performance Objective 2.3: Intellectual Asset Management**

The weight of this Level 2 Measure is 30%.

In evaluating performance against this objective, the PEB shall consider the following:

- The effectiveness of intellectual asset management systems and processes in supporting NREL's mission and strategy.
  - LDRD Program
  - Intellectual Property Management
  - Technology Partnering Processes
- Commitment to continuous improvement.
- Essential compliance with laws, regulations, and contractual requirements.

The following performance is required to meet expectations:

- LDRD procedure developed and implemented
- Evaluate NREL inventions and strengthen NREL's intellectual property portfolio.
- Negotiate technology partnering agreements in a timely manner

- Deficiencies are offset by positive performance and do not impact the mission.

## **MANAGEMENT AND OPERATIONS**

Management and operations performance measures address the factors that enable conduct of the mission. These include leadership of the Laboratory, the effectiveness and efficiency of business systems, stewardship of technical and physical assets, security, and ES&H. The performance indicators and weights for each management and operations goal is provided below. The indicators provide specific evidence of performance, and collectively, they provide the body of evidence that indicates performance relative to corresponding objectives. The table in Attachment II summarizes the level 1 and level 2 performance measures and the associated weights.

### **Goal 3.0: Corporate Leadership and Stewardship**

**The Contractor will provide leadership that enhances the long-term viability of NREL and its value as a recognized national and international asset.**

The weight of this Level 1 Measure is 25%.

#### **Performance Objective 3.1: Leadership and Impact**

The weight of this Level 2 Measure is 45%.

In evaluating performance against this objective, the PEB shall consider the following indicators:

- Compelling Laboratory strategic roadmap and aligned annual plans.
- Demonstrated commitment to ES&H.
- Partnerships enhance the ability to execute the Laboratory mission.
- Stature as a national resource on energy issues.
- Contribution to developing the national workforce of the future.

The following performance is required to meet expectations:

- NREL Institutional Plan is in place and guiding investments that are aligned with priorities.
- Ten Year Site Plan is in place and provides basis for capital requests.
- New/expanded partnerships and constituencies enhance ability to accomplish the mission.
- Demonstrate impact on energy strategies and goals.
- NREL vision, strategy and plans include ES&H considerations.

#### **Performance Objective 3.2: Competency Stewardship**

The weight of this Level 2 Measure is 30%.

In evaluating performance against this objective, the PEB shall consider the following indicators:

- Discretionary investments are guided by institutional strategy.
- NREL technical capabilities are enhanced.
  - Technical expertise
  - Facilities and Equipment
- NREL competencies are extended through partnerships.

The following performance is required to Meet Expectations:

- Capability investments are aligned with program needs.

**Performance Objective 3.3: Corporate Support and Assurance**

The weight of this Level 2 Measure is 25%.

In evaluating performance against this objective, the PEB shall consider the following indicators:

- Value of Corporate Office involvement in and support of strategy and operations.
- Effective leadership in identifying and acting on performance issues and opportunities.
- Essential compliance with contractor assurance requirements.

The following performance is required to meet expectations:

- Evidence of Corporate Office engagement and support that contributes to NREL Strategy.
- External assessments/audits have few "high impact" findings that were not previously identified through self-assessments or internal audit/oversight.
- Performance on improvement/corrective action closure is within established risk limits for each impact level.
- Deficiencies are offset by positive performance and do not impact the mission.

**Goal 4.0: Environment Safety and Health**

**The Contractor will foster ES&H as a core value to protect the safety and health of the NREL workforce, the community, and the environment**

The weight of this Level 1 Measure is 20%.

**Performance Objective 4.1: Leadership and Prevention**

The weight of this Level 2 Measure is 70%.

In evaluating performance against this objective, the PEB shall consider the following indicators:

- Essential compliance of NREL's ES&H processes and systems with requirements.
- Effective ES&H operational awareness.
- Recurrence and impact of incidents/accidents.
- Demonstrated commitment to continuous improvement.

The following performance is required to meet expectations:

- Meet the foundational requirements defined in the performance agreement.
- Approval of NREL's 10 CFR 851 implementation is achieved by May 26, 2007.
- Management walkthroughs occur, results/actions are tracked to closure, and cross-cutting issues are identified for additional review/investigation.
- ES&H performance (e.g. days away restricted or transferred rate [DART], or recordable incident rate [RIR]) is maintained at or below DOE Contractor average.
- Assemble site information required for a site-wide NEPA document.
- Deficiencies are offset by positive performance and do not impact the mission.

**Performance Objective 4.2: Response**

The weight of this Level 2 Measure is 30%.

In evaluating performance against this objective, the PEB shall consider the following indicators:

- Self-identification of incidents and issues.
- Effectiveness and timeliness of incident response, reporting and case management.
- Demonstrated commitment to continuous improvement.
- Essential compliance of NREL's ES&H incident response and case management with requirements.

The following performance is required to meet expectations:

- Meet foundational requirements as defined in performance agreement.
- Deficiencies are offset by positive performance and do not impact the mission.
- Corrective actions and measures to preclude recurrence are identified and implemented.

**Goal 5.0: Business Systems**

**The Contractor will deliver sound, responsive business systems and supporting processes that enable the mission.**

The weight of this Level 1 Measure is 20%.

**Performance Objective 5.1: Sound, responsive and effective financial management systems**

The weight of this Level 2 Measure is 25%.

In evaluating performance against this objective, the PEB shall consider the following:

- Effective program and Laboratory financial planning, oversight and reporting.
- Essential compliance with laws, regulations and contractual requirements.
- Financial systems demonstrate effective internal controls.
- Demonstrated commitment to continuous improvement.

The following performance is required to meet expectations:

- Meet foundational requirements as defined in the performance agreement.
- Meet Contractor requirements under OMB Circular A-123 in a timely manner.
- Deficiencies are offset by positive performance and do not impact the mission.

**Performance Objective 5.2:** Sound, comprehensive procurement systems

The weight of this Level 2 Measure is 25%.

In evaluating performance against this objective, the PEB shall consider the following:

- Effective acquisition planning and procurement processes that support the mission and DOE goals.
- Effective subcontract oversight and closeout management.
- Essential compliance with laws, regulations, and contractual requirements.
- Demonstrated commitment to ES&H and continuous improvement.

The following performance is required to meet expectations:

- Meet foundational requirements as defined in performance agreement.
- Subcontract clauses are current and in accordance with the Prime Contract, including ES&H clauses that are sufficient to reflect required subcontractor performance.
- Effective and timely management of contract issues.
- Deficiencies are offset by positive performance and do not impact the mission.

**Performance Objective 5.3:** Sound and responsive human resource management systems and diversity program

The weight of this Level 2 Measure is 25%.

In evaluating performance against this objective, the PEB shall consider the following indicators:

- Effective, responsive human resource management systems and processes support NREL's strategy and diversity goals.
- Commitment to ES&H and continuous improvement.
- Essential compliance with laws, regulations and contractual requirements.

The following performance is required to meet expectations:

- Meet foundational requirements as defined in the performance agreement.
- A diversity plan is in place.
- Demonstrate effective recruitment and retention processes to meet mission requirements.
- Comprehensive review of NREL health care plans.
- Employee issues are appropriately resolved in a timely manner.
- Deficiencies are offset by positive performance and do not impact the mission.

**Performance Objective 5.4:** Sound information and other management systems

The weight of this Level 2 Measure is 25%.

In evaluating performance against this objective, the PEB shall consider the following:

- Effective management systems and processes support NREL's goals, including

- Information Systems
- Quality Assurance
- Requirements Management
- Commitment to continuous improvement.
- Essential compliance with laws, regulations, and contractual requirements.

The following performance is required to meet expectations:

- Meet foundational requirements as defined in the performance agreements.
- Meet key milestones of the quality assurance implementation plan.
- Timely notification to DOE of sensitive communications and events.
- Deficiencies are offset by positive performance and do not impact the mission.

### **Goal 6.0: Facilities and Infrastructure**

**The Contractor will effectively manage NREL's existing assets and the development of new assets.**

The weight of this Level 1 Measure is 15%.

#### **Performance Objective 6.1: Effective and efficient management of Property, Facilities, Equipment, and Infrastructure**

The weight of this Level 2 Measure is 70%.

In determining the Contractor's performance against this objective, the PEB shall consider the following:

- Essential compliance with requirements.
- Demonstrated commitment to ES&H.
- Effective use of available resources to maintain real property asset value.
- Effective and efficient lab-wide space allocation and utilization.
- Effective management of facility projects.
- Demonstrated commitment to continuous improvement.

The following performance is required to meet expectations:

- Meet key foundational milestones as defined in performance agreement.
- Projects managed within schedule and budget in accordance with the Project Management Manual.
- Use of existing laboratories and Laboratory support space aligns with mission priorities.
- Campus energy performance expectations are met.
- Process improvements show that lessons learned are captured and acted upon.
- The Environmental Management System is incorporated in facilities and infrastructure planning.
- Deficiencies are offset by positive performance and do not impact the mission.

#### **Performance Objective 6.2: Effective Infrastructure Development**

The weight of this Level 2 Measure is 30%.

In determining Contractor performance on this objective, the PEB shall consider the following:

- Essential compliance with requirements.
- Construction plans and activities demonstrate commitment to ES&H.
- Effective acquisition and management of facility construction projects.

- Demonstrated commitment to continuous improvement.

The following performance is required to meet expectations:

- Meet foundational requirements as defined in performance agreement.
- Major construction projects meet scope, schedule and budget as defined in capital construction plans.
- Process improvements show that lessons learned are captured and acted upon.
- The Environmental Management System is incorporated in facilities and infrastructure planning.
- Variances between estimated cost and bid cost are reduced.
- Reporting to DOE on construction finances, change orders, and contract disputes is accurate and timely.
- Deficiencies are offset by positive performance and do not impact the mission.

### **Goal 7.0: Security and Emergency Management**

**The Contractor will enhance the effectiveness of security and emergency management through strong and well deployed systems.**

The weight of this Level 1 Measure is 20%.

#### **Performance Objective 7.1: Site Security**

The weight of this level 2 Measure is 33%.

In evaluating performance against this objective, the PEB shall consider the following:

- Effective NREL Site Security plans and processes.
- Essential compliance with security practices and requirements.
- Recurrence and impact of incidents.
- Timeliness and appropriateness of response.
- Corrective actions are identified and implemented.
- Demonstrated commitment to ES&H and continuous improvement.

The following performance is required to meet expectations:

- Meet foundational requirements as defined in performance agreement.
- Security incidents are self-identified and self-corrected with documented corrective/preventative action.
- 100% of NREL workers will complete Annual Site Security Refresher Training.
- Deficiencies are offset by positive performance and do not impact the mission.

#### **Performance Objective 7.2: Emergency Management**

The weight of this level 2 Measure is 33%.

In evaluating performance against this objective, the PEB shall consider the following:

- Effective Emergency Response Action Plan (ERAP) and processes.
- Essential compliance of emergency management practices with requirements.
- Timeliness and effectiveness of response to incidents/accidents.
- Demonstrated commitment to ES&H and continuous improvement.

The following performance is required to meet expectations:

- Meet foundational requirements as defined in the performance agreement.
- Improvements to NREL's emergency notification/communication systems are implemented.
- Exercises, drills, and training sessions are conducted according to the approved ERAP and successful response capabilities are demonstrated.
- Deficiencies are offset by positive performance and do not impact the mission.

**Performance Objective 7.3: Provide an Effective System for Cyber Security**

The weight of this level 2 Measure is 34%.

In evaluating performance against this objective, the PEB shall consider the following:

- Effective cyber security plan and processes.
- Essential compliance of cyber security practices with requirements.
- Recurrence and impact of incidents.
- Corrective actions are identified and implemented.

The following performance is required to meet expectations:

- Meet foundational requirements as defined in the performance agreement.
- Cyber Security incidents are reported and mitigated as appropriate.
- Results of external reviews demonstrate Cyber Security systems are effective.
- NREL's Authority to Operate is renewed.
- Deficiencies are offset by positive performance and do not impact the mission.