

CHAPTER 14

DLA Energy Funding Support



This chapter describes:

- *The process for submitting environmental compliance and spill cleanup project funding requests to the DLA Energy environmental program staff*
- *Typical examples of fundable and non-fundable environmental costs*

14.1 Background

For approximately 40 years, DLA Energy has been responsible for purchasing bulk fuel products and delivering them to the U.S. Armed Forces and other government agencies. DLA Energy manages 250 national stock numbers for petroleum products, including jet fuels, aviation gasoline, heating oils, power generation, naval propulsion fuels, lubricants, natural gas, and coal. Over time, DLA Energy's funding has expanded for maintenance and repair, minor construction, and environmental projects. DLA Energy's increased role in funding is partly the result of centralizing fuel inventory management and facility upkeep, according to the Integrated Material Management (IMM) program. IMM is designed to centralize fuel inventory management and facility upkeep, with DLA Energy designated the executive agent for fuel in the Defense Logistics Agency (DLA) as part of the centralization.

DLA Energy's expanded role in funding can be attributed to the following milestones shown in *Exhibit 14–1*.

EXHIBIT 14–1

DLA Energy Funding Milestones

1973	DLA assumed management of eight bulk fuel terminals permitted to it by the services (six by the U.S. Air Force and two by the U.S. Navy). These were government-owned, contractor-operated (GOCO) terminals. As the DLA activity responsible for fuel, the Defense Fuel Supply Center (DFSC) became the operator of these terminals and funded the operating contracts for each location, as well as became responsible for maintenance, repair, and military construction (MILCON) projects.
1980	The number of facilities permitted to the DLA grew to 16. DFSC took on the same responsibilities for this larger group of Defense Fuel Support Points (DFSPs), most of which were GOCO.
1985	DFSC assumed the funding responsibility for maintenance and repair at all service-owned bulk fuel storage facilities storing DLA-owned fuel. The number of DFSPs requiring DFSC funding increased to 94.
1992	Phase II of IMM was implemented (milestones mentioned before this date are considered Phase I of IMM). The environmental compliance costs at GOCO facilities became eligible for DFSC funding.
1992	DFSC began funding maintenance, repair, and environmental projects at former retail facilities on U.S. Air Force bases, U.S. Army bases, Air National Guard units, Naval Air Stations, and U.S. Marine Corps Air stations. The number of DFSPs that DFSC funded grew to over 400.
1992	DFSC assumed funding for costs of bulk storage of DLA- and DFSC-owned product, as well as assumed ownership of most aviation and marine fuels previously owned by the services.

1998	DFSC changed its name to the Defense Energy Support Center (DESC).
2000	DESC began providing electricity, natural gas, and space-related products and services.
2004	DESC establishes its Environmental, Safety and Occupational Health Management System.
2009	Mission expanded to include providing alternative fuels and renewable energy sources.
2010	DESC changed its name to DLA Energy.



Don't Forget...

For funding requests, use the DLA Enterprise External Business Portal (EEBP) <https://business.dla.mil> and be sure to include supporting documentation in your request, such as Independent Government Cost Estimates (IGCEs), statements of work, contract award documents, invoices, and other documents.

14.2 Environmental Compliance Costs

DFSPs should request environmental compliance funding from DLA Energy via the online DLA Enterprise External Business Portal (EEBP). Once a request is entered into EEBP, the request is automatically routed to Major Command (MAJCOM) for approval and sent to the respective service control point (SCP). DFSPs should coordinate funding requests with the applicable MAJCOM and SCP via email for their review and comment prior to submission in EEBP. The SCPs can provide support for entering requests into EEBP. The contact information for the following three SCPs is in [Appendix E](#):

- Army Petroleum Center (APC)
- Naval Petroleum Office
- Air Force Petroleum Agency (AFPETA)

The SCPs verify the EEBP request is eligible for funding and ensures that valid and complete environmental funding requests are channeled to DLA Energy for processing. For a funding request to be considered eligible for DLA Energy funds, it must directly support the DLA bulk petroleum management mission and be related to capitalized product. Funds for approved requests will be provided through a military interdepartmental purchase request (MIPR).

In addition to inputting the request into EEBP, DFSPs should provide documentation to support the costs with the request, such as an itemized breakdown of the costs, independent estimates, or receipts and invoices from previous or similar expenditures. To assist with organizing costs, an example cost worksheet available for your use is provided in [Appendix 14-1](#); however, additional information is necessary to validate funding requests. Without adequate documentation of estimated costs, DLA Energy cannot fund a project.

The request for recurring compliance costs should be submitted annually, typically at the beginning of the fiscal year (October) for which they are needed. Other environment-related project funding requests may be submitted throughout the year.

Exhibit 14-2 shows the categories of environmental costs that DLA Energy normally funds. In the text that follows, you'll find examples of these categories, as well as examples of exceptions that will not be funded.

EXHIBIT 14–2

DLA Energy-Funded Environmental Costs

Type of Project	Examples of Funded Expenditures	Examples of Non-funded Expenditures
Environmental Documents	<ul style="list-style-type: none"> Spill Prevention, Control, and Countermeasure (SPCC) Plans Facility Response Plans (FRP) Integrated Contingency Plans (ICP) Stormwater Pollution Prevention Plans (SWPPP) 	<ul style="list-style-type: none"> Revisions to documents not related to the storage and distribution of capitalized product Documents that do not have a federal, state, or local regulatory driver
Centrally Managed Leak Detection Program	<ul style="list-style-type: none"> Regulatory compliance-driven leak detection testing requirements Emergency tank and pipeline confirmation, Location, and/or inspection Annual certification of Hansa and Vista leak detection systems Annual certification of Leak Manager leak detection systems 	<ul style="list-style-type: none"> Testing and monitoring of tanks and pipelines not related to capitalized product or facilities
Exercises/Training	<ul style="list-style-type: none"> Spill prevention and response exercises and underground storage tank (UST) operator training for DLA Energy GOCO facilities as part of a centrally managed program 	<ul style="list-style-type: none"> Training is the responsibility of the military service; however, installation personnel may attend DLA Energy organized training as space allows
Routine Sampling and Testing	<ul style="list-style-type: none"> Petroleum, oil, and lubricant (POL) tank air emissions testing Stormwater, groundwater, or wastewater permit monitoring Lab analyses prior to discharge (that is, before tank-bottom draining) Lab testing for vapor recovery and emission control equipment Material and supplies used to sample, test, and/or prepare POL waste for disposal (except items listed in non-funded expenditure column) 	<ul style="list-style-type: none"> Sampling and testing for waste or discharges from non-capitalized product Sampling and testing of spent solvents
Removal and Disposal of POL Wastes	<ul style="list-style-type: none"> Hazardous waste generated, such as tank-bottom wastewaters, off-specification fuel that can't be reblended, and disposal of lab waste from approved testing 	<ul style="list-style-type: none"> Waste not generated from the storage or distribution of capitalized product Absorbent pads, contaminated rags, and other consumable items used for small spill cleanup Universal waste
Fees for Spill Cooperatives	<ul style="list-style-type: none"> Membership fees for oil spill cleanup cooperatives and oil spill removal organizations (OSROs) 	
Operating Permits and Fees	<ul style="list-style-type: none"> Annual recurring environmental permit fees assessed by federal, state, or county governments Annual air emission inventory fees 	<ul style="list-style-type: none"> Fees for permits not related to capitalized product, such as sanitary sewer permits for an entire base

Type of Project	Examples of Funded Expenditures	Examples of Non-funded Expenditures
Fines and Penalties	<ul style="list-style-type: none"> Fines incurred at POL facilities will be reviewed on a case-by-case basis 	<ul style="list-style-type: none"> Fines due to gross negligence or failure to take action by the Military Department
POL Spill Cleanup	<ul style="list-style-type: none"> Capitalized product spill response at GOGO and GOCO facilities 	<ul style="list-style-type: none"> Spills resulting from gross negligence or willful misconduct by the Military Department civilian, military member, or contractor; COCO operated sites; foreign locations unless there is an applicable international agreement that appears to require such remediation
National Environmental Policy Act (NEPA) Analyses	<ul style="list-style-type: none"> NEPA analyses for sustainment, restoration, and modernization (SRM) projects (in general) involving capitalized product infrastructure NEPA analyses for MILCON projects. 	<ul style="list-style-type: none"> NEPA analysis for Contractor-Owned/ Contractor-Operated (COCO) facilities

14.2.1 Revisions to Environmental Documents

DLA Energy provides funding for the revision of required environmental compliance documents and Emergency Response Plans through a MIPR or the Centrally Managed Program contract. The environmental compliance document must be directly related to the storage of capitalized product. For instance, if a fuel facility is located within the boundary of a military installation, DLA Energy will fund the portion of the document directly related to tanks that contain capitalized products. Installations are responsible for providing funds to cover the non-capitalized product portion of the plans. Examples of environmental compliance documents funded by DLA Energy are preparation and revisions to SPCC Plans, FRPs, ICPs, and SWPPPs.

14.2.2 Centrally Managed Leak Detection Program

DLA Energy has a centrally managed leak detection program for capitalized product facilities worldwide. The program provides:

- Tank tightness testing
- Annual pressurized line tightness testing
- Leak confirmation, location, and/or inspection
- Incidental repairs
- Annual certification of permanent leak detection systems

The centrally managed and funded program provides environmental regulatory compliance for DLA Energy's tanks and pipelines while allowing for optimization of the testing and monitoring services.

14.2.3 Centrally Managed Exercises/Training Program

Training required by environmental regulations is the responsibility of the military service or installation. DLA Energy provides training to DLA Energy GOCO contractors under a centrally managed program, such as spill prevention and response exercises and UST operator training. Installation personnel are strongly encouraged to attend the DLA Energy training events conducted at their installation; however, there may be instances where space is limited. Check with your SCP or DLA Energy environmental program staff for information regarding current training courses.

14.2.4 Routine Sampling and Testing

DLA Energy funds sampling and testing of POL emissions and discharges as an environmental cost *if the cost of both sampling and testing involves capitalized product.*

Lab analyses are eligible costs. For instance, permits or regulations may require the services of a laboratory before tank-bottom draining or stormwater discharge. Lab analyses will determine if these wastes require treatment before being released into a public sewer or treatment plant or aid in proper characterization before being managed off-site.

Other areas of funding include testing of:

- Vapor recovery and emissions control equipment that requires laboratory or consultant services
- Stormwater, groundwater, or wastewater monitoring
- Waste characterization

14.2.5 Removal and Disposal of POL Wastes (Except Consumables)

DLA Energy funds removal and disposal of hazardous POL wastes as an environmental compliance cost through a MIPR *if the cost is directly linked to facilities containing capitalized product.*

Examples of approved costs are disposal of tank-bottom wastewaters; sludges; off-specification fuel that cannot be reblended; disposal of small amounts of laboratory wastes from approved sampling and testing; and material and supplies used to sample, test, and/or prepare POL waste for disposal (except items listed in non-funded expenditure column). Examples of materials/supplies include drums, labels, gloves, and Tyvek suits.

POL removal and disposal costs that are *not funded* include:

- Wastes *not* generated at a DLA Energy-owned bulk storage facility (such as flight line and fuel barge operations)
- Costs for absorbent pads, contaminated rags, and other consumable items used for day-to-day operational, small spill cleanups

These costs are the responsibility of the installation.

14.2.6 Fees for Spill Cooperatives

Based on review, DLA Energy may fund membership fees for spill cooperatives as environmental compliance costs through an MIPR. Oil spill cleanup cooperatives provide a more efficient and economical oil spill response than a single company can provide. The operation of a cooperative ranges from basic (two companies sharing equipment) to complex (full-scale corporations with communication headquarters and on-site supervisors who call in additional materials, labor, and equipment).

14.2.7 Operating Permits and Fees

DLA Energy funds recurring annual permit costs through a MIPR if the costs involve *capitalized product that may affect the environmental quality of air and/or water*.

Examples of accepted costs include fees for fill stands, fuel storage tanks, oil/water separators, pipelines, and hydrant systems.

In addition, federal, state, county, or regional regulatory agencies may require annual fees for National Pollutant Discharge Elimination System (NPDES) or air operating permits. The fees may be administered by state environmental agencies, such as a water quality board or air quality management district.

DLA Energy will pay for general conformity evaluations in accordance with the Clean Air Act (refer to [Chapter 6, Air Emissions](#)).

14.2.8 Fines and Penalties

DLA Energy reviews fines incurred at POL facilities and considers reimbursement on a case-by-case basis. If approved by DLA Energy, these costs are funded through a MIPR. Submit your request through EEBP and be sure to attach the notice of non-compliance or notice of violation and other supporting documentation. Fines attributable to gross operator negligence or willful misconduct or if attributable to a failure to take action by the Military Department are *not funded* by DLA Energy.

14.2.9 POL Spill Cleanup

To be funded for capitalized product spill cleanups, you must promptly notify DLA Energy of a spill and then request funding. Handle fuel spills as emergencies. Begin cleanup actions as soon as possible to minimize total government spill cleanup costs and limit the spread of contamination. The military installation is responsible to fund initial spill response costs, and DLA Energy will reimburse the host installation. DLA Energy will *not* reimburse the host military installation for military and civilian personnel salaries, except for those overtime hours of federal civilian employees directly involved in the spill response and/or cleanup.

Requests for costs associated with spill cleanup and remediation sites are to be made through EEBP. In addition, it is recommended that a courtesy email be submitted to the SCP notifying them of the request. Documentation needed for spill response and cleanup fund requests includes the following:

- Situation report or incident report



Did You Know?

To be funded by DLA Energy, the cost incurred by the facility must be directly related to the storage of capitalized product.

- Breakdown of costs associated with initial response and cleanup efforts
- Itemized costs for proposed cleanup actions
- Projected schedule for long-term remediation costs

DLA Energy will review costs submitted for funding and will fund applicable spill-related costs. Spill kit and containment supplies are not routinely funded, except if they are replacements for equipment used and the request is accompanied by the spill or incident report.

Cleanup of spills from operations that are not the responsibility of DLA Energy are *not* normally funded by DLA Energy but will be evaluated on a case-by-case basis. Some examples include:

- Flight line spills
- Vehicle fuel dumping
- Ship-to-ship fuel transfer
- Spills resulting from gross operator negligence and/or willful misconduct

Costs associated with these types of spills will be funded by the individual military service.

Refer to [Chapter 2, Incident and Spill Reporting](#) for more information on spill reporting and DLA Energy's rapid response cleanup contract. [Chapter 8, Assessment and Cleanup](#) provides information on cleanup programs and remedial technologies.

14.2.10 Funding Policy where Pre-existing Contamination May Exist

Program Budget Decisions (PBD) 735 and 726 consolidated the responsibility for the management of bulk petroleum products from the services to the (then) Defense Fuel Supply Center of the DLA. PBD 726, issued in 1991, states,

“Environmental cleanup responsibilities for conditions existing before the consolidation (October 1, 1992) will remain with the current owner of the facility. DLA will assume responsibility for any cleanup efforts that arise subsequent to the transfer.”

It was clearly the intent of Office of the Secretary of Defense that remediation of existing environmental problems would remain the duty of the owning service.

DLA Energy funding will be provided only for cleanup of capitalized products. If a leak or spill of capitalized product should occur in an area where pre-existing service contamination of any type resides, DLA Energy will fund only the portion of the cleanup that DLA Energy determines is directly related to the quantity of capitalized product that was leaked or spilled. This applies to petroleum-contaminated sites that occurred prior to October 1, 1992, or DLA Energy capitalization of the site, whichever occurred first, and to areas of non-petroleum hazardous material contaminated sites, regardless of when they occurred.

Capitalized product spill cleanup funding will not be used to supplement the services cleanup funding for the pre-existing contamination. Cleanup projects complicated by areas of pre-existing contamination will be funded only to a level



Don't Forget...

Projects with supportable requests that are well-documented are more likely to be approved and funded.

consistent with a cleanup of the quantity of capitalized product that was leaked or spilled. In such a case, a cost sharing agreement between DLA Energy and the owning service will be established to define cleanup levels and apportion responsibilities.

14.2.11 National Environmental Policy Act Reviews

The NEPA review process is required for proposed actions at federal facilities to integrate environmental considerations into decision-making. Refer to [Chapter 13, NEPA Process and Resource Planning](#) for more details on the applicability of NEPA.

Funding for NEPA reviews will be determined on a case-by-case basis and depends on the extent to which the proposed action is affecting capitalized product. In general, DLA Energy will fund the NEPA analyses for SRM projects and DLA MILCON projects for analyses that are beyond a Categorical Exclusion (CE). Depending on the scope of work, MILCON projects often warrant the more extensive NEPA reviews, such as an Environmental Assessment (EA) or Environmental Impact Statement (EIS); it is unlikely that a MILCON project would qualify for a CE. SRM projects also require NEPA analysis; however, unlike MILCON projects, many SRM projects may qualify for a CE. In most cases, NEPA reviews for MILCON and SRM projects are conducted and funded by the host facility in accordance with the host facility's NEPA guidance. NEPA reviews must be completed for the MILCON or SRM project before funds for the project are released or allocated. DLA Energy requests copies of MILCON NEPA documents for recordkeeping purposes. If DLA Energy funding is used for NEPA, DLA Energy requests documentation for review to ensure that all NEPA requirements for the project have been met. The host facility is responsible for funding any necessary environmental mitigation (for example, wetland mitigation or air credits) as a result of the NEPA review; however, DLA Energy will fund any necessary compliance cleanup of capitalized product.

14.3 Funding Differences by Owner

There are three types of facilities that use DLA Energy products:

- Government-Owned/Government-Operated (GOGO) facilities
- Government-Owned/Contractor-Operated (GOCO) facilities
- Contractor-Owned/Contractor-Operated (COCO) facilities

DLA Energy's program and funding responsibilities are different for each type of facility. Exhibit 14–3 summarizes the DLA Energy program or funding actions by facility type based on DoD Manual 4140.25, Volume 8, DoD Management of Energy Commodities: Energy Commodity Infrastructure Operations.

EXHIBIT 14–3

DLA Energy Environmental Program Responsibilities for Various Facilities

DLA Energy Action	GOGO	DLA-Permitted GOCO	COCO
Plan, program, budget, and fund projects for environmental compliance	Yes	Yes	No
Fund environmental assessments and statements for proposed new construction projects as required by NEPA and DoD Directive 6050.1	Yes	Yes	No
Upon request, provide support to military services in interpreting applicable environmental regulations and in developing projects to bring terminals into compliance	Yes	Yes	No
Fund environmental permits and compliance requirements	Yes	Yes	No
Execute environmental permits and compliance requirements	No	Yes	No
Develop and maintain compliance plans, such as FRPs, ICPs, and SPCC Plans	Yes	Yes	No
Reimburse installations for emergency expenditures associated with a capitalized product release	Yes	Yes	Yes

Note: Table excludes foreign-located and foreign-operated bases.

14.4 For More Information

For Information On...	See...
DoD Manual	DoD Manual 4140.25, Volume 8, DoD Management of Energy Commodities: Energy Commodity Infrastructure Operations
General support	DLA Energy–Customer Interaction Center (800) 286–7633 (800 2TOP OFF) email: dlacontactcenter@dla.mil
DLA Enterprise External Business Portal (EEBP)	http://www.dla.mil/Energy/Business/EEBP/



For More Information

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CHAPTER 14

Appendix



Appendix 14–1 Worksheet for Environmental Compliance Costs

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Appendix 14-1: Worksheet for Environmental Compliance Cost

Environmental Compliance Costs

Request Funding via Enterprise External Business Portal (EEBP)

Major Command

Installation

DODA CC

Office

Address

(City)

(State)

(Zip Code)

POC

DSN No.

Commercial Phone No.

Fax No.

Email

Date document was completed:

(MM/DD/YR)

Compliance Cost Category	EST FY	Cost
	(\$ Dollars)	

- | | |
|---|----|
| a. Annual revision of operations documents | a. |
| b. Sampling and testing of emissions and discharges | b. |
| c. Removal and disposal of POL wastes | c. |
| d. Fines and penalties | d. |
| e. Spill cooperative fees | e. |
| f. Operating permits and fees | f. |
| g. Infrastructure improvements | g. |
| h. National Environmental Policy Act reviews | h. |

TOTAL COSTS

NOTE: Upload your request to EEBP and forward the completed worksheet to your service control point for validation by DLA Installation Management for Energy–Environmental Division (8725 John J. Kingman Road Fort Belvoir, VA 22060–6222).

Attach support documentation, such as itemized costs, estimates or quotes, similar or prior year receipts and invoices, etc.

A copy of all information provided to DLA Energy must also be provided to your Major Command or Major Claimant and respective service control point.

If the office listed above is not the funds office for your facility, attach a cover letter identifying the office and address where DLA Energy should send all funding documents.

If additional information is required, contact the appropriate personnel in the organizational charts given in Appendix E.

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