

Management System: [Project Management](#)

Subject Area: [Critical Decision \(CD\) Management](#)

Critical Decision 3, Approve Start of Construction

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1.0 Applicability

This procedure applies to all Program Office staff and Federal Project Directors seeking to begin construction of a project.

2.0 Required Procedure

After CD-2 is approved, engineering and design activities continue until a project is ready for construction or implementation. Before major budget and other resources for construction or implementation are committed, an executability review is performed as a precursor to Critical Decision 3, Approve Start of Construction.

Approval of CD-3 provides authorization to begin construction, implementation, procurement, or fabrication and to complete all procurement and construction and/or implementation activities initiate all acceptance and turnover activities. Approval of CD-3 authorizes the project to commit all the resources necessary, within the funds provided, to execute the project.

Requirements related to CD-3 are as follows:

Step 1	Determine the Critical Decision Approving Official.
Step 2	Review the Energy Systems Acquisition Advisory Board (ESAAB) Timeline for obtaining CD-3 (refer to Attachment 2 of the ESAAB Procedures).
Step 3	The Federal Project Director, in cooperation with the Program Office, completes the following prerequisites (see page A-13 of DOE O 413.3)

	<p>prior to obtaining CD-3 approval:</p> <ul style="list-style-type: none"> • Update of the Project Execution Plan and other project documents. • Employ a certified Earned Value Management System compliant with ANSI/EIA-748B, or as required by the contract. (Refer to DOE G 413.3-10.) <ul style="list-style-type: none"> ○ Certified by: <ul style="list-style-type: none"> ▪ $OECM \geq \\$100M$; ▪ $PMSO \geq \\$50M < \\$100M$; ▪ $Contractor \geq \\$20M < \\$50M$ • Perform an External Independent Review by OECM for Major Systems Projects (TPC greater than or equal to \$750 million) or a DOE/EM Independent Project Review (EMCBC led) for Non-Major Systems Projects (TPC less than \$750 million) <p>See DOE G 413.3-9 Project Review Guide for Capital Asset Projects for project review requirements at this CD and DOE G 413.3-12 Project Definition Rating Index Guide for Traditional Nuclear and Non-Nuclear Construction Projects for a project management tool designed to increase the likelihood of project success by improving project scope definition, specifically by identifying deficiencies in scope definition early during the front-end planning process.</p>
<p>Step 4a <i>Major Systems Projects</i></p>	<p>Conduct Executability External Independent Project Review.</p> <ol style="list-style-type: none"> a. An OECM contractor conducts an Executability External Independent Project Review. The purpose of this review is to assess the project’s readiness for construction or implementation and to confirm the completeness and accuracy of the Performance Baseline. b. The Program Office notifies OECM (and Project Assessment (EM-53)) that the project is ready for its Executability External Independent Review. OECM, the Program Office, and Project Assessment (EM-53) will collaborate to finalize the scope of the review. OECM forwards the final results of the review to the Program Office and Project Assessment (EM-53).
<p>Step 4b <i>Non-Major Systems Projects</i></p>	<p>Conduct DOE EM Independent Project Review.</p> <ol style="list-style-type: none"> a. The EMCBC establishes a review date with and issues a charge memorandum to Project Assessment (EM-53) approximately eight

	<p>weeks prior to the anticipated review date.</p> <ol style="list-style-type: none"> b. Project Assessment (EM-53) in coordination with the Program Manager and Federal Project Director develops a review agenda and assembles a review committee. c. The review is conducted, and findings, comments, and recommendations are shared with the Program Office, Federal Project Director, and Site Management and Contractors at a closeout briefing at the conclusion of the review. d. The Federal Project Director then ensures that all findings and recommendations resulting from the review are appropriately addressed within the recommended timeframe. <p>NOTE: The final review report is provided to the Program Office within 60 days of the review.</p>
<p>Step 5</p>	<p>Execute ESAAB CD-3 Approval Process.</p> <ul style="list-style-type: none"> • Refer to Steps 6 - 8 for Major Systems Projects CD Approval Process. • Refer to Steps 9 - 11 for Non-Major Systems Projects CD Approval Process.
<p>Step 6 <i>Major Systems Projects</i></p>	<p>Prepare for the Pre-ESAAB Meeting.</p> <ol style="list-style-type: none"> a. When the CD-3 prerequisites (Step 3) are completed, the Program Office may request that Project Assessment (EM-53) schedule a Pre-ESAAB meeting with OECM. <p>NOTE: The Pre-ESAAB serves as a dry-run of the Secretarial Acquisition Executive ESAAB meeting with the Deputy Secretary of Energy. The purpose of the Pre-ESAAB is to resolve comments and issues prior to the formal ESAAB meeting.</p> <ol style="list-style-type: none"> b. The Federal Project Director and EM Line Manager prepare a draft presentation and submit it to Project Assessment (EM-53) one week prior to the Pre-ESAAB for dissemination to the Pre-ESAAB members. The Pre-ESAAB briefing is usually presented by the Program Associate Director, Program Manager, or Federal Project Director.
<p>Step 7 <i>Major Systems Projects</i></p>	<p>Brief Senior Management.</p> <p>In parallel with scheduling a Pre-ESAAB meeting, the Program Office</p>

schedules a meeting with the Under Secretary and/or the Director/Principal Deputy Director, and Project Assessment (EM-53).

NOTE: The purpose of this meeting is to brief senior-level management on the project's request for CD-3 and to determine the manager (the Under Secretary, Director/Principal Deputy Director, Program Associate Director, or the Federal Project Director) who will make the presentation at the Secretarial Acquisition Executive ESAAB meeting. The Program Office usually tries to schedule this briefing several days prior to the Pre-ESAAB meeting as a courtesy to senior management and to receive senior management's perspective/comments on the draft presentation.

Step 8
*Major Systems
Projects*

Obtain Secretarial Acquisition Executive ESAAB Review/Approval of CD-3. After briefing Senior Management and completing the Pre-ESAAB meeting:

- a. The Program Office will work with the Pre-ESAAB board members to resolve issues and answer inquiries prior to the Secretarial Acquisition Executive ESAAB meeting.
- b. When inquiries and issues are resolved to the extent possible and the briefing is finalized, the Program Associate Director forwards the finalized presentation to the ESAAB Secretariat and requests that the Secretarial Acquisition Executive ESAAB meeting for CD-3 be scheduled. Include the following in the distribution:
 - o Deputy Assistant Director of Project Management (EM-10)
 - o Federal Project Director
 - o All others as deemed appropriate by the Program Office
- c. The OECM confirms the Program's readiness to continue with the Secretarial Acquisition Executive ESAAB meeting.
- d. The ESAAB Secretariat contacts the Program Office with the Secretarial Acquisition Executive's next available meeting date, which is normally within two to three weeks of the request.
- e. Prior to the ESAAB meeting, the Program Office will:
 - o Determine who will make the CD-3 presentation at the ESAAB meeting (the presentation is usually given by either the Under Secretary, the Director/Principal Director, or in some cases the Program Office Associate Director or Federal Project Director).
 - o Determine the individuals who will participate in the Secretarial Acquisition Executive ESAAB meeting (usually limited to five seats).
 - o Advise Project Assessment (EM-53) of the date of the ESAAB meeting.
 - o Provide OECM with 20 color copies and 10 black and

	<p>white copies of the final presentation at least one-half hour prior to the ESAAB meeting.</p> <ul style="list-style-type: none"> o Provide a laptop computer (for use with the projector) and electronic copy of the current presentation at the ESAAB meeting. <p>f. After the Secretarial Acquisition Executive ESAAB meeting, the Program Office prepares a draft of the approval memorandum in consultation with OECM.</p> <p>NOTE: The Program Office will receive the final approval memorandum from the Deputy Secretary of Energy, within approximately two weeks after the meeting.</p>
<p>Step 9 <i>Non-Major Systems Projects</i></p>	<p>When the CD-3 prerequisites (Step 3) are completed, the Program Office requests that an EMAAB (or CBCAAB depending on delegated authority) meeting for CD-3 be scheduled.</p> <p>NOTE: The request should be placed at least two weeks prior to the anticipated Board meeting date.</p>
<p>Step 10 <i>Non-Major Systems Projects</i></p>	<p>The Federal Project Director, in cooperation with the Program Manager, prepares a briefing package and a CD-3 approval document for the EMAAB (or CBCAAB) meeting and forwards them to the Board Secretariat at least one week prior to the scheduled meeting.</p> <p>NOTE: EMAAB (or CBCAAB) members will have one week to review the documents and to provide preliminary comments or issues to the Program Office.</p>
<p>Step 11 <i>Non-Major Systems Projects</i></p>	<p>Conduct EMAAB (or CBCAAB) Meeting.</p> <ul style="list-style-type: none"> a. The Federal Project Director presents the CD-3 request for approval to the EMAAB (or CBCAAB). b. The Board has the opportunity to ask questions, raise concerns, and make a recommendation for approval to the Acquisition Executive. c. Based on these recommendations, the Acquisition Executive either approves the CD-3 request or defers approval until questions and/or issues are resolved. d. The Board Secretariat prepares and distributes minutes of the meeting.

<p>Exception</p>	<p>Phased CD-3.</p> <p>In most cases, a phased CD-3 (CD-3a / CD-3b) approach is used for projects that require long-lead procurements; however, the phased approach may be used in other situations as necessary. The decision to use a phased CD-3 approach is determined early in the project by the Program Office, Federal Project Director, and Project Assessment (EM-53), and is first noted in the Mission Need Statement, Acquisition Strategy, and Preliminary Project Execution Plan.</p> <p>A project requiring long-lead procurement may have the following scheduled CDs:</p> <ul style="list-style-type: none"> • CD-2a, Approve the Long-Lead Procurement Budget • CD-2b, Approve Performance Baseline • CD-3a, Approve Start of Long-Lead Procurement • CD-3b, Approve Start of Construction <p>The ESAAB Review/Approval process for a phased CD is similar to that of a normal CD-3.</p>
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3.0 References

- [ESAAB Procedures](#)
- [CBCAAB Procedure](#)
- [Capital Asset Project Critical Decision Approval Process \(EMAAB\)](#)
- [External Independent Reviews for the Environmental Management Program \(SOPP 026\)](#)
- [OECM External Independent Review Standard Operating Procedure](#)
- [Office of Engineering and Construction Management \(OECM\)](#)
- [DOE G 413.3-15 Project Execution Plan Guidance](#)
- [Critical Decision 2 - Approve Performance Baseline](#)
- [DOE G 413.3-9 Project Review Guide for Capital Asset Projects](#)
- [DOE G 413.3-12 Project Definition Rating Index Guide for Traditional Nuclear and Non-Nuclear Construction Projects](#)
- [DOE EMCBC Service Plan](#)