



September 26, 2008

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VICE PRESIDENT, SUSTAINABILITY

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ACTING EXECUTIVE DIRECTOR, ENERGY INITIATIVES

SUBJECT: Management Advisory – Postal Service National Energy Management Plan  
(Report Number DA-MA-08-003)

This management advisory provides comments on the U.S. Postal Service's National Energy Management Plan (Project Number 08YG035DA000). The Vice President, Sustainability, requested that the U.S. Postal Service Office of Inspector General (OIG) review the energy plan to assess its potential to meet federal energy requirements and to address the OIG's previous recommendation to establish a long-term energy vision and goals.

We appreciate the opportunity to comment on the National Energy Management Plan. To answer the request, we analyzed the plan's content for coverage of key functional areas contributing to energy consumption. In addition, we sought comment from OIG Counsel and interviewed functional Postal Service managers, as appropriate. We conducted this review during September 2008 in accordance with the President's Council on Integrity and Efficiency, *Quality Standards for Inspections*. We discussed our observations and conclusions with management officials on September 19, 2008, and included their comments where appropriate.

### **Energy Management Plan is Comprehensive**

The National Energy Management Plan<sup>1</sup> provided to the OIG addresses the major components of Postal Service energy consumption: transportation and facilities. The plan recognizes the importance of energy to the Postal Service's core mission and addresses strategies for utility management, facility management, fleet management, fuel management, and energy awareness. The plan demonstrates the Postal Service's commitment to controlling energy costs and meeting federal energy requirements, and satisfies our previous recommendation to establish a long-term energy vision and goals.<sup>2</sup>

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<sup>1</sup> United States Postal Service National Energy Management Plan, dated September 15, 2008.

<sup>2</sup> *Facilities Energy Management Strategy* (Report Number DA-AR-08-004, dated April 9, 2008).

While the OIG acknowledges management's commitment to conserve energy and reduce costs, we note the Postal Service did not (1) include information about the remote building management system pilot, (2) clarify procedures for reporting baseline information, and (3) include key performance metrics and timeframes in an appendix. These occurred because the Postal Service is continuing to develop performance measures and pilot systems to enable the organization to measure and report the success of its energy initiatives.

Incorporating these areas would expand coverage in meeting federal energy requirements, enhance the reliability of energy reporting, and further encourage field compliance with the energy plan. See [Appendix A](#) for our detailed comments.

### Suggestion

We suggest the Vice President, Sustainability:

1. Amend the National Energy Management Plan to:

- Include the remote building management system pilot.
- Clarify procedures for reporting baseline information.
- Include key performance metrics and timeframes in an appendix.

Management reviewed a discussion draft of this management advisory and provided feedback; therefore, no response is necessary. If you have any questions or need additional information, please contact Miguel Castillo, Director, Engineering, or me at (703) 248-2100.

E-Signed by Darrell E. Benjamin, Jr.   
VERIFY authenticity with ApproveIt

Darrell E. Benjamin, Jr.  
Deputy Assistant Inspector General  
for Support Operations

Attachment

cc: Katherine S. Banks

## **APPENDIX A: DETAILED COMMENTS**

### **Remote Building System Pilot**

The Postal Service has a strategy to implement an enterprise-wide energy management system to provide the ability to locally and remotely monitor energy consumption. At the core of this solution is the ability to consolidate energy management-related data into a centrally managed data warehouse called the Enterprise Energy Management System (EEMS). This includes data from existing Postal Service applications, such as the Utility Management System (UMS) and the Facility Management System (FMS), as well as data from individual facilities.

While the UMS collects consumption data at larger facilities and the FMS provides a variety of data on the facilities universe, neither currently captures energy consumption at the majority of facilities. However, the Postal Service is currently piloting a remote building management system to collect real-time energy consumption and cost data at facilities in the Greensboro District. A review of data collected from this pilot indicates the capability of trending energy consumption at a variety of smaller sized facilities and presents favorable savings for each site. Of the 16 sites the Postal Service is currently monitoring and controlling, the data reflects between 7 and 31 percent reductions in energy consumption.

The Postal Service's initial focus for facility energy management is on its largest 500 facilities because they represent 40 percent of total square footage and an assumed majority of energy consumption. We believe the Postal Service could use the technology the Greensboro District is piloting to expand data collection and remotely control energy use at a broader scope of facilities. Remote control systems provide the ability to set and control building temperatures from a distant location. In addition, expanding the pilot would also improve federal reporting using actual consumption information. As such, we suggest the Postal Service include remote building control systems in the energy management plan.

### **Clarify Baseline Data**

The Postal Service's energy plan specifies a baseline year for facility energy reductions for which consumption data is questionable. Specifically, under the energy management priorities, the plan conveys reducing facility energy consumption 30 percent by 2015 using a baseline year of 2003 to ensure compliance with federal mandates. However, the OIG previously questioned the reliability of the 2003 baseline because the Postal Service used cost rather than consumption data in its report to the Department of Energy. As such, the Postal Service has an opportunity to clarify timeframes for establishing a facility energy baseline using more reliable consumption data. This could occur within a reasonable period after implementing the proposed EEMS that would enhance the Postal Service's ability to report facility consumption data.

Similarly, the Postal Service realizes its obligation to reduce petroleum consumption 20 percent by 2015. In February 2007, the Government Accountability Office (GAO) reported<sup>3</sup> the Postal Service's ability is limited in tracking fuel consumption. Specifically, the lack of fuel consumption information limits the Postal Service's understanding of the extent to which consumption is changing and how consumption has affected overall fuel costs and potential cost-saving opportunities. The GAO recommended improved tracking and monitoring of fuel consumption data, and the Postal Service agreed. As such, the Postal Service could also clarify the baseline period for measuring fuel reductions after management completes its actions in response to the GAO report.

### **Include Key Performance Metrics and Timeframes**

We also recognize the National Energy Management Plan assigns accountability to appropriate organizational functions within the Postal Service. To this end, the Manager, Energy Initiatives, is accountable for overall program development and coordination. In addition, the Postal Service plans to develop specific performance metrics for accountable managers and employees.

We believe the Postal Service has an opportunity to include key metrics and timeframes in an appendix to the National Energy Management Plan. This would enable Postal Service Headquarters to prioritize expectations for managers and employees responsible for energy consumption at the 34,000 facilities and for the consumption of transportation fuel. An appendix of key measures and timeframes would also provide a basis for externally reporting the success of consumption reductions.

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<sup>3</sup> U.S. Postal Service: *Vulnerability to Fluctuating Fuel Prices Requires Improved Tracking and Monitoring of Consumption Information*, GAO-07-244.