



DoD MANUAL 4140.25, VOLUME 1

DoD MANAGEMENT OF ENERGY COMMODITIES: OVERVIEW

Originating Component:	Office of the Under Secretary of Defense for Acquisition and Sustainment
Effective:	March 2, 2018
Releasability:	Cleared for public release. Available on the Directives Division Website at http://www.esd.whs.mil/DD/ .
Reissues and Cancels:	DoD 4140.25-M, Volumes 1-3, "DoD Management of Bulk Petroleum Products, Natural Gas, and Coal," dates vary by volume
Approved by:	Robert H. McMahon, Assistant Secretary of Defense for Logistics and Materiel Readiness

Purpose: This manual is composed of several volumes, each containing its own purpose. In accordance with the authority in DoD Directive (DoDD) 5134.12 and DoD Instruction (DoDI) 4140.25:

- The manual implements policy, assigns responsibilities, and provides procedures for the supply chain management, quality assurance (QA) and quality surveillance (QS), and storage of energy commodities and related services.
- This volume:
 - Provides an overview and functional introduction to DoD energy commodities management. Specifically, this volume addresses basic management approaches, organizational responsibilities, energy management information systems, and alternative fuels programs.
 - In accordance with the direction in DoDD 5101.08, provides the charter for the DoD Component Steering Group (CSG) to address bulk petroleum supply chain issues and recommend courses of action to the DoD Executive Agent (EA) for Bulk Petroleum.

TABLE OF CONTENTS

SECTION 1: GENERAL ISSUANCE INFORMATION	3
SECTION 2: RESPONSIBILITIES	4
2.1. Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)) ..	4
2.2. Assistant Secretary of Defense for Energy, Installations, and Environment (ASD(EI&E)).....	4
2.3. Director, Defense Logistics Agency (DLA)	4
2.4. DoD Component and Participating Agency Heads.	5
2.5. Secretaries of the Military Departments.	5
2.6. CJCS.	6
2.7. Combatant Commanders.....	6
2.8. Commander, United States Transportation Command.	7
SECTION 3: ENERGY COMMODITIES MANAGEMENT	8
3.1. Purpose.....	8
3.2. IMM Functions.	8
3.3. DoD Components and Participating Agencies.	8
SECTION 4: DoD CSG CHARTER	10
4.1. Purpose and Scope.	10
4.2. Membership.	10
4.3. Function and Responsibilities.	10
SECTION 5: ENERGY MANAGEMENT INFORMATION SYSTEMS.....	11
5.1. Purpose.....	11
5.2. General.....	11
5.3. Programs.	11
SECTION 6: ALTERNATIVE FUELS FOR OPERATIONAL PURPOSES	13
6.1. Purpose.....	13
6.2. General.....	13
6.3. Phases of DoD Alternative Fuel Management.....	13
GLOSSARY	16
G.1. Acronyms.	16
G.2. Definitions.....	16
REFERENCES	18

SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY. This volume applies to:

a. OSD, the Military Departments, (including the Coast Guard at all times, including when it is a Service in the Department of Homeland Security by agreement with that Department), the Office of the Chairman of the Joint Chiefs of Staff (CJCS) and the Joint Staff, the Combatant Commands (CCMDs), the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this issuance as the “DoD Components”).

b. Non-DoD Federal Government agencies participating in the DoD supply chain management of energy commodities, referred to collectively in this volume as “Participating Agencies,” but only when and to the extent they adopt the conditions, terms, and requirements of this manual.

SECTION 2: RESPONSIBILITIES

2.1. ASSISTANT SECRETARY OF DEFENSE FOR LOGISTICS AND MATERIEL READINESS (ASD(L&MR)). Under the authority, direction, and control of the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)) and in accordance with DoDD 5134.12, the ASD(L&MR):

a. Provides guidance for management of energy commodities and related services, in accordance with DoDD 4180.01 and DoDI 4140.25.

b. Establishes procedures:

(1) To manage bulk petroleum, fuel standardization, inventory levels, and fuels infrastructure privatization.

(2) For the use of energy commodities from commercial sources and host nations.

c. Supports DoD alternative fuels activities as described in Section 6.

2.2. ASSISTANT SECRETARY OF DEFENSE FOR ENERGY, INSTALLATIONS, AND ENVIRONMENT (ASD(EI&E)). Under the authority, direction, and control of the USD(A&S) and in accordance with DoDI 4140.25, the ASD(EI&E) oversees alternative fuels activities as described in Section 6.

2.3. DIRECTOR, DEFENSE LOGISTICS AGENCY (DLA). Under the authority, direction, and control of the USD(A&S), and in addition to the responsibilities in Paragraph 2.4., the Director, DLA:

a. As assigned in DoDI 4140.25, and in accordance with policies in DoDI 4140.01, is the integrated materiel manager (IMM) for energy commodities and related services and certain chemicals and gases. Designated IMM responsibilities include managing, cataloging, demand and supply planning, requirements determinations, procurement, distribution, and disposal of all assigned commodities. The DLA is the DoD's central procurement agency for natural gas direct supply, coal, and propellants.

b. In accordance with DoDD 5101.08, as the DoD EA for Bulk Petroleum, plans, programs, budgets, and provides funding for Class III(B) facility maintenance and repair, as well as new permanent storage and distribution facilities. Also ensures environmental compliance of Class III(B) facilities in coordination with the Military Departments and CCMDs.

c. Coordinates with the DoD Component heads to share and leverage DoD resources to reduce costs and avoid unnecessary redundancies.

d. Establishes and maintains an integrated management information system that supports capitalized fuels, sites, and operations, and with approval supports non-capitalized fuels, sites, and operations.

e. Supports DoD alternative fuels activities as described in Section 6.

2.4. DOD COMPONENT AND PARTICIPATING AGENCY HEADS. The DoD Component and Participating Agency heads:

a. Implement the procedures prescribed in this volume and ensure that supplemental guidance and procedures are in accordance with DoDI 4140.25 and this volume.

b. Make maximum use of commercial and host-nation sources of supply to meet peacetime and wartime requirements as directed in DoDI 4140.25.

c. Provide members for the DoD CSG to address bulk petroleum supply chain issues and recommend courses of action to the DoD EA for Bulk Petroleum for improvements in DoD bulk petroleum matters.

d. Comply with physical security requirements for defense fuel supply points in accordance with DoD 5200.08-R and applicable environmental requirements.

2.5. SECRETARIES OF THE MILITARY DEPARTMENTS. In addition to the responsibilities in Paragraph 2.4., the Secretaries of the Military Departments:

a. Minimize government-owned fuel infrastructure on military installations to the maximum extent possible through the use of commercial assets and privatization of existing infrastructure, except those systems needed for unique security reasons or when privatization is uneconomical as directed in DoDI 4140.25.

b. Ensure real property assets that store and transfer DLA energy commodities necessary for the support and operations of storage and distribution facilities are properly coded in the host Military Department's real property data base. Furthermore, work with the Military Services and Office of the ASD(EI&E) to reconcile real property data among DLA's database, OSD's real property database, and the Military Service's real property database in accordance with DoDI 4165.14 and appropriate Office of the ASD(EI&E) guidance.

c. Provide information on all Prepositioned War Reserve Stock to DLA and the CCMDs.

d. Maintain sufficient base-level testing capabilities and mobile laboratory capabilities as defined by their individual testing, oversight, and evaluation in support of daily operational mission requirements.

e. Provide recommendations on how to improve the DoD EA for Bulk Petroleum's effectiveness and efficiency in meeting requirements through participation in the DoD CSG.

- f. Comply with standardized equipment and training recommendations endorsed by the DoD CSG.
- g. Centrally manage requirements coordination, technical issues, and supply actions between their respective Service military units and DLA Energy through the commanders of the Service control points.
- h. Support DoD alternative fuels activities as described in Section 6.

2.6. CJCS. In addition to the responsibilities in Paragraph 2.4., the CJCS advises the DoD EA for Bulk Petroleum regarding matters of DoD military contingency and wartime planning and execution.

2.7. COMBATANT COMMANDERS. In addition to the responsibilities in Paragraph 2.4., the Combatant Commanders:

- a. Coordinate the implementation of the fuel standardization policy with supporting host nations and combined forces commands in alignment with DoD's long-term goal for a single-fuel type.
- b. Coordinate on the tankage leasing plans and related activities of DLA Energy.
- c. Ensure that fuel requirements, operations, and constraints are addressed and published in the petroleum annex of operation plans and contingency plans, and as exercised in various theater exercise plans.
- d. Designate the type of energy commodity for the battlefield based on availability and equipment to be used within the theater.
- e. Provide oversight and coordinate for a theater quality program for receipt, storage, and issue of Service and DLA-owned energy commodities in accordance with DoDI 4140.25.
- f. Integrate personnel assigned by the DoD EA for Bulk Petroleum into the joint operations planning and execution processes.
- g. Integrate the DoD EA for Bulk Petroleum's analysis and recommendations for bulk petroleum receipt, storage, distribution, and quality, including U.S. Government, allied, coalition, host-nation, and commercial capabilities, during deliberate, crisis-action, and exercise planning in accordance with the CCMDs' priorities.
- h. Provide recommendations on how to improve the DoD EA for Bulk Petroleum's effectiveness and efficiency in meeting requirements through participation in the DoD CSG.
- i. Designate joint petroleum officers to:
 - (1) Provide bulk petroleum logistics functions and staff oversight in decentralized locations.

(2) Support bulk petroleum logistics operations in specific theatres and areas of operation in accordance with Joint Publication 4-03.

2.8. COMMANDER, UNITED STATES TRANSPORTATION COMMAND. In addition to the responsibilities in Paragraphs 2.4. and 2.7., the Commander, United States Transportation Command, through the CJCS:

a. Plans for and provides air, land, and sea transportation, other than Service-unique or theater-assigned assets, of energy commodities for DoD during peacetime and wartime. These efforts will supplement, not replace, the primary responsibilities assigned to the Military Departments and DLA, especially with regard to intra-theater and inland energy commodity movement and distribution.

b. Performs the following as delegated:

(1) Through the Commander, Military Sealift Command, provides transportation support to DLA Energy for the movement of energy commodities via ocean tankers and ocean-going barges.

(2) Through the Commander, Surface Deployment and Distribution Command:

(a) Serves as the liaison between government shippers and commercial carriers.

(b) Establishes and maintains contracts and agreements with the carrier industry to distribute DoD energy commodities worldwide.

(3) Through the Commander, Air Mobility Command, provides transportation support to DLA Energy for the movement of energy commodities via air.

SECTION 3: ENERGY COMMODITIES MANAGEMENT

3.1. PURPOSE. This section addresses the roles, responsibilities, and authorities of organizations that manage energy commodities for the DoD in accordance with DoDI 4140.01. DLA Energy provides integrated material management for the DoD Components worldwide in peacetime, wartime, and contingencies other than war.

3.2. IMM FUNCTIONS. As the IMM for energy commodities, DLA Energy:

a. Integrates the requirements for energy products and related services provided by DoD Components and federal civilian agencies worldwide into consolidated purchase programs.

b. Provides the DoD and other federal agencies with energy-related services, to include centralized award and administration of contracts for energy commodities worldwide. Award and administration of energy commodity contracts are governed by all applicable federal and DoD regulations.

c. Manages the Defense Working Capital Fund (DWCF) for energy commodities and related services. The Military Departments budget for and fund reimbursement for goods and services provided through the DWCF DoD Standard Price Structure. Coordinates with the DoD Components in the budget planning for operational implications of market fluctuations and non-DoD-driven fluctuations of energy commodity prices.

d. Develops, publishes, and maintains DoD QA and QS programs and procedures, including minimum use standards for DWCF products. Investigates product quality deficiencies and provides disposition instructions for off-specification products. In addition, provides funds for sample testing and commercial laboratory services when military laboratory services are unavailable.

e. Distributes DWCF products direct from suppliers and from Defense Fuel Support Points worldwide. Maintains properly positioned inventories and storage facilities, and provides transportation of energy commodities in support of peacetime, wartime, and contingencies other than war. Provides traffic management technical direction and assistance to ensure safe and efficient energy commodity distribution.

3.3. DOD COMPONENTS AND PARTICIPATING AGENCIES. The DoD Components and Participating Agencies:

a. Are accountable for DoD energy commodities under their control and will ensure their protection from loss, damage, destruction, or unauthorized use.

(1) DoD and contractor personnel responsible for the care and safekeeping of energy commodities will document, on a daily and monthly basis, receipts, issues, transfers, losses, adjustments, and physical inventories, in accordance with Volumes 9, 10, and 11 of this manual.

(2) Responsible officers at government-operated facilities and terminal managers at contractor-operated facilities will investigate discrepancies in accordance with Volume 11 of DoD Manual 4140.01.

b. Establish and maintain QS programs for DWCF products in Military Department custody and provide QA assistance, as needed, in support of the acquisition process.

SECTION 4: DoD CSG CHARTER

4.1. PURPOSE AND SCOPE. The DoD CSG is a permanent forum established to address bulk petroleum supply chain issues worldwide in peacetime, wartime, and contingencies other than war. It provides a forum for DoD Component members to address the issues and recommend courses of action to the DoD EA for Bulk Petroleum for improvements in DoD bulk petroleum matters.

4.2. MEMBERSHIP.

a. Chair. The Director, DLA, or his or her designee will chair the DoD CSG.

b. Members of the DoD CSG. Members of the DoD CSG will include representatives from the Military Services, DLA, the Joint Staff, the CCMDs, and select offices of the USD(A&S).

c. Other Members. Other members may be added on a temporary basis for special purposes at the discretion of the chair, e.g., the U.S. Coast Guard during time of war or full-time or permanent part-time federal employees who are bulk petroleum managers from the DoD Components and Participating Agencies.

4.3. FUNCTION AND RESPONSIBILITIES.

a. DoD CSG members provide and exchange information; address bulk petroleum supply chain issues; and recommend courses of action to the DoD EA for Bulk Petroleum for improvements in DoD bulk petroleum matters.

b. The DoD CSG identifies potential funding for initiatives available through a process managed by the DoD EA for Bulk Petroleum.

(1) The purpose of this funding is to support non-budgeted efforts that have impact on the bulk petroleum supply chain.

(2) The basic criteria are that initiatives must:

(a) Be in the best interest of the DoD and the taxpayer.

(b) Meet the requirements of more than one DoD Component or Participating Agency.

(c) Focus on peacetime efficiencies or wartime effectiveness.

(d) Comply with policy in applicable financial management regulations.

c. DoD CSG members review potential funding for initiatives submitted by the DoD EA for Bulk Petroleum and recommend options for his or her decision where appropriate.

SECTION 5: ENERGY MANAGEMENT INFORMATION SYSTEMS

5.1. PURPOSE. This section outlines the programs to facilitate authorization, acquisition, deployment, and sustainment of energy commodity management information systems.

5.2. GENERAL.

a. DLA Information Operations. In partnership with DLA Energy, DLA Information Operations programs, budgets, deploys, and sustains information systems to manage the end-to-end energy commodity supply chain for the benefit of all DoD Components and Participating Agencies.

b. DLA Energy. DLA Energy deploys appropriate hardware and software from the DLA information technology portfolio to support operating locations storing DLA capitalized and Service non-capitalized (when approved) products.

c. DoD Components and Participating Agencies. The DoD Components and Participating Agencies:

- (1) Consolidate and identify requirements for programs identified in Paragraph 5.3.
- (2) Participate in the requirements generation of systems to perform materiel management, supply chain tasks of finance, order fulfillment, planning, procurement, and system outcomes for energy commodities.
- (3) Use the programs identified in Paragraph 5.3. to perform materiel management, supply chain tasks of finance, order fulfillment, planning, procurement, and system outcomes for energy commodities.
- (4) Use the programs identified in Paragraph 5.3. to ensure standardized operations and uniform data collection for analysis at all DLA Energy capitalized sites, major commands, and the Joint Staff.

5.3. PROGRAMS.

a. Enterprise Business System. The Enterprise Business System is used to perform real property management, technical quality review, materiel management, supply chain tasks of finance, order fulfillment, planning, procurement, and system outcomes for energy commodities.

b. FuelsManager® Defense. Installation-level operations are supported by the Fuels Manager® Defense software tools of the Accountable Property System of Record.

c. DLA Energy Fuel Facilities Automation. Automated measuring and control equipment installed at fixed energy commodity storage facilities is governed by Volume 8 of this manual. This equipment includes:

- (1) Automatic tank gauging.
- (2) Automated fuels handling equipment and automated fuels service stations.
- (3) Additive injection systems.
- (4) Hydrant automated management systems.
- (5) Leak detection systems.
- (6) Electronic point of sale.

SECTION 6: ALTERNATIVE FUELS FOR OPERATIONAL PURPOSES

6.1. PURPOSE. This section addresses the procedures for DoD alternative fuels activities for operational purposes. This section does not apply to alternative fuels for non-tactical vehicles (see DoD Manual 4140.25, Volume 4).

6.2. GENERAL.

a. The DoD pursues and purchases alternative fuels for operational purposes when cost-competitive with traditional fuels and when such fuels are compatible with existing equipment and infrastructure in accordance with DoDI 4140.25.

b. The procurement of alternative fuels for operational purposes will comply with Section 17142 of Title 42, United States Code (also known and referred to in this volume as “Section 526 of the Energy Independence and Security Act of 2007”), unless waived in accordance with Section 312 of Public Law 114-328.

c. These procedures do not restrict research, development, testing, and evaluation of specialty fuels that enhance military capabilities, e.g., missile propulsion systems and unmanned vehicles.

(1) These procedures also do not restrict research, development, testing, and evaluation activities to identify candidate alternative fuels (or fuel additives) for certification, qualification, and field demonstrations.

(2) Such activities may include, but are not limited to, market investigations, cost-benefit analyses, laboratory tests covering physical and chemical properties, material compatibility, and performance of fuel-wetted components.

6.3. PHASES OF DOD ALTERNATIVE FUEL MANAGEMENT. The DoD Components and Participating Agencies will manage DoD alternative fuels activities in three phases:

a. Phase 1: Certification and Qualification. The Tri-Service Petroleum, Oils, and Lubricants Users Group:

(1) Maintains a harmonized certification and qualification plan that minimizes costs through technical review, coordination, and collaboration across the Military Departments. This plan:

(a) Includes recommendations on whether DoD should initiate new certification and qualification activities for an alternative fuel source or production pathway (including blends).

(b) Includes a review of the most current sources from the Department of Energy to determine whether any new production pathways will likely be competitive with traditional energy commodities within the next 10 years and require further evaluation.

(c) Considers:

1. Alternative fuel compatibility with existing equipment and infrastructure across the Military Departments, to include interchangeability with bulk petroleum.

2. Alternative fuel producers' ability to provide significant volumes to support an expeditionary, globally deployed force, including operations in the continental United States, at a competitive cost or operational advantage.

3. Possible application of Section 526 of the Energy Independence and Security Act of 2007.

4. Planned or completed work performed by industry groups involved with the certification and approval of alternative fuels.

(2) Annually presents the plan to the Defense Operational Energy Board for recommendation to the ASD(EI&E) and the Joint Staff Director for Logistics in advance of the annual program budget review.

b. Phase 2: Field Demonstration. The Military Departments may engage in field demonstrations that:

(1) Require use of a new alternative fuel beyond the certification and qualification process in order to meet a significant technical or operational need.

(2) Examine the use of a new alternative fuel in an operational environment as part of a system of systems, rather than in a single specific platform.

(3) Are conducted for a finite duration.

(4) Have justified and identified expected benefits.

(5) Provide a description of the operational risks associated with not carrying out such a demonstration.

(6) Use non-fuel resources (e.g., equipment and manpower to collect and analyze data) procured through the appropriated funds of the executing Military Departments.

(7) Use alternative fuel procured either through:

(a) The appropriated funds of the executing Military Department. A proposal by a Military Department to carry out a field demonstration solely using its own appropriated funds will be reviewed during the ASD(EI&E) annual budget certification process; or

(b) The DWCF. Military Departments will present a detailed proposal to DLA Energy followed by a joint review and final approval decision by the ASD(L&MR) and ASD(EI&E) to proceed with the demonstration.

c. Phase 3: Ongoing Purchases. After Phase 1 and, if necessary, Phase 2, alternative fuel procured for operational purposes will be distributed within the Class III (Bulk) supply chain and will compete with bulk petroleum under the DLA Bulk Purchase and Direct Delivery Purchase programs. Awards will be based on the ability to meet requirements at the best value to the DoD, including cost.

GLOSSARY

G.1. ACRONYMS.

ASD(L&MR)	Assistant Secretary of Defense for Logistics and Materiel Readiness
ASD(EI&E)	Assistant Secretary of Defense for Energy, Installations, and Environment
CCMD	Combatant Command
CJCS	Chairman of the Joint Chiefs of Staff
CSG	Component Steering Group
DoDD	DoD Directive
DoDI	DoD Instruction
DLA	Defense Logistics Agency
DWCF	Defense Working Capital Fund
EA	Executive Agent
IMM	integrated materiel manager
QA	quality assurance
QS	quality surveillance
USD(A&S)	Under Secretary of Defense for Acquisition and Sustainment

G.2. DEFINITIONS. These terms and their definitions are for the purpose of this volume.

alternative fuel. Fuel that is not derived predominantly from petroleum.

capitalized fuel. Fuel that is owned by the DWCF while in storage tanks, servicing vehicles, and ships until the point of sale. The DLA division of the DWCF assumes management responsibility and ownership (title) for inventories financed from other DoD appropriations or funds, without reimbursement except as stipulated in Unified Facilities Criteria 3-460-01.

DWCF. A DoD revolving fund that finances the buying and selling of goods and services. It also provides cost visibility and accountability to facilitate business operations. DLA inventories are sold to end user operational accounts (e.g., military units and Federal Agencies) that reimburse the DWCF for costs incurred.

energy commodity. Energy product typically purchased in bulk by DLA, such as petroleum, natural gas, coal, electricity, steam, propellants, chemicals, fuel additives, pure gases, and cryogenic fluids.

non-capitalized fuel. Fuel that is owned by the Military Department while in storage tanks, servicing vehicles, and ships until the point of sale. The Military Department assumes

management responsibility and ownership (title) for inventories financed from the Military Department's appropriations or funds.

Participating Agencies. Non-DoD Federal Government agencies that participate in the DoD supply chain management of energy commodities, but only when and to the extent they adopt the conditions, terms, and requirements of this manual.

prepositioned war reserve stock. Fuel held by a Defense Fuels Supply Point to support war reserve requirements.

QA. A system of activities, the purpose of which is to provide to the producer and user of a product, measurement, or service the assurance that it meets the defined standards of quality with a stated level of confidence and includes quality planning and quality control. A planned and systematic pattern of all actions necessary to ensure that adequate technical requirements are established; that products, quantity accountability, and services conform to these established technical requirements; and that satisfactory performance is achieved.

QS. A subset of QA encompassing the program of inspections, sampling, testing, quantity measurement and control, and documentation established to monitor the quality and quantity of product being received, stored, and issued within the government supply chain.

Service control point. A control point established by each of the Military Services. It serves as the central management function in coordinating requirements, technical issues, and supply actions with military units and DLA Energy.

REFERENCES

- DoD 5200.08-R, “Physical Security Program,” April 9, 2007, as amended
- DoD Directive 5101.08E, “DoD Executive Agent (DoD EA) for Bulk Petroleum,” September 19, 2017
- DoD Directive 5134.12, “Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)),” May 25, 2000, as amended
- DoD Instruction 4140.01, “DoD Supply Chain Materiel Management Policy,” December 14, 2011
- DoD Instruction 4140.25, “DoD Management Policy for Energy Commodities and Related Services,” June 25, 2015
- DoD Instruction 4165.14, “Real Property Inventory (RPI) and Forecasting,” January 17, 2014
- DoD Manual 4140.01, Volume 11, “DoD Supply Chain Materiel Management Procedures: Inventory Accountability and Special Management and Handling,” March 8, 2017
- Joint Publication 4-03, “Joint Bulk Petroleum and Water Doctrine,” January 11, 2016
- Public Law 114-328, Section 312, “National Defense Authorization Act for Fiscal Year 2017,” December 23, 2016
- Unified Facilities Criteria 3-460-01, “Design: Petroleum Fuel Facilities,” August 16, 2010
- United States Code, Title 42, Section 14712