



Office of Audits
Office of Inspector General
U.S. General Services Administration

IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN

Opportunities for PBS to Improve
Management and Oversight of
Its Federal Aggregated Solar
Procurement Pilot Contracts
Report Number
A201020/P/9/R21008
September 30, 2021

Assignment Number A230030
August 3, 2023

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Introduction

We have completed an implementation review of the management actions taken in response to the recommendations contained in our September 2021 audit report, *Opportunities for PBS to Improve Management and Oversight of Its Federal Aggregated Solar Procurement Pilot Contracts*, Report Number A201020/P/9/R21008.

Objective

The objective of our review was to determine whether GSA's Public Buildings Service (PBS) has taken the actions as outlined in the corrective action plan (CAP) for *Opportunities for PBS to Improve Management and Oversight of Its Federal Aggregated Solar Procurement Pilot Contracts* (see **Appendix A**). To accomplish our objective, we:

- Examined documentation submitted by PBS to support the completion of the CAP steps; and
- Performed testing of GSA's implementation of the processes and procedures contained in these supporting documents.

Background

PBS established Federal Aggregated Solar Procurement Pilot (FASPP) contracts to enable participating federal agencies to purchase solar electricity produced from photovoltaic (PV) systems with no upfront costs. PBS entered into a Power Purchase Agreement (PPA) to purchase energy produced from PV systems at federal buildings that are installed, maintained, and owned by solar energy contractors. The goal of the FASPP is to install PV panels at federal buildings in PBS's Pacific Rim Region to generate electricity that GSA will purchase at lower rates than those charged by the local utility companies. PBS anticipated that it would save money by paying less for electricity generated from the PV panels than for electricity at the rates charged by the local utility companies.

Under FASPP contracts, there are no upfront costs to PBS. Instead, PBS pays the solar energy contractors for energy at fixed rates for each kilowatt hour produced by the PV panels. The contracts stipulate a minimum production requirement based on an annual amount of energy produced at each site (i.e., production year). If the PV systems do not meet the minimum production requirement and PBS pays more for energy due to the shortfall, the solar energy contractor is liable for payment to PBS. Payment is calculated by the difference between the FASPP PPA rate and a fixed local utility rate, multiplied by the energy shortfall amount.

On September 30, 2021, we issued an audit report titled *Opportunities for PBS to Improve Management and Oversight of Its Federal Aggregated Solar Procurement Pilot Contracts* to PBS. The objective of the audit was to determine whether PBS's selection and oversight of FASPP

sites maximize energy savings and comply with applicable laws, regulations, policies, safety standards, and contract requirements.

Our audit found that PBS's FASPP saved the government over \$330,000 in energy costs between Fiscal Years 2018 and 2020. However, PBS could improve its site selection, administration, and oversight of the FASPP contracts. PBS's selection of two FASPP sites resulted in PBS paying more for electricity and not achieving expected energy savings. Furthermore, PBS's inadequate oversight of the FASPP contracts resulted in safety hazards, substandard energy production, violations of Buy American Act and Trade Agreements Act (BAA/TAA) requirements, and lost opportunities to maximize energy savings.

Specifically, our audit found that:

1. PBS selected two FASPP sites that resulted in added costs or lost savings.
2. PBS is not enforcing contract safety requirements and has not installed safeguards necessary to protect against the risk of serious injury or death.
3. PBS did not provide adequate oversight or administration of the FASPP sites, resulting in added costs and lost opportunities to maximize energy savings.

To address the findings identified in our report, we recommended that the PBS Regional Commissioner for the Pacific Rim Region:

1. Identify methods, if any, to mitigate overpaying for energy at the Carson City Federal Building.
2. Determine the most cost-effective approach for removing the U.S. Geological Survey (USGS) Menlo Park Campus from the FASPP during the disposition process of the campus.
3. Ensure PBS selects future sites for renewable energy projects with solar energy rates that are less than local utility rates and that can achieve the expected savings for the life of the project.
4. Address the lack of fall protection at the USGS Menlo Park Campus described in our alert memorandum and install ramps over the conduit at the Robert F. Peckham Federal Building.
5. Implement controls to ensure the solar energy contractor complies with contract requirements for minimum solar energy production and remediation for insufficient power production.

6. Recover the \$8,866 due from NextEra for not meeting the minimum energy production requirements for the USGS Menlo Park Campus and Leo J. Ryan Federal Records Center during the second performance year.
7. Recover the \$119,260 due from Tesla for its noncompliance with the BAA/TAA.
8. Implement controls to ensure compliance with the BAA/TAA requirements for all FASPP projects going forward.
9. Collaborate with the U.S. Department of Energy to perform a feasibility study for installing a solar battery storage system at the Robert F. Peckham Federal Building, and install the system, if appropriate.
10. Coordinate with PBS's Office of Facilities Management, Energy Division, to evaluate and implement the most economical and appropriate use of the solar renewable energy certificates, including considering granting ownership to the solar energy contractor in exchange for lower electricity rates.
11. Ensure the solar energy contractor consistently maintains and washes the solar panels and repairs the bent racking system at the Robert F. Federal Peckham Building.
12. Ensure that the provisions of the contract are adhered to, and deliverables are met, especially in the area of maintenance by the solar energy contractor.

The PBS Regional Commissioner for the Pacific Rim Region agreed with our audit recommendations.

Results

Our implementation review found that PBS did not fully implement the corrective actions for four recommendations, resulting in lost energy savings, incomplete review of fall protection, and inadequate procedures for complying with BAA/TAA requirements. Specifically, PBS did not:

1. Include a provision in its standard operating procedure (SOP) for future PV projects that PBS will select future sites for renewable energy projects with solar energy rates that are less than local utility rates.
2. Complete its review of fall protection at the USGS Menlo Park Campus to protect against the risk of serious injury or death.
3. Include effective controls in the SOP to ensure compliance with BAA/TAA requirements, risking future noncompliance.
4. Consider all options for the use of solar renewable energy certificates (RECs), risking lost opportunities to maximize energy savings.

Finding 1 – PBS’s SOP does not state that PBS will select future sites with PPA rates that are less than local utility rates, resulting in potentially higher electricity costs for future PPA contracts.

During our audit, we found that PBS selected the Carson City Federal Building as a FASPP project site even though its PPA rate was higher than the electricity rate charged by the local utility company. As a result, PBS paid \$22,694 more for energy at the building from April 21, 2018, to September 30, 2020. Accordingly, we recommended that PBS ensure it selects future sites for renewable energy projects with PPA rates that are less than local utility rates and can achieve the expected savings for the life of the project.

PBS’s CAP provided that it would incorporate a provision in its SOP for future PV projects to select future sites for renewable energy projects with PPA rates that are less than local utility rates.¹ We reviewed the SOP and found that it does not explicitly state that PBS will select sites with lower PPA rates. Instead, the SOP provides that PBS will consider sites with higher PPA rates if it expects local utility rates to significantly increase in the future. However, the SOP does not include clear and specific criteria establishing how PBS will estimate future local utility rates and does not define a significant increase.

According to PBS’s program analyst, PBS decided to consider sites with higher solar energy rates based on FASPP’s Price Negotiation Memorandum, which indicated that PBS would allow

¹ Recommendation 3, Action Step 1.

“some off-setting of costs between sites belonging to the same agency (e.g., Nevada buildings can pay somewhat more than the local utility company if California sites demonstrate a compensating savings).”

However, this approach is inconsistent with the primary objective of the FASPP to ensure PPA rates are equal to or lower than local utility rates.

Because PBS’s SOP allows for higher PPA rates than the rate charged by the local utility company, PBS did not fully complete the CAP action step to address our recommendation. PBS should incorporate a provision into the SOP to select future sites for renewable energy projects with solar energy rates that are less than local utility rates.

Finding 2 – PBS did not complete its review of fall protection at the USGS Menlo Park Campus, potentially putting GSA employees, contractors, and visitors at risk of serious injury or death.

On October 27, 2020, we issued a memorandum alerting PBS to the lack of fall protection at the USGS Menlo Park Campus.² During our subsequent audit work, we found that PBS did not effectively address the problem. Accordingly, we recommended that PBS address the lack of fall protection at the USGS Menlo Park Campus described in our alert memorandum.

PBS’s CAP required a safety team to evaluate fall protection at the USGS Menlo Park Campus.³ The safety team conducted its evaluation using two tools—the Occupational Safety and Health Management Analysis and Review System (OSH MARS) Administrative Checklist and GSA’s National Consolidated Risk Management Survey. As described below, the safety team did not effectively complete its review using these tools.

- **OSH MARS Administrative Checklist** – This checklist includes 61 line items that are used to assess building safety as part of PBS’s internal assessment of facilities management operations, which are known as MARS reviews. PBS’s safety team only responded to 22 of the 61 line items. Of these 22 line items, 19—including a line item addressing fall safety—were marked “N/A.” The remaining three line items were marked “As Necessary” but did not include any detail to describe the applicable safety measures.
- **National Consolidated Risk Management Survey** – This survey is used to identify and assess risks associated with health and safety program areas through a comprehensive assessment of health and safety risks at individual GSA buildings. For each risk identified, the individual(s) responsible for completing the survey may recommend corrective actions and include them in the completed survey. Although the completed

² Alert Memorandum: *Building Safety Concerns in PBS’s Federal Aggregated Solar Procurement Pilot Contracts in Region 9* (Memorandum Number A201020-2, October 27, 2020).

³ Recommendation 4, Action Step 1.

survey shows that the USGS Menlo Park Campus lacks adequate fall protection, it does not specify corrective actions to address the problem.

While PBS’s failure to complete the corrective action steps is problematic, its failure to address the lack of fall protection at the USGS Menlo Park Campus after our office issued an alert memorandum and audit report identifying the problem is troubling. During a site visit on May 24, 2023, we confirmed that the USGS Menlo Park Campus continues to lack fall protection (see *Figures 1, 2, and 3* below) even though contractors access the roof regularly to maintain the PV panels.

Figure 1 – Inverter Next to Roof Edge with Trip Hazard



Figure 2 – Panels Next to Roof Edge without Fall Protection (Person for Scale)



Figure 3 – Stairs Next to Open Roof Edge



Photographs taken by GSA Office of Inspector General auditors, May 24, 2023.

PBS should ensure that the PBS safety team performs an effective and thorough review of fall protection at the USGS Menlo Park Campus and take corrective action to address this long-standing problem.

Finding 3 – PBS’s SOP does not include effective controls to ensure compliance with BAA/TAA requirements, which may result in future noncompliance.

During our audit, we found that a FASPP contractor violated the BAA/TAA requirements at the U.S. Forest Service – Pacific Southwest Region – Mare Island site. We recommended that PBS implement controls to ensure compliance with these requirements for all FASPP projects going forward.

In response, the CAP required PBS to incorporate controls for compliance with the BAA/TAA into the SOP for future PV projects.⁴ However, the controls identified in PBS’s SOP are not effective. The SOP provides that PBS will continue using “the project schedule and predetermined check-ins to verify continued compliance.” These procedures were in place

⁴ Recommendation 8, Action Step 1.

during our audit and were not effective to identify the BAA/TAA noncompliance at the Mare Island site—noncompliance that was ultimately identified by a U.S. Forest Service engineer.

To complete the action step, PBS should revise its SOP to incorporate controls to verify compliance with BAA/TAA requirements. These controls should be designed to include inspections of the PV panels and equipment upon delivery and throughout installation to ensure that they are BAA/TAA compliant.

Finding 4 – PBS did not consider all options for the use of RECs, risking lost opportunities to maximize energy savings.

A renewable energy certificate (REC) is a market-based instrument produced when a renewable energy source generates electricity for consumption. Buyers of solar RECs can use them to show they are using energy from renewable sources. As of September 2020, we estimated that the FASPP has generated solar RECs worth over \$4.3 million, which is more than PBS’s total estimated energy savings for the 20-year FASPP contract. However, PBS had no system or procedures to register, track, monitor, or use solar RECs to maximize energy savings.

We recommended that the PBS Regional Commissioner for the Pacific Rim Region coordinate with PBS’s Office of Facilities Management to evaluate and implement the most economical and appropriate use of the solar RECs. Our recommendation specifically provided that PBS’s evaluation should consider granting ownership of the solar RECs to the solar energy contractor in exchange for lower electricity rates.

In response, the CAP required PBS to provide a financial analysis of all options for use of the solar RECs and implement the results.⁵ PBS conducted this analysis and identified two options for the use of solar RECs, both of which involved the sale of the RECs. Subsequently, PBS decided against implementing either option because it does not have the transaction managers to manage and sell the RECs.

We found that PBS’s analysis was incomplete. Although we recommended that PBS consider granting ownership of the solar RECs to the solar energy contractor in exchange for lower electricity rates, PBS did not do so. This approach would not rely on GSA personnel or transaction managers to manage and sell solar RECs. Furthermore, PBS has experience using this approach. As described in our audit report, PBS’s Great Lakes Region conveyed ownership of wind RECs to its renewable energy contractor in exchange for lower electricity rates.

PBS should perform a comprehensive analysis of all options for use of the solar RECs and implement the results. In accordance with our original report recommendation, PBS’s analysis should include the option of granting ownership to the solar energy contractor in exchange for lower electricity rates.

⁵ Recommendation 10, Actions Steps 1 and 2.

Conclusion

Our implementation review found that PBS did not fully implement the corrective actions for four recommendations, resulting in lost energy savings, incomplete review of fall protection, and inadequate procedures for complying with BAA/TAA requirements. Specifically, PBS did not:

1. Include a provision in its SOP for future PV projects that PBS will select future sites for renewable energy projects with solar energy rates that are less than local utility rates.
2. Complete its review of fall protection at the USGS Menlo Park Campus to protect against the risk of serious injury or death.
3. Include effective controls in the SOP to ensure compliance with BAA/TAA requirements, risking future noncompliance.
4. Consider all options for the use of solar RECs, risking lost opportunities to maximize energy savings.

As a result, a revised CAP addressing the corrective actions associated with these open recommendations must be submitted by September 3, 2023, to this office and the Office of Audit Management and Accountability (BA).

GSA Comments

On July 3, 2023, we held an exit conference with the PBS Deputy Regional Commissioner for the Pacific Rim Region and staff to discuss our draft implementation review report. PBS generally agreed with the report findings. PBS's comments from the exit conference are summarized in **Appendix B**.

Audit Team

This review was managed out of the Pacific Rim Region Audit Office and conducted by the individuals listed below:

Hilda Garcia
Eric Madariaga

Regional Inspector General for Auditing
Audit Manager

Appendix A – Corrective Action Plan for Report Number A201020/P/9/R21008

Region 9 Corrective Action Plan		
<p>Designated Responding Official: Dan Brown, Regional Commissioner, Pacific Rim Region (R9) Public Buildings Service Signature _____ Date _____ Contact Person: Lisa Sharp, R9 Facilities Management Division Director Telephone Number: (415) 522-3392 Date: February 4, 2022</p>		
<p>Report Number A201020/P/9/R21008 dated September 30, 2021</p>	<p>Recommendation number: 001</p>	<p>Proposed Recommendation Completion Date: June 30, 2022</p>
<p>Finding(s): Only one per page. Findings are for GSA internal use only. PBS selected two FASPP sites that resulted in added costs or lost.</p>		
<p>Root Cause of Finding(s): Root cause determination is for GSA internal use only. PBS selected the Carson City Federal Building even though the FASPP energy rate was higher than the local utility rates for electricity. FASPP was not intended to reduce costs for every location, but to reduce costs on an aggregate and invest in solar energy.</p>		
<p>Recommendation: Identify methods, if any, to mitigate overpaying for energy at the Carson City Federal Building.</p>		
<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the OCFO BA or BG office</u>	<u>Documentation will be sent Last Duty Day of the month</u>
<small>Version Date: 4/15/2021 1</small>		
<p>001. R9 will incorporate a provision into a SOP for future PV projects recommending using the Department of Energy's resources (e.g., feasibility studies) to ensure sites are viable for the installation of a photovoltaic (PV) system and/or battery storage and to ensure that future PPA costs are lower than current utility costs.</p>	<p>001.R9 SOP for PV Projects, including maintenance standards and meter reading.</p>	<p>June 30, 2022</p>
<p>002. Engage in discussions with NV Energy to confirm the FASPP rate will drop below the standard utility costs at the end of 2023.</p>	<p>002. GSA will provide a Rate Escalation analysis documenting discussions with NV Energy indicating that the FASPP rate will drop below standard utility costs at the end of 2023. In addition, Nevada Energy will provide supporting analysis of the current, blended, utility rate.</p>	<p>June 30, 2022</p>
<small>Version Date: 4/15/2021 2</small>		

OCFO = Office of Chief Financial Officer

Region 9 Corrective Action Plan

Designated Responding Official: Dan Brown, Regional Commissioner, Pacific Rim Region (R9) Public Buildings Service

Signature _____ Date _____

Contact Person: Emma Cocks, R9 Acquisition Management Division Director

Telephone Number: (415) 522-2620

Date: February 4, 2022

Report Number A201020/P/9/R21008 dated September 30, 2021	Recommendation number: 002	Proposed Recommendation Completion Date: June 30, 2022
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Finding(s): Only one per page. Findings are for GSA internal use only.

PBS selected two FASPP sites that resulted in added costs or lost.

Root Cause of Finding(s): Root cause determination is for GSA internal use only.

PBS selected and moved forward with the project at the U.S. Geological Survey (USGS) Menlo Park Campus even though it was being considered for disposal, resulting in potential contract termination costs of over \$1.5 million. FASPP was not intended to reduce costs for every location, but to reduce costs on an aggregate. In December 2015, when the FASPP contract was awarded, PBS included the USGS Menlo Park Campus as one of the PV installation sites. At that time, the disposition of the USGS Menlo Park Campus was not yet decided. R9 Real Property Utilization Disposal (RPUD) anticipates that a buyout of the FASPP will be a condition of the sale transfer.

Recommendation:

Determine the most cost-effective approach for removing the USGS Menlo Park Campus from FASPP during the disposition process of the campus.

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<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the OCFO BA or BG office</u>	<u>Documentation will be sent Last Duty Day of the month</u>
001. R9 will evaluate the most cost-effective approach for removing the USGS Menlo Park Campus from FASPP during the disposition process of the campus. This approach will be determined by the R9 Menlo Park Project Disposal Team.	<p>001a. Documentation from the R9 Menlo Park Project Disposal Team describing the use of proceeds from the sale to pay for the removal of the USGS Menlo Park Campus from the FASPP.</p> <p>001b. Invitation for Bid (IFB), which is the contract mechanism chosen to solicit bids from prospective landowners. It will include the specific details (e.g. acreage, structures, mechanical equipment, etc.) from the site that will be transferred over to the new owner.</p>	June 30, 2022

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Region 9 Corrective Action Plan

Designated Responding Official: **Dan Brown, Regional Commissioner, Pacific Rim Region (R9) Public Buildings Service**

Signature _____ Date _____

Contact Person: **Lisa Sharp, R9 Facilities Management Division Director**

Telephone Number: **(415) 522-3392**

Date: **February 4, 2022**

Report Number A201020/P/9/R21008 dated September 30, 2021	Recommendation number: 003	Proposed Recommendation Completion Date: June 30, 2022
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Finding(s): Only one per page. Findings are for GSA internal use only.

PBS selected two FASPP sites that resulted in added costs or lost savings.

Root Cause of Finding(s): Root cause determination is for GSA internal use only.

FASPP was not intended to reduce costs for every location, but to reduce costs on an aggregate

Recommendation:

Ensure PBS selects future sites for renewable energy projects with solar energy rates that are less than local utility rates and that can achieve the expected savings for the life of the project.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the OCFO BA or BG office</u>	<u>Documentation will be sent Last Duty Day of the month</u>
001. R9 will incorporate this provision in the SOP for future PV projects, which will also apply to FASPP and other existing PV projects in R9.	001. R9 SOP for PV Projects, including maintenance standards and meter reading.	June 30, 2022

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Region 9 Corrective Action Plan

Designated Responding Official: Dan Brown, Regional Commissioner, Pacific Rim Region (R9) Public Buildings Service

Signature _____ Date _____

Contact Person: Jason Cawthorne, R9 San Francisco Service Center Director

Telephone Number: (415) 522-4476

Date: February 4, 2022

Report Number A201020/P/9/R21008 dated September 30, 2021	Recommendation number: 004	Proposed Recommendation Completion Date: Completed - November 30, 2021
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Finding(s): Only one per page. Findings are for GSA internal use only.

PBS is not enforcing contract safety requirements and has not installed safeguards necessary to protect against the risk of serious injury or death.

Root Cause of Finding(s): Root cause determination is for GSA internal use only.

Ensure better R9 Facilities Management Division subject matter expert coordination with the field office personnel.

Recommendation:

Address the lack of fall protection at the USGS Menlo Park Campus described in our alert memorandum and install ramps over conduit at the Robert F. Peckham Federal Building.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the OCFO BA or BG office</u>	<u>Documentation will be sent Last Duty Day of the month</u>
001. Menlo Park fall protection safety protocol for Northern Management	001a. Northern Management Fall Protection Plan	Completed - September 30, 2021

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(GSA's O&M vendor), and NextEra (GSA's FASPP vendor) and R9 Safety Team Review and Confirmation.	001b. NextEra Safety Plan 001c. R9 Safety Team Fall Protection Review.	
002. Ramp installation at the Robert F. Peckham Federal Building	002. Photographs and additional documentation confirming installation of the ramps.	Completed - November 30, 2021

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O&M = operations and maintenance

Region 9 Corrective Action Plan

Designated Responding Official: Dan Brown, Regional Commissioner, Pacific Rim Region (R9) Public Buildings Service

Signature _____ Date _____

Contact Person: Lisa Sharp, R9 Facilities Management Division Director

Telephone Number: (415) 522-3392

Date: February 4, 2022

Report Number A201020/P/9/R21008 dated September 30, 2021	Recommendation number: 005	Proposed Recommendation Completion Date: June 30, 2022
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Finding(s): Only one per page. Findings are for GSA internal use only.

PBS did not provide adequate oversight or administration of the FASPP sites, resulting in added costs and lost opportunities to maximize energy savings.

Root Cause of Finding(s): Root cause determination is for GSA internal use only.

Ensure better R9 Facilities Management Division subject matter expert coordination with the field office personnel.

Recommendation:

Implement controls to ensure the solar energy contractor complies with contract requirements for minimum solar energy production and remediation for insufficient power production.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the OCFO BA or BG office</u>	<u>Documentation will be sent Last Duty Day of the month</u>
001. R9 will incorporate controls into the SOP for future PV projects, which will also apply to FASPP and other existing PV projects in R9.	001. R9 SOP for PV Projects, including maintenance standards and meter reading.	June 30, 2022

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Region 9 Corrective Action Plan

Designated Responding Official: Dan Brown, Regional Commissioner, Pacific Rim Region (R9) Public Buildings Service

Signature _____ Date _____

Contact Person: Lisa Sharp, R9 Facilities Management Division Director

Telephone Number: (415) 522-3392

Date: February 4, 2022

Report Number A201020/P/9/R21008 dated September 30, 2021	Recommendation number: 006	Proposed Recommendation Completion Date: April 30, 2022
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Finding(s): Only one per page. Findings are for GSA internal use only.

PBS did not provide adequate oversight or administration of the FASPP sites, resulting in added costs and lost opportunities to maximize energy savings.

Root Cause of Finding(s): Root cause determination is for GSA internal use only.

N/A

Recommendation:

Recover the \$8,866 due from NextEra for not meeting the minimum energy production requirements for the USGS Menlo Park Campus and Leo J. Ryan Federal Records Center during the second performance year.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the OCFO BA or BG office</u>	<u>Documentation will be sent Last Duty Day of the month</u>
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001. R9 is actively working with NextEra to issue a determination of the payment recovery.	<p>001a. Memo to file of CO's determination. The memo will include the analysis and reasoning behind GSA's determination.</p> <p>001b. Proof of payment via credit on monthly invoices or funds recovery, if GSA Contracting Officer deems appropriate.</p>	April 30, 2022
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CO = contracting officer

Region 9 Corrective Action Plan

Designated Responding Official: Dan Brown, Regional Commissioner, Pacific Rim Region (R9) Public Buildings Service

Signature _____ Date _____

Contact Person: Lisa Sharp, R9 Facilities Management Division Director

Telephone Number: (415) 522-3392

Date: February 4, 2022

Report Number A201020/P/9/R21008 dated September 30, 2021	Recommendation number: 007	Proposed Recommendation Completion Date: September 30, 2022
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Finding(s): Only one per page. Findings are for GSA internal use only.

PBS did not provide adequate oversight or administration of the FASPP sites, resulting in added costs and lost opportunities to maximize energy savings.

Root Cause of Finding(s): Root cause determination is for GSA internal use only.

N/A

Recommendation:

Recover the \$119,260 due from Tesla for its noncompliance with the Buy American Act and Trade Agreements Act.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the OCFO BA or BG office</u>	<u>Documentation will be sent Last Duty Day of the month</u>
001. R9 will ensure that adequate contract files are maintained as part of any future PV project, including a power purchase agreement (PPA) as a part of the R9 SOP.	001. R9 SOP for PV Projects, including maintenance standards and meter reading.	June 30, 2022

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002. GSA to meet with Tesla to confirm that all details were considered in determination of the PPA utility rate for Cottage Way. If GSA and Tesla agree that a different utility rate is needed from what is documented in the award modifications, then a new modification will be issued to document the new lower utility rate.	002a. Memo to file or contract modification which will document discussion points from the meeting. 002b. Award modification if a new lower utility rate is determined to be more appropriate.	September 30, 2022
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Region 9 Corrective Action Plan

Designated Responding Official: Dan Brown, Regional Commissioner, Pacific Rim Region (R9) Public Buildings Service

Signature _____ Date _____

Contact Person: Lisa Sharp, R9 Facilities Management Division Director

Telephone Number: (415) 522-3392

Date: February 4, 2022

Report Number A201020/P/9/R21008 dated September 30, 2021	Recommendation number: 008	Proposed Recommendation Completion Date: June 30, 2022
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Finding(s): Only one per page. Findings are for GSA internal use only.

PBS did not provide adequate oversight or administration of the FASPP sites, resulting in added costs and lost opportunities to maximize energy savings.

Root Cause of Finding(s): Root cause determination is for GSA internal use only.

Ensure better Facilities Management Division subject matter expert coordination with the field office personnel.

Recommendation:

Implement controls to ensure compliance with the Buy American Act and Trade Agreements Act requirements for all FASPP projects going forward.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the OCFO BA or BG office</u>	<u>Documentation will be sent Last Duty Day of the month</u>
001. R9 will incorporate controls for compliance with the Buy American Act and Trade Agreements Act into the SOP for future PV projects.	001. R9 PBS SOP for PV Projects	June 30, 2022

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Region 9 Corrective Action Plan

Designated Responding Official: Dan Brown, Regional Commissioner, Pacific Rim Region (R9) Public Buildings Service

Signature _____ Date _____

Contact Person: Lisa Sharp, R9 Facilities Management Division Director

Telephone Number: (415) 522-3392

Date: February 4, 2022

Report Number A201020/P/9/R21008 dated September 30, 2021	Recommendation number: 009	Proposed Recommendation Completion Date: June 30, 2022
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Finding(s): Only one per page. Findings are for GSA internal use only.

PBS did not provide adequate oversight or administration of the FASPP sites, resulting in added costs and lost opportunities to maximize energy savings.

Root Cause of Finding(s): Root cause determination is for GSA internal use only.

N/A. Please note that batteries were considered at Peckham and determined not to be feasible due to space constraints. documentation was lacking to demonstrate that to the OIG.

Recommendation:

Collaborate with the U.S. Department of Energy to perform a feasibility study for installing a solar battery storage system at the Robert F. Peckham Federal Building, and install the system, if appropriate.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the OCFO BA or BG office</u>	<u>Documentation will be sent Last Duty Day of the month</u>
001. R9 will engage the Department of Energy to re-assess the installation of a	001a. Department of Energy FASPP Presentation: Sharing Critical Lessons	February 28, 2022

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battery system at Peckham as the previous Department of Energy full analysis cannot be located.	Learned, page 2 001b. Updated Department of Energy assessment.	
002. R9 Facilities Management Division (FMD) technical subject matter experts will review the Department of Energy feasibility study and provide fire and life safety assessment to supplement the analysis.	002. FMD technical subject matter expert supplemental report of Department of Energy analysis	June 30, 2022
003. R9 will incorporate a provision for the feasibility of battery storage into the SOP for future PV projects.	003. R9 PBS SOP for PV Projects.	June 30, 2022

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Region 9 Corrective Action Plan

Designated Responding Official: Dan Brown, Regional Commissioner, Pacific Rim Region (R9) / Andrew Heller, Assistant Commissioner, Office of Facilities Management

Signature _____ Date _____

Contact Person: Lisa Sharp, R9 Facilities Management Division Director/ Matthew Harbeson, Office of Facilities Management

Telephone Number: (415) 522-3392

Date: February 4, 2022

Report Number A201020/P/9/R21008 dated September 30, 2021	Recommendation number: 010	Proposed Recommendation Completion Date: September 30, 2022
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Finding(s): Only one per page. Findings are for GSA internal use only.

PBS did not provide adequate oversight or administration of the FASPP sites, resulting in added costs and lost opportunities to maximize energy savings.

Root Cause of Finding(s): Root cause determination is for GSA internal use only.

In coordination with the Office of Facilities Management, PBS Region 9 has determined that GSA should retain solar renewable energy certificates (RECs), critical as part of the Agency's sustainability priorities.

Recommendation:

Coordinate with PBS's Office of Facilities Management, Energy Division, to evaluate and implement the most economical and appropriate use of the solar RECs, including considering granting ownership to the solar energy contractor in exchange for lower electricity rates.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the OCFO BA or BG office</u>	<u>Documentation will be sent Last Duty Day of the month</u>
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001. Region 9 will continue to coordinate with PBS's Office of Facilities Management, Energy Division, to evaluate and implement the most economical and appropriate use of the solar RECs for controls to register, manage, and track RECs.	001a. R9 PBS SOP for PV Projects which will document REC provisions for future PV projects; 001b. Correspondence confirming the R9 Program Office consulted with OFM's Energy Division regarding all options for the use of RECs.	June 30, 2022
002. Provide financial analysis, which will include OMB sustainability reporting requirements, of all options for use of the RECs and implement the results	002. Comprehensive analysis which incorporates economics of all options for RECs earned for each site will be included in the final project plan.	September 30, 2022

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Region 9 Corrective Action Plan

Designated Responding Official: Dan Brown, Regional Commissioner, Pacific Rim Region (R9) Public Buildings Service

Signature _____ Date _____

Contact Person: Jason Cawthorne, R9 San Francisco Service Center Director

Telephone Number: (415) 522-4476

Date: February 4, 2022

Report Number A201020/P/9/R21008 dated September 30, 2021	Recommendation number: 011	Proposed Recommendation Completion Date: September 30, 2022
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Finding(s): Only one per page. Findings are for GSA internal use only.

PBS did not provide adequate oversight or administration of the FASPP sites, resulting in added costs and lost opportunities to maximize energy savings.

Root Cause of Finding(s): Root cause determination is for GSA internal use only.

Ensure better R9 Facilities Management Division subject matter expert coordination with the field office personnel on contract administration.

Recommendation:

Ensure the solar energy contractor consistently maintains and washes the solar panels and repairs the bent racking system at the Robert F. Federal Peckham Building.

Action to be Taken Step by Step	Supporting Documentation to be sent to the OCFO BA or BG office	Documentation will be sent Last Duty Day of the month
001. R9 will incorporate finalized PBS FM SOP for maintenance and cleaning of solar panels and repairs guidance and	001a. R9 SOP for PV Projects, including maintenance standards and meter reading;	001. June 30, 2022

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the Operations and Maintenance section of the R9 SPPA-Charter into the SOP for future PV projects.	001b. R9 SPPA-Charter Section 3. D. Operations and Maintenance; 001c. Section of the Tesla's O&M manual listing requirements for maintenance and cleaning of the panels.	
002. Clean solar panels	002. Photographs of cleaned solar panels;	002. Completed - December 31, 2021
003. Repair the bent racking system.	003. Documentation showing repair of the bent racking system.	003. September 30, 2022

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FM = Facilities management

SPPA = Solar Power Purchase Agreement

Region 9 Corrective Action Plan

Designated Responding Official: Dan Brown, Regional Commissioner, Pacific Rim Region (R9) Public Buildings Service

Signature _____ Date _____

Contact Person: Jason Cawthorne, R9 San Francisco Service Center Director

Telephone Number: (415) 522-4476

Date: February 4, 2022

Report Number A201020/P/9/R21008 dated September 30, 2021	Recommendation number: 012	Proposed Recommendation Completion Date: June 30, 2022
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Finding(s): Only one per page. Findings are for GSA internal use only.

PBS did not provide adequate oversight or administration of the FASPP sites, resulting in added costs and lost opportunities to maximize energy savings.

Root Cause of Finding(s): Root cause determination is for GSA internal use only.

Ensure better subject matter expert coordination with the field office personnel.

Recommendation:

Ensure that the provisions of the contract are adhered to, and deliverables met, especially in the area of maintenance by the solar energy contractor.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the OCFO BA or BG office</u>	<u>Documentation will be sent Last Duty Day of the month</u>
001. R9 will incorporate finalized maintenance and cleaning of solar panels and repairs guidance into the SOP for future PV projects.	001. R9 SOP for PV Projects, including maintenance standards and meter reading.	June 30, 2022

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002. R9 PBS identified third party maintenance responsibilities in the R9 SPPA-Charter.	002. R9 SPPA-Charter, Section 3. D. Operations and Maintenance.	Completed - September 30, 2021
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Appendix B – GSA Comments

On July 3, 2023, we held an exit conference with the PBS Deputy Regional Commissioner for the Pacific Rim Region and staff to discuss our draft implementation review report. PBS generally agreed with the report findings, while also noting the following:

1. *Finding 1* – PBS agreed with the finding and will revise the SOP to state that sites will be selected if the PPA rate is lower than the rate charged by the local utility company.
2. *Finding 2* – PBS acknowledged the finding, stating that fall protection for contractors accessing the roof is the responsibility of the contractors. PBS asserted that it will control access to the roof areas and post signs designating the roof as a restricted area. PBS also asserted that it has reminded GSA staff and contractors of the need to enforce fall protection equipment plans and the use of this equipment to safeguard workers when accessing the roof areas.
3. *Finding 3* – PBS agreed with the finding and will review the SOP again and clarify that the contracting officer’s representative and the project manager will perform BAA/TAA inspections throughout the installation process, including at time of delivery. Going forward, PBS asserted that it will ensure this violation does not occur again.
4. *Finding 4* – PBS generally agreed with the finding and will provide documentation showing that it will evaluate all options for the use of solar RECs, including conveying ownership of the RECs to the solar energy contractor. However, PBS does not expect this analysis to change its decision to retain all RECs to meet the sustainability goals of GSA and the Administration.

Appendix C – Report Distribution

GSA Administrator (A)

GSA Deputy Administrator (AD)

Commissioner (P)

Deputy Commissioner (PD)

Chief of Staff (PB)

Deputy Chief of Staff (PB)

Assistant Commissioner for Strategy and Engagement (PS)

Regional Commissioner (9P)

Chief Financial Officer (B)

Office of Audit Management and Accountability (BA)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)