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Issued at Washington, DC, on December 14, 2001.

Rachel Samuel,

Deputy Advisory Committee Management Officer.

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DEPARTMENT OF ENERGY

Office of Energy Efficiency and Renewable Energy

Objective Merit Review of Discretionary Financial Assistance Applications

AGENCY: Department of Energy.

ACTION: Notice of objective merit review procedure.

SUMMARY: This Notice establishes the procedure followed by program and regional support offices under the purview of the Assistant Secretary for Energy Efficiency and Renewable Energy in conducting the objective merit review of discretionary financial assistance applications.

DATES: Effective date: December 20, 2001.

FOR FURTHER INFORMATION CONTACT:

LaTonya Poole, Office of Energy Efficiency and Renewable Energy, EE-3.2, U.S. Department of Energy, 1000 Independence Avenue, SW., Washington, DC 20585-0121, (202) 586-3835.

SUPPLEMENTARY INFORMATION:

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I. Introduction

The Department of Energy (DOE) today gives notice of the procedure for the objective merit review of discretionary financial assistance in the Office of Energy Efficiency and Renewable Energy (EERE). Financial assistance is provided, in the form of a grant or cooperative agreement, when the principal purpose of the transaction is the transfer of money or property to accomplish a public purpose of support or stimulation as authorized by Federal

statute. Discretionary financial assistance is financial assistance provided under a Federal statute which authorizes DOE to select the recipient and the project to be supported and to determine the amount to be awarded. This differs from a procurement, which refers to instruments used when the principal purpose of the transaction is the acquisition of supplies or services for the direct benefit of the Government. The procedure implements the objective merit review provisions of the DOE Financial Assistance Rules in (10 Code of Federal Regulations (CFR) 600.13).

II. Applicability of Notice

The procedure covers the evaluation of all discretionary financial assistance applications within the programs of the DOE Office of Energy Efficiency and Renewable Energy and applies to both solicited and unsolicited applications.

III. Distinction Between Solicited and Unsolicited Proposals

Solicited proposals are direct responses by interested organizations or individuals to published requests issued by DOE for the submission of applications for discretionary financial assistance awards. Solicited proposals are awarded on a competitive basis using the criteria set forth in 10 CFR 600.8. When a proposal is submitted solely on the proposer's initiative and the idea, method or approach which would not be eligible for assistance under a recent, current, or planned solicitation, and if, as determined by DOE, a competitive solicitation would not be appropriate, the proposal is considered an unsolicited proposal. Unsolicited proposals are awarded on a noncompetitive basis using the criteria set forth in 10 CFR 600.6 (c). The two types of proposals are treated differently, as described in paragraph IV. (c), below.

IV. Objective Merit Review Procedure

(a) *Definition and Purpose.* Merit review is the process of evaluating applications for discretionary financial assistance using established criteria. The review is thorough, consistent and independent and is completed by individuals knowledgeable in the field of endeavor for which support is requested. The purpose of the review is to provide advice on the technical and cost-related merits of applications to the Selection Official with decision-making authority over the award of discretionary financial assistance.

(b) *Basic Review Standards.* (1) *Initial Review.* All discretionary financial assistance applications received by EERE will be assigned to the respective

EERE program official who will initially review the document(s) for conformance with the technical and administrative requirements stated in the program rule, notice or solicitation. Applicants not meeting the technical and administrative requirements of the program rule, notice or solicitation will be considered non-responsive. Non-responsive applications will not receive further consideration for financial assistance. Non-responsive applicants will be notified in writing. (2) *Evaluation.* Solicited applications which pass the initial review will be evaluated in accordance with stated evaluation criteria set forth in the program rule, notice or solicitation. Those applications not meeting the evaluation criteria of the program rule, notice or solicitation may be returned to the sender to be corrected, modified or supplemented by the sender. Those applications judged to be so inadequate that an evaluation is not warranted will not receive further consideration for financial assistance and may be returned to the sender. Unsolicited proposals will be reviewed to determine whether program policy factors would encourage further review of the proposal.

(c) *Criteria for Merit Review.* Applications which pass the initial review and meet the evaluation criteria set forth in the program rule, notice or solicitation are subjected to an objective merit review for discretionary financial assistance. The criteria used for the evaluation of solicited applications must be clearly stated in the solicitation along with the relative importance given to each criterion. The criteria, and other mandatory information specified in 10 CFR 600.8, must be in the solicitation. If an unsolicited proposal is initially favorably evaluated against program policy factors, it should be considered for an objective merit review for discretionary financial assistance. Eligibility requirements for the award of unsolicited proposals are set forth in 10 CFR 600.6 (c).

(d) *The Merit Review Committee.* (1) The Assistant Secretary for Energy Efficiency and Renewable Energy (ASEE) has the ultimate responsibility for appointments to a merit review committee (the Committee). The ASEE may delegate the appointment authority and decision-making authority (Selection Official function) to Deputy Assistant Secretaries (DAS), Office Directors and Regional Support Office Directors.

(2) The Committee, whether a standing committee or other review committee, will consist of three or more professionally and technically qualified

persons. The committee members may be a mixture of Federal and Non-federal experts. Non-federal members will be selected on the basis of their professional qualifications and expertise.

(3) Members of the merit review committee should exclude anyone who, on behalf of the Federal Government, performs any of the following functions:

- (i) Providing substantial technical assistance to the applicant;
- (ii) Approving/disapproving or having any decision-making role regarding the application;
- (iii) Serving as the Contracting Officer (CO) or performing business management functions for the project;
- (iv) Auditing the recipient for the project;

(v) Exercising line authority over anyone ineligible to serve as a reviewer because of the above limitations.

(4) The Selection Official must appoint one member of the merit review committee to serve as chairperson. The chairperson is responsible for:

- (i) Obtaining signed certificates of confidentiality from all committee members;
- (ii) Preparing the written summary of the evaluation and recommendations for the Selection Official for the applicant's file; and
- (iii) Performing the merit review duties of a regular committee member.

(5) The nature of EERE's program solicitations will dictate the feasibility of using standing or ad hoc committees. When solicitations are generally being issued to meet specific program objectives with time or subject limitations, EERE program offices will use ad hoc committees. Ad hoc committees are also appropriate under the following circumstances:

- (i) For small numbers of applications received intermittently;
- (ii) For programs of short duration, usually under one year;
- (iii) To supplement review by standing committees when the volume of applications is usually large, and for applications with special review requirements.

(6) The regular use of ad hoc committees does not preclude the use of standing committees under the following circumstances:

- (i) When required by legislation,
- (ii) When a sufficient number of applications on a specific topic are received regularly and there is a sufficient number of qualified experts willing to serve on the committee for a prolonged tenure; and
- (iii) When the legislative authority for the particular program involved extends for more than one year.

(7) Field readers may be used as an adjunct to a review committee. Field readers must be fully briefed by the designated Contract Officer's Representative so as to understand the process, including the review criteria, the weight given each criterion, and the fact that any criteria not specified in the solicitation are not to be used to evaluate the applications. Field readers must sign a certificate of confidentiality, as provided in 10 CFR 600.13(d). Field readers should follow, as closely as possible, the procedures that would have been used by a standing committee.

(e) *Conflict of Interest.* Members of the review committee must act in a manner consistent with 10 CFR 1010.101. Reviewers who do not meet these requirements shall not review, discuss, or make recommendations concerning the application. Review committee members with a conflict of interest shall also absent themselves from all meetings in which the application in question is discussed.

(f) *Authorized Uses of Information.* The review committee must act in a manner consistent with 10 CFR 600.15 when dealing with applications containing trade secrets, privileged, confidential commercial, and/or financial information, unless the information is unrestricted information available from other sources.

(g) *Authority Beyond Evaluation.* The Selection Official may decide not to accept a proposal that receives a favorable recommendation from the merit review committee due to policy program factors. The explanation for the decision not to accept a recommendation from the merit review committee must be documented in writing for the applicant's file and must be prepared and signed by the ASEE or his/her designee.

(h) *Written Evaluation Summary.* Upon request, applicants are to be furnished a written summary of the evaluation of their application.

V. Deviations

If an EERE program office wants to deviate from these procedures for merit review of an application or a class of applications, but will still follow the rules of 10 CFR 600.13, that office must obtain written permission from the ASEE. Permission to use procedures which deviate from 10 CFR 600 must be requested in writing to the responsible DOE Contracting Officer in accordance with 10 CFR 600.4. The Head of Contracting Activity has the authority to approve such procedures for a single case deviation, while the DAS for Procurement and Assistance

Management has the authority to approve a class deviation. A deviation may be authorized only upon written determination that the deviation is necessary for any of the reasons set forth in 10 CFR 600.4(b).

VI. EERE Selection Process

Selection of applications for discretionary financial assistance will be based on the Selection Officials' acceptance of the merit review committees' recommendations and the findings of a separate programmatic review of program policy factors relevant to EERE's mission.

Issued in Washington, DC.

David K. Garman,

Assistant Secretary, Energy Efficiency and Renewable Energy.

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. PR02-9-000]

Consumers Energy Company; Notice of Petition for Rate Approval

December 14, 2001.

Take notice that on November 30, 2001, Consumers Energy Company (Consumers) filed, pursuant to Section 284.123(b)(2) of the Commission's Regulations, a petition for rate approval requesting that the Commission approve an initial interruptible transportation service rate on Consumers system of \$0.01065 per Dth, and an interruptible transportation service rate of \$0.01357 per Dth following Commission approval in Docket No. CP02-22-000 of the roll-in of the facilities of Michigan Gas Storage Company to Consumers' facilities. These rates will be applicable to the transportation of natural gas under Section 311(a)(2) of the Natural Gas Policy Act of 1978 (NGPA).

Pursuant to section 284.123(b)(2)(ii), if the Commission does not act within 150 days of the date of this filing, the rates will be deemed to be fair and equitable and not in excess of an amount which interstate pipelines would be permitted to charge for similar transportation service. The Commission may, prior to the expiration of the 150 day period, extend the time for action or institute a proceeding to afford parties an opportunity for written comments and for the oral presentation of views, data, and arguments.

Any person desiring to participate in this rate proceeding must file a motion