

DOE eases regulation of national laboratories

Lab directors praise the new flexibility, while Democratic appropriators probe the risks of reduced oversight.

An order issued in March by US Energy Secretary Chris Wright eases regulations on both construction projects and workforce policy for national laboratories. It incorporates ways to improve lab efficiency, which were proposed by all 17 national lab directors in response to a Department of Energy request for such ideas.

The top Democratic appropriators for DOE, however, have expressed concern that the order reduces oversight of major construction projects and could lead to cost overruns and project delays. They have asked the Government Accountability Office (GAO) to study the matter.

The order reduces the number of projects that will be subject to DOE's review process for capital assets. The process previously applied to projects with total costs of more than \$50 million but will now cover only those with costs above \$300 million. The order also reduces the number of independent reviews that will be required of projects with costs between \$300 million and \$1 billion.

John Wagner, director of Idaho National Laboratory and chair of the National Laboratory Directors' Council, tells *FYI* that the lab directors proposed \$300 million as the threshold for projects that are sufficiently complex to require more oversight. The DOE review process, he says, "adds a variety of approvals and additional rigor into projects that do come at a time-and-cost expense. That makes sense for very big, complicated projects and adds less value for small, more routine projects." He contrasts the complexity of building a new spallation neutron source with the routine work of building new office space. "Over time, \$50 million doesn't buy what it used to," he says. "And we decided for projects roughly under \$300 million, the cost wasn't worth the benefit."

Projects between \$300 million and \$1 billion will use a "graded approach" to the review process based on their details, Wagner says, though DOE and the



US ENERGY SECRETARY CHRIS WRIGHT meets earlier this year with the directors of all 17 national laboratories. (Photo by Donica Payne/DOE.)

labs are still working out the exact rubric for that approach.

Wagner says that some labs had been looking to ease the regulations since around the beginning of the first Trump administration. Similar areas of improvement were identified then, but progress "to this degree" was not achieved, he says. "What's really encouraging right now is how quickly the secretary acted on these issues."

Meanwhile, the top Democratic appropriators for DOE, Senator Patty Murray of Washington state and Representative Marcy Kaptur of Ohio, have cautioned that inadequate supervision over past DOE projects led to "significant delays and project overruns."

"The Department's own tracking confirms the risk," Murray and Kaptur wrote in a letter to the GAO. They added that 53% of the department's total project portfolio, representing more than \$24 billion, is not meeting targets for cost or time efficiency: "Without sufficient oversight, there is a higher likelihood that projects will not meet their cost estimates or will fail to be completed within the allocated timelines."

Wright's order also removes some DOE requirements for subcontractor construction companies regarding workers' exposure to potentially dangerous materials. Wagner says that contractors have had to meet those requirements even for projects such as office

buildings, where they may not be applicable. Typically, contractors are not familiar with the additional requirements and so are less inclined to take on a project, Wagner adds.

Removing those requirements "will increase the number of construction companies that can bid on work at [Los Alamos National Laboratory] and provide a more competitive bidding process that will assist in lowering the costs of construction," Los Alamos director Thom Mason said in an April DOE press release. The order states that the labs will instead implement a "tailored, graded approach" to meet legal requirements for worker safety and health and notes that a similar framework has been used by the National Nuclear Security Administration.

The order also removes some oversight of labs' employee compensation plans, which covers how much the lab will spend on salary increases, bonuses, relocation, and retention. Under the previous process, those plans required annual reviews, and any changes were subject to DOE approval. In the DOE press release, Kimberly Sawyer, director of the Thomas Jefferson National Accelerator Facility, said that revising the compensation clauses "could result in up to 40% time savings in onboarding key personnel" and gives the lab "the flexibility needed to attract and retain top-tier talent."

Clare Zhang