

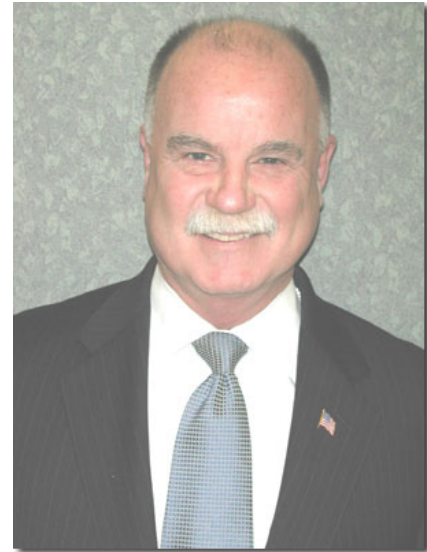


RESEARCH AND DEVELOPMENT INVESTMENT CRITERIA

The goal of the Research and Development Investment Criteria initiative is to measurably improve the performance of the government's research and development investment. Beginning in 2002, the Department of Energy played a leadership role in this initiative by partnering with the Office of Management and Budget (OMB) to develop performance criteria for applied research and development programs.

Since that time, the Department has used the research and development investment criteria to determine the potential benefit of individual research and development programs. The Department has also begun to develop comparable information on the benefit of applied research and development programs. This information will be used by decision-makers to compare the potential benefits of programs and thereby make better informed funding decisions.

The method used to estimate program benefits was developed in partnership with the National Academy of Sciences. It assesses, for example, a program's risk and cost as well as its potential economic, environmental and energy security benefits. This approach will enable decision-makers to compare and contrast programs, make better budget decisions and result in a more effective use of taxpayer dollars.



John Sullivan
Deputy Assistant Secretary
Office of Energy Efficiency & Renewable Energy



Highlights of What We've Accomplished

- *Demonstrated that 50% of R&D Programs are At Least Moderately Effective.* Through the PART review process, DOE has shown that more than 50% of its R&D programs are at least moderately effective.
- *Used R&D Investment Criteria to Make Budget Proposals.* DOE demonstrated satisfactorily to OMB that it uses established R&D investment criteria to develop budget proposals for its R&D programs.
- *Prepared Internal Guidance for Analyzing DOE's R&D Portfolio.* DOE developed internal guidance on standardizing methods and assumptions in determining benefits estimates to aid in analyzing DOE's R&D portfolio. The guidance is being reviewed by OMB.
- *Analyzed Program Benefits for FY 2006 Budget Request.* Completed final analysis of program benefits supporting DOE FY06 budget proposal to OMB.

FY 2005 Goals

- *Issue Internal Guidance for Analyzing DOE's R&D Portfolio.* DOE will issue formal guidance for applied R&D programs on standardizing methods and assumptions in benefits estimates and will monitor implementation of the guidance.
- *Develop a Strategy for Implementing FY 2006 PART Recommendations.* DOE will develop a strategy for implementing FY 2006 PART recommendations for its R&D programs and conduct internal PART reviews to support FY 2007 budget development.
- *For FY 2007 Budget Request:*
 - Develop and apply common baseline assumptions (e.g., future energy prices, GDP, units of measure) for estimating future DOE program-level benefits for use by the programs, DOE and OMB.
 - Develop and apply common methodology for estimating future DOE program-level benefits for use by DOE and OMB.
 - Develop and apply common scenarios and determine what features of the National Academy of Sciences prospective benefits methodology can be incorporated into the FY07 benefits analysis for DOE and OMB.
 - Deliver integrated Departmental benefits estimates for FY07 budget to OMB using common current state-of-the-practice baseline assumptions, methodologies, and scenarios.