

Green Procurement in PSPC: An Overview

For: Canadian Institute for Procurement and Materiel Management (CIPMM)

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Presentation Outline

- 1 Tackling the Big Questions
- 2 Link to Greening Government Operations
- 3 PSPC Procurement Role
- 4 Actions to Accelerate Green & Clean Tech Procurement
- 5 Next Steps

Tackling the Big Questions

- How can the Government of Canada reach its commitment to achieve net-zero emissions by 2050?
- How does a circular economy approach allow us to reduce and eliminate waste?



25 St. Clair East Building in Toronto

How can we use public procurement to support these objectives?

Size and Scope of Public Procurement

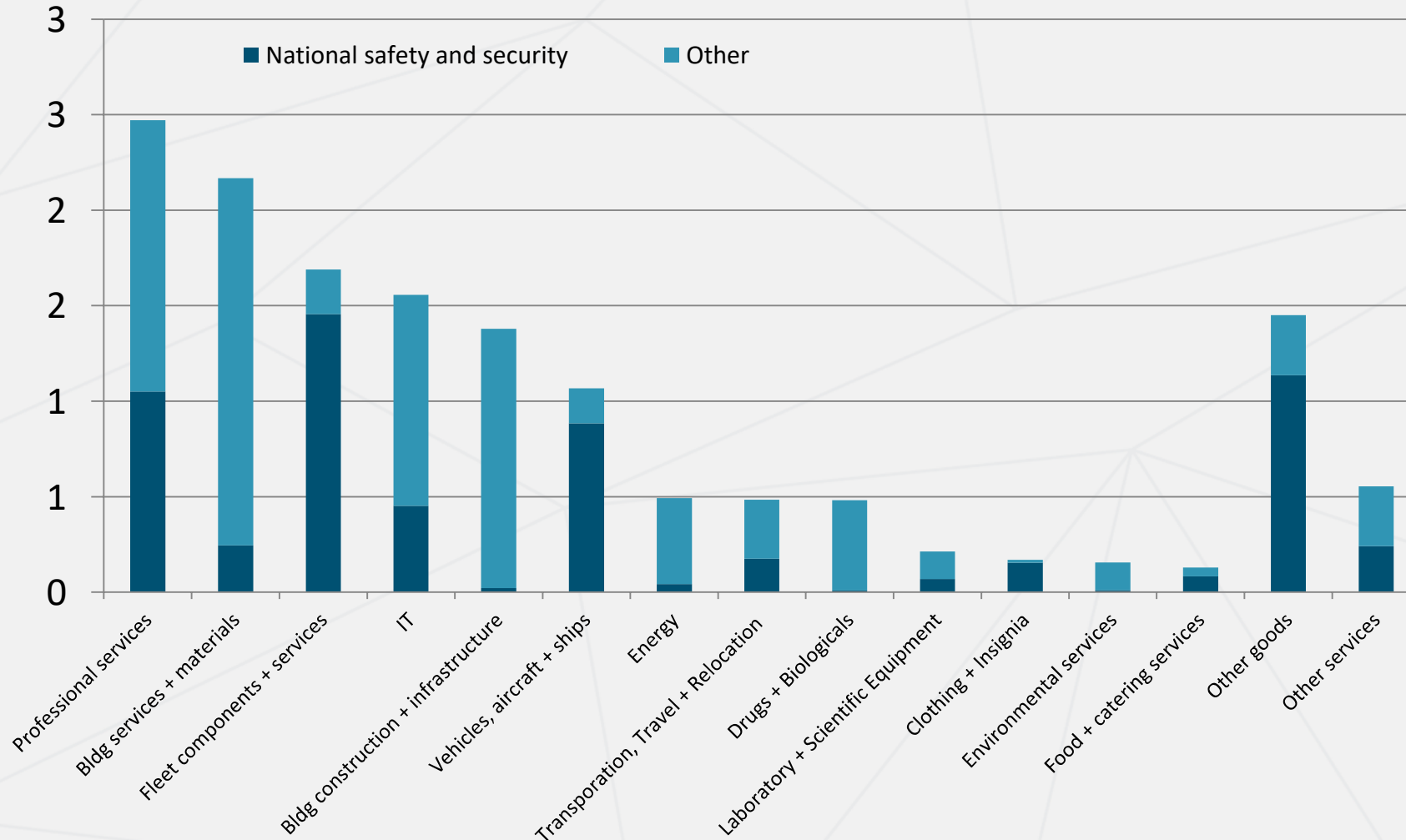
- The Canadian Collaborative Procurement Initiative estimated that in 2018, about \$200B was spent on public procurement in Canada by all levels of government
- The OECD estimated that in 2021 about \$218B was spent on public procurement in Canada
- Total public spending on infrastructure projects stood at about \$61B representing a large share (approx. 22%) of total public spending in Canada in 2020 (Infrastructure Canada, 2021)

“Sustainable public procurement policies can be designed to better engage the private sector in delivering public policy objectives and provide a comparative advantage to the most sustainable, socially responsible, and best-managed market leaders.”

Canadian Business for Social Responsibility

What Does Federal Procurement Look Like?

Average annual spending through PSPC on contracts, (2009-10 to 2020-21) (in Billions \$)

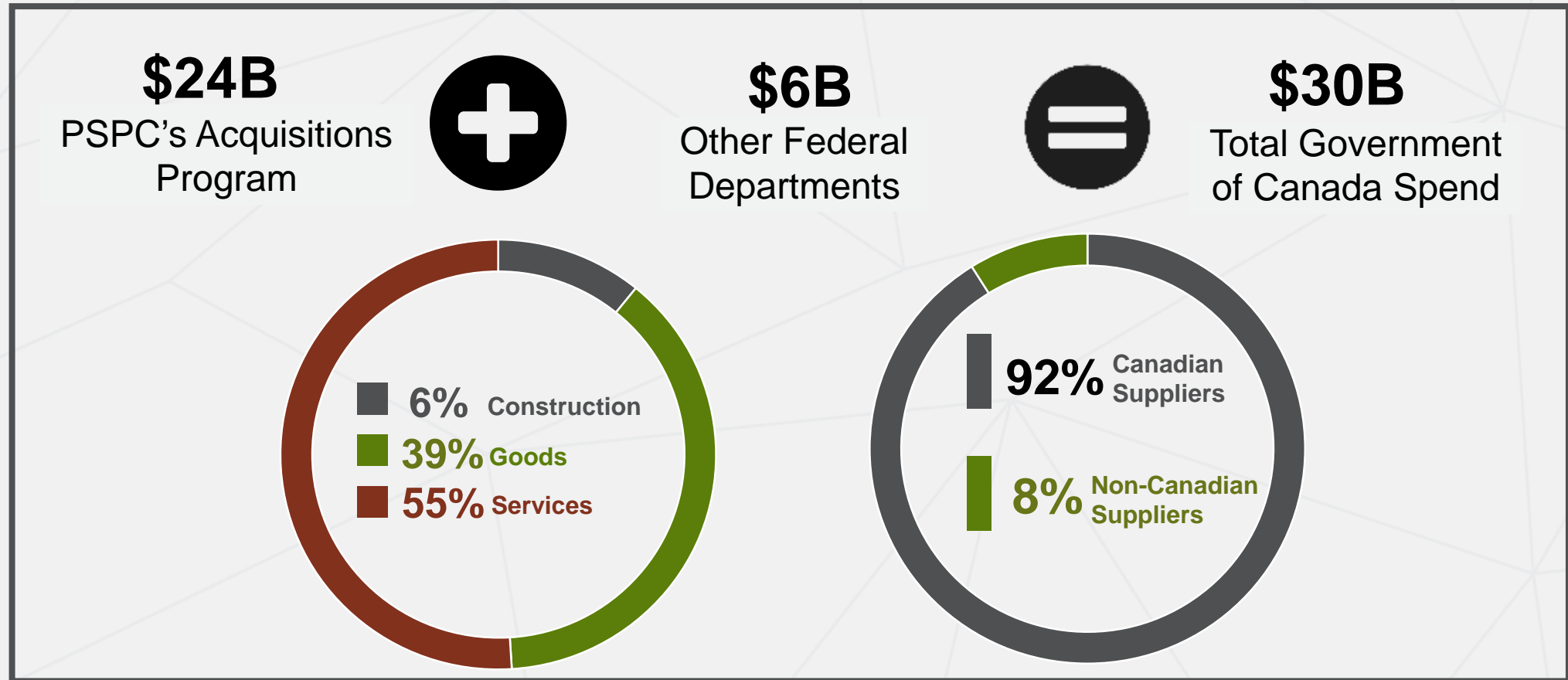


Procurement categories to focus on depend on environmental impact:

- Direct and indirect GHG emissions from buildings and fleet
- Indirect GHG emissions embodied in goods and services
- Climate resiliency
- Waste (incl. plastic waste) diversion
- Water efficiency
- Increased biodiversity
- Circular Economy

Quick Facts About Canadian Federal Procurement

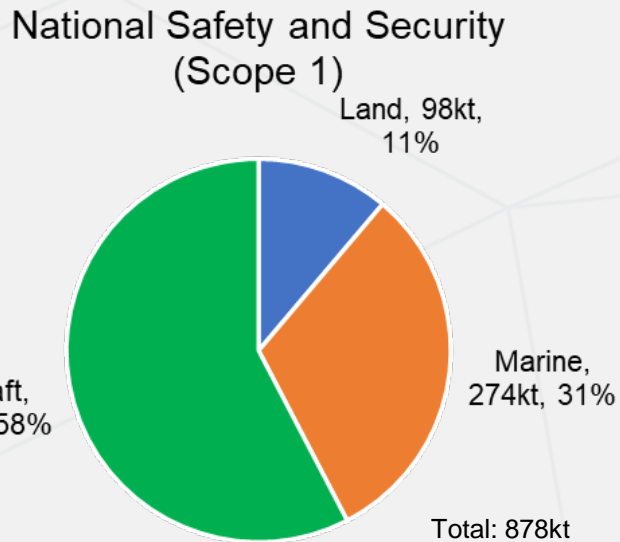
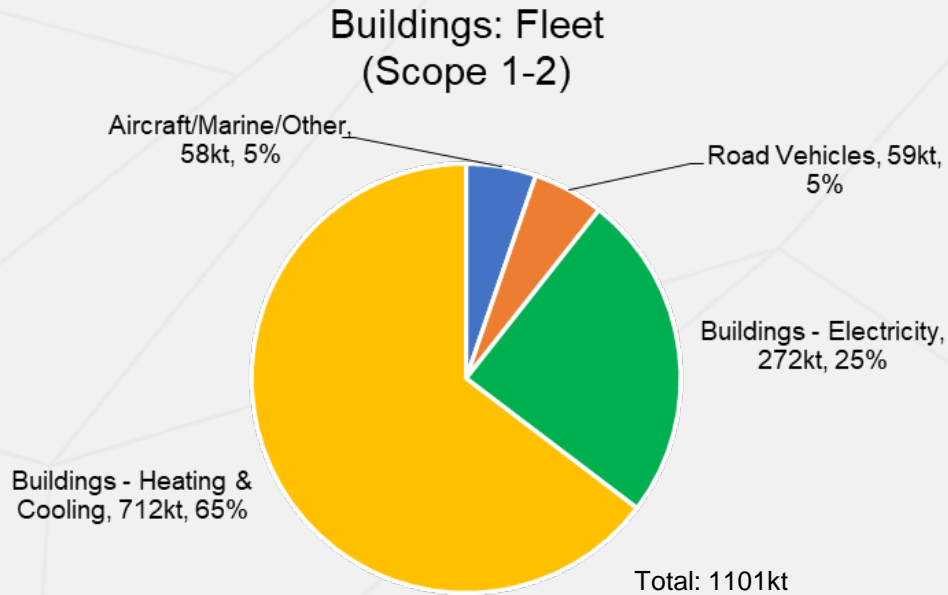
Average Annual Value of Federal Procurement over 3 Fiscal Years: 2019-2020 to 2021-2022



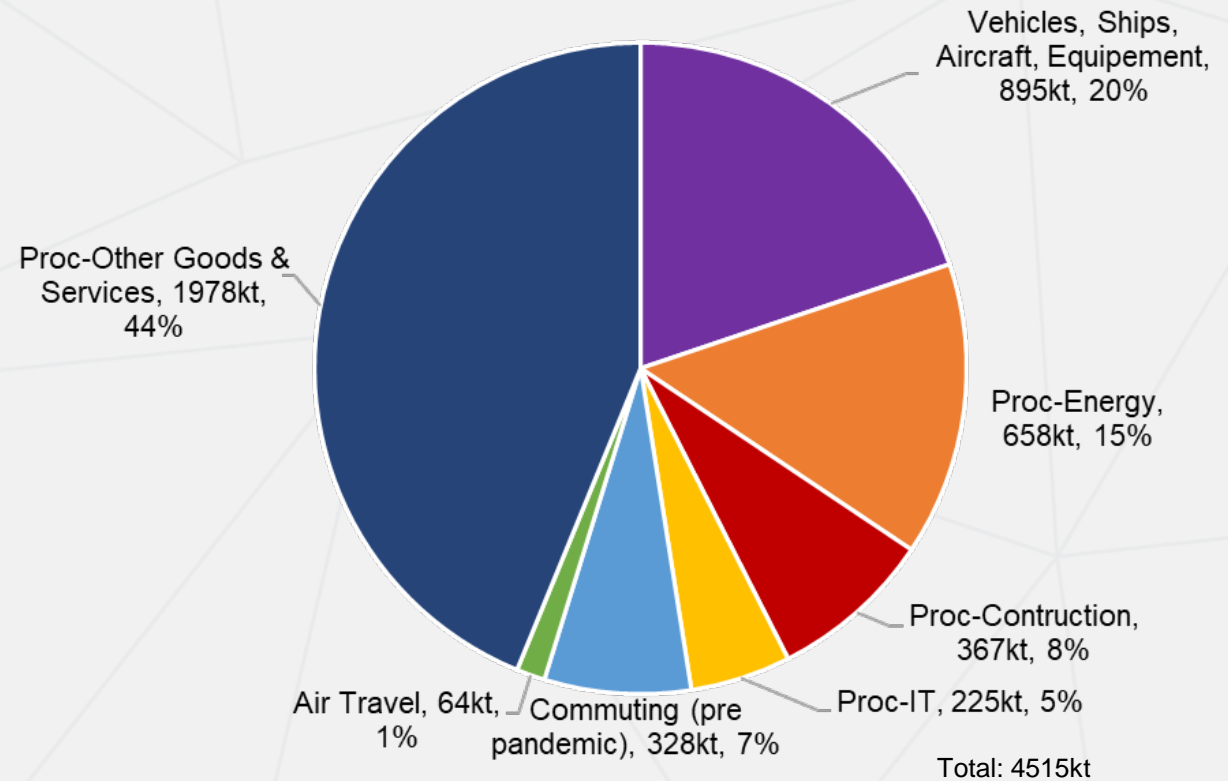
Source: PSPC Business Analytics Services Directorate 2023

Sources of All Federal Emissions – 2021-22

The GoC owns 32,000 buildings, 20,000 engineering assets and 40,000 fleet and is the largest asset owner and public procurer in Canada.



Estimated Procurement/Airtravel/Commuting (Scope 3 - Indirect Emissions)



Note: All numbers in kilotonnes (kt) of carbon dioxide equivalent

Source: TBS Data 2023

Greening Government Strategy and Procurement

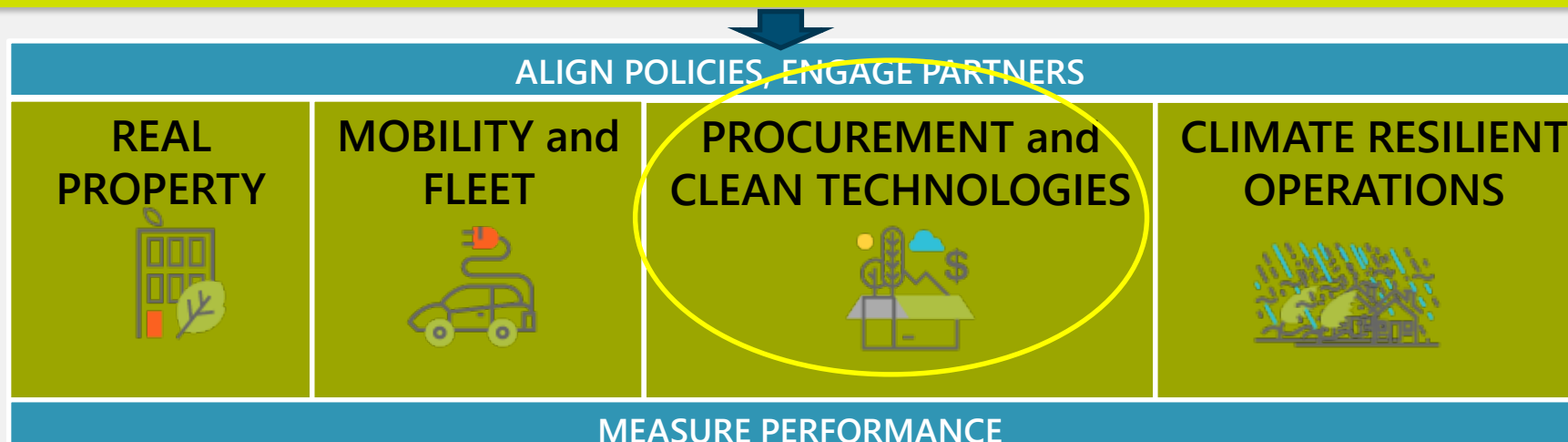
Objective:

In-line with



- ❖ 40% reduction of real property and conventional fleet emissions by 2025
- ❖ Net-zero emissions overall by 2050
- ❖ Overall green & climate resilient government operations

Strategy to
get there:



Implementation:

- TBS providing direction, guidance
- Expert depts. providing support (TBS/NRCan/PSPC/NRC/ECCC)
- DEPARTMENTS TAKING ACTION

Performance:

38.6% reduction in GHG emissions to date (real property and conventional fleet)
3.4% increase in emissions from National Safety and Security operations

Key Greening Government Commitments Driving Green and Clean Tech Procurement



Require new builds to be net-zero carbon and climate resilient

- For retrofits, require life-cycle cost analysis (with a shadow carbon price of \$300/tonne)
- 100% clean electricity by 2022 where possible, latest by 2025
- Divert 90% of construction and demolition waste (strive to achieve 100% by 2030)
- Incorporate climate-resilient design
- Disclose embodied carbon in structural materials by 2022 and reduce by 30% starting in 2025

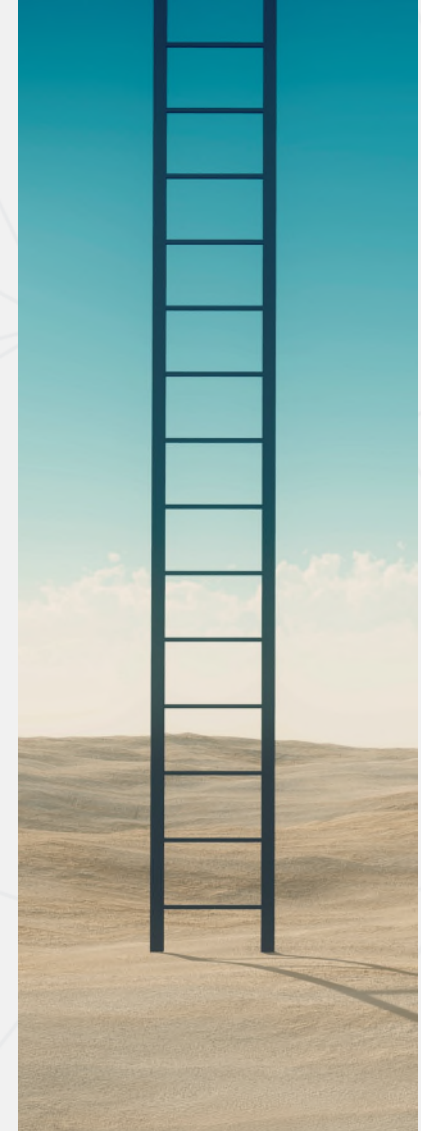
Green procurement and adoption of clean technologies



- Net-zero emissions from procurement of goods and services by 2050
- Include criteria to reduce emissions, sustainable plastics and broader environmental benefits into procurements that have a high environmental impact
- Incent major suppliers to adopt a science-based climate target and disclose emissions
- Eliminate the unnecessary use of single-use plastics in government operations

PSPC Mandate Letter Procurement Commitments

- Seek opportunities within your portfolio to support our whole-of-government effort to **reduce emissions, create clean jobs** and address the **climate-related challenges** communities are already facing
- Ensure federal procurement practices support Canada's **transition to a green economy**, including through ongoing greening of government operations and procurement of **Canadian clean technology**
- Strengthen federal procurement practices to prioritize reusable and recyclable products in support of our goal of **zero plastic waste**
- With other government departments, introduce a new **Buy Clean Strategy** to support and prioritize the use of made-in-Canada low-carbon products in Canadian infrastructure projects



How Federal Procurement Supports Key Green Priorities

Government spending through procurement is being used strategically to help transition Canada to a green economy and accelerate clean economic growth

Modernize the procurement system to incorporate green procurement



Drive economic transition by demanding significant reductions in Scope 1, 2 & 3 GHG emissions



Position Canada as a leader in clean technology & the best place to grow a clean tech business



Develop a strategy to power federal buildings with 100% clean electricity, where available, by 2022

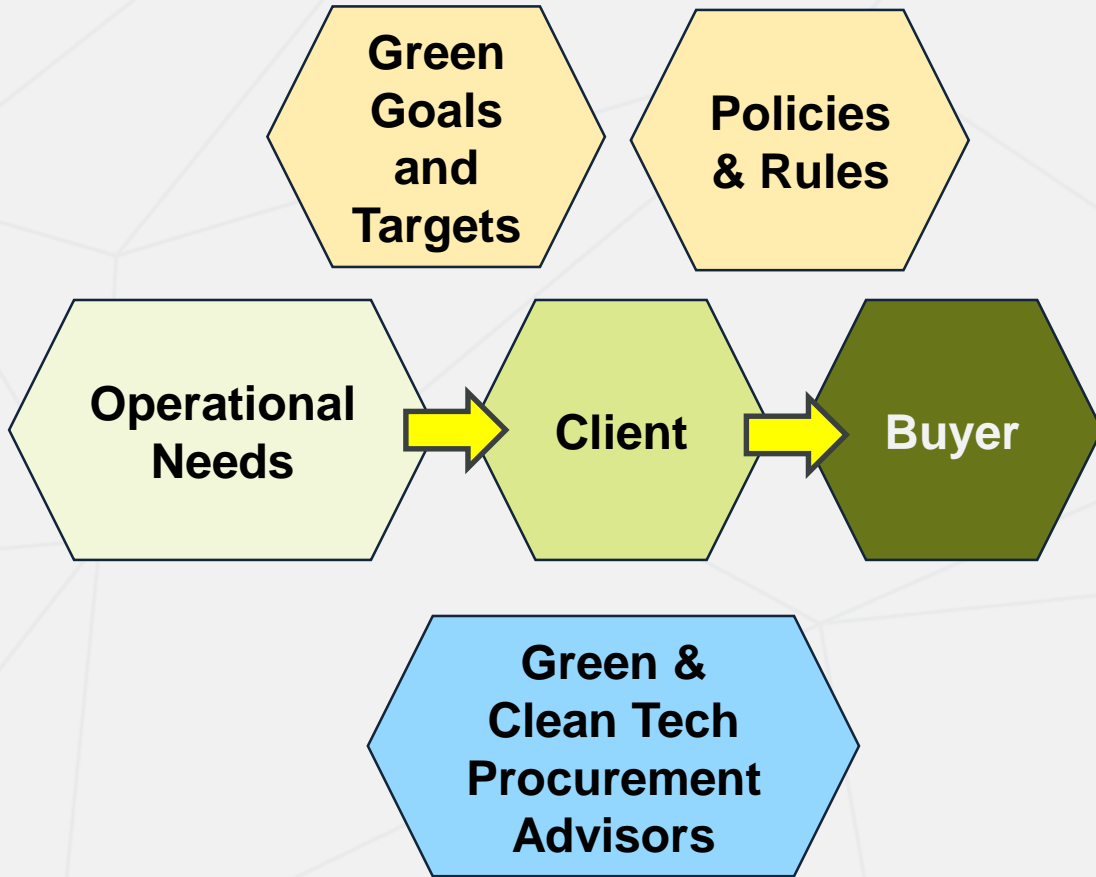


Convert Government fleets to zero-emissions and achieve a zero-emissions sales target of 100% for light-duty vehicles by 2040



Reduce waste, increase sustainable plastic procurement and take steps toward eliminating plastic pollution in Canada

Key Actors in a Procurement



Procurement Branch's Green and Clean Tech Team are **procurement advisors** who help:

- Identify environmental impacts, relevant international standards, certifications and eco-labels
- Assess market readiness
- Include technical specifications, evaluation criteria and instructions to and options for buyers by developing standard language and clauses
- We work closely with colleagues at Environment and Climate Change Canada, Natural Resources Canada, Innovation Science and Economic Development Canada and the National Research Council to provide you with the best market relevant advice

[Link to the NEW Government of Canada web site on green procurement tools](#)

Action Areas For Green and Clean Technology Procurement

Policy on Green Procurement

Policy:

- The Policy on Green Procurement was established in 2006 by the Government of Canada
- The purpose is to advance the protection of the environment and support sustainable development by integrating environmental performance considerations into the procurement decision-making
- It gives the Secretary of the Treasury Board the authority to enact standards and directives for all GoC contracting authorities
- PSPC supports the implementation of the Policy and any subsequent standards and directives



Standard on Embodied Carbon in Construction

1. Disclose the carbon footprint of ready-mix concrete used on all major construction projects: buildings and engineering assets
 - For projects > \$10M (>\$5M starting in 2024), and
 - For projects using more than 100m³ of ready-mix concrete
 - Must provide evidence (EPDs*) to support the carbon footprint of materials used on the project
2. Reduce the embodied carbon footprint of concrete used by 10% in government projects
 - Reduction based on industry regional average data
 - Exemptions to this reduction can apply based on technical requirements and market availability



*EPD: Environmental Product Declaration, a means of demonstrating the carbon footprint of a material

Implementation Guide: Embodied Carbon in Construction

To aid with implementation, a guidance document and a disclosure template were developed

- The implementation guide provides:
 - detailed information on how to incorporate the standard into procurements,
 - sample clauses for RFPs for design services and construction services, and
 - guidance for service providers to support compliance.
- The disclosure template enables construction service providers to disclose the embodied carbon footprint of applicable materials used in major projects
- [Link to the GCPedia page on green procurement](#)



Standard on the Disclosure of Greenhouse Gas Emissions

Include an incentive or requirement for suppliers to disclose their greenhouse gas emissions and set reduction targets through Canada's Net-Zero Challenge or another equivalent initiative

- For procurements >\$25M initiated on or after April 1, 2023
- Not applicable to amendments; contractual arrangements; procurements using emergency contracting authorities; or procurements established through Foreign Military Sales (FMS)
- Procurement mechanisms:
 - mandatory evaluation criterion, provided there are no legal implications and there is certainty of market readiness in the industry;
 - point-rated evaluation criterion, when it is not possible to include a mandatory criterion **and** the evaluation and selection methodology allows for its inclusion; **or**
 - clause in contract or requirement in statement of work.

[Link: Standard on the Disclosure of Greenhouse Gas Emissions and the Setting of Reduction Targets- Canada.ca](#)

Implementation Guide: Supplier Disclosure

The Implementation Guide provides:

- detailed information on how to incorporate the standard into procurements over \$25M
- information on different roles and responsibilities
- examples of evaluation criteria and contract clauses
- a decision tree and a reporting template
- a link to the Net-Zero Challenge and to other equivalent initiatives
- [Link to the GCPedia page on green procurement](#)



PN-157: Implementing the GHG Disclosure Standard

Externally, PSPC has posted news items on Buyandsell and CanadaBuys

Internally, Procurement Branch has been leading the development of Policy Notice PN-157 which includes:

- 4 implementation options for contracting authorities depending on the business context
- 7 new legally-approved SACC manual clauses
- template changes
- supply manual changes
- A detailed FAQ
- AP Days information session Spring 2023 – 800PGs
- Alto course available early Summer 2023
- Carbon footprint calculator for suppliers to conduct a GHG inventory – Low Carbon Procurement Project



PSPC's Low Carbon Procurement Project (LCPP)



Reduce GHG Emissions

Develop science-based methodologies and tools to quantify life-cycle greenhouse gas emissions for three high-impact procurement categories and to develop approaches that can be replicable across categories

Initial Phase 1 Timeframe: 2020 to 2023

Procurement Categories:

Light-Duty Vehicles	Office Furniture	Professional Services
<ul style="list-style-type: none">▪ Interdepartmental Financial Arrangement (IFA) with NRC to repurpose and revise its life cycle assessment model for vehicles, and to develop a GHG baseline for the federal fleet▪ RFI issued to vehicle suppliers to find out more about data availability	<ul style="list-style-type: none">▪ Contract with WSP to develop a carbon footprint methodology, calculator, and GHG baseline	<ul style="list-style-type: none">▪ Contract with CBCL to develop a carbon footprint methodology, calculator, and GHG baseline

Next potential steps:

- Pilot use of carbon footprint calculators in procurement to estimate GHG baselines and low-carbon benchmarks
- Make publicly available the carbon footprint methodologies and calculators
- Expansion of commodity categories with carbon footprint calculators

PSPC Standard Language on Environmentally Preferable Packaging



Reduce Plastic Waste

PSPC is incorporating the notions of **circular economy**.

PSPC is also prioritizing the procurement of **sustainable plastics** and developing **standard language** to require sustainable plastic alternatives.

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Standard Language on Environmentally Preferable Packaging



- Contractual requirements to be included in PSPC procurement templates
- Both mandatory and optional language dependent on market readiness
- PSPC ADM Procurement Branch language approval received October 24, 2022
- PSPC's Policy Notification process includes changes to procurement templates

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Next: Policy Notification Process underway



- Completed PN internal & external consultations in Jan 2023.
- SM-SACC review underway Feb 2023
- Summer 2023 – PN promulgation - requirement for all procurement of goods in which packaging is a component to be reusable, returnable, or recyclable is included in the procurement documents.

Updating Standing Offers and Supply Arrangements



Improve Green Instruments

Continuous engagement with PSPC procurement teams to make it easier for government departments to access environmentally preferable goods and services

Summary of Results of the 2021 Standing Offers and Supply Arrangements (SOSAs) analysis

Green

Currently environmental considerations are often related to encouraging teleconferencing, using recycled content paper or booking eco-rated accommodations for consultants

Optional

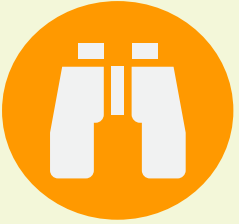
Where environmental considerations are cited in SOSAs, most are optional not mandatory

Net-zero

The term 'net zero' does not appear in any of the SOSAs

Current KPI: over 45% of our almost 7,500 SOSA agreements have environmental criteria, however, **there is a clear need** to integrate impactful environmental considerations into SOSAs

Green Product Search Tool



Product Search Tool

The team received \$2.1M over three years from the TBS Greening Government Fund to customize an existing Product Search tool (US based SFTool)

Project Goal

- Develop a product search tool that shares environmental performance considerations that are verified and up to date
- Simplify the procurement process for suppliers and client departments to help deliver better results for Canadians

Features

- It will include a “product search” feature which will allow users to easily identify environmentally preferable products
- It will include Canadian federal specifications and relevant environmental certifications, policies, requirements and regulations
- It will include a Manufacturer Enrichment Portal where manufacturers and certifiers can upload product-specific information
- It will facilitate performance reporting on sustainability/greening indicators

Green and Clean Tech Procurement Performance Measurement



Measure Performance

Use data from StatCan and other clean tech sources to set parameters and the Electronic Purchasing System (EPS) and other internal tools to measure actual performance

Current Scenario

- Report on the % of PSPC common-use procurements (SOSAs) that include environmental considerations
- Report on the # and % of procurement personnel who have completed training on green procurement

Challenges

- Environmental considerations in SOSAs are often minimal (e.g. commitment to video conferencing) and SOSA app is being discontinued
- Better data is required to determine effectiveness of government policy

Future Plans

- Establish a Department-wide working group to report annually on green and clean tech procurement
- Identify available data sources (EPS, Darwin), in order to establish a baseline against which progress can be reported annually

Thank you

Thank you for your time

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