



# President Obama’s Executive Order 13514

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## An Integrated Strategic Sustainability Performance Plan Overview

**Verisae, Inc.**

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## President Obama’s Executive Order 13514

### *Federal Leadership in Environmental, Energy, and Economic Performance through Integrated Sustainability Plans*

The Obama administration announced on October 5 that the president had just signed a new executive order focusing on environmental and energy performance issues and calling for stringent standards to be met by all governmental agencies.

The new executive order, designed to update and expand upon a previous executive order in this arena signed by former Pres. George W. Bush, seeks to establish a goal for an overall reduction in carbon emissions within the next 10 years.

The new executive order was signed and released ahead of the projected late 2009/early 2010 deadline and is seen as a significant move by Pres. Obama to counter a wave of criticism that has been leveled at the United States and his administration in particular following what was seen as “inaction” during the recent Summit at the United Nations.

Critics point to the imminent climate accord, scheduled for Copenhagen at the end of the year, where countries from around the world will gather to hammer out details of a new protocol to replace the landmark Kyoto agreement. Many voices are calling for Obama to take a leading role in Denmark and the release of this executive order could be seen as a move by the administration to show willing.

The federal government is seen as the largest emitter of carbon due to its sheer size and diversity. While it can sometimes be difficult to pass legislation through Congress affecting commercial interests, the Obama administration is showing that it can at least take the lead in areas that it has direct responsibility over. It remains to be seen whether the executive will provide the necessary funding to support this executive order through to completion.

#### **Federal Strategic Sustainability Performance Plan & Emerging Policy**

The newly minted executive order states its policy as follows:

*“In order to create a clean energy economy that will increase our nation's prosperity, promote energy security, protect the interests of taxpayers and safeguard the health of our environment, the federal government must lead by example.”*

It is the policy of the United States that all federal agencies will:

- increase energy efficiency;
- measure, report and reduce the greenhouse gas emissions in direct and indirect activities;

- conserve and protect water resources through efficiency, reuse and storm water management;
- eliminate waste, recycle and prevent pollution;
- leverage agency positions to foster markets for sustainable technologies and environmentally preferable materials, products and services;
- design, construct, maintain and operate high-performance sustainable buildings in sustainable locations;
- strengthen the vitality and livability of the communities in which federal facilities are located; and
- inform federal employees about and involve them in the achievement of these goals.

Specifically, federal agencies must set a 2020 greenhouse gas emissions reduction target, with the first deadline for the establishment of a target set at 90 days. They must also strive to achieve the following targets within ten years:

- 30% reduction in vehicle petroleum use;
- 26% improvement in water efficiency;
- 50% recycling and waste diversion (by 2015); and
- 95% of all procurement contracts conform to sustainability mandates.

In addition the order calls for attention to several existing points of legislation and reinforces several existing targets.

#### **ISO 14001 – Environmental Management Systems (EMS)**

In terms of environmental management, the International Standardization Organization's ISO 14001 has set significant standards for adoption by organizations worldwide. The standard expects every organization to develop an environmental policy and to make clear commitments to the practice of environmental protection and internal related performance.

A multifaceted “environmental management system,” incorporating standards relating to procedures, practices, resources, functions, relationships, authority and responsibilities should be maintained. The ISO further expects each organization to identify its responsibilities, put in place procedures and ultimately meet the requirements.

The standard sets out in detail how an organization's environmental policy should be applied and monitored to ensure that targets are being achieved. The new executive order is, like its predecessor 13423, designed to focus on the use of environmental management systems as outlined by the ISO international standard.

#### **Executive Order 13423 – A Starting Point from the Bush Era**

The new executive order is essentially an expansion of the goals set by the EO 13423, but places particular emphasis on the role of greenhouse gas emission reduction and the creation of sustainability projects and programs.

EO 13423 stipulated that greenhouse gas emission reductions would be “realized” through other executive order goals and stipulated somewhat vaguely that it expected these goals to be surpassed.

EO 13423 sought to increase energy efficiency by 30% and was at the time considered by its composers to be significantly more stringent, in turn, than the Energy Policy Act of 2005.

Drawing once again on the ISO 14001, the Bush executive order projected a 150% increase in the number of various federal agencies that would adopt “environmental management systems” by the year 2010. It is not clear how successful that directive has been, as yet.

The significant difference between the Bush Executive Order and the Obama Executive Order is that the preceding directive expected a net reduction in greenhouse gas emissions as a consequence of other initiatives, while the latter focuses on proactive measures to reduce greenhouse gas emissions at source.

#### **The Federal Government Aggressively Tracks Greenhouse Gas Emissions**

Governments around the world account for a significant portion of all greenhouse gas emissions. Within the United States, the federal government is a primary contributor to the problem, if not polluter-in-chief. Government operations are responsible for employment of more than 1.8 million civilians, the daily operation of more than 600,000 vehicles and the occupation of nearly half a million buildings. More than \$500 billion worth of goods and services are procured each year.

It follows that any meaningful changes in environmental and energy policy, as per outlined in the executive order, can have significant repercussions. In addition to the direct benefits to the environment, the taxpayer can realize significant energy savings and reap the rewards of increased efficiencies at all levels.

It is likely that the government will turn to recently developed standards, including the World Resources Institute's greenhouse gas protocol papers, setting a public sector standard. The Public Sector Protocol outlines how accounting procedures should be introduced and how inventory tracking should be measured.

It is recognized that governments face unique challenges due to the highly disparate number of sites and huge number of scattered assets under different management control. Bureaucratic inefficiencies and the lack of interagency or cross departmental procedures will likely present considerable obstacles and call for the introduction of external assistance, software and solutions as provided by organizations such as Verisae.

## **Integrated Strategic Sustainability Performance Goals**

The policy set out in the executive order requires each agency head to prioritize the actions and to interpret all economic and social benefits and costs involved. Obama has also indicated that he expects the entire set of processes to be transparent and be fully disclosed through public channels.

### ***Scope One and Two Greenhouse Gas Emissions***

Within 90 days of the document signing, agency heads must establish realistic goals to outline a percentage reduction in scope one and two greenhouse gas emissions by fiscal year 2020. These will reference a fiscal year 2008 baseline and once determined shall be reviewed by the chairman of the Council on Environmental Quality and the director of the Office of Management and Budget.

Agencies are directed to focus on reducing energy intensity in agency buildings, the use of renewable energy and introduction of energy generation projects, and the reduction of fossil fuel usage by using more energy efficient vehicles, consolidating fleets. Furthermore, an actual reduction target of 2% per annum would be required for petroleum usage, when the agency operates a fleet of at least 20 vehicles.

### ***Scope Three & Federal Government Supply Chain Emissions***

Within 240 days of the order, each agency chair shall establish a target for scopes three emissions, again as measured by a 2008 baseline. This 2020 target will again be reviewed by the CEQ and the OMB.

Here, agencies are directed to work with vendors and contractors to change methods of manufacturing, utility and delivery services, transportation modes and supply-chain activities. With regard to travel, agency staff must strive to use travel methods and to support locations and resource providers that are known to favor low carbon approaches.

### ***Greenhouse Gas (GHG) Inventory***

Agency heads will now be required to establish a comprehensive inventory of absolute scope one and two and specified scope three emissions, on an annual basis.

### ***Water Efficiency Strategies***

Agencies must introduce water management strategies and efficiencies that will net a 2% annual reduction of consumption through 2020. Industrial, landscaping and agricultural consumption must be reduced by 2% annually. With regard to storm water management, the EPA is directed to provide guidance within 60 days to establish a regional implementation plan bringing into account the scope of the Executive Order and the existing Energy Independence and Security Act of 2007.

***Pollution Control & Measurement***

Significant standards are set to minimize waste generation and pollutant, calling for the diversion of at least 50% of nonhazardous solid waste, construction and demolition materials by the year 2015. Paper use and composition must be changed to incorporate improved standards.

***Sustainable Federal Buildings***

By referring to the Guiding Principles for Federal Leadership in High Performance and Sustainable Buildings documentation, all new construction, major renovation or repair must comply. At least 15% of an agency's existing buildings must also be brought into compliance. After 2020, all federal buildings must achieve “zero net energy” by the year 2030.

***Sustainable Procurement Policies***

All products and services under new contract, with the exception of weapon systems, must be energy efficient, non-ozone-depleting, and environmentally preferable, contain recycled content or be composed of non-toxic or less toxic alternatives, subject to performance.

**Inter and Intra-Agency Sustainability Issues and Consolidated Emissions Management**

It is recognized that diverse structural capacities, organizational differences, a lack of interagency cooperation and different budget pools will cause significant challenges to implementation.

As such, an interagency steering committee on federal sustainability will be composed of senior sustainability officers from each agency. This steering committee will be able to enlist other organizations within the federal government and to hold individual agencies accountable for nonconformance.

Each agency will be “scored” based on their performance according to the executive order and this performance will in turn be publicized to society as a whole. The chairman of the Council on Environmental Quality will also be charged with the responsibility of overseeing and reviewing each agency's accounting and reporting procedures, assessing compliance and progress through the multi-year plan.

Within 120 days of the signing of the order, the chair must present Pres. Obama with federal-wide targets for scope one and two emission reduction and within 270 days of the order provide the scope three targets as well.

**Senior Sustainability Officers Appoints within 30 Days**

Each agency is mandated to select and designate a Senior Sustainability Officer within 30 days of the date of the order. This person will be responsible for agency conformance and will serve on the inter agency steering committee.

It is expected that senior officials from within each agency will work in concert with a senior sustainability officer to provide the information necessary at the beginning and to ensure that executive order requirements are met as the program unfolds.

### **Service Provider and Vendor Supply Chain Emissions (Scope Three)**

Several direct government agencies and departments are ordered to work with the General Services Administration (GSA) to provide recommendations based on the feasibility of working with vendors and contractors to track and reduce scope three greenhouse gas (ghg) emissions.

Historically, scope three emissions have been the most difficult to project, quantify and control and the executive order sets out recommendations. As vendors and contractors are responsible for a significant portion of the products and services used by the government and as scope three emissions are substantial, the recommendations will take into account all potential impacts on the procurement process.

While vendors may be required to sign up with a greenhouse gas registry or disclose inventory and existing greenhouse gas emission plans, all of the potential impacts will be measured before further directives are issued which could impact the vendor and contractor community, small businesses and procurement programs.

### **Summary of Executive Order 13415**

While the Executive Order 13415 establishes deadlines for each agency to report back to the executive, it does not establish firm guidelines for carbon emission reductions. Each agency must compose its own estimates based on anticipated achievement and an overall assessment will then be collated by the Council chairman before being returned to President Obama.

Following the deadlines set within the order, it is likely that the president will issue further direct aims to specify the 2020 targets and that each agency will then be responsible for subsequent compliance.

Due to the complexity associated with the introduction of a sustainability platform and the need for analysis through a complicated array of assets and procedures, government agencies would do well to call on the experience and resources of dedicated organizations such as Verisae.

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It is likely that each agency will be required to import knowledge and operational procedures to help them conform to the specific requirements of Executive Order 13415. It will be necessary to analyze and assess asset level energy consumption and associated operational expenses.

The implications of the use of each asset must be fully understood before reductions in energy consumption, costs and the all important carbon emissions can be quantified and realized.

Verisae is used to working within large and distributed enterprises, gathering a wide variety of data together to present findings to a global corporate level. Within government agencies, this level of performance and capability represents an ideal investment as the agency strives to meet the requirements of its own sustainability directives and complies to the letter of the executive order in general.

Environmental law is likely to change significantly as we move forward over the next ten years. The latest Executive Order may be augmented or impacted by more general legislation, designed to impact society as a whole.

It is certain that there will be an increasing demand for sustainability and integrated software platforms that can streamline the process, help to achieve “best picture” results, and avoid non-compliance penalties will take on increasing importance across not only the federal government but also within large, distributed organizations globally.

## Sustainability Resource Planning (SRP)

Verisae, Inc. empowers organizations to engage in “**On Demand Sustainability**” initiatives in a localized facility or across a global enterprise. Our core offerings allow distributed organizations across the globe to effectively track and manage assets from the usage, cost to run, energy consumption, and carbon consequence perspectives.

***Sustainability Resource Planning (SRP) - Covers the core functions of sustainability needs by combining multiple business processes and systems into one database to use across the enterprise.***

They are uniquely positioned to help organizations prove return on investment (ROI) on Greenhouse Gas management and reporting. Their solutions are delivered via a common web browser so that organizations with thousands of locations and 10’s of thousands of assets can be implemented in a matter of months.

- **Asset Manager** is a full function Computerized Maintenance Management System (CMMS) with incredible flexibility.
- **Carbon Emissions Manager** provides a company with real time carbon footprint reporting.
- **Refrigerant Gas & Fugitive Emissions Manager** is a web-based solution to control refrigerant use. Refrigerant tracking at locations containing refrigerants is critical to the environment and to an organization’s bottom line.
- **Energy Supply Manager** allows multi-site clients can have a comprehensive view of their entire energy portfolio across their entire enterprise.

Given the heightened priority of corporate sustainability, Verisae is uniquely positioned to enable organizations to establish a carbon baseline, outline energy management options and to provide a comprehensive corporate sustainability action plan.

Today, Verisae delivers a broad range of sustainability solutions to over **40 global clients** with a service network of **7,500 third-party service providers** consisting of **60,000 application users**. Our integrated sustainability platform actively tracks over **2.1 million assets** across **20,000 sites**. We help measure, manage and monetize energy costs and carbon emissions. We are uniquely positioned to help organizations prove return on investment (ROI) sustainability initiatives.



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