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**CODSIA Case – 2021-03**

January 13, 2022

Federal Acquisition Regulatory (FAR) Council  
Attn: Ms. Jennifer Hawes  
General Services Administration  
1800 F St., NW  
Washington, DC 20006  
[jennifer.hawes@gsa.gov](mailto:jennifer.hawes@gsa.gov)

Ref: FAR Case 2021-016: Minimizing the Risk of Climate Change in Federal Acquisitions  
CODSIA Case: 2021-03

Dear Ms. Hawes:

On behalf of the member associations of the Council of Defense and Space Industry Associations (CODSIA), we are pleased to submit these comments on the advanced notice of proposed rulemaking to amend the Federal Acquisition Regulation (FAR) to minimize the risk of climate change in federal acquisitions, published in the October 15, 2021 Federal Register.<sup>1</sup> We strongly support the Government's adoption of measures that will reduce the risk of climate change, and general commitment to global sustainability, competitiveness, and security. We are pleased to offer these recommendations for your consideration when developing the proposed rule.

**Background**

The proposed rule would implement requirements related to Executive Order (EO) 14030, Climate-Related Financial Risk. The EO recognizes that the intensifying impacts of climate change present a set of growing risks to financial assets, companies, communities, and workers—including risks to the Federal Government. The questions herein target the implementation of requirements for major Federal suppliers to publicly disclose greenhouse gas emissions and climate change risk and to set science-based reduction targets.

**Questions for Public Comment**

**(a) How can greenhouse gas emissions, including the social cost of greenhouse gases, best be qualitatively and quantitatively considered in Federal**

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<sup>1</sup> 86 Fed. Reg. 57404, October 15, 2021, available at <https://www.govinfo.gov/content/pkg/FR-2021-10-15/pdf/2021-22266.pdf>

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**procurement decisions, both domestic and overseas? How might this vary across different sectors?**

Appropriately evaluating and considering greenhouse gas emissions, including the social cost of greenhouse gases, in the current Federal procurement system is an important goal and one that requires a fundamental shift in how agencies think about developing requirements and evaluating and awarding contracts, including those within the information technology (IT) sector. Traditionally, when not using a lowest priced technically acceptable (LPTA) evaluation scheme, agencies award contracts based on a trade-off between price and non-price factors (i.e., best value). For an IT services contract, for example, agencies may prioritize technical capability, corporate experience, past performance, etc. rather than awarding the contract to the lowest-priced offeror. Technical capability may be evaluated based on an offeror's demonstrated understanding of and proposed approach to fulfilling the Government's requirements. In general, we strongly support the use of best value criteria (rather than LPTA) when procuring complex products, services, and solutions.

In the IT example above, if the Government wants to consider climate impact when deciding which offeror represents the best value, agencies may only consider offerors' progress (e.g., percent reduction) toward achieving greenhouse gas emission targets if doing so is clearly stated in the Government's requirements or prioritized in the source selection criteria for the technical solution and for the contractor's enterprise. Having clearly stated goals and priorities as well as sufficient time for market reaction and implementation to achieve those goals is paramount to success of the initiative.

We urge the Government to avoid adopting a "one-size-fits-all" approach for assessing offerors' progress toward climate-related goals. Instead, we advocate for program evaluation based on best value criteria supported by science-based methodology of multiple alternatives. We encourage the Government to take this approach when developing criteria to assess greenhouse gas emissions and the social cost of greenhouse gases, including environmental justice impacts. Additionally, we suggest that the Government adopt a phased implementation strategy that focuses on assessing core metrics first (e.g., Scope 1 and Scope 2 emissions data) and builds to include assessments of more complex factors (e.g., social cost of greenhouse gas emissions) over time. This "walk before you run" approach will allow the Government to begin considering some aspects of greenhouse gas emissions data in federal procurements, while ultimately working more deliberately to develop multiple alternatives on a longer timeframe.

Early in the acquisition process, we recommend that Federal buyers prioritize defining requirements and source selection criteria focused on assessing offerors' past and current performance and their ability to reduce emissions and risks. We suggest including questions related to potential greenhouse gas emissions reductions in

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Requests for Information (RFIs) so that the Government can better understand the potential for achieving better outcomes in shaping its individual procurements.

Separately, it is worth noting that the Department of Defense (DoD) has identified climate change as a national security issue. On September 1, 2021, DoD announced its Climate Adaptation Plan (CAP) that articulates the Department's vision in this space. Importantly, the CAP purports to align adaptation and resilience efforts with DoD's warfighting mission of deterring aggression and defending the nation under all climate conditions. Toward that end, the CAP identifies a strategic framework with five lines of effort: (1) climate-informed decision making; (2) train and equip a climate-ready workforce; (3) resilient built and natural infrastructure; (4) supply chain resilience and innovation; and (5) enhance adaptation and resilience through collaboration.<sup>2</sup>

In light of this single-agency approach to climate issues, it is clear that as these plans are implemented over time, Government efforts in the climate change/climate adaptation area will impact how needed capabilities are procured. It is also clear that Government acquisition professionals may not be optimally positioned to assess the full range of bidders' different approaches to greenhouse gas emissions and their associated social cost. For example, two companies may signal net zero carbon emissions: Company "A" may do so through the purchase of renewable energy certificates (RECs), supported by "Guarantees of Origin" or equivalent standard from a renewable energy generation facility, and Company "B" may do so through an internal tree planting program. It will be challenging for the Government to assess and compare these different approaches against a static checklist, or without clearly defined guidance from sustainability experts on how each proposal could best impact the Government's carbon footprint. Therefore, and as mentioned above, we encourage the Government to allow for multiple alternatives when assessing each offeror's climate impact.

Additionally, as we note in the sections below, the Government should look to voluntary consensus standards to define clear metrics so that procurement officials can assess climate impacts. Any standards created must be data-driven yet also provide flexibilities to account for differing industry requirements and considerations. The ultimate metric used should be designed to achieve fit for the desired purpose. For example, an appropriate goal may be a simple "pass/fail" of whether a company meets certain minimum sustainability standards or baselines. Another may be based on minimal standards of sustainability practices such as having and demonstrating progress toward established goals. A third approach may be to utilize incentives or a point system rather than any minimal standards or goals. Differing procurements may require specific solutions that necessarily dictate different levels of greenhouse gas emissions. The ultimate goal of each program should be considered and match the metrics and goaling utilized.

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<sup>2</sup> <https://www.defense.gov/News/News-Stories/Article/Article/2787056/dod-announces-plan-to-tackle-climate-crisis/>

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Another challenge that should be considered when measuring companies' efforts to reduce greenhouse gas emissions is the quick changing nature of industries themselves. For instance, a company that acquires another company is also acquiring the new company's carbon footprint which could change the acquiring company's greenhouse gas emissions and associated metrics overnight. Small businesses in particular change ownership frequently which can make tracking true progress or change challenging and administratively difficult.

**(b) What are usable and respected methodologies for measuring the greenhouse gases emissions over the lifecycle of the products procured or leased, or of the services performed?**

Given the breadth and scope of industries and companies involved in Federal procurement, we suggest that the Government use existing standards to classify vendor companies so that rankings are objective and universal. We reference the Sustainability Accounting Standards Board (SASB) Environmental, Social and Governance (ESG) framework as an example methodology.<sup>3</sup>

For data center services, many methodologies exist for measuring or estimating greenhouse gases emissions over the lifecycle of a data center service or solution. However, we recommend that Federal agencies initially focus on improving the energy efficiency of data center operations by not only using energy efficient IT equipment but also increasing utilization rates of their IT equipment within their data center operations. The use-phase of data center equipment can account for 50-70% of the total emissions throughout the lifecycle of the product, so focusing on the electricity consumption — especially of non-renewable electricity — during the use-phase would result in the most efficient use of resources and largest impact on reducing emissions. This assessment ensures that the Federal agencies are focusing on high energy efficiency of the IT equipment, where the IT equipment is doing the most useful work for its relative power consumption. Federal agencies should consider the long-term impact on carbon emissions when making strategic technology investments beyond relying on standards that solely focus on metrics such as the Power Usage Effectiveness (PUE). We recommend that Federal agencies develop strategies for sustainable technology management as a goal, which may include appropriately increasing technology refresh cycles for energy efficiency improvements, migrating nonessential workloads to the public cloud<sup>4</sup>, and increasing utilization rates of existing equipment. Holding vendors to

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<sup>3</sup> Sustainability Accounting Standards Board, SASB Standards & Other ESG Frameworks, <https://www.sasb.org/about/sasb-and-other-esg-frameworks/>.

<sup>4</sup> According to a March 8, 2021 report by the International Data Corporation (IDC), continued adoption of cloud computing could prevent the emission of more than one billion metric tons of carbon dioxide from 2021 through 2024.

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narrow metrics such as PUE would limit the Government's ability to assess other methods of emissions reduction across the technology sector.

In addition to environmental IT management strategies, many IT providers and other major Federal suppliers use renewable energy and are actively engaged in creating and developing new renewable energy projects that will continue to lower the total global greenhouse gases emissions. We recommend the Government take a holistic look at a variety of factors—not just emissions or data center PUE, for example—in seeking to address the full spectrum of risks posed by climate change. Such factors could include driving supply chain-related emissions down through engagement strategies and/or supply chain emissions reductions goals, design for environment programs which include energy efficiency principles and voluntary consensus standards, sustainability innovation programs, renewable energy procurement, etc.

We recommend the Federal Government consider asking IT providers and other major Federal suppliers about their use of renewable energy or emissions offsets in their procurement responses to provide procurement officers a better understanding of what each provider is doing to reduce its carbon footprint. The Environmental Protection Agency (EPA) may also provide a usable methodology for assessing the use of renewable energy and biofuels.<sup>5</sup>

**(c) How can procurement and program officials of major Federal agency procurements better incorporate and mitigate climate-related financial risk? How else might the Federal Government consider and minimize climate-related financial risks through procurement decisions, both domestic and overseas?**

We suggest that the Government review guidance provided in the Task Force on Climate-related Financial Disclosure (TCFD)<sup>6</sup> for prompts to develop a meaningful discussion of climate risks and opportunities in procurement. The TCFD framework provides guidance on how to consider the integration of climate issues into governance, strategy, risk management, and metrics.

Additionally, we offer the following suggestions for potential climate-related evaluation criteria in federal procurements:

- The extent to which a proposed solution changes the probabilities of major hazard frequency and magnitude when compared to historical data
- The adequacy of and offeror's infrastructure in reducing or mitigating disasters resulting from climate-related hazards

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<sup>5</sup> See, e.g., <https://www.epa.gov/renewable-fuel-standard-program/lifecycle-analysis-greenhouse-gas-emissions-under-renewable-fuel>.

<sup>6</sup> <https://www.fsb-tcfd.org/>.

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- Corporate investments in strategies to identify future climate risks and use this data quantitatively to improve solutions offered
- Recognition of the diverse distribution of human, financial, technological, and natural resources, nationally, and globally.
- Resolution of international, national, state, and local jurisdictional infrastructure siting and permitting conflicts and delays

These suggestions can be evaluated with proper data and investment in appropriately tracking and utilizing that data. This will require some investment on both the part of the Government and industry.

### **(d) How would (or how does) your organization provide greenhouse gas emission data for proposals and/or contract performance?**

Many of our member companies already complete extensive internal and external reporting of greenhouse gas emissions data. To reduce duplicative data collection and administrative burden, we recommend that rather than requiring additional reporting, the Government should leverage information contained in existing reporting channels. For example:

- Many member companies already prepare and report both Scope 1 and Scope 2 emissions based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Greenhouse Gas Protocol Scope 2 Guidance.
- Some members report select Scope 3 emissions based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.<sup>7</sup>
- Many of our members provide full-year financial, social, and environmental performance reports on greenhouse gas emissions—some provide this information through internal reports, and others report through third-party organizations and/or public greenhouse gas emissions reports.
- Some members include climate risk-related information in their standard financial disclosures. Additionally, some members respond to the annual Carbon Disclosure Project (CDP) Climate Change questionnaire.

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<sup>7</sup> We note that there are debates as to the current value of reporting Scope 3 data due to the lack of consistency and accuracy needed to support meaningful analysis. Scope 3 emissions data are estimated and modeled using a variety of different assumptions left to a company's discretion, and the boundaries determining which data to include in Scope 3 emissions accounting are inconsistently applied. Including Scope 3 data always results in double counting of data since one company's Scope 3 is another company's Scope 1 and/or Scope 2 data. However, lifecycle analysis of many electronic products shows impacts in the manufacturing stages of the product, which would mostly fall under Scope 3. With the proper metrics, measuring and mapping all carbon emissions enables companies to understand their footprint, develop strategies to reduce emissions and achieve decarbonization.

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**(e) How might the Federal Government best standardize greenhouse gas emission reporting methods? How might the Government verify greenhouse gas emissions reporting?**

We strongly encourage the Government to standardize greenhouse gas emissions reporting methods by referencing ANSI-accredited voluntary consensus standards to establish a neutral conformance metric for the demonstration of sustainable products. Additionally, we recommend that the Government accept an offerors' certification of compliance with an approved ANSI (or ISO) standard for greenhouse gas emissions, rather than completing an independent assessment for each individual procurement. We also recommend that the Government accept greenhouse gas emissions data that have been publicly reported to the CDP as "adequately verified" without requiring further verification of greenhouse gas emissions. Additionally, the Government can reference existing standards for greenhouse gas accounting such as the GHG protocol<sup>8</sup> and GRI.<sup>9</sup>

Many of our members set internal greenhouse gas reduction targets and use independent assurance auditors to review selected qualitative and quantitative sustainability targets as total gross and net greenhouse gas emissions (Scope 1, Scope 2, and selected Scope 3 emissions), use of renewable energy (bundled versus unbundled Renewable Energy Certificates), and total energy consumption. Additionally, many of our members have committed to setting carbon neutrality (also known as net zero) targets. Some members have their climate targets approved by the Science Based Targets Initiative.<sup>10</sup> The Government should allow offerors to attest to meeting targets through any of these methods. Ultimately, national decarbonization targets and timetables should align with the feasible development of smart, sustainable, and resilient local energy, water, and transportation infrastructure.

**(f) How might the Federal Government give preference to bids and proposals from suppliers, both domestic and overseas, to achieve reductions in greenhouse gas emissions or reduce the social cost of greenhouse gas emissions most effectively?**

As is common in other areas designed to promote social policy goals (e.g., small business or socioeconomic set-asides), the Government should consider providing Federal buyers with flexibility to apply price preferences to bids and proposals that maximize the use of technologies and innovations to reduce greenhouse gas emissions.

Additionally, the Government can encourage further industry investment in reduced greenhouse gas technologies through additional opportunities for research and

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<sup>8</sup> <https://ghgprotocol.org/>.

<sup>9</sup> <https://www.globalreporting.org/>.

<sup>10</sup>The Science Based Targets Initiative develops and approves the scientific underpinnings and feasibility of climate targets.

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development funding, grants, and other non-traditional contract or contract-like instruments.

Finally, as discussed above, we encourage the Government to clearly define contract requirements in a manner that prioritizes products and services that reduce greenhouse gas emissions, and to be willing to commit additional funding toward procuring these solutions. Voluntary consensus standards such as IEEE 1680.1 for computers and displays, UL 110 for mobile phones, and NSF 426 for servers can be used to identify these products and direct federal funds to products that will reduce greenhouse gas emissions.

**(g) How might the Government consider commitments by suppliers to reduce or mitigate greenhouse gas emissions?**

Many companies have already made corporate commitments to reduce Scope 1, 2, and relevant 3 greenhouse gas emissions. The Government should frame contracting requirements in a manner that allows suppliers of all sizes to demonstrate compliance with greenhouse gas reduction targets in a flexible manner. Specifically, we recommend that the Government allow suppliers to attest to or certify conformance with internationally recognized voluntary consensus standards, rather than requiring conformance with a U.S. Government-specific standard, non-consensus third-party ecolabel, or accreditation through a specific process.

To truly prioritize reducing the risk of climate change in federal acquisitions, Federal agencies must be willing and able to commit additional funding toward contracting with businesses that invest their own resources in policies and practices that lower their greenhouse gas emissions. The offeror that has committed internal funding to support aggressive and effective climate goals may not provide the lowest-priced rates when compared to offerors that have not made similar investments. In the spirit of best value trade-off analysis, agencies must be empowered to make choices in distinguishing among vendors depending on their past and current performance in reducing greenhouse gas emissions and consider short-, medium- and long-term commitments to creating renewable energy projects or otherwise lowering carbon footprints.

Further, agencies should recognize the intrinsic value of partnering with a contractor that provides long-term, greenhouse gas solutions and be willing to pay a prime premium for the resulting superior performance this offeror can provide. Vendors of all sizes have the opportunity to think about the future and partner with the public sector to achieve critical, long-term sustainability goals.

**(h) What impact would consideration of the social cost of greenhouse gases in procurement decisions have on small businesses, including small disadvantaged businesses, women-owned small businesses, service-disabled veteran-owned small businesses, and Historically Underutilized Business**



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**Zone (HUBZone) small businesses? How should the FAR Council best align this objective with efforts to ensure opportunity for small businesses?**

When providing Environmental, Social and Governance (ESG) reporting, some of our members already report on environmental justice issues. These reports typically include outreach to disadvantaged communities to develop inclusion strategies, accelerating social business practices and connecting employees to projects and communities. The Government should review existing reporting to understand and leverage industry best practices for aligning climate policies with ensuring opportunities for small businesses. Again, leveraging voluntary consensus standards as opposed to government-specific standards or independent ecolabels will greatly reduce the burden on small businesses.

Ultimately, the Government must consider the relationship between contract requirements designed to mitigate climate-related risks and other key Administration priorities related to cybersecurity, supply chain/Made in America requirements, and equity goals. Based on the rulemakings required by recent Executive Orders issued in each of these areas, we could see significant changes to the Federal Acquisition Regulation (FAR) and, as a result, established federal contracting procedures. Many questions remain regarding how the FAR Council can achieve the Administration's policy priorities while still maintaining a cohesive acquisition framework, including preserving vital relationships with the United States' global allies and partners. We encourage early and frequent public engagement with industry to assist the FAR Council in working through the far-reaching implications of policy decisions. We would support multiple targeted industry listening sessions in advance of or concurrent with the anticipated rulemakings related to advancing climate, cybersecurity, Made in America, and equity priorities in the federal procurement process.

Finally, the FAR Council should encourage joint ventures and other small business inclusion programs to build not only growth for small businesses, but to increase small business participation in programs to reduce greenhouse gas emissions. Additionally, through Small Business Innovation Research (SBIR) opportunities, the Government can encourage small business-driven innovation in developing energy efficient inventions, new applications, and cost-effective solutions.


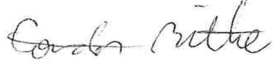


Finally, In evaluating our comments, we wish to point your attention to the fact that CODSIA was formed in 1964 by industry associations with common interests in federal procurement policy issues at the suggestion of the Department of Defense. CODSIA consists of eight associations – Aerospace Industries Association (AIA), American Council of Engineering Companies (ACEC), Associated General Contractors (AGC), Computing Technology Industry Association (CompTIA), Information Technology Industry Council (ITI), National Defense Industrial Association (NDIA), Professional Services Council (PSC), and U.S. Chamber of Commerce. CODSIA's member associations represent thousands of small and large government contractors nationwide. As such, this comment represents thousands of inputs, not just a single

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comment by a single commentor. The Council acts as an institutional focal point for coordination of its members' positions regarding policies, regulations, directives, and procedures that affect them. A decision by any member association to abstain from participation in a particular case is not necessarily an indication of dissent.

Thank you for your attention to these comments. We welcome the opportunity to discuss them with you and/or the drafting team at your convenience. If you have any questions or need any additional information, please do not hesitate to contact CODSIA's lead on these comments, Megan Petersen, Senior Director of Policy, Public Sector and Counsel for the Information Technology Industry Council. She can be reached at (530) 209-4575 or [mpetersen@itic.org](mailto:mpetersen@itic.org).

Sincerely,

	David Logsdon
John Luddy Vice President National Security Aerospace Industries Association	David Logsdon Senior Director Computing Technology Industry Association Federal Procurement Council
	
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