

Combating Climate Change Continues With Executive Orders

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On March 19, 2015, President Obama issued an executive order designed to cut the federal government's greenhouse gas emissions 40 percent over the next decade from 2008 levels and increase the share of electricity it consumes from renewable sources to 30 percent. The order also takes steps to encourage emissions reductions from government contractors. The release of this order signals a continuation in the Obama administration's push to reduce GHG emissions, even without the support of Congress.

A Continued Commitment to Reductions

The new executive order, "Planning for Sustainability in the Next Decade," is the last in a long line of commitments made by the Obama administration to reduce GHG emissions. In January 2007, the president issued Executive Order 13423, which set a wide range of environmental and climate-related goals for federal agencies. For example, Executive Order 13423 set a goal of reducing GHGs by reducing energy intensity by 3 percent annually, or 30 percent by 2015, and requiring at least 50 percent of current renewable energy purchases made by the federal government to come from new renewable sources. This was followed by a 2009 executive order, which required federal agencies to submit GHG inventories annually beginning in January 2011. In 2010, President Obama took a further step designed to reduce the federal government's GHG emissions by aiming for a government-wide 28 percent reduction by 2020 in direct GHG emissions, such as those from fuels and building energy use, and a target 13 percent reduction by 2020 in indirect GHG emissions, such as those from employee commuting and landfill waste.

The president has also made ambitious pledges focused on the entire U.S. economy. In 2009, the president made a commitment to reduce total U.S. GHG emissions by 17 percent below 2005 levels by 2020. Then, in November 2014, the White House announced an agreement with China to reduce GHG emissions under which the U.S. "intends to achieve an economy-wide target of reducing its emissions by 26 to 28 percent below its 2005 level in 2025 and to make best efforts to reduce its emissions by 28 percent." In addition, the U.S. Environmental Protection Agency's Clean Power Plan would set GHG emission standards for existing power plants. According to the White House, the Clean Power Plan would reduce power sector emissions 30 percent below 2005 levels by 2030.



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This latest executive order calls for “expanded and updated federal environmental performance goals with a clear overarching objective of reducing greenhouse gas emissions across federal operations and the federal supply chain.” The new order applies only to federal agencies, but will also have implications for government contractors.

The new order directs federal agencies to ensure that 25 percent of their total energy (electric and thermal) consumption is from clean energy sources, reduce per-mile GHG emissions from federal fleets by 30 percent from 2014 levels and increase the percentage of zero emission and plug-in hybrid vehicles in federal fleets by 2025. In addition, federal agencies must reduce energy use in federal buildings by 2.5 percent per year and reduce water intensity in federal buildings by 2 percent per year through 2025. Because renewable energy sources produce fewer, if any GHG emissions, these renewable energy goals are likely to also help the agencies meet their overall 40 percent reduction targets.

The order gives the head of each federal agency 90 days to propose percentage reduction targets for agency-wide reductions the White House Council on Environmental Quality and Office of Management and Budget for GHG emissions in “absolute terms by the end of fiscal year 2025 relative to a fiscal year 2008 baseline.” These reduction targets must include direct GHG emissions from sources that are owned or controlled by the agency, as well as direct GHG emissions resulting from the generation of electricity, heat or steam purchased by an agency. In addition, agencies must report GHG emissions from sources not owned or directly controlled by an agency but related to agency activities, such as vendor supply chains, delivery and transportation services and employee travel and commuting.

Supply Chain Emissions

In addition to the 40 percent direct cut to GHG emissions by agencies, the order contains provisions designed to obtain additional GHG emissions cuts from suppliers in the federal government’s supply chain.

The order gives the chairperson of CEQ 30 days to identify and publicly release an inventory of major federal suppliers, which will include information about whether the supplier has accounted for and publicly disclosed GHG data for the previous year and a GHG reductions target (or targets) for 2015 or beyond. The order instructs the chairperson of the CEQ to make these releases annually.

The White House also announced the introduction of a new public score card, presumably designed to meet this requirement by tracking self-reported emissions disclosure and progress for all major federal suppliers. This score card was available on the CEQ’s website even before the new executive order was released, which suggests that CEQ had already been hard at work on implementing the new order for some time.

The score card uses a simple system of green, yellow and red dots to indicate whether the suppliers have disclosed (green), have committed to disclose (yellow) or have not yet disclosed their emissions (red). The same color system is used to indicate whether the supplier has a current emissions target (green), has set a 2016 target (yellow) or has no emissions target (red).

Four of the five companies that received the most in federal contracts in 2014, including Lockheed Martin Corp., The Boeing Co., Raytheon Co. and Northrop Grumman Corp., each have two green dots, while General Dynamics Corp. (ranked as number three), has not disclosed emissions or set emissions targets. Given the pushback the Obama administration has received in its attempts to pass comprehensive climate change legislation, or new rulemakings aimed at reducing GHG emissions, this

appears to be a creative way of attempting to “name and shame” federal contractors into lowering their emissions.

In addition, the order requires the seven largest federal procuring agencies to submit plans to implement at least five new procurements annually in which an agency may include contract requirements for vendors or evaluation criteria that consider contractor emissions and GHG management practices.

A number of major federal suppliers have already released commitments in conjunction with the release of the new executive order. The commitments made by these companies are hard to compare against one another, as they use different baseline years and percentage reductions to their emissions. For example, General Electric Co. promises to reduce GHG emissions by 20 percent from a 2011 baseline by 2020, while Honeywell International Inc. committed to cut its GHG emissions by 35 percent by 2020 relative to a 2007 baseline.

Impact on GHG Emissions

This newest executive order on GHG emissions signals a continued resolve by the Obama administration to reduce emissions, even if it must act unilaterally to do so. Congress has shown little interest in passing comprehensive climate regulation. In addition, the EPA’s Clean Power Plan is facing political and legal opposition from members of Congress, some state governments and industry groups. The president has once again signaled that he intends to move forward in the face of this opposition with policies aimed at addressing climate change and climate adaptation by signing executive orders to limit emissions within his control. However, it is unclear that even these sweeping cuts to federal GHG emissions will do much to help the president meet his economy-wide commitments.

The Obama administration reports that the combined results from the federal government’s executive order and new supplier commitments will reduce GHG emissions by 26 million metric tons by 2025 from 2008 levels. While that number may initially appear impressive, it is still a small drop in the bucket of domestic emissions. According to the EPA, the U.S. GHG emissions for 2012 totaled 6,526 million metric tons. While the president’s action signals a continued commitment to tackling climate change, he will likely need to rely on rulemakings like the Clean Power Plan to meet goals such as the economy-wide target of reducing its emissions by 26 to 28 percent below its 2005 level in 2025 he announced last November.

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