



# It's getting easier to be green

by Matthew Sachs

**T**HERE IS A GROWING trend to include environmental considerations into economic decision making. Both private firms and public institutions are finding that demonstrating environmental sensitivity as part of their core strategy helps them to achieve sustainable growth and lasting competitiveness. Green procurement is a simple way for purchasers to get the best value for their dollar, while taking action to help protect the environment.

## What is green procurement?

Green procurement is a blanket term used to describe purchasing goods or services that are less harmful to human health and the environment than competing products that serve the same purpose. For any product class you can think of, from office equipment and cleaners, to vehicle fleets, or even electricity, there are many options out there and many factors to consider when making your choice. Green procure-

ment involves taking into consideration all of the environmental aspects of your decision making to choose products with the best value, not just the least cost. Green procurement can be as simple as choosing a product made with recycled content, but it can also be much broader than that. Green procurement could also include:

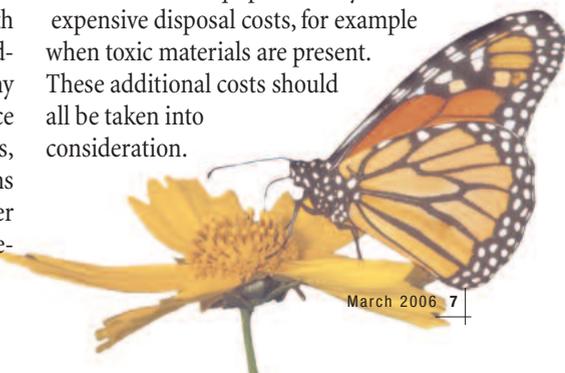
- looking at how your needs could be met without new purchasing,
- choosing a manufacturer or service provider who can demonstrate good environmental management practices,
- buying goods that are produced with fewer resources,
- buying goods that do not use or release toxic substances,
- buying goods that are energy efficient,
- buying goods that are easily disassembled for reuse and recycling.

The general theme is that green procurement looks at the full life-cycle of any purchasing decisions, from resource extraction and manufacturing, to delivery, use and ultimately, disposal. While it may seem overwhelming to try to consider all of these factors when choosing a product, many resources have been developed to make green procurement as simple as looking for a label, or checking a list of preferred manufacturers.

## Full life-cycle accounting

Full life-cycle accounting takes all of the costs and related impacts of a product-purchase decision, over all stages of the product life, into consideration.

**Life-cycle costs.** The purchase price is just one aspect of the costs of an item. In some cases the cost of operating the equipment can be many times more than the initial purchase price. For example, the purchase price for most motors represents only 3 percent of the lifetime cost; the remaining 97 percent goes toward the purchase of electricity to operate them. Wouldn't it be worth paying a little more up-front to save even more money down the road? Some equipment may also have expensive disposal costs, for example when toxic materials are present. These additional costs should all be taken into consideration.



**Life-cycle impacts.** To fully account for the health and environmental impacts of a product, it is necessary to look at all of the stages of the product's life. If one product is more energy efficient than a competing one, but it contains a toxic substance and cannot be sent to landfill after its useful life, is it really the environmentally preferable option? Sometimes looking at the full life-cycle impacts of competing products requires the comparison of different environmental criteria. Luckily, there are now independent groups that use predetermined metrics of environmental criteria to certify whether a product can be considered "green" even after its full life-cycle impacts have been taken into consideration. These programs are discussed in more detail in the sidebar.

## Why buy green?

Ask any Canadian what they think about recycling and they would probably reply that they feel that recycling has a positive environmental impact, and that they are happy to do their part by separating their wastes and taking part in Blue Box programs. Unfortunately, supplying content for a recycling program is only half of the battle. In many areas, plastics separated for recycling remain stored in warehouses because there is not a strong enough demand for products with recycled content. Choosing products made from recycled materials closes the loop, and it is only after a product with recycled content is purchased that there is any net environmental benefit to society.

## Resources

### Environmental Choice Program (EcoLogo)

The Environmental Choice Program is a labelling program started by the Government of Canada in 1988 to reward products and services for their environmental leadership. The EcoLogo is the Environmental Choice Program's logo. Products bearing this logo have been audited by a credible third party to certify that they meet stringent environmental criteria. To date, over 3,000 products and services in 300 categories have attained certification with the program. The program is stewarded by TerraChoice Environmental Marketing.



### ENERGY STAR

ENERGY STAR is a labelling program that identifies products that are among the most energy-efficient on the market. The Energy Star logo is an international symbol, but Natural Resources Canada's Office of Energy Efficiency runs the Canadian program. Only manufacturers and retailers whose products meet the ENERGY STAR criteria for energy use can label their products with this symbol.



### EnerGuide

EnerGuide is another program administered by Natural Resource Canada's Office of Energy Efficiency. EnerGuide allows consumers to compare the energy efficiency of the many different models of household appliances or heating and cooling products sold in Canada. The EnerGuide label shows how much energy a product will consume in a year of normal service and makes it easy to compare the energy efficiency of each model to others of the same size and class.

The EnerGuide program has expanded to include other categories of products and services. There is an *EnerGuide for Industry* program designed to help industries choose the most energy efficient "off-the-shelf" equipment such as motors, boiler and lighting products. There is also an *EnerGuide for Vehicles* program. As part of this program, the EnerGuide label is affixed to all new vehicles. The label shows the city and highway fuel consumption ratings and an estimated annual fuel cost for that particular vehicle to make it easy for purchasers to compare vehicle fuel efficiency. There is also an annual award presented for the most fuel-efficient vehicles for the current model year.

The federal government alone spends a reported \$13 billion each year on goods and services in Canada. This type of spending can have a significant effect on the market, lowering the costs and boosting the availability of green products and services for all Canadians. Add to that the money spent by all the other public sector organizations – provincial and municipal governments, universities, hospitals, etc. – and the combined spend could transform the marketplace. The larger your procurement needs, the more society benefits from your decisions. Specific benefits of green procurement include:

- more efficient use of resources,
- less energy used,
- reduced air and water pollution,
- less waste disposed of, leading to longer landfill life,

- a reduction in the use of toxic or hazardous products,
- benefiting from a reputation as an environmental leader.

To explore the benefits of buying green in more detail, let's look at the specific example of choosing a "green" printer over a traditional one. Today, environmentally preferable printers can be purchased at the same cost as traditional ones, but that's where the similarity ends. "Green" printers have a sleep mode so they use, on average, about 60 percent less energy than traditional units. If you are purchasing many printers, these savings can have a dramatic effect on your financial bottom line, as well as your environmental conscience. Purchasing 1,000 "green" units, for example, would save you at least \$75,000 over the

lifetime of the printers and have the same greenhouse gas impact as taking 15 cars off the road. In addition, some manufacturers that offer “green” printers also have programs that allow toner bottle and cartridge recycling at the manufacturer’s expense.

## Greening government procurement

The federal government has made numerous commitments to green procurement, dating back to the 1992 *Code of Environmental Stewardship*. In this statement, the Canadian government committed to ensuring environmental considerations would be integrated into government purchasing policies and practices. The federal government is looking to green procurement as one way to reduce its own greenhouse gas emissions, as reflected in its April 2005 climate change plan called Project Green ([www.climatechange.gc.ca](http://www.climatechange.gc.ca)).

Public Works and Government Services Canada (PWGSC) has an important role in federal procurement. This role is about to take on more significance, because of the formation of the Office of Greening Government Operations, established by PWGSC in May 2005. PWGSC now has more responsibility and opportunity to be proactive in greening government operations. (See *Summit* January/February 2006, “FedWatch: greening federal procurement.”)

### What can you do?

It is often difficult for procurement officers to make the decision to go green because of purchasing requirements that specify choosing the least cost option. Here are some tips on how to overcome bureaucratic barriers to choosing green products:

- **Communicate the benefits of green procurement to senior management.** Some managers believe that going green will necessarily be more expensive. This is not always the case as some green goods and services cost the same or even less than regular goods and services. Also, the lower energy consumption, maintenance, repair or disposal costs can make up for a higher-up front cost. Detailing the added health and environmental benefits will also help to make the case for best value over least cost.



- **Establish creative mechanisms to deal with cost constraints.** One example could be to borrow funds from the annual operating budget to pay for the added capital cost, and then repay the operating budget through annual energy savings. Another example is to use cross-subsidization, where savings from procurement in one area is applied to greening procurement in another area.
- **Specify environmental criteria in standing offers.** Standing offers are offers from suppliers to provide goods or services under set terms and conditions, including a pre-arranged price, to make it easier for departments to do routine purchasing of common goods and services. These standing offers should be reviewed and modified to include environmental criteria where appropriate. Both public and private firms, concerned with the environmental ramifications of their actions, have used this strategy successfully.

There are many green products available in the market today, and finding them has never been easier. Many programs (see sidebar page 8) now exist to help procurement officials choose environmentally preferable products. ♪

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