



National Defence

Défense nationale

Deputy Minister

Sous-ministre

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Ottawa, (Ontario)
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The Honourable John Williamson
Chair, Standing Committee on Public Accounts
House of Commons
Ottawa, Ontario
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Dear Mr. Williamson,

As agreed upon in the Government Response to the Twenty-Sixth Report of the Standing Committee on Public Accounts, entitled *Report 2, Greening Government Strategy*, National Defence submits its final report to Recommendation 6, due March 31, 2024.

Sincerely,

Bill Matthews

Enclosures: 1

Canada 

**Response to the Standing Committee on *Public Accounts* – February 2023
Report on *Greening Government Strategy*
Recommendation 6 – Final Report**

Recommendation 6 – On Identifying Risks and Mitigation Measures (National Defence)

That, by 15 June 2023, National Defence provide the House of Commons Standing Committee on Public Accounts with a progress report outlining the activities that will contribute to greenhouse gas emissions reductions and its risk management approach. A final report should also be provided by 31 March 2024.

Background

In February 2023, the Standing Committee on Public Accounts (PACP) tabled its Report 2 on the Greening Government Strategy (Report), which included one recommendation (Recommendation 6) for National Defence concerning greenhouse gas (GHG) reduction and mitigation.

In June 2023, National Defence provided two submissions to the Committee regarding work on Recommendation 6, including: 1) As part of a Whole-of-Government Response to the Report, in which National Defence confirmed its commitment to achieving a net-zero real property (RP) portfolio by 2050; and, 2) In a stand-alone National Defence Update to PACP, which detailed work by the Defence Team to reduce GHG emissions and to develop a risk management approach.

Update to the Committee

Building on the last National Defence Update to PACP, this final report provides an overview of progress on reducing GHG emissions and developing a risk management approach, including in the areas of Energy Performance Contracts, the new Defence Climate and Sustainability Strategy, and the Defence Real Property Portfolio Strategy.

Reducing Greenhouse Gas (GHG) Emissions

National Defence continues to implement Energy Performance Contracts (EPCs) across its infrastructure portfolio. These mechanisms enable the private sector to apply energy efficiencies to building systems, helping reduce National Defence's GHG emissions, while paying down the initial investment through the utilities savings they have achieved.

National Defence has now assessed 90% of eligible bases and wings for their potential implementation of EPCs (up from 85% in our last update), and in FY 2022-2023 had EPCs in place at 64% of bases and wings (up from 50% in our last update). This includes Canadian Forces Base (CFB) Kingston, CFB Halifax, CFB Edmonton, CFB St Jean, CFB Trenton, and CFB Gander. At these bases, EPCs are reducing emissions through lighting efficiency upgrades, boiler plant and mechanical work, building automation/optimization and scheduling, work on building envelopes (windows and insulation), as well as Peak Shaving (Hydro Power Management). Once current projects

are completed, annual energy costs are expected to be reduced by nearly \$20 million per year and emissions will be reduced by over 80,000 tonnes annually.

National Defence has made recent investments to reduce the carbon footprint of Defence infrastructure in Edmonton and Gagetown. On 4 March 2024, a \$45.3 million investment in infrastructure upgrades was announced at 3rd Canadian Division Support Base Edmonton. This EPC project will upgrade 124 buildings at the Edmonton military base, reducing the Base's energy costs by 21%, or an estimated \$2 million annually. Energy retrofits will also lower greenhouse gas emissions by almost 5200 tonnes per year. On 14 March 2024, a \$55.6 million investment to upgrade 255 buildings through an EPC was announced at 5th Canadian Division Support Base (5CDSB) Gagetown. In addition, a \$19.7 million investment was announced to construct a solar farm with an output of up to 8.9 megawatts at 5CDSB Gagetown. Once completed, these projects will reduce greenhouse gas emissions at 5CDSB Gagetown by about 11,900 tonnes per year.

Since the last Update, National Defence also tabled its Defence Climate and Sustainability Strategy (DCSS) in Parliament (November 2023). The DCSS provides renewed direction to improve the Defence Team's environmental footprint, reduce GHG emissions, and respond to a changing climate from 2023 to 2027. In addition, the DCSS includes climate security considerations to provide better alignment with the work Canada's allies are undertaking on climate change and the military.

Developing a Risk Management Approach

Since the last Update, National Defence has held structured risk assessment workshops and interviews with individuals managing RP at the senior executive and working levels, undertaken a risk assessment, and prepared a final report and strategic risk roadmap. This work will contribute to efforts by the Defence Team to better identify and address risk as well as to identify measures to optimize and reduce the cost of the RP portfolio.

The importance of incorporating risk management to achieve net-zero is further highlighted in the Defence Real Property Portfolio Strategy (DRPPS) and the DCSS. As part of the DCSS, net-zero base level plans are under development for bases and wings across the country to provide additional site level data to inform future iterations of the portfolio plan. Base level plans will create a near term investment plan for decarbonization investments as well as inform critical long-term investments required to meet the 2050 net-zero target.

The results from this work as well as the numerous technical studies underway continue to augment National Defence's efforts to integrate climate change considerations into planning processes. This includes by aligning decarbonization objectives with the DRPPS and by informing the Defence Corporate Risk Profile as well as Departmental Plans, such as the most recent National Defence Departmental Plan for 2024-2025 which includes reporting on sustainable bases, information technology systems and infrastructure.

Conclusion

This final report fulfills all commitments related to Recommendation 6 in *Public Accounts – February 2023 Report on Greening Government Strategy* and concludes reporting by National Defence on Recommendation 6 to the Committee.