TORONTO 2030 DISTRICT®

FINANCING HEAT PUMPS 101

A Practical Guide for Small and Mid-Tier Commercial Building Owners (B & C Class Buildings)

SEPTEMBER 2026

DOES YOUR BUILDING HAVE HVAC (HEATING AND COOLING) EQUIPMENT THAT IS:

- Over 15–20 years old?
- Failing or near the end of its life?
- Expensive to operate?

Then this guide is for you! It may be time to consider replacing your old equipment with a heat pump.

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EXECUTIVE SUMMARY

If you own or manage a commercial building, you may be hearing more about heat pumps, electrification, carbon reduction, and emerging building performance requirements. You may also be wondering how these projects can be financed and whether they make financial sense for your building.

For many building owners, financing is often one of the primary barriers to moving forward. While heat pumps and other low-carbon technologies are becoming more common, understanding how to pay for them remains challenging. Financing programs, incentives, tax credits, and service-based models are evolving quickly, and many building owners are unsure where to begin.

This guide was developed to help owners of small and mid-tier B and C class commercial buildings (approximately 10,000–250,000 square feet) understand the financing options available today. The guide focuses primarily on financing pathways, incentives and programs available to commercial building owners in Ontario, with Toronto-specific and federal examples included where relevant. It summarizes common financing pathways, explains key terminology, highlights real-world examples, and provides practical steps to help you evaluate opportunities for your building.

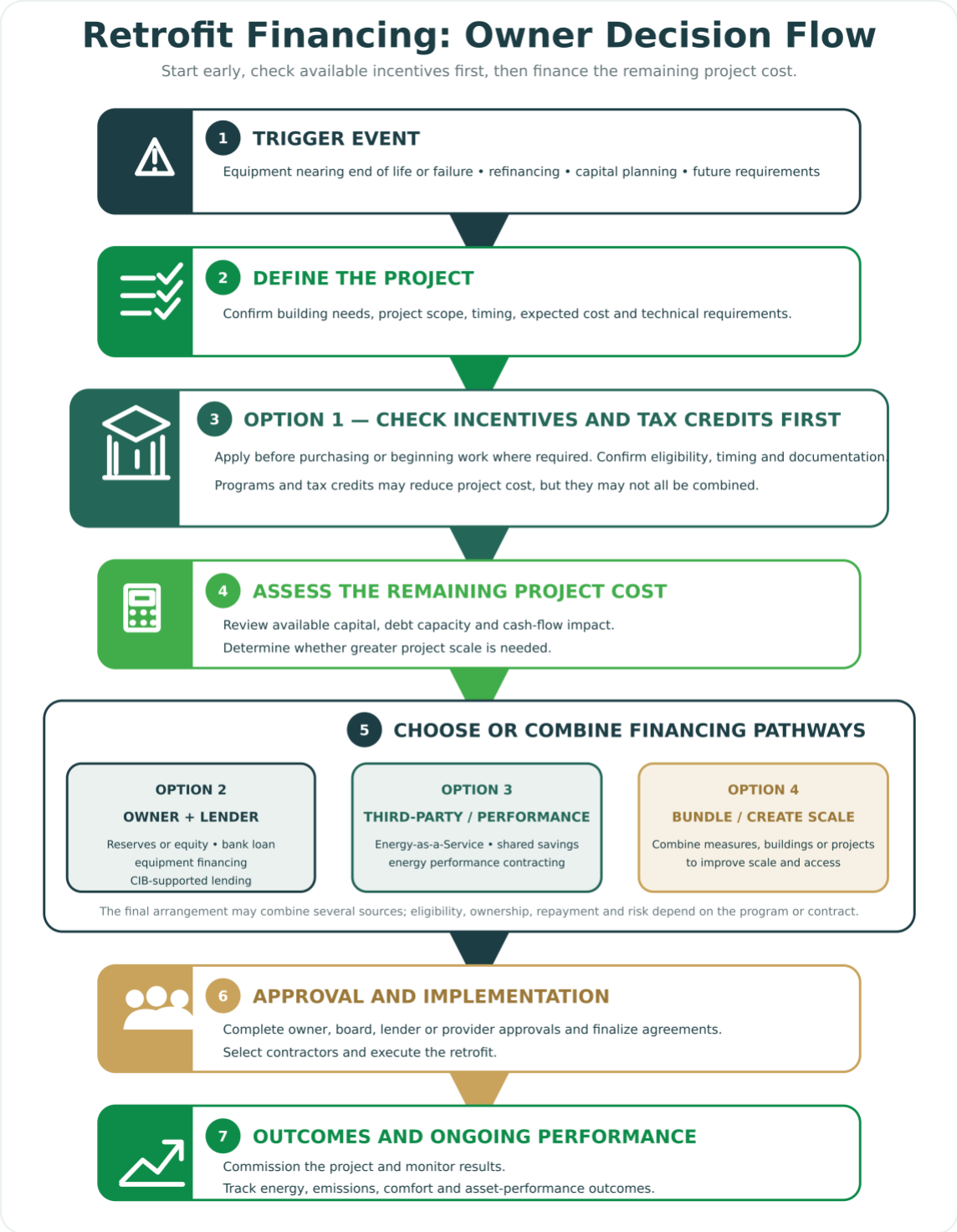
The guide is intended as an educational resource and should not be considered financial, legal, or tax advice. Financing options, incentives, and program requirements change frequently and should be verified directly with the relevant organizations. Not all incentives, tax credits and financing programs can be combined or "stacked." Owners should confirm eligibility and interaction rules with the relevant program administrators and obtain appropriate tax or financial advice before including multiple sources in the project business case.

Financing Your Project: At a Glance

How to Use This Guide

You do not need to read this guide from beginning to end. Start with the decision flow below to identify where you are in the planning process. Section 4 explains the principal financing approaches, Section 6 helps you prepare for discussions with financing providers, and the appendices provide planning and financing-readiness checklists, a comparison of financing options, and links to programs and resources.

The following flowchart provides an overview of the process, from identifying a project and checking available incentives to selecting financing, obtaining approvals and implementing the retrofit.



1. Why This Guide Exists

The Situation

If you own or manage a small or mid-tier B and C class[i] commercial building, electrification and the move towards heat pumps may feel important—but confusing. It may not be clear how to pay for these upgrades or whether they make financial sense.

Small and mid-tier B and C class commercial buildings (approximately 10,000–250,000 square feet[ii]) represent a large share of commercial floor area and greenhouse gas (GHG) emissions in urban centres like Toronto, yet they can face significant financing barriers.

From an owner's perspective, the reality looks like this:

- You likely operate with a small team (or no internal sustainability staff)
- You're looking for projects with short payback periods and positive NPVs
- Your financials may not be structured the way banks prefer (e.g., no audited statements)
- Your projects are relatively small ($30,000–$300,000[iii]) but still meaningful
- You don't have time to navigate numerous programs and financing pathways

At the same time, governments are developing building performance regulations that are expected to influence how existing buildings are operated, renovated and decarbonized. Rising energy, construction and renovation costs are increasing financial pressure, while tenants, investors and other stakeholders increasingly expect buildings to be energy efficient, lower carbon and positioned for long-term sustainability and resilience.

Common barriers to financing retrofit projects include:

- Misalignment between retrofit benefits and traditional lending models
- Perceived risk from lenders
- Confusion around incentives, tax credits, and programs
- Difficulty combining ("stacking") public and private financing
- Challenges obtaining sufficient energy data and establishing a reliable building-performance baseline due to data collection and submetering limitations

The financing landscape is also evolving. Banks are developing retrofit lending products, governments are introducing incentives and tax credits, and new models such as Energy-as-a-Service are emerging. However, these options are not always easy to understand or access.

This guide is designed to help you understand your options and how to move forward. It covers:

- What "fuel switching" and building electrification mean
- What financing options exist today
- How banks evaluate retrofit projects
- What incentives and tax credits may apply
- What documents lenders typically require
- How to structure your project to improve chances for approval
- When key decisions typically occur, including refinancing, equipment replacement and capital planning cycles

2. What Is Building Electrification? What Is a Retrofit?

A building retrofit involves upgrading an existing building to improve its performance, efficiency, comfort, sustainability and asset value. It can include replacing aging equipment, improving lighting, upgrading controls or insulation, or installing heat pumps and other low-carbon technologies.

A "deep retrofit" involves major, whole-building improvements designed to significantly reduce energy use and greenhouse gas emissions. These projects often combine multiple upgrades and are typically more complex and capital-intensive, but can deliver greater long-term energy savings, emissions reductions, comfort and asset value.

"Fuel switching" refers to replacing one energy source with another, while building electrification refers specifically to replacing fossil fuel-based systems, such as natural gas or oil equipment, with electric technologies. In commercial buildings, electrification often occurs as part of a broader retrofit and may involve replacing gas-fired boilers, rooftop units or domestic hot water systems with electric heat pumps and other high-efficiency electric equipment. Because heat pumps transfer heat rather than generate it through combustion, they provide a highly energy-efficient pathway to building decarbonization. The goal is to reduce greenhouse gas emissions, improve energy efficiency, reduce operating and maintenance costs, and transition buildings toward lower-carbon operation as electricity grids become cleaner over time.

This guide focuses on fuel switching and electrification projects involving heat pumps, but much of the information also applies to other retrofit initiatives.

Understanding the Business Case

Every retrofit project begins with a business case that considers more than energy savings. It may include:

- Improved asset value
- Reduced energy costs
- Reduced maintenance expenses
- Improved tenant comfort and satisfaction
- Reduced equipment failure risk
- Reduced natural gas and/or total energy consumption
- Lower exposure to future carbon costs
- Better alignment with future regulatory requirements

Successful projects are often driven by a combination of financial, operational and strategic objectives—not energy savings alone.

The most cost-effective time to undertake a fuel-switching project is, in most cases, when existing equipment is approaching end of life. Aligning retrofit decisions with planned capital replacement cycles can significantly improve project economics.

Consider The Lease Structure

The allocation of project costs and benefits will depend partly on the building's lease arrangements. For example, an owner may be responsible for the capital cost of a retrofit while tenants receive some or all of the resulting utility savings. Under other lease structures, operating-cost savings may benefit the owner directly. Owners should review applicable leases early to understand who pays for energy, who benefits from savings, whether project costs can be recovered, and how tenant comfort or disruption may affect the business case.

3. What Does Financing a Heat Pump Project Actually Involve?

As an illustrative range, a typical heat pump retrofit project for a small or mid-tier building may cost between $30,000 and $300,000[iv]. This cost may include equipment installation, on-site electrical upgrades, engineering studies and controls integration. Utility service upgrades, utility connection charges and other site-specific costs may be additional and should be confirmed early with the applicable utility.

Why Financing an Electrification Project Is Different from a Boiler Replacement

Financing a comprehensive retrofit or fuel-switching project can be more complex than financing a like-for-like boiler replacement. These projects may involve multiple building systems and require significantly more upfront capital, with financial returns realized through energy and operating savings over a longer period.

The larger financing requirement must fit within the owner's available capital, debt capacity and overall financial position. Banks and lenders typically assess:

- Current cash flow and ability to repay debt
- Credit risk and owner financial strength
- Existing building income and asset performance
- The amount of existing and proposed debt

However, anticipated energy savings and other longer-term retrofit benefits may not be fully reflected in a conventional financing assessment. In addition to lower operating and energy costs, non-energy benefits can include:

- Improved asset value
- Reduced future regulatory risk
- Better tenant attraction and retention
- Increased productivity and comfort
- Increased long-term building resilience

These benefits may be valued differently by different parties. Tenants may place greater value on comfort, reliability and indoor conditions, while owners may focus on retention, asset value, operating risk and regulatory readiness. Lenders will generally require credible evidence of how these benefits affect cash flow, risk or property performance before including them in a financing assessment.

As a result, an otherwise beneficial retrofit may require more capital than a conventional lender is prepared to provide based on the owner's or property's current financial position. This combination of higher upfront costs, longer payback periods and limited recognition of future benefits is a well-recognized barrier to building decarbonization financing.

Before Choosing a Financing or Partnership Approach

The right approach depends on more than the cost and expected savings of the retrofit. It should also reflect the owner's objectives for the building, expected ownership period, financial structure, available capital and internal capacity.

Before evaluating specific options, consider:

- How long do you expect to own the building?
- Do you intend to hold the asset, reposition and refinance it, or sell it within a defined period?
- What return or financial outcomes are required for the building or portfolio?
- How much capital and debt capacity are available?
- Does your organization have the technical and project-management capacity to develop and deliver the retrofit?
- Which project risks are you prepared to retain?
- Would you prefer to own and manage the infrastructure directly, or obtain its benefits through a long-term service agreement?
- How would a long-term agreement be treated if the property were refinanced or sold?

These considerations can help determine whether the owner should fund and manage the project directly, use conventional or blended financing, or work with a third-party infrastructure partner.

4. Financing Options Available Today

Option 1: Use Incentives and Tax Credits to Reduce Project Cost
Option 2: Use Your Existing Bank or Lender
Option 3: Use a Third-Party or Performance-Based Provider
Option 4: Bundle Projects or Explore Portfolio Financing

The following section describes four ways owners can approach funding and financing for an electrification/retrofit project. An owner may reduce project costs through incentives and tax credits, use conventional or specialized financing through an existing lender, work with a third-party or performance-based provider, or bundle several measures or buildings to achieve sufficient scale. These approaches are not mutually exclusive. A project may use a combination of incentives, tax credits, owner capital, lender financing and third-party or performance-based structures.

Financing or an Outsourced Partnership?
Financing and service-based partnerships can both make a retrofit possible, but they allocate work, ownership and risk differently.

With conventional financing, the building owner borrows or invests the capital, selects the project team and remains responsible for the project's design, delivery and repayment. The owner generally retains both the project's risks and its potential financial benefits.

Under an outsourced service model, a third-party partner invests the capital and may develop, own and manage the building infrastructure. The building owner purchases an agreed service or outcome—such as energy use, utility savings or emissions reductions—rather than separately procuring and financing the equipment.

This type of partnership may transfer some financing, design, delivery and performance risk to the provider. The exact allocation of ownership, responsibilities and risk depends on the contract.

The choice should therefore consider not only the cost of capital, but also:

- Who will invest the capital
- Who will own the equipment or infrastructure
- Who will manage design, procurement and implementation
- Who will be responsible if the project does not deliver the expected outcomes
- Whether the owner has the internal capacity to manage the work
- How the arrangement will be treated if the property is refinanced or sold

Option 1: Use Incentives and Tax Credits to Reduce Project Cost

Before arranging financing, investigate the incentives and tax credits that may be available for the project.

These measures will not usually cover the full cost of a retrofit. However, they can reduce the amount that must be paid from reserves or financed through a loan and act as a cost-reduction layer in a project.

Review Available Funding and Incentives

Utility and government incentives may reduce the amount that must ultimately be financed. Review available programs early and, where required, apply before purchasing equipment or beginning construction.

An energy consultant, contractor or service provider may be able to identify relevant programs and support the technical application. However, the building owner should confirm current eligibility, application timing, available funding and whether different incentives can be combined.

Incentives may support:

- Heat pumps and other HVAC equipment
- Building controls
- Electrical and mechanical upgrades
- Energy studies and commissioning
- Projects that achieve ongoing electricity savings

Eligibility depends on the building, equipment, project design and timing.

Toronto building owners may also be able to access City programs and advisory services that help identify applicable incentives, funding and financing options. These supports should be explored early because eligibility, application timing and opportunities to combine programs may affect how the project is structured.

IMPORTANT! APPLY BEFORE YOU BUY

Many incentive programs require an application or approval before equipment is purchased, installed or removed.

Speak with the program administrator, contractor or energy consultant early in the planning process. Beginning work too soon could make the project ineligible.

NRCAN RETROFIT HUB FUNDING AND INCENTIVES

Before selecting a financing approach, consult Natural Resources Canada's **Retrofit Hub - Funding and Incentives**.

The Hub provides a searchable overview of funding, financing, loans, rebates and tax incentives available for energy-efficiency and decarbonization projects in commercial, institutional and multi-unit residential buildings. Opportunities can be filtered by building type and location.

CONFIRM CURRENT PROGRAM DETAILS

The Retrofit Hub was last modified on September 11, 2025.

Because programs, eligibility requirements and funding availability can change, confirm current information directly with the relevant program administrator before including an incentive in the project budget or business case. Not all incentives, tax credits and financing programs can be combined.

The IESO Retrofit Program, described below, is one example of an Ontario incentive that may help reduce eligible project costs.

Ontario Electricity Incentives

The IESO offers Save on Energy programs for commercial and institutional buildings. The most relevant program will depend on whether the owner is replacing equipment, improving building operations or undertaking a larger energy-efficiency project.

IESO Program	What it may support	How the incentive works
Retrofit Program	HVAC equipment, lighting, controls and other electricity-saving upgrades	Prescriptive incentives for common upgrades or custom incentives based on expected electricity savings
Existing Building Commissioning Program	Investigation and correction of operational problems in existing building systems	Support for qualified commissioning services and eligible energy-conservation measures
Energy Performance Program	Ongoing operational and equipment improvements	Performance-based incentives for measured electricity savings
Expanded Energy Management Program	Energy-management expertise, monitoring and continuous improvement	Support depends on the facility and selected program stream

Example: Save on Energy Retrofit Program

The Retrofit Program supports equipment upgrades that reduce electricity use and operating costs.

Eligible measures may include:

- HVAC equipment
- Building automation and controls
- Lighting and lighting controls
- Variable-speed drives
- Other electricity-saving equipment

The program may cover up to 50% of eligible project costs. The actual incentive is calculated using the program's prescriptive or custom rules and should not be assumed to equal 50% for every project.
A heat pump project may be eligible where it produces qualifying electricity savings under the applicable program rules. Fuel switching or electrification does not automatically qualify, particularly if the project increases overall electricity use.

Small building owners should ask:

- Is the proposed equipment an eligible measure?
- Should the project use the prescriptive or custom stream?
- What costs are eligible?
- Is approval required before equipment is ordered?
- Can this incentive be combined with other funding or tax credits?
- What energy calculations or technical documents will be required?

Obtain Advice on Available Tax Credits

Federal investment tax credits are different from utility incentives. Eligibility may depend on the type of equipment, when it is acquired and becomes available for use, the entity that owns it, the ownership structure and other tax requirements.

A building owner should not assume that a project or organization qualifies based only on the technology being installed. Obtain project-specific tax advice before including an investment tax credit in the project's financial assumptions.

Where a third party will own the equipment or infrastructure, confirm:

- Which entity may be eligible to claim the credit
- How any anticipated tax benefit is reflected in the service agreement
- Whether the ownership and partnership structure affects eligibility
- What documentation, reporting and labour requirements may apply
- What happens if the anticipated credit is not received

Federal Clean Technology Investment Tax Credit

The federal Clean Technology Investment Tax Credit is a refundable tax credit for eligible investments in new clean technology property in Canada.[v]

Eligible property can include:

- Air-source heat pumps
- Ground-source heat pumps
- Certain solar, storage and other clean-energy equipment

The credit may be:

- Up to 30% of eligible capital costs for qualifying property acquired and available for use from March 28, 2023, through December 31, 2033
- Up to 15% for qualifying property acquired and available for use in 2034
- Unavailable after 2034 under the current rules

The credit is generally available to taxable Canadian corporations and qualifying real estate investment trusts, including eligible entities investing through partnerships. Other types of building owners may not be eligible to receive the credit.

Eligibility can also depend on:

- When the equipment is acquired and becomes available for use
- Whether the equipment is new
- How and where it will be used
- Ownership and leasing arrangements
- Which project costs qualify as capital costs
- Whether applicable labour requirements are met

Labour requirements do not apply to certain low-carbon heating equipment, but the treatment of a specific heat pump project should be confirmed with a qualified tax adviser.

The tax credit is claimed through the owner's corporate tax return and may be reviewed by the Canada Revenue Agency. It is not normally received as an upfront rebate during construction.

Accelerated Capital Cost Allowance

Eligible clean-energy and energy-conservation equipment may also qualify for accelerated Capital Cost Allowance.

This allows an owner to deduct the cost of eligible equipment more quickly for tax purposes. Eligible equipment can include certain:

- Air-source heat pump systems
- Ground-source heat pump systems
- Heat-recovery systems
- Renewable-energy equipment

Accelerated depreciation does not provide an upfront payment. Its value depends on the owner's tax position and the applicable tax rules.

In some circumstances, an owner may benefit from both the Clean Technology Investment Tax Credit and accelerated depreciation. However, incentives and other government assistance can affect the capital cost used for tax purposes. The combined treatment should be confirmed with an accountant or tax adviser before the business case is finalized.

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KEY INSIGHT

Incentives and tax credits can reduce project cost, but they should be investigated early. They are most useful when they are incorporated into the project plan before equipment is selected or purchased.

WHEN THESE MEASURES MAY BE A GOOD FIT

Incentives and tax credits may be particularly useful when:

- The retrofit is being planned before existing equipment fails.
- The owner has time to complete applications before purchasing equipment.
- The project includes eligible electricity-saving measures.
- The building owner is a taxable corporation or qualifying REIT.
- The owner can carry the project cost until incentives or tax credits are received.
- The incentives or tax benefits can reduce the project's net cost and, depending on timing, the amount ultimately financed.

THINGS TO CONSIDER

- An advertised maximum is not the amount every project will receive.
- Some programs reward electricity savings rather than greenhouse gas reductions.
- Electrification may increase electricity use while reducing natural gas use and emissions.
- Incentives may be paid only after the project is completed and verified.
- Tax credits are generally claimed later through the tax-return process.
- Technical studies, invoices, commissioning records and proof of payment may be required.
- Program rules, eligible equipment and funding levels can change.
- Not all incentives and tax credits can be combined without affecting the amount available.

REALITY FOR OWNERS

- Incentives will rarely cover the full retrofit cost.
- 'Up to 50%' or 'up to 30%' does not mean every project will receive that amount.
- The owner may still need to pay the full cost upfront and receive funding later.
- Smaller projects may benefit from simpler prescriptive incentives.
- More complex projects may require energy modelling, engineering calculations and measurement of actual savings.
- A contractor, energy consultant and tax adviser may each be needed to confirm different parts of the funding package.

LINKS AND CONTACTS →

01 NRCan Retrofit Hub
https://natural-resources.canada.ca/energy-efficiency/building-energy-efficiency/retrofit-hub/retrofit-hub-funding-incentives

02 Save on Energy programs and incentives
https://saveonenergy.ca/en/For-Business-and-Industry/Programs-and-incentives

03 Save on Energy Retrofit Program
https://saveonenergy.ca/en/For-Business-and-Industry/Programs-and-incentives/Retrofit-Program

04 Existing Building Commissioning Program
https://saveonenergy.ca/en/For-Business-and-Industry/Programs-and-incentives/Existing-Building-Commissioning-Program

05 CRA Clean Technology Investment Tax Credit
https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/clean-economy-itc/clean-technology-itc.html

06 NRCan tax incentives for clean-energy equipment
https://natural-resources.canada.ca/funding-partnerships/tax-savings-industry

Before relying on an incentive in the project budget, obtain confirmation from the program administrator. Tax-credit eligibility should also be reviewed with a qualified tax adviser.

Option 2: Use Your Existing Bank or Lender

Many building owners begin by speaking with their existing lender. Traditional financing remains one of the most common pathways for retrofit projects, particularly when a building has strong financial performance and available borrowing capacity.

Several Canadian lenders now offer financing products designed for electrification and decarbonization projects. Depending on the lender, borrower and project, these products may include:

- Financing for some or all eligible project costs
- Interest-only payments during construction or the initial project period
- Refinancing into a longer-term commercial mortgage
- Longer amortization periods that better reflect the life of the equipment
- Access to lower-cost financing supported by the Canada Infrastructure Bank (CIB)

These arrangements remain subject to the lender's normal credit approval process.

The following example illustrates a stand-alone retrofit-financing product offered by a commercial lender. It is separate from the CIB-supported financing example that follows.

Example: BMO Better Buildings Program[vi]

BMO's Better Buildings program provides financing for building retrofits. Eligible improvements may include:

- Partial or full electrification of heating systems
- Commercial heat pumps
- Building envelope improvements
- Mechanical and electrical upgrades
- Electrical capacity upgrades
- Building automation and controls
- Related project-development costs

In some cases, BMO may finance up to 100% of eligible project costs through an interest-only project loan. Once the retrofit is complete and the building has stabilized, the project loan may be combined with the building's existing mortgage and refinanced over a longer period. This may allow an owner to complete a retrofit without breaking an existing mortgage. However, the amount available will depend on the building's cash flow, available equity and existing debt.

A typical structure may look like this:

1. The existing commercial mortgage remains in place.
2. A separate project loan finances the retrofit.
3. The owner makes interest-only payments while the work is completed.
4. At mortgage renewal, the project loan and mortgage may be combined.
5. The combined amount is refinanced over a longer period.

The goal is to spread the cost over the useful life of the equipment and, where possible, keep annual energy savings greater than the additional annual loan payments.

Example: BMO–CIB Retrofits Program

Separate from its Better Buildings program, BMO works with the Canada Infrastructure Bank to provide lower-cost financing for eligible retrofit projects that achieve significant (at least 30%) greenhouse gas reductions.

Eligible measures may include:

- Replacing gas-fired heating equipment with heat pumps
- Partial or full electrification of heating
- Electrical capacity upgrades
- Building envelope improvements
- Controls and building automation
- Feasibility studies and energy modelling

These projects generally require detailed technical information, including estimated energy savings, greenhouse gas reductions and third-party engineering documentation.

Although the program is available for smaller and medium-sized buildings, the additional engineering and documentation costs may make it more practical for larger projects. Small building owners should ask BMO whether the Better Buildings program, conventional commercial financing or equipment financing would be a simpler option.

Other financial institutions and financing providers may offer green, equipment or CIB-supported financing. Appendix D identifies additional examples and links to the CIB's financing partner contacts.

Equipment Financing

Equipment financing may be an option when the project involves a single major equipment purchase, such as a commercial heat pump, rather than a whole-building retrofit.
Payments may be structured over a period that more closely matches the expected life of the equipment.
Some specialized equipment-financing programs are intended for larger purchases or may have minimum project-size requirements.

Owners of smaller buildings should still ask their lender about:

- Conventional equipment loans
- Capital leases
- Commercial lines of credit
- Adding the project cost to an existing mortgage
- Financing the project at mortgage renewal

CITY OF TORONTO ENERGY RETROFIT LOANS

Eligible Toronto building owners may also consider the City's Energy Retrofit Loan program, which offers fixed-rate financing for qualifying low-carbon, energy-efficiency and water-conservation improvements. Depending on the project, financing may cover up to 100% of eligible costs, with terms of up to 30 years. Owners should contact the City to confirm current eligibility, rates, terms and application requirements.

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KEY INSIGHT

Banks are developing new retrofit-financing products, but knowledge of these products may vary between lenders, branches and account teams.

When speaking with your commercial banker, ask specifically about:

- Building retrofit financing.
- Sustainable real estate financing.
- Green equipment financing.
- CIB-supported financing.
- Whether a sustainable-finance specialist should be included in the discussion.

Refer to section 6. Engaging a Financing Provider and the checklists in the appendices for further suggestions.

WHEN THESE OPTIONS MAY BE A GOOD FIT

Traditional financing may be appropriate when:

- The building has strong and stable cash flow.
- There is sufficient equity or borrowing capacity in the property.
- Ownership is comfortable taking on additional debt.
- The retrofit is part of a planned capital improvement program.
- A mortgage renewal or refinancing is approaching.
- The owner wants to own and control the equipment immediately.

THINGS TO CONSIDER

Lenders will typically evaluate:

- Net Operating Income (NOI).
- Debt Service Coverage Ratio (DSCR).
- Loan-to-Value ratio (LTV).
- Credit history and owner financial strength.
- Existing debt and available collateral.
- Project costs and anticipated savings.
- The quality of the engineering and technical information.
- The timing of the existing mortgage renewal.

Many lenders still focus heavily on current financial performance. Future energy savings, avoided carbon costs, improved tenant retention and increased asset value may not be fully included in the lender's assessment.

REALITY FOR OWNERS

- These products exist, but their eligibility requirements and terms are still evolving.
- Financing remains subject to normal credit approval.
- Smaller projects may receive less specialized attention than large projects.
- Preferential financing may require additional engineering, certification and reporting.
- For a smaller heat pump project, conventional commercial or equipment financing may be simpler.
- Begin the conversation before existing equipment fails, particularly if mortgage renewal is approaching.

LINKS AND CONTACTS →

01 BMO Better Buildings Program
https://commercial.bmo.com/en/ca/industry-expertise/commercial-real-estate/

02 BMO Retrofit Program overview
https://newsroom.bmo.com/2024-01-24-BMO-Partners-with-Canada-Infrastructure-Bank-to-Help-Canadian-Clients-Finance-Energy-Retrofits-in-a-Sustainable-Finance-First

03 BMO-CIB Retrofits Program
https://cib-bic.ca/en/projects/clean-energy/bmo-retrofits/

04 CIB Building Retrofits Initiative
https://cib-bic.ca/en/building-retrofits-initiative/

05 CIB financing partner contacts
https://cib-bic.ca/en/bri-partner-contact-list/

Building owners can also begin by contacting their existing commercial banker and asking to speak with someone who specializes in sustainable finance or commercial real estate retrofit financing.

Option 3: Use a Third-Party or Performance-Based Provider

Some companies can help building owners complete retrofit projects without requiring a significant upfront capital investment.

These providers may combine:

- Project assessment and engineering
- Financing
- Equipment procurement and installation
- Project management
- Measurement and verification
- Ongoing equipment or energy-management services

Instead of paying the full project cost upfront, the building owner makes payments over an agreed contract term.

There are several variations of this approach. Some providers charge a fixed service payment, while others link their payments to the savings achieved by the project.

Energy-as-a-Service (EaaS)

Under an Energy-as-a-Service model, a third-party provider funds some or all of a building retrofit and may own the equipment or infrastructure during the agreement.

Rather than purchasing the equipment upfront, the building owner makes regular service payments. Depending on the provider and contract, these payments may be tied to equipment use, energy savings, emissions reductions or other agreed outcomes.

The provider may also take responsibility for some or all of the project's design, installation, operation and ongoing management. The specific allocation of ownership, performance risk and responsibility varies by agreement.

Example: Efficiency Capital's Building Infrastructure-as-a-Service Model

Efficiency Capital (EC) offers a turnkey building 'Infrastructure-as-a-Service' model that acts as an outsourced infrastructure partner for the development, investment and delivery of building retrofits for owner use. Instead of requiring owners to fund and execute multi-measure retrofits through their balance sheet and internal teams, EC invests the institutional capital and resources needed to design, install, own, and operate modern building infrastructure inside the facility under a long-term service agreement.

This structure empowers building owners and management teams to execute comprehensive decarbonization retrofits without the usual trade-offs:

- Optimizes the owner's capital stack: EC provides 100% turnkey project capital, eliminating upfront capex and keeping real estate debt capacity unencumbered. By shifting infrastructure funding to a predictable service fee, owners preserve internal capital and credit lines for core business investments, property acquisitions, and highest-and-best-use priorities.
- Expands execution and management capacity: EC functions as an outsourced project management office (PMO) and long-term implementation partner. Operational teams gain complete engineering, procurement, construction, and ongoing monitoring without adding internal overhead.
- Delivers confidence that the expected outcomes will be achieved: Because EC develops, owns, and maintains the equipment inside the building, its financial success is directly tied to overall asset performance. To ensure this, EC

leverages third-party validation and certification to independently assure retrofit design and implementation standards.

Efficiency Capital can provide:

- Capital for the retrofit
- Technical and financial evaluation
- Business-case development
- Turnkey project delivery (engineering, contracting and procurement)
- Design and contractor coordination
- Tax-incentive access and optimization
- Ongoing infrastructure and asset management, where appropriate
- Related building infrastructure upgrades such as enabling works (e.g. new roof to support solar PV) and accessibility measures.

Energy Performance Contracting (EPCs)

An energy performance contract combines project delivery with a contractual commitment to achieve an agreed level of savings.

An energy service company may provide:

- Energy assessment and engineering
- Design and construction
- Project implementation
- Measurement and verification
- A savings guarantee
- Assistance arranging project financing

The owner may finance the project directly or use financing arranged through the energy service company (ESCO). If the guaranteed savings are not achieved, the contract sets out how the shortfall will be addressed.

Example: GDI Ainsworth

GDI Ainsworth provides energy-performance, decarbonization and design-build services for building retrofit projects.

Its offerings may include:

- Energy studies and engineering
- Decarbonization planning and implementation
- Retrofit design
- Equipment installation
- Building automation and controls
- Measurement and verification
- Guaranteed energy savings
- Access to third-party financing

GDI Ainsworth is generally best suited to comprehensive projects involving guaranteed savings with a value of approximately $1,000,000[vii] or more, although smaller projects may also be considered depending on their scope and complexity. As an indicative guideline, the building may also need annual utility costs of approximately $750,000 to $1,000,000[viii] to produce enough savings to support this type of project.
** All project and utility-cost thresholds referenced are indicative, not strict requirements, and may vary depending on the project's scope, complexity and savings potential*.

These thresholds reflect the cost of engineering, contracting, measuring and guaranteeing the savings. Smaller projects may still be completed through a conventional design-build arrangement, but they may not include financing, detailed measurement and verification or a savings guarantee.

GDI Ainsworth is therefore best described as an energy service company (ESCO) and energy-services and project-delivery provider—not as a pure financing provider. Its primary role is to develop and implement energy-efficiency and decarbonization projects, with third-party financing available as one potential component of the overall solution.

Shared-Savings or Performance-Based Financing

Under a shared-savings or performance-based model, the provider's repayment is linked to the savings achieved by the project.

The provider may fund the project upfront and receive an agreed share of the verified energy-cost savings. This gives the provider a direct financial interest in ensuring that the project performs as expected.

Under a shared-savings arrangement, the provider is paid from an agreed portion of the project's verified savings. Shared savings may form part of an energy performance contract, although EPCs can also use other payment and financing structures.

Example: SOFIAC

SOFIAC provides performance-based investment for larger energy-efficiency and decarbonization projects, typically over $3,000,000[ix] total cost.

The process generally begins with an initial assessment and business case. SOFIAC will fund this early project-development work, and the owner is not required to proceed if the business case does not support the project.

SOFIAC accepts all development, financing, construction management and project performance risk.

If the project proceeds:

- SOFIAC funds all eligible project costs, from concept to commissioning
- No upfront investment is required from the owner, including addition of client-side advisors where required
- SOFIAC appoints a Technical Partner (typically an energy service company) to design and implement the project
- Energy savings are measured and verified monthly by an independent third party for the term of the agreement
- Repayment is based on an up-front agreed shared savings formula
- The owner retains a portion of the savings
- Incentives and grants may be incorporated into the project and are underwritten by SOFIAC
- Equipment ownership is transferred to the owner upon commissioning with no security levied by SOFIAC
- Because the building owner owns the equipment outright, they may be able to depreciate the assets for tax purposes and use available tax credits and incentives and incorporate their value into the project structure, or retain the earnings

SOFIAC promises that if no savings are attained, the owner does not make a payment. This shifts more of the project's performance risk to the provider than a conventional loan or fixed service agreement.

SOFIAC is interested in projects that total approximately $3,000,000[x] gross of any grants and incentives or has a typical annual utility bill of $1,000,000[xi] or more. This may be:

- One large project
- Several measures across one building
- Projects across several buildings owned by the same organization
- Several smaller projects bundled through a qualified contractor or project aggregator

For most small building owners, a project at one property is unlikely to meet this threshold. However, the model may be relevant to an owner with several buildings or where multiple projects can be combined to achieve economies of scale and maximize value for money.

SOFIAC will structure and document the arrangement to support an owner's objective of service-oriented, performance-contingent treatment and to avoid unnecessary debt-like or lease-like features. However, classification is determined by the substance of the final agreement under the accounting standards applicable to the owner (PSAS and IFRS/ GAP).

How These Models Differ

Model	How the owner pays	Equipment ownership	Performance risk
Energy-as-a-Service	Service payment over an agreed term	Held by the provider during the agreement	Depends on the contract
Shared savings	Provider receives an agreed portion of verified savings	Held by owner upon completion of commissioning	Carried by the provider
Energy performance contract	Owner makes project or financing payments to third-party finance company supported by guaranteed savings by the provider	Often held by the owner	Energy service company guarantees an agreed level of savings

The exact structure varies between providers and projects. The contract—not the name of the model—determines the owner's obligations and risks.

How EaaS and EPCs Can Work Together

An EaaS arrangement may incorporate elements commonly associated with an energy performance contract, such as performance commitments, measurement and verification, and payments linked to expected or achieved outcomes. The precise relationship between the EaaS structure and any EPC depends on the provider and the terms of the contract.

“

KEY INSIGHT

These models provide more than capital. They can give a building owner access to the technical expertise and project-management capacity needed to move a retrofit from the business-case stage through design, construction and performance monitoring.

The trade-off is a longer and more complex contractual relationship with the provider.

WHEN THESE OPTIONS MAY BE A GOOD FIT

A third-party or performance-based model may be appropriate when:

- Upfront capital is limited.
- Preserving borrowing capacity is important (e.g. in the case of a SOFIAC-like or Efficiency Capital-like model).
- Internal technical or project-management resources/expertise are limited.
- The owner prefers a turnkey solution.
- The project includes several retrofit measures.
- Multiple buildings or projects can be combined.
- The owner wants to reduce project-performance risk.
- The project has a strong technical and financial business case.
- The owner is comfortable entering into a long-term agreement to achieve long-term goals.

THINGS TO CONSIDER

Before entering into an agreement, confirm:

- Is there a minimum project size?
- Is any owner capital required upfront?
- Who owns the equipment during and after the agreement?
- How are payments calculated?
- Are payments fixed or tied to measured savings?
- How will savings be measured and verified?
- What happens if the projected or guaranteed savings are not achieved?
- Who is responsible for maintenance, repairs and equipment replacement?
- Who receives available incentives and tax credits?
- Can the agreement be transferred if the building is sold?
- Can the agreement be bought out early?
- How will the agreement affect future refinancing?
- How will the arrangement be treated for accounting and tax purposes?

IMPORTANT ACCOUNTING NOTE

These arrangements are sometimes described as 'off-balance-sheet,' but this treatment should not be assumed.
The accounting treatment will depend on the agreement's specific terms and the accounting standards that apply to the building owner. An accountant should review the proposed structure before the owner relies on claims that it will not affect the balance sheet, financial ratios or borrowing capacity.

REALITY FOR OWNERS

- Minimum project sizes may exclude smaller, single-equipment projects.
- A single heat pump replacement will not usually be large enough for these models.
- Combining heat pumps with controls, lighting, envelope improvements and other measures may create a stronger project.
- Owners with several properties may be able to bundle projects across their portfolio.
- Agreements may last for 10 to 25 years.
- 'No upfront capital' does not mean the project is free. The owner pays over time or shares some of the savings with the provider.
- A turnkey structure can reduce demands on the owner's team, but the contract requires careful legal, financial and technical review.
- Performance-based financing can reduce the owner's exposure to underperformance, but only if the guarantee, savings calculation and remedies are clearly defined.

LINKS AND CONTACTS →

01 Efficiency Capital
https://efficiencycap.com/

02 Efficiency Capital contact page
https://efficiencycap.com/#contact

03 SOFIAC financing model
https://www.sofiac.ca/en/our-solution/

04 SOFIAC contact page
https://www.sofiac.ca/en/contact/

05 GDI Ainsworth Energy Performance
https://gdi.com/services-and-industries/energy-management/

06 GDI Ainsworth contact page
https://gdi.com/contact/

Option 4: Bundle Projects or Explore Portfolio Financing

Many retrofit-financing options work best when projects are large enough to justify the cost of engineering, legal review, due diligence and financing.

A single heat pump project in a small building may not meet the minimum project size required by a specialized lender, Energy-as-a-Service provider or performance-based financing company.

Building owners may be able to create a larger financing opportunity by combining:

- Several retrofit measures in one building
- Similar projects across several buildings
- Planned projects across an entire portfolio
- Projects undertaken by several owners through a qualified contractor, program administrator or other aggregator

This approach is often called project bundling, aggregation or portfolio financing.

How Bundling May Help

Combining projects may allow building owners to:

- Meet minimum project-size requirements
- Access financing that would not be available for a single small project
- Reduce transaction costs per building
- Complete engineering and procurement more efficiently
- Negotiate more favourable equipment, installation or financing terms
- Standardize equipment and project-delivery processes
- Spread project and performance risk across several buildings
- Plan retrofits around equipment-replacement cycles
- Undertake projects in phases rather than one building at a time

For example, an owner may combine heat pumps, controls, lighting, electrical upgrades and envelope improvements into one larger project. An owner with several buildings may also undertake similar improvements across the portfolio under one financing or service agreement.

Bundling Several Measures in One Building

A single heat pump replacement may be too small for specialized third-party or performance-based financing.

Combining it with other planned improvements may create a stronger project. These measures could include:

- Building automation and controls
- Lighting upgrades
- Electrical-service upgrades
- Ventilation improvements
- Building-envelope measures
- Heat-recovery systems
- Commissioning and energy-management services

The combined project may generate greater savings and provide a stronger financial business case. However, measures should not be added simply to increase project size. Each measure should support the building's long-term capital and decarbonization plan.

Bundling Projects Across a Portfolio

Owners with several properties may be able to combine similar projects across multiple buildings.

A portfolio approach may allow an owner to:

- Use one engineering or project-management team
- Procure equipment in larger quantities
- Apply common technical standards
- Coordinate construction schedules
- Combine stronger and weaker project opportunities
- Negotiate one financing or service agreement
- develop a longer-term capital plan for the portfolio

The buildings do not necessarily need identical systems. However, projects are generally easier to combine when they have similar equipment, timelines, objectives and ownership structures.

Aggregating Projects from Several Owners

In some cases, projects from different building owners may be combined through:

- A contractor or energy service company
- A utility or government program
- An industry or sector organization
- A retrofit accelerator
- A community or municipal financing initiative
- Another qualified project aggregator

This approach may help small building owners access larger financing programs. However, aggregating unrelated owners is more complex because each building may have different financial circumstances, equipment needs, decision-making processes and construction timelines.

A lead organization is normally needed to coordinate project development, technical standards, procurement, financing and reporting.

How Option 4 Relates to the Other Financing Options

Bundling is not a separate source of capital but a scale and delivery strategy. It is a way to make a project—or group of projects—large enough and organized enough to access the other financing options.

A bundled project may use:

- Option 1: Utility incentives and federal tax credits to reduce the project cost
- Option 2: Owner capital, conventional bank financing, equipment financing or CIB-supported lending
- Option 3: Energy-as-a-Service, shared-savings financing or an energy performance contract

A portfolio may also use different structures for different buildings. For example, smaller projects may use conventional bank financing, while a larger group of projects may qualify for third-party or performance-based financing.

There Is No Single Financing Solution

Most retrofit projects use a combination of cost-reduction measures, owner capital and financing. This combination is often referred to as a “financing stack”.

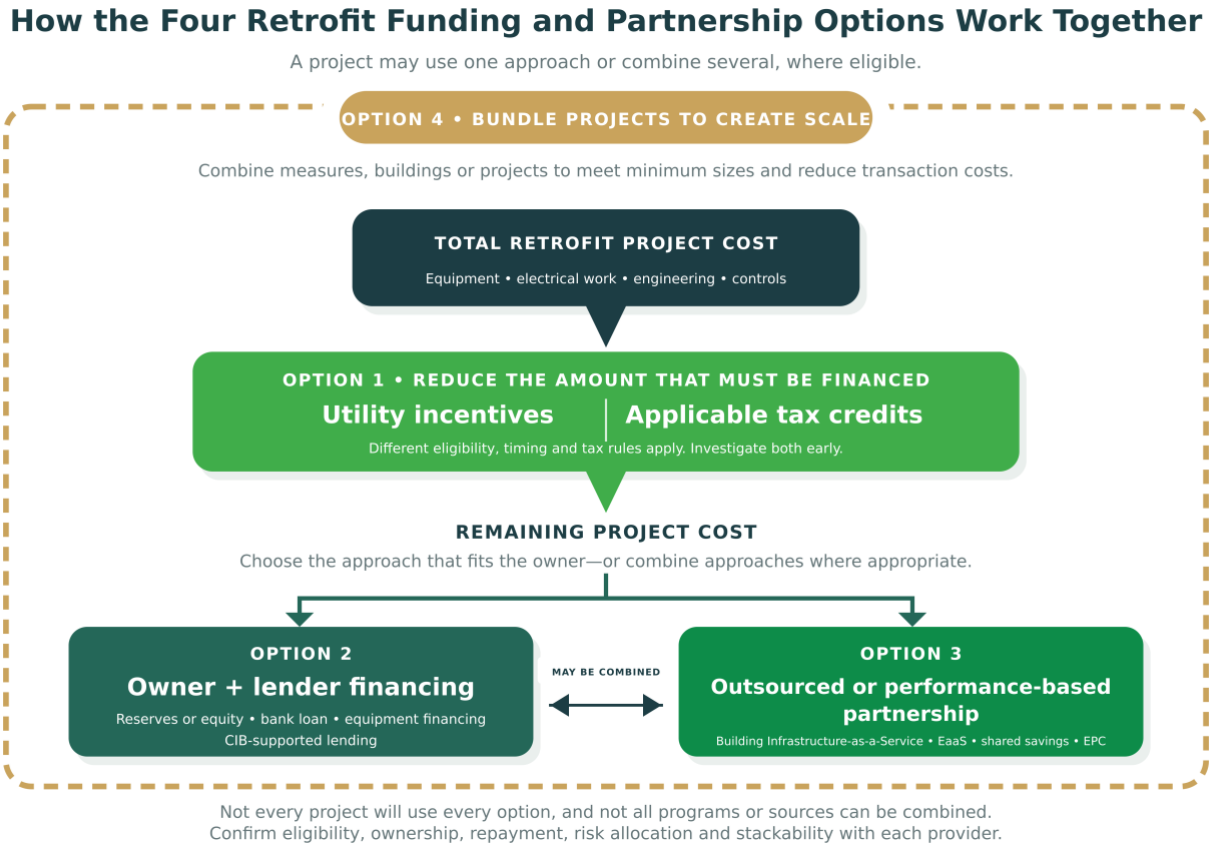
A typical arrangement may include:

1. Utility incentives and rebates to reduce eligible project costs
2. Federal tax credits claimed by the eligible owner or provider
3. Owner capital or reserves for part of the remaining cost
4. Lender or third-party financing for the balance
5. Bundling or portfolio aggregation to improve scale and access

The exact combination will depend on:

- The project size and measures
- The building’s cash flow and borrowing capacity

- Available incentives and tax credits
- The owner's preference for equipment ownership
- The amount of performance risk the owner is prepared to retain
- Minimum project sizes established by financing providers
- The timing of equipment replacement, mortgage renewal and construction



KEY INSIGHT

For small building owners, scale can determine which financing options are available.

Bundling several measures or buildings may provide access to financing, technical expertise and project-management support that would not be practical for a single small equipment replacement.

WHEN THESE OPTIONS MAY BE A GOOD FIT

Bundling or portfolio financing may be appropriate when:

- One project is too small for the preferred financing provider.
- The owner has several buildings.
- Multiple improvements are planned at one property.
- Similar equipment will need to be replaced across a portfolio.
- The owner wants to standardize equipment or project delivery.
- Several projects can follow a coordinated schedule.
- Reducing transaction and procurement costs is important.
- A contractor, program administrator or other organization can act as an aggregator.

THINGS TO CONSIDER

Before combining projects, confirm:

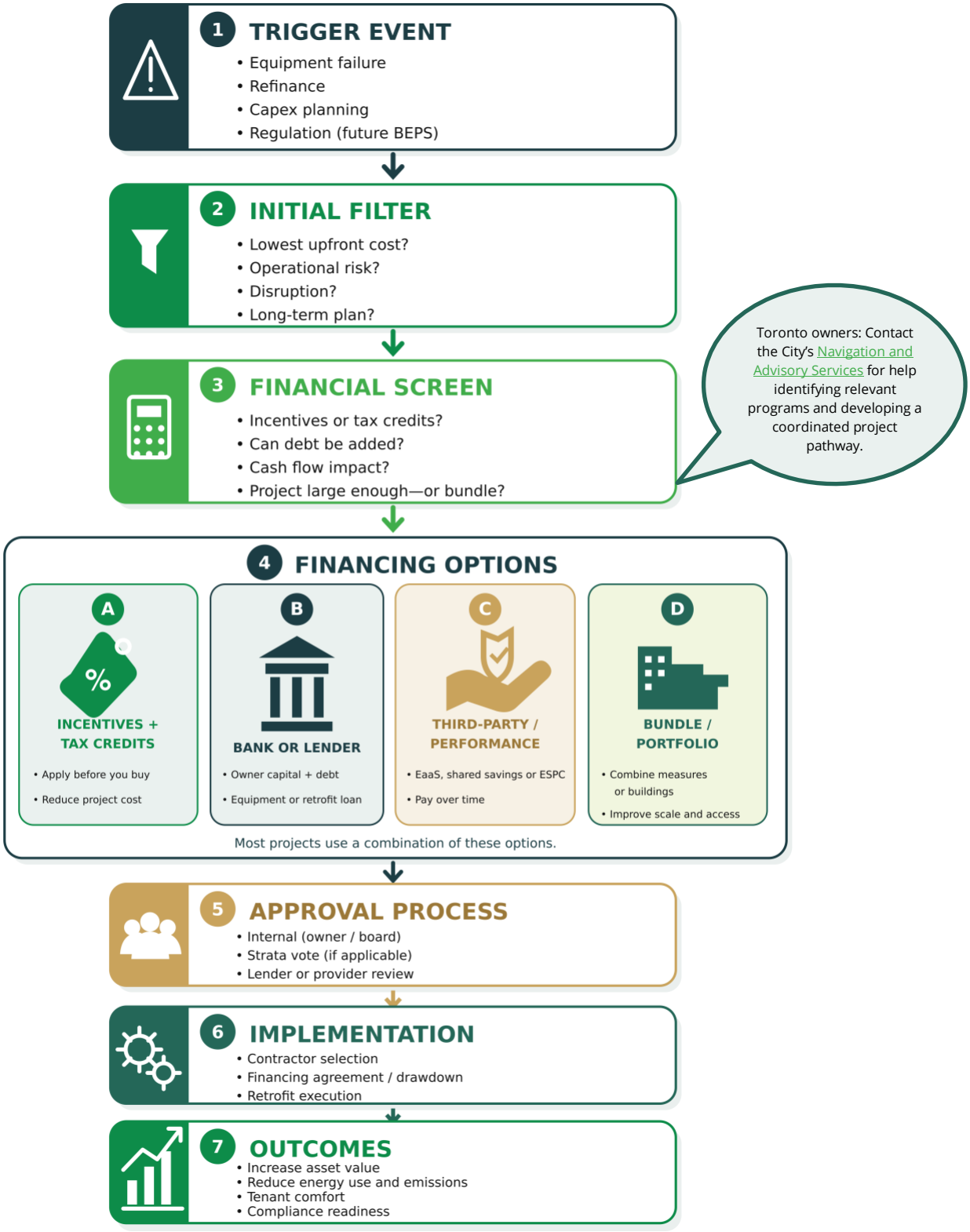
- Who will coordinate the bundled project?
- Will each building have a separate contract or one portfolio agreement?
- Can projects with different timelines be included?
- Are all owners or buildings eligible for the proposed incentives and tax credits?
- How will costs, savings and performance be tracked for each building?
- Will stronger projects subsidize weaker projects?
- What happens if one building withdraws or is delayed?
- Can a building be sold or refinanced separately?
- Who is responsible for engineering, procurement and project management?
- Are the expected savings sufficient to justify the additional coordination costs?

REALITY FOR OWNERS

- Bundling does not make an uneconomic project financially viable on its own.
- A larger project may qualify for more financing options, but it will also require greater coordination.
- Specialized providers may still have minimum project sizes, depending on the model.
- Portfolio financing is generally easier when one owner controls all participating buildings.
- Aggregating projects from several unrelated owners is possible but requires a capable coordinating organization.
- Buildings may still require separate technical assessments, approvals and incentive applications.
- Project bundling should support the owner's long-term capital plan rather than delay urgent equipment replacements.

5. Owner Decision Flow

As an owner or property manager, you may find yourself at any stage in this journey. You may be investigating, actively planning, dealing with an emergency, evaluating refinancing options, or looking for future investment opportunities. Below is a typical process for decision-making.



6. Engaging a Financing Provider

Questions to Consider Before Speaking with a Financing Provider

Before selecting a financing solution, consider asking:

- Is there a minimum project size or minimum annual energy spend?
- Is any owner capital required upfront?
- Who owns the equipment during and after the agreement?
- How are payments and projected savings calculated?
- Are payments fixed or linked to measured savings?
- Who is responsible for maintenance, repairs and equipment performance?
- What happens if projected or guaranteed savings are not achieved?
- Can incentives and tax credits be incorporated into the financing structure?
- How could the arrangement affect debt capacity, financial ratios or future refinancing?
- How long is the agreement, and can it be transferred or bought out if the building is sold?

The questions that matter most will depend on whether the owner is considering conventional lending, Energy-as-a-Service, shared-savings financing or an energy performance contract.

Documents You'll Likely Need

Financing providers will generally require information about the building, the proposed project and the owner's financial position. Requirements will vary depending on the project's size and complexity and the type of financing being considered.

Typical documentation may include:

- Historical utility bills for natural gas and electricity
- Baseline energy-use and emissions calculations
- Energy audit
- Project scope, budget and timeline
- Contractor quotes or cost estimates
- Estimated energy, cost and emissions savings
- Information about available incentives and tax credits
- Building financial information, such as operating statements and Net Operating Income
- Corporate financial statements, where required

For larger or more complex projects, additional documentation may include:

- A feasibility study or detailed retrofit report prepared by a qualified professional
- Energy modelling
- A greenhouse gas reduction calculation
- Engineering drawings and equipment specifications
- A measurement and verification plan
- Engineer or other third-party attestation
- Information about the building's existing mortgage, debt and planned refinancing

For smaller projects, the documentation may be more straightforward:

- Contractor quotes
- Equipment specifications
- Basic energy and cost-savings estimates
- Incentive application or pre-approval documentation, where applicable

Start collecting utility bills, contractor information and incentive documentation early. Having these materials ready can make it easier to compare options and begin conversations with financing providers.

How to Improve Your Chances of Approval

A strong application should explain the full value of the project—not only its expected energy savings.

This may include:

- Lower energy and operating costs
- Reduced exposure to carbon costs
- Improved tenant comfort, attraction and retention
- Reduced equipment-failure and operating risk
- Improved building performance and resilience
- Support for future regulatory compliance
- Potential protection or improvement of asset value

Practical steps include:

01 PRESENT THE FULL LIFECYCLE VALUE

Show how the project will affect operating costs, equipment reliability, tenant experience, asset value and future compliance - not only its simple payback period.

02 ALIGN FINANCING WITH THE EQUIPMENT'S USEFUL LIFE

Longer amortization or contract terms may make annual payments more manageable and better align project costs with the period over which the equipment provides value.

03 USE CREDIBLE AND CONSISTENT TECHNICAL INFORMATION

Clear engineering assumptions, realistic savings estimates and recognized measurement and verification approaches can increase confidence in the project. Standardized frameworks or certifications, such as Investor Ready Energy Efficiency (IREE), may be useful for some larger projects but will not be required in every case.

04 INVESTIGATE INCENTIVES AND TAX CREDITS EARLY

Identify available incentives and tax credits before purchasing equipment or beginning construction. Many programs require an application or approval before the project proceeds.

Confirmed incentives can reduce the amount that must be financed, although the owner may still need to carry the cost until the funding or tax benefit is received.

05 CONSIDER BUNDLING PROJECTS

If one project is too small for the preferred financing provider, consider combining several measures in one building or coordinating projects across multiple properties.

06 ENGAGE FINANCING AND TECHNICAL TEAMS EARLY

Begin discussions before existing equipment fails or the project becomes urgent. Early conversations with lenders, financing providers, contractors, engineers, accountants and incentive-program representatives can help identify eligibility requirements, documentation needs and potential financing gaps while there is still time to adjust the project.

TORONTO NAVIGATION AND ADVISORY SERVICES

Toronto building owners may also contact the City's Navigation and Advisory Services for help identifying relevant programs, coordinating available supports and preparing projects for financing. Visit the **Better Buildings Navigation Resource Hub** or contact **bbp@toronto.ca** to discuss the appropriate next step for your building.

> **KEY INSIGHT**
>
> *The strongest time to begin these conversations is during capital planning—not during an equipment emergency.*

A financing provider can respond more effectively when the project is supported by a clear scope, credible technical information and a realistic explanation of how it will create value.

CONCLUSION

Start Before the Equipment Fails

There is no single financing solution that will suit every building or retrofit project. The most appropriate approach will depend on the size of the project, the building's financial position, available incentives and tax credits, the owner's preferred approach to equipment ownership and performance risk, and whether several measures or buildings can be combined.

The most important step is to begin early. Owners who understand their building's energy use, equipment condition and capital-replacement timeline will be better positioned to investigate incentives, compare financing structures and develop a credible business case before an equipment failure creates an emergency.

A heat-pump retrofit does not need to begin with a completed financing application. It can begin with a practical first step: gathering utility data, reviewing equipment age and condition, speaking with technical and financing advisers, and identifying upcoming decision points.

The appendices that follow provide tools, checklists and current resources to help building owners organize this information, prepare for conversations with lenders and financing providers, and identify an appropriate next step.

Appendix A: Electrification Project Planning Checklist

Use this checklist to gather key information, understand your building's needs and begin planning your financing approach. Starting early—before equipment needs emergency replacement—will give you more time to assess options, investigate incentives and make informed decisions.

1. Know Your Building

- ☐ Gather 12–24 months of utility bills and energy-use data.
- ☐ Establish your building's current energy-use baseline.
- ☐ Document the age and condition of major building equipment.
- ☐ Identify equipment that is approaching the end of its useful life.
- ☐ Review existing leases to determine who pays utility and operating costs, who benefits from savings, and whether any retrofit costs can be recovered from tenants.

2. Know Your Timeline

- ☐ Identify upcoming equipment replacements and other planned capital projects.
- ☐ Consider whether retrofit measures can be coordinated with these projects.
- ☐ Consider how future regulatory requirements could affect the building and the timing of improvements.

3. Understand Your Options

- ☐ Obtain a preliminary engineering assessment to understand potential retrofit options.
- ☐ Confirm that the proposed heat-pump system has been selected and sized for the building's local winter design conditions, and identify whether backup heat, electrical-capacity upgrades or other supporting measures will be required.
- ☐ Develop preliminary estimates of project costs, energy savings and emissions reductions.
- ☐ Review available incentive programs and their eligibility requirements.
- ☐ Confirm whether applications or pre-approval are required before equipment is purchased or work begins.
- ☐ Explore eligibility for applicable tax credits.

4. Develop a Long-Term Transition Plan

- ☐ Identify the improvements that may be needed over time.
- ☐ Consider how long the owner expects to hold the building and whether there are plans to reposition, refinance or sell it.
- ☐ Consider how retrofit measures could align with equipment-replacement and capital-planning cycles.
- ☐ Determine whether several measures or projects could be completed together or in phases.
- ☐ Use the preliminary assessment and savings estimates to begin developing the project's business case.

5. Explore Financing

- ☐ Discuss the proposed project with your existing bank or lender.
- ☐ Speak with other financing providers where appropriate.
- ☐ Consider whether the owner has the internal capacity to manage the project or would benefit from an outsourced partner.
- ☐ Compare available financing approaches, eligibility requirements and minimum project sizes.
- ☐ Consider how incentives and tax credits could reduce the amount that needs to be financed.
- ☐ Begin structuring a financing approach that reflects the project scope, timeline and building's financial position.

Start early: Gathering utility data, reviewing equipment condition and speaking with technical and financing providers before equipment fails can provide more time to assess options and secure available support.

Appendix B: Financing Readiness Checklist

Use this checklist to prepare for conversations with banks, lenders and other financing providers. Requirements will vary by provider, project size and financing structure.

1. Building and Ownership Information

- ☐ Confirm the building's ownership structure.
- ☐ Gather basic property information, including building type, size and age.
- ☐ Identify existing mortgages, loans or other obligations secured against the property.
- ☐ Confirm the expected ownership period and note any plans to hold, reposition, refinance or sell the building.

2. Energy and Equipment Information

- ☐ Gather 12–24 months of electricity and natural gas bills.
- ☐ Establish the building's current energy-use and emissions baseline, if available.
- ☐ Document the age and condition of major equipment.
- ☐ Identify equipment approaching the end of its useful life.
- ☐ Note any recent energy audits, engineering studies or building-condition assessments.

3. Project Information

- ☐ Prepare a preliminary project scope.
- ☐ Obtain contractor quotes or preliminary cost estimates.
- ☐ Identify expected equipment, electrical, controls and engineering costs.
- ☐ Develop a preliminary project schedule.
- ☐ Estimate expected energy, operating cost, and emissions reductions.
- ☐ Identify how the project could affect equipment reliability, tenant comfort, regulatory readiness and asset value.
- ☐ Confirm the main financial, operational and strategic outcomes the project is expected to achieve.

4. Financial Information

- ☐ Gather recent building operating statements.
- ☐ Confirm the building's Net Operating Income, where applicable.
- ☐ Prepare corporate financial statements, if available or required.
- ☐ Identify the amount of owner capital or reserves available.
- ☐ Review the building's existing debt and borrowing capacity.
- ☐ Confirm any required financial return or other investment criteria for the building or portfolio.
- ☐ Consider how the financing could affect financial ratios and future refinancing.

5. Incentives and Tax Credits

- ☐ Identify applicable incentives, rebates and tax credits.
- ☐ Confirm eligibility requirements and application deadlines.
- ☐ Determine whether pre-approval is required before purchasing equipment or beginning work.
- ☐ Gather application or pre-approval documentation.
- ☐ Confirm when funding or tax benefits are expected to be received.
- ☐ Determine whether the owner must carry eligible costs until reimbursement or receipt of the tax benefit.

6. Financing Preferences

- ☐ Determine whether the owner prefers to own and manage the equipment or obtain its benefits through an outsourced service agreement.
- ☐ Identify how much upfront capital the owner is prepared to contribute.
- ☐ Consider whether fixed payments or payments linked to performance are preferred.

- ☐ Determine how much design, delivery, equipment-performance and energy-savings risk the owner is prepared to retain.
- ☐ Assess whether the owner has the internal capacity to manage design, procurement, implementation and performance monitoring, or whether outside support is needed.
- ☐ Consider whether the project should be owner-financed and managed or delivered through an outsourced infrastructure partnership.
- ☐ Confirm the preferred financing or agreement term.
- ☐ Consider what should happen if the building is sold or refinanced before the agreement ends.

7. Provider Discussions

- ☐ Speak with the existing bank or lender early.
- ☐ Identify other financing providers that may be appropriate.
- ☐ Confirm minimum project-size or annual energy-spend requirements.
- ☐ Ask what security, guarantees or owner contributions are required.
- ☐ Confirm how payments, savings and performance will be calculated.
- ☐ Ask who will own, operate and maintain the equipment.
- ☐ Confirm what happens if projected or guaranteed savings are not achieved.
- ☐ Ask how available incentives and tax credits will be accounted for in the overall funding and financing structure, including whether interim financing may be required.
- ☐ Request a complete list of required documents, fees and approval steps.

8. Final Readiness Check

Before submitting an application, confirm that:

- ☐ The project scope and cost estimate are sufficiently developed.
- ☐ Technical and financial assumptions are credible and consistent.
- ☐ Required internal approvals have been identified.
- ☐ Incentive and tax-credit timing has been incorporated into the financing plan.
- ☐ The proposed financing term aligns with the equipment's expected useful life.
- ☐ Responsibilities for design, installation, maintenance and performance have been clearly assigned.
- ☐ Appropriate finance, legal, tax, asset-management and executive representatives have reviewed the proposed approach.
- ☐ Key risks, contract terms and exit provisions have been reviewed.
- ☐ The project supports the building's long-term capital and transition plan.

Key takeaway: Financing conversations are most productive when owners can clearly explain the project, its costs, its expected value and how it fits within the building's financial and capital plans.

Appendix C: Financing Comparison Options Guide

Financing Approach	Typical Project Size	Upfront Capital Required	Who Owns the Equipment?	How Repayment Works	Advantages	Considerations
Utility Incentives and Rebates	Small to large; program thresholds apply	Yes—owners may need to carry costs until payment is received	Building owner	Not repaid; approved funding reduces eligible project costs	Reduces the amount of owner capital or financing required; may be combined with other sources	Many programs require application or pre-approval before equipment is purchased or work begins; eligibility and payment timing vary
Federal Tax Credits	Small to large; eligibility rules apply	Yes—the project is generally paid for before the tax benefit is realized	Building owner, unless a third-party structure assigns ownership differently	Claimed by the eligible taxpayer through the tax filing process	May reduce the project's net after-tax cost and strengthen the project business case	Tax eligibility, labour requirements, timing and the ability to use the credit should be confirmed with a qualified tax adviser
Conventional Bank or Retrofit Lending	Small to large; lender minimums may apply	Often some owner contribution	Building owner	Principal and interest are repaid over the loan term	Familiar structure; may use an existing lender relationship; some retrofit loans may offer longer terms or favourable conditions	Uses debt capacity and is subject to lender underwriting; collateral, guarantees and eligibility requirements vary
Commercial Property Assessed Clean Energy (C-PACE)—potential future option in Ontario	Not yet established in Ontario. Under the proposed framework, financing could support eligible energy-efficiency, renewable-energy and water-conservation upgrades to commercial and other eligible properties.	Potentially little or no owner capital for eligible financed costs, depending on the terms offered by the private lender.	Would depend on the financing agreement and the equipment or improvement being financed.	Under the potential Ontario framework, a private lender would provide financing, and repayment could be collected through a property-based charge facilitated by a participating municipality.	Could provide access to private, longer-term financing connected to the property and support projects with substantial upfront costs.	C-PACE is not currently enabled in Ontario. The Province is exploring a potential framework, and future availability would depend on provincial action and municipal participation.
Energy-as-a-Service (EaaS)	Often medium to large; provider minimums may apply	Often little or none, depending on the agreement	Often the third-party provider during the contract term; ownership at the end varies	The owner makes service payments over a long-term contract; payments may be fixed or structured using agreed performance assumptions	May combine capital, design, installation, project management and ongoing service; can reduce upfront owner capital	Long-term contractual commitment; confirm pricing, maintenance, performance obligations, buyout terms, transfer on sale and accounting treatment
Energy Performance Contract (ESCO / EPC)	Medium to large; often best suited to multi-measure projects	Varies by contract and financing source	Usually, the building owner but third-party financing securitizes the assets	Project costs are repaid through owner payments, with expected or guaranteed savings supporting the business case	Can combine design, implementation and measurement and verification; performance guarantee from provider	A savings guarantee is not the same as financing; confirm the source of capital, guarantee conditions, baseline adjustments and remedies for underperformance

Financing Approach	Typical Project Size	Upfront Capital Required	Who Owns the Equipment?	How Repayment Works	Advantages	Considerations
Shared-Savings / Performance-Based Financing	Generally medium to large; suited to multi-measure projects	None	Building owner	The provider receives an agreed share of measured and verified savings	Links repayment to realized savings and transfers development and performance risk	Requires an agreed baseline and measurement and verification process; contract terms can be complex, and savings may be shared for many years
Bundling / Portfolio Financing	Several measures, buildings or projects combined to achieve scale	Varies according to the underlying financing structure	Usually the building owner; may vary if a third-party model is used	Projects are financed together through a lender, third-party provider or other structure; incentives and tax credits may also be applied	May meet provider minimums, reduce transaction and procurement costs, standardize delivery and improve financing access or terms	Not a separate source of capital; requires coordination across measures or buildings and clear allocation of costs, savings, schedules and obligations

Questions to Ask Any Financing Provider

Before selecting a financing option, consider asking:

• Is there a minimum project size? • What documentation is required? • Who owns the equipment during the financing term? • Can incentives and tax credits be incorporated? • What happens if savings are lower than expected? • Does the financing affect my debt capacity? • Are engineering studies or energy modelling required? • Are there prepayment penalties? • What happens at the end of the financing term?

Appendix D: Programs, Providers, Tools and Resources

Current as of August 2026. Readers should verify eligibility, terms, funding availability and application requirements directly with the program or organization. Inclusion does not constitute an endorsement. Some resources apply only to particular building types or project sizes. Programs limited to other provinces, private homes or Indigenous communities outside Ontario were not carried into this commercial-building appendix.

Incentives and Rebates

Organization or resource	What it may help with	Type of owner or project	Website	Date last verified
Save on Energy – Retrofit Program	Incentives for eligible electricity-saving equipment and control-system upgrades. Prescriptive and custom streams may support HVAC, automation, variable-speed drives and other measures. Apply before purchasing or installing equipment.	Ontario commercial, institutional, industrial, municipal, agricultural and multi-unit residential facilities.	Save on Energy business programs	August 7, 2026
Save on Energy – Existing Building Commissioning Program	Incentives and technical support to investigate, implement and maintain operational improvements in existing building systems.	Eligible Ontario commercial and institutional buildings meeting minimum energy-use and other program requirements.	Existing Building Commissioning Program	August 7, 2026
Save on Energy – Energy Performance Program	Performance-based incentives for sustained, measured reductions in electricity use.	Ontario businesses with sufficient baseline data and the ability to track whole-building or facility electricity performance.	Save on Energy business programs	August 7, 2026
Save on Energy – Expanded Energy Management Program	Energy-management support, including energy managers, strategic energy-management activities, energy-management information systems and practitioner training.	Primarily larger Ontario facilities and organizations seeking ongoing energy-management capacity. Eligibility varies by stream.	Save on Energy business programs	August 7, 2026
Enbridge Gas – Business Energy-Efficiency Programs	Incentives and technical support for eligible natural-gas efficiency measures, studies and custom projects. These programs should not be assumed to support fuel-switching projects; eligibility must be confirmed.	Eligible Enbridge Gas commercial, multi-residential, institutional and industrial customers in Ontario.	Enbridge Gas business programs	August 7, 2026
BOMA Enspire	Technical support, tools, recommissioning and building-optimization resources, and potential financial support to move deep-retrofit projects forward.	Commercial buildings across Canada, with a particular focus on Class B and C buildings.	NRCan Retrofit Accelerators – BOMA Enspire	August 7, 2026
Federation of Canadian Municipalities – Green Municipal Fund	Grants and financing for studies, plans, pilots and capital projects undertaken by municipalities and eligible partners.	Municipal governments, municipally owned buildings and qualifying municipal partnerships. Generally, not a direct program for an individual private commercial owner.	Green Municipal Fund	August 7, 2026
The Atmospheric Fund – Retrofit Accelerator	Technical and project-development support for deep retrofits, including feasibility and transition planning.	Primarily multi-unit residential and social-housing buildings in the Greater Toronto and Hamilton Area.	NRCan Retrofit Accelerators – TAF	August 7, 2026

City of Toronto Programs and Advisory Services

Organization or resource	What it may help with	Type of owner or project	Website	Date last verified
City of Toronto – Better Buildings Navigation Resources Hub and Advisory Services	Helps owners navigate available programs, identify opportunities to combine funding and financing, and access coaching to support project development and financing readiness. Confirm the final description, eligibility and contact information with the City before publication.	Toronto building owners who need help identifying available supports or developing a retrofit project.	Better Buildings Resources Hub	September 10, 2026
City of Toronto – Energy Retrofit Loans	Fixed-rate financing for qualifying low-carbon, energy-efficiency and water-conservation capital improvements. Financing may cover up to 100% of eligible project costs, with terms of up to 30 years. Support may also be available to identify utility incentives and federal programs.	Eligible owners of commercial, industrial, institutional and multi-unit residential buildings in Toronto. Owners should confirm current project requirements, rates, terms and funding availability with the City.	Energy Retrofit Loans	September 10, 2026
City of Toronto – High-Rise Retrofit Improvement Support Program (Hi-RIS)	Property-linked, low-cost financing for qualifying energy-efficiency, water-conservation and resilience improvements, including certain heat-pump and fuel-switching projects. Financing is repaid through the property tax bill.	Eligible older Toronto multi-unit residential apartment buildings that meet the program's age, size and other requirements. Not intended for purely commercial buildings.	Hi-RIS Financing	September 10, 2026
City of Toronto – Better Buildings Financial and Technical Resources	Provides information about City financing programs, incentives, technical assistance and other resources available to support energy and emissions reductions in existing buildings.	Toronto commercial, industrial, institutional and multi-unit residential building owners seeking an overview of available retrofit resources.	Better Buildings Financial and Technical Resources	September 10, 2026

Tax Credits and Tax Guidance

Organization or resource	What it may help with	Type of owner or project	Website	Date last verified
Canada Revenue Agency – Clean Technology Investment Tax Credit	Refundable tax credit of up to 30% for eligible new clean-technology property acquired and available for use within the applicable period. Eligible property can include air-source and ground-source heat pumps, subject to detailed requirements.	Taxable Canadian businesses investing in qualifying new clean-technology property in Canada. Owners should obtain professional tax advice before including the credit in a business case.	Clean Technology ITC overview	August 7, 2026
Canada Revenue Agency – Clean Technology ITC Property Guidance	Helps determine what equipment and related capital costs may qualify and identifies excluded preliminary work and other limitations.	Businesses and tax advisers evaluating eligible heat-pump and clean-technology investments.	What property qualifies	August 7, 2026
CRA and Natural Resources Canada – Classes 43.1 and 43.2 and Accelerated Capital Cost Allowance	Guidance on accelerated tax depreciation for qualifying clean-energy generation and conservation equipment. Eligibility depends on the equipment, acquisition date, use and applicable tax rules.	Businesses acquiring qualifying income-producing clean-energy equipment. Professional accounting or tax advice is recommended.	CRA clean-energy equipment tax guidance	August 7, 2026

Bank and CIB-Supported Financing

Organization or resource	What it may help with	Type of owner or project	Website	Date last verified
Existing commercial bank or lender	Conventional commercial loans, equipment loans, capital leases, lines of credit, project loans, mortgage refinancing or financing added at mortgage renewal.	Owners with stable building income, available equity or borrowing capacity, particularly for smaller projects that may not meet specialized-program thresholds.	Contact the building's existing commercial lender and ask for its sustainable-finance or commercial-real-estate retrofit team.	August 7, 2026
BMO – Better Buildings and retrofit financing	Financing for up to 100% of eligible retrofit costs, potentially followed by longer-term refinancing. The precise structure, eligible costs and availability are subject to BMO credit approval and current program terms.	Commercial and multi-unit residential owners with qualifying projects and sufficient financial capacity.	BMO sustainable finance	August 7, 2026
BMO–Canada Infrastructure Bank Retrofit Partnership	Lower-cost capital for eligible building-retrofit projects delivered through BMO, including projects targeting substantial greenhouse-gas reductions.	Generally larger or aggregated commercial, industrial and multi-unit residential retrofit projects capable of supporting technical due diligence and reporting.	CIB–BMO retrofit partnership	August 7, 2026
Canada Infrastructure Bank – Building Retrofits Initiative	Long-term financing intended to reduce investment barriers and accelerate substantial energy and emissions improvements in existing buildings. CIB financing is often accessed through aggregators, financial institutions or delivery partners.	Large or aggregated commercial, industrial, institutional and multi-unit residential retrofit investments. Direct CIB opportunities generally require substantial scale.	Building Retrofits Initiative	August 7, 2026
Scotiabank–Canada Infrastructure Bank Retrofit Partnership	CIB-supported financing delivered through Scotiabank for eligible deep-retrofit investments.	Scotiabank commercial real-estate clients and qualifying larger or aggregated retrofit projects.	CIB–Scotiabank partnership	August 7, 2026
CMHC – MLI Select	Mortgage-loan insurance benefits based on affordability, accessibility and energy-efficiency outcomes, potentially including higher loan-to-value ratios, lower premiums and longer amortization.	Eligible multi-unit residential properties. Not applicable to purely commercial buildings.	MLI Select	August 7, 2026
CMHC – Canada Greener Affordable Housing	Forgivable and low-interest loans for qualifying deep-energy retrofits of affordable housing.	Eligible affordable multi-unit housing providers; not a general commercial-building program.	Canada Greener Affordable housing – portal now closed	August 7, 2026

Emerging Financing Models and Policy Developments

Organization or resource	Description
Ontario Commercial Property Assessed Clean Energy (C-PACE) Consultation	The Government of Ontario is exploring a potential C-PACE framework under which municipalities could opt in to facilitate private financing for eligible clean-energy improvements, with repayment through a property-based charge. C-PACE is not currently enabled in Ontario, and no legislative or regulatory amendments had been proposed when the consultation was published. Exploring C-PACE Financing in Ontario.

Energy-as-a-Service and Performance-Based Providers

Organization or resource	What it may help with	Type of owner or project	Website	Date last verified
Efficiency Capital	Fully funded, turnkey Building Infrastructure-as-a-Service projects. Services may include project assessment, engineering, financing, implementation, equipment ownership and ongoing asset management. Payments are structured as a service fee tied to agreed project outcomes.	Commercial, institutional and multi-unit residential projects, usually comprehensive multi-measure retrofits. The explainer identifies an approximate minimum project size of $500,000, subject to confirmation.	Efficiency Capital	August 7, 2026
SOFIAC	Performance-based financing and turnkey delivery, including development, financing, implementation, incentive optimization, commissioning and independent measurement and verification. Repayment is based on an agreed sharing of measured savings.	Larger commercial, institutional, Crown, municipal, industrial and multi-residential projects or portfolios. SOFIAC indicates a preference for organizations with several portfolio buildings or campus energy costs; current thresholds should be confirmed directly.	SOFIAC	August 7, 2026
GDI Ainsworth	Energy audits, decarbonization roadmaps, engineering, design-build delivery, energy performance contracting, Energy-as-a-Service, controls, commissioning, financing support and measurement and verification.	Commercial, institutional, municipal, industrial and multi-building portfolios; particularly comprehensive projects requiring integrated delivery or guaranteed outcomes.	GDI Ainsworth Energy Performance	August 7, 2026
Graham – Deep Retrofit Accelerator	Project development, financing, construction and deep-retrofit delivery support.	Commercial, institutional and multi-unit residential building owners in Ontario and Western Canada.	NRCan Retrofit Accelerators – Graham	August 7, 2026
Enbridge Sustain and Blackstone Energy Services – CIB Retrofit Partnership	Turnkey deep-retrofit delivery supported by CIB capital, potentially including project development, financing, implementation and ongoing services.	Larger existing-building retrofit projects in Ontario, subject to provider eligibility and project-size requirements.	CIB partnership overview	August 7, 2026
NRCan – Qualified Bidders List of Energy Service Companies	Helps owners identify prequalified energy service companies with energy-performance-contracting capabilities. The list includes information on eligible technologies, geographic coverage and provider qualifications.	Primarily institutional, government and larger commercial owners considering energy performance contracts or comprehensive retrofit delivery.	Qualified Bidders List	August 7, 2026

Engineering and Project-Development Tools

Organization or resource	What it may help with	Type of owner or project	Website	Date last verified
Natural Resources Canada – Retrofit Hub	Central source for retrofit tools, funding information, training, case studies and accelerator organizations.	Commercial, institutional and multi-unit residential building owners and project teams across Canada.	Retrofit Hub	August 7, 2026
NRCan – Retrofit Hub Tools	Curated access to benchmarking, energy-management, planning, modelling, monitoring and reporting tools.	Owners, energy managers, consultants and project-development teams.	Retrofit Hub Tools	August 7, 2026

Organization or resource	What it may help with	Type of owner or project	Website	Date last verified
RETScreen Expert	Software for energy and emissions baselining, feasibility analysis, financial evaluation, portfolio analysis, monitoring and performance reporting.	Commercial, institutional, industrial, residential and portfolio-scale projects; typically used by technically experienced owners or consultants.	RETScreen	August 7, 2026
ENERGY STAR Portfolio Manager	Tracks and benchmarks building energy, water use and greenhouse-gas emissions and helps establish a performance baseline.	Individual commercial, institutional and multi-unit residential buildings and portfolios.	ENERGY STAR Portfolio Manager Canada	August 7, 2026
Canada Green Building Council – Investor Ready Energy Efficiency Certification	Standardizes project development, documentation, baselining, savings calculations, commissioning and M&V planning to improve investor confidence.	Targeted or whole-building retrofit projects seeking third-party quality assurance; particularly useful for larger, aggregated or investment-ready projects.	IREE Certification	August 7, 2026
ASHRAE – Procedures for Commercial Building Energy Audits	Provides recognized levels and procedures for preliminary and detailed building energy audits.	Commercial and institutional buildings developing retrofit scopes, feasibility studies or financing documentation.	ASHRAE energy-audit guidance	August 7, 2026
BOMA Enspire	Building assessments, capacity building, recommissioning support, transition planning and tools for advancing deep retrofits.	Canadian commercial buildings, particularly Class B and C assets.	BOMA Enspire	August 7, 2026
Purpose Building – Deep Retrofit Accelerator	Project-development support intended to move commercial and multi-unit residential deep retrofits from early planning toward implementation.	Commercial and multi-unit residential owners across Canada.	NRCan Retrofit Accelerators – Purpose Building	August 7, 2026
City of Toronto – Net Zero Building Retrofit Guides	Seven-step retrofit roadmaps by building type, including typical systems, measures, energy and emissions savings, life-cycle costs and co-benefits.	Owners and project teams planning Toronto commercial, institutional and multi-unit residential retrofits.	Better Buildings Resources Hub	August 7, 2026
Retrofits Now – Guide to Financial Programs for Retrofit Acceleration	National overview of federal, provincial, municipal and Indigenous retrofit grants, loans, tax credits, financing programs and accelerator services.	Building owners, facility managers, consultants, municipalities and Indigenous communities. Applicability varies significantly by province, building type and program.	Retrofits Now	August 7, 2026

Measurement and Verification Resources

Organization or resource	What it may help with	Type of owner or project	Website	Date last verified
Efficiency Valuation Organization – International Performance Measurement and Verification Protocol	Provides a widely used framework for developing M&V plans and calculating energy, cost, demand and emissions savings.	Projects using performance-based incentives, shared savings, energy performance contracts or formal savings reporting.	IPMVP	August 7, 2026

Organization or resource	What it may help with	Type of owner or project	Website	Date last verified
Save on Energy – Measurement and Verification Guidance	Program-specific requirements for baselines, savings calculations, monitoring and verification under applicable Save on Energy programs.	Ontario projects applying for custom, commissioning or performance-based electricity incentives.	Save on Energy program documents	August 7, 2026
RETScreen Expert – Performance Analysis	Compares actual and expected performance and supports ongoing tracking of energy, cost and greenhouse-gas results.	Individual projects, buildings and portfolios requiring accessible performance monitoring and reporting.	RETScreen	August 7, 2026
ENERGY STAR Portfolio Manager	Provides whole-building tracking, benchmarking and normalized performance information using utility data.	Existing commercial, institutional and multi-unit residential buildings and portfolios.	ENERGY STAR Portfolio Manager Canada	August 7, 2026
Investor Ready Energy Efficiency – ICP Protocols	Establishes consistent requirements for baselining, savings calculations, commissioning, operations and maintenance, and M&V planning.	Projects seeking greater consistency, third-party review, aggregation or investor confidence.	IREE Certification and ICP resources	August 7, 2026
Qualified commissioning and M&V professionals	Develop project-specific baselines, M&V plans, commissioning reports and verified-savings calculations.	Larger, custom, performance-based or technically complex retrofit projects.	Save on Energy commissioning-provider information	August 7, 2026

Toronto 2030 District Guides and Related Programs

Organization or resource	What it may help with	Type of owner or project	Website	Date last verified
Toronto 2030 District – *Financing Heat Pumps 101*	Explains financing pathways, incentives, tax considerations, third-party models, project bundling, financing readiness and questions to ask providers.	Owners and managers of small and mid-tier Class B and C commercial buildings considering heat-pump retrofits.	Toronto 2030 District Resources	August 7, 2026
Toronto 2030 District – Retrofit Planning Checklist	Helps owners gather utility data, assess equipment condition, identify capital-planning opportunities, investigate incentives and begin developing a transition plan.	Owners at the earliest stages of retrofit planning.	Included as Appendix A of *Financing Heat Pumps 101*; see Toronto 2030 District Resources	August 7, 2026
Toronto 2030 District – Financing Readiness Checklist	Organizes building, technical, financial, incentive and ownership information needed for discussions with lenders and financing providers.	Owners preparing to approach a bank, lender, Energy-as-a-Service company or performance-based provider.	Included as Appendix B of *Financing Heat Pumps 101*; see Toronto 2030 District Resources	August 7, 2026
Toronto 2030 District – Financing Options Comparison Tool	Supports side-by-side comparison of owner capital requirements, minimum project size, equipment ownership, repayment, performance risk and transfer provisions.	Owners comparing conventional lending, incentives, Energy-as-a-Service, performance-based structures and portfolio approaches.	Included as Appendix C of *Financing Heat Pumps 101*; see Toronto 2030 District Resources	August 7, 2026

Organization or resource	What it may help with	Type of owner or project	Website	Date last verified
Toronto 2030 District and Toronto Hydro – Heat Pump Fundamentals Training	Training on heat-pump technology, fuel switching, business cases, design, installation, operations, maintenance and grid considerations.	Building owners and developers, facility managers, designers and mechanical engineers, and commercial HVAC suppliers and technicians.	Toronto 2030 District Training	August 7, 2026
Toronto 2030 District – Integrated Pathways to Decarbonization	Explores integrated energy-efficiency and energy-supply pathways for transitioning Toronto buildings toward net zero.	Owners, policymakers, utilities, consultants and project teams considering long-term building and district decarbonization.	Toronto 2030 District Pathways Project	August 7, 2026
Toronto 2030 District – Building Energy Supply Decarbonization	Examines electrification, renewable natural gas, hydrogen and other energy-supply options, including implications for different building types.	Owners and decision-makers assessing long-term fuel-switching and energy-supply strategies.	Toronto 2030 District Pathways Project	August 7, 2026
Toronto 2030 District – Building Benchmarking Platform	Helps users understand and compare building energy and emissions performance and establish a baseline for future improvements.	Toronto building owners, managers and portfolio operators.	Toronto 2030 District Benchmarking Platform	August 7, 2026
Toronto 2030 District – Pilot Projects and Peer-to-Peer Learning Network	Helps owners and project teams work through practical retrofit barriers, exchange experience and develop case studies, tours and implementation resources.	Owners with active or prospective retrofit projects; other participants should be connected to a project and owner.	Toronto 2030 District Peer-to-Peer Learning	August 7, 2026
Toronto 2030 District – Case Studies and Resource Library	Provides examples, guides and lessons from building retrofit and heat-pump projects.	Owners, managers, consultants, contractors and financing stakeholders seeking practical examples.	Toronto 2030 District Resources	August 7, 2026

Appendix E: Glossary and Sources

Electrification - Replacing fossil fuel systems (like natural gas boilers) with electric systems.
Example: replacing a natural gas rooftop unit with an electric heat pump.

Fuel Switching - Replacing natural gas heating with electric heating (typically heat pumps).
Example: switching from a gas boiler to an air-source heat pump system.

Air Source Heat Pump (ASHP) - An electric system that extracts heat from outside air to heat/cool buildings.

Deep Retrofit - A comprehensive upgrade of multiple systems (envelope, HVAC, electrical) aimed at large GHG emissions reductions (often 50%+).

GHG (Greenhouse Gas) Reduction - Measured decrease in annual carbon emissions compared to an average of your building or a baseline year of emissions.

Baseline - Your building's current energy use and emissions (pre-retrofit), usually based on past utility bills.

Detailed Retrofit Report - An engineering document outlining project scope, costs, savings, and emissions reductions.

Investor Ready Energy Efficiency (IREE) - A certification process designed to standardize and de-risk retrofit projects.

Energy-as-a-Service (EaaS) - A third-party financing model where the provider funds retrofit by installing and owning the equipment, and you pay for the service over time.

Energy Savings Performance Contract (ESPC) / Energy Savings Contract (ESC) - An agreement where energy upgrades are paid for using the energy cost savings they generate.

Energy Service Company (ESCO) - A company that develops, installs, and often finances energy efficiency or energy system upgrades for buildings.

Performance-based energy savings plans - Financing or service agreements where payments depend on the amount of energy savings achieved.

Underwriting - The process lenders use to assess the risk of approving a loan or investment.

Conventional debt financing - A traditional loan where a lender provides upfront capital that is repaid over time with interest.

Net Operating Income (NOI) - The income a property generates after operating expenses are deducted but before debt payments and taxes.

Debt Service Coverage Ratio (DSCR) - A financial metric that measures whether a property's income is sufficient to cover its debt payments.

Repayment Term (maturity) versus Amortization Period - The repayment term is when the loan balance must be repaid or refinanced, while the amortization period is the longer timeframe used to calculate the payment schedule.

Loan-to-Value (LTV) - A ratio comparing the amount of a loan to the value of the asset being financed.

Blended Finance - A funding approach that combines public, private, or philanthropic capital to support projects.

Payback Period - How long it takes for savings to cover the project cost.

Net Present Value (NPV) - The total value of future savings in today's dollars.

Rate of Return - The percentage return generated by the investment.

Incremental Capital Cost - The additional cost of choosing a higher-performance system instead of a basic replacement.

Sources

i Source: https://bomacanada.ca/a-gp-template-duplicate-2380-duplicate-2418-duplicate-2433/

ii Source: https://saveonenergy.ca/-/media/Files/SaveOnEnergy/Industry/Mid-Tier-CRE-Energy-Study.pdf

iii This is an illustrative range.

iv This is an illustrative range.

v Source: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/clean-economy-itc/clean-technology-itc.html

vi Source: Stakeholder interview conducted by Toronto 2030 District, 2026. Terms are illustrative and should be confirmed with the provider.

vii All dollar amounts are approximate and would be based on project type and client discussions.

viii All dollar amounts are approximate and would be based on project type and client discussions.

ix Source: Stakeholder interview conducted by Toronto 2030 District, 2026, and subsequent email interactions. Terms are illustrative and should be confirmed with the provider.

x All dollar amounts are approximate and would be based on project type and client discussions.

xi Source: Stakeholder interview conducted by Toronto 2030 District, 2026, and subsequent email interactions. Terms are illustrative and should be confirmed with the provider.