



Financing Deep Retrofit Projects

Intro to Emissions-Neutral
Buildings Series:
Deep Retrofits

Version 1, June 2026



enbix

Retrofit
accelerator

Borrowing for retrofits

Whether you're just starting to think about financing your buildings' energy retrofits or you already know you'll be borrowing money for this type of work, it's important to explore your options. The choices range from traditional loans with pre-determined payment schedules to specialized contracts with guaranteed energy savings. Below is a list of the most common types of retrofit lending products available in Alberta, along with key differences to help you get started.

What kind of financing is right for you?

There are many factors to consider before selecting a retrofit financing option, but some key questions to think about are:

- Will you undertake a whole-building deep retrofit or complete upgrades over time?
- Can internal staff manage the project's size and complexity, or is a third-party provider needed to oversee project implementation and/or operation of new equipment?
- What are your organization's procurement and approval processes for new capital and operational expenses (CAPEX and OPEX)? *Consider that retrofits may reduce current maintenance and energy costs.*
- Does your organization have restrictions on borrowing or debt service ratios?
- Is it a priority to own the upgraded equipment immediately upon installation?

How should I use this information?

The information provided in this document is for general informational purposes only and does not constitute technical, legal, financial or tax advice. Eligibility for financing solutions may vary depending on the specific circumstances of each building owner and project. We strongly recommend that building owners seek appropriate professional advice before making any financial or other decisions based on the information provided here.

Financing solutions

Financing offerings differ by lender, but some general types available in the market are described in the table on the next page. Deal terms, such as interest rates and fees, will vary depending on the project and client.

Whole-building retrofit / Major construction project

Financing type with examples

Organizational fit

Other considerations

Commercial Borrowing

*Construction Loan;
Mortgage*

- Internal capacity to manage the project, including procuring design and contractor services directly.
- Equipment ownership from installation is preferred.
- Minimal CAPEX and OPEX constraints and no debt constraints.

- Repayment amounts are a function of the interest rate and loan term.
- Unlikely to guarantee energy savings.
- Unlikely to require ongoing Measurement & Verification (M&V).

Pay for Performance

Energy Performance Contract

- No or low internal capacity to manage the project size and complexity.
- No requirements to own equipment immediately.
- CAPEX, OPEX and debt capacity may be constrained.

- Repayment amounts are a function of energy cost savings to limit budget impacts.
- Energy savings are guaranteed, typically for an initial period. (e.g., 5 years).
- M&V is performed annually for a specified period.

Third-Party Aggregator

*Shared Savings Agreement;
Energy Savings Performance Agreement*

- No or low internal capacity to manage the project size and complexity.
- Equipment ownership from installation is preferred.
- CAPEX, OPEX and debt capacity may be constrained.

- Projects must meet energy use and greenhouse gas reduction targets to qualify.
- Repayment amounts are a function of energy cost savings.
- Energy savings are guaranteed for the entire contract term.
- M&V performed for the entire contract term.

Pay for Assurance

*Energy Upgrade Agreement;
Lease-to-own*

- CAPEX, OPEX and debt capacity may be constrained.
- No requirements to own assets immediately.

- Repayment amounts are fixed, but can be adjusted based on projected energy savings.
- Unlikely to guarantee energy savings.
- Unlikely to require ongoing M&V.

Individual upgrades / Small projects

Financing type

Organizational fit

Other considerations

Commercial Borrowing

Equipment Financing

- Internal capacity to manage the project and the contractor directly.
- May be able to leverage an existing relationship with a bank or lender.

- Repayment amounts are a function of the interest rate and loan term.
- Loan will likely be secured against the equipment.

Pay for Use

*Energy-As-A-Service Agreement;
Power Purchase Agreement*

- No or low internal capacity to manage the project.
- Provides uptime guarantees (e.g., the system will be operational X% of the time).
- CAPEX, OPEX and debt capacity may be constrained.

- Payments are based on energy services consumed, interest rate, and loan term.
- Commonly offered for solar PV, HVAC, and geexchange systems.
- Service payments can sometimes be considered OPEX.

Property Assessed Clean Energy Financing

Clean Energy Improvement Program

- Commercial or residential property located in a jurisdiction with an active program.
- Internal capacity to manage the project directly.
- CAPEX, OPEX and debt capacity may be constrained.

- The financing is tied to the property, and repayments are made to the municipality through property taxes.
- Term length may be tied to the equipment's lifespan.