

0% Financing for Commercial Building ‘Green’ Retrofits

Issue

The carbon levy incurs a cost on businesses that rely on commercial properties for production. As buildings are one of the biggest sources of carbon emissions, it is wise to provide incentives and the financial capability to improve building efficiency.

Background

As part of Alberta’s Climate Leadership Plan, the Carbon Levy has instituted a cost on carbon emissions. This will represent an increase in utility and transportation costs for businesses.

As of 2011, buildings represented 11% of greenhouse gas emissions in Canada with commercial property representing nearly half of that amount.¹ At this time the cost-value proposition of ‘green’ retrofits on existing buildings is predominantly uneconomical thanks to high upfront costs and a long payout period. This leaves ‘green’ retrofits an impractical or even impossible option for most small and medium enterprises (SMEs) leaving Alberta businesses in the difficult position of being burdened with the additional cost, yet have limited capability to reduce emissions.

If government is serious about reducing emissions and incenting change, there needs to be a mechanism that allows for small and medium enterprises to undertake ‘green’ retrofits.

As part of their platform the NDP announced in the spring of 2015 that they would implement a loan program for families and small businesses wishing to make “green upgrades and cut costs.” As outlined in the release the plan would provide a fund of \$125 million per year in 0% financing and create 2,750 jobs.² Similar program that have been implemented have helped achieve priorities such as increasing competitiveness, enhancing environmental stewardship, and energy efficiency.

If a loan program were made available to SMEs, it would align with the government’s goal of reducing emissions, while stimulating construction, and redirecting SMEs funds away from high utility and carbon costs to more productive means.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Develop and implement a program that will allow lending institutions in Alberta to provide 0% financing for ‘green’ retrofits to small and medium enterprises upgrading their commercial property.

¹ Environment Canada, “Canada’s Emissions Trends,” October 2013. https://www.ec.gc.ca/ges-ghg/985F05FB-4744-4269-8C1A-D443F8A86814/1001-Canada's%20Emissions%20Trends%202013_e.pdf

² “Rachel Notley’s NDP to promote energy savings for Albertans,” <http://www.albertandp.ca/rachel-notley-s-ndp-to-promote-energy-savings-for-albertans>