

Self Financing Eco Projects: Benefit Your Business And The Environment

Presented By: Robert Lumia

Investment Advisor – RBC Dominion Securities

What We'd All Like To See...



Reality Is...



The Magical Questions:

- What are the benefits for your business?
- How to get started and know what eco projects are right for you?
- How can you self finance eco projects?

What Are The Benefits For Your Business?

- Financial – Considerable cost savings from projects as well other financial benefits
- Marketable - Green is in and people want to deal with green business'
- Health Benefits - Cleaner air, better lighting etc. all add to better work environment
- Environmental - Reduce carbon foot print and stop being part of the problem
- Etc...

How to Get Started?

There are several resources available that can help with you transition to becoming Green

- Several organizations that will help walk you through the process:
- TRCA/PPG – Comprehensive Database of resources as well as several no cost programs
- Enviro Stewards – From helping with the Eco Audit to finding all the possible incentive programs to help pay for projects
- Leapfrog – Helps companies use sustainability & clean technology as a business advantage through marketing
- Several programs out there, some of which are:
- NRCan – EcoENERGY Efficiency program has several Financial Assistance programs
- Enbridge– Pay up to 50% or \$100,000 on initiatives
- Union Gas - energy efficiency feasibility 50% up to \$10,000, Energy Optimization Program pay up to 66% up to \$20,000
- TRSP – Will cover 50% cost of Pollution Prevention Assessment up to \$7,000

How To Pay For Eco Projects?

Key Word: EFFICIENCY!

- Detailed Financial Plan
- Investment Holding Companies
- IPP's
- RCA's
- Income Splitting
- Bonus Down
- Dividend Distributions
- Tax Exempt Life Insurance
- Repayment Of Shareholder Loans
- Flow Through Shares
- Minimizing Fees – Portfolio, Banking etc.
- Lowering Cost Of Group Plans
- Greater Return On Investments
- Pulling Out Surplus Cash Tax Efficiently
- Equity Monetization Plans
- Spousal/Family Trusts
- Expense Reimbursement
- Capital Loss Selling To Offset Gains
- Corporate Structured Investments
- Etc....

Recap

- Know what the benefits of the project are for your business
- Decide what project is right for your business & what programs are available to help shoulder the cost
- Make business more financially efficient and invest surplus capital into eco project
- Results in cost savings going forward, a more profitable business and a much cleaner business
- Being here is a good start but now you must put plan into action!

Thank You

Energy Retrofit Financing Solutions





RBC at a Glance : June 2011

Who We Are

Canada's largest company by market capitalization, with broad leadership in financial services

Well-diversified earnings stream across geographies and products:

Active in all banking areas in Canada with leading market positions

Global capabilities in capital markets and wealth management

Approximately 77,000 employees and more than 18 million clients worldwide

Our Goals

In Canada, to be the undisputed leader in financial services

In the US, to be a leading provider of capital markets, wealth management and banking services by building on and leveraging our considerable capabilities

Outside North America, to be a premier provider of select capital markets, wealth management and banking services in markets of choice

RBC's Environmental Vision

Our vision is to be the **leader** among Canadian financial institutions and top tier among US peers in *identifying, managing, and championing environmental issues*, helping make **RBC the first choice** for clients, shareholders, and employees.



RBC
Environmental
Blueprint™



RBC is committed to environmental sustainability

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Greening Your Business



Discover the **business opportunities** in environmental sustainability.

Recent Updates | Research & Articles

Greening your business: A guide to getting started




From making a commitment to making it mainstream, going green is a journey and this guidebook will help you along every step of the way.

Chock full of tips and tools, this comprehensive guidebook provides leaders with a better understanding of what environmental sustainability is and why it matters, along with the business case and other advice on how to strategically plan for going green.

[Read the Guide >](#)

Talk to a Specialist




Contact an account manager knowledgeable in your industry today!

Industry:

Postal Code:

The sustainability audit tool – How does your organization measure up?



How sustainable is your organization? What types of activities and actions would a more environmentally and socially sustainable organization be doing? Use this simple self-assessment tool to help you measure your organization against others.

[Read the Article >](#)

Launched **RBC's Greening Your Business** portal for small- and medium-sized businesses:

- Free tools to help businesses become more sustainable
- Includes the 48-page *“Greening your business: A guide to getting started”*



Energy retrofits

Green Strategy Business Financial Services

Green Real Estate & Building Retrofits



- ▶ Each year investments in multi-unit residential, commercial, institutional and industrial buildings inject over \$40 billion into the Canadian economy. Of that, it is estimated that 13% of the reported non-residential project value is related to green construction.
- ▶ The commercial and institutional sectors represent nearly one trillion dollars in real estate assets, totaling approximately 500,000 buildings.
- ▶ In 2008, new capital and building investments injected an additional \$40 billion into the Canadian economy, of which more than 25% was related to building repairs and retrofits.



Other financing solutions and advice

- › **Solar financing products**
- › **Renewable energy specialists**
- › **Carbon management solutions**
- › **Cleantech industry specialists**



Why invest in energy retrofits

- › Saves money immediately
- › Protects against future energy price volatility
- › Insulates building against obsolesces
- › Reduces environmental footprint
- › Provides marketing opportunity
- › ***Builds long-term competitive advantage***



Elements of a retrofit

- › Improved insulation
- › Air sealing and draft proofing
- › New furnaces, boilers and windows
- › Lighting and appliances
- › New heating, ventilating and air-conditioning control systems
- › And more...



Building the business case

- › Involve your bank account manager early in the process
- › Investigate and determine if any local, provincial or federal government incentives are available for your retrofit



Financing a retrofit

- › Work with your bank account manager to determine the best financing options
- › Funding sources can include a combination of leases, term loan, mortgage, operating line of credit.
- › A detailed cost/benefit analysis is an essential ingredient to justify the expense both in the short/long term.
- › Experience shows us that “Failing to Plan” leads to “Planning to Fail”.



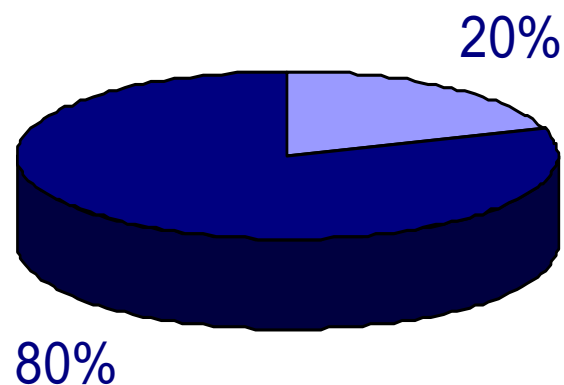
The Equipment Leasing Advantage

- A simple, cost-effective method to finance your business equipment needs

- Alternative & popular financing options for businesses in Canada

- ▶ more than 20% of Canadian businesses lease equipment

(Bearing Point Report)



- Acquire up to 100% financing of your project and repay the lease rentals through the cash saving generated through the energy retrofit project



Leasing: The Right Option

- **Leasing is right for your business if you need to:**
 - ▶ **Acquire equipment** to boost productivity and/or increase capacity
 - ▶ **Improve your cash flow** management
 - ▶ **Budget** your expenses more effectively because of the seasonal nature of your business
 - ▶ **Manage equipment upgrades** more effectively
 - ▶ **Re-invest or expand your business** without tying up valuable working capital
 - ▶ **Explore new markets** or produce new products with minimal initial capital investment



Benefits of Leasing

- ▶ **Leasing benefits your business by:**
 - ▶ **Preserving your working capital** while acquiring equipment
 - ▶ **Simplifying your budget** – the terms of your lease can be structured to meet you unique business needs
 - ▶ **Offering possible tax advantages** – lease payments may be tax deductible.
 - ▶ **Improving cash flow** – lease payments are typically lower than loan payments for the same equipment
 - ▶ **Allowing you to grow your business** – quickly & efficiently add new equipment without tying up capital



Flexible Leasing Solutions

- ▶ **RBC offers flexible leasing arrangements that provide:**
 - ▶ **Up to 100% financing for the cost of your business equipment, including taxes and installation**
 - ▶ **A variety of leasing terms and features**
 - ▶ **Financing for a wide range of business equipment, leasehold and building improvements**



Key Contacts

- › Business Resource Centre:
- › www.rbcroyalbank.com
- › Ged.Seguin@rbc.com



Energy Savings Performance Contracting Funding Model

For

Sustainability Programs

Reducing Financial Gaps
Removing Administrative Burdens
Making Suppliers Accountable
Leveraging Hidden Capital
Making CFOs and Lenders more Comfortable

Presented by:

Jim Fonger
Business Development
Ameresco Canada



ESPC (Energy Saving Performance Contract) and Ameresco

- Aimed at eliminating fiscal constraints that can kill a sustainability project before it is even conceptualized.
- Facilities can be renewed and have energy costs reduced with little to no need for capital expenditures.
- Ameresco pays all costs involved in identifying and installing new or upgraded energy-efficient equipment.
- The energy and facility upgrades are paid for from the cost savings resulting from these improvements over a set term.
- At the end of the contract period our clients own all of the improvements and receive all of the continuing savings.
- More info at:

<http://www.ameresco.com/solution/espcc-energy-saving-performance-contract>

Proud of our accomplishments

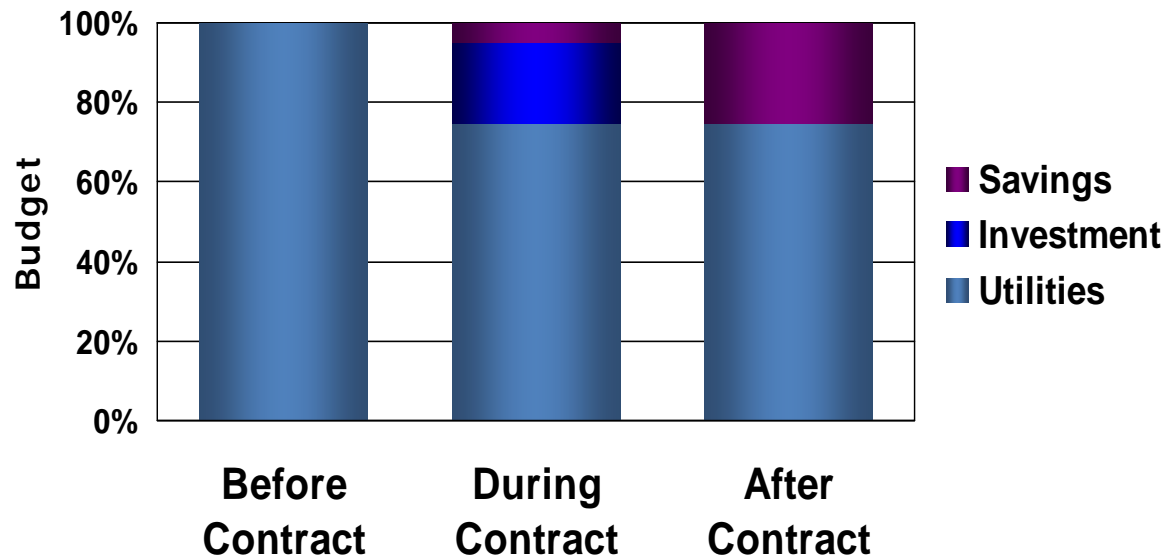
- Full-Service, Complete In-House Capabilities. ISO 9001 (Financing, Design, Build, Commissioning, Operations & Maintenance)
- Deliver over \$400 million of Energy infrastructure projects annually
- Guarantee over \$300 million of annual savings
- One of the Largest independent ESPC Company in North America
- Publically Traded
- Unbiased approach: unaffiliated with any product
- Developed a unique approach that allows us to deliver the most comprehensive solution for our clients at the greatest value

And grateful to our clients



How it works: At a glance

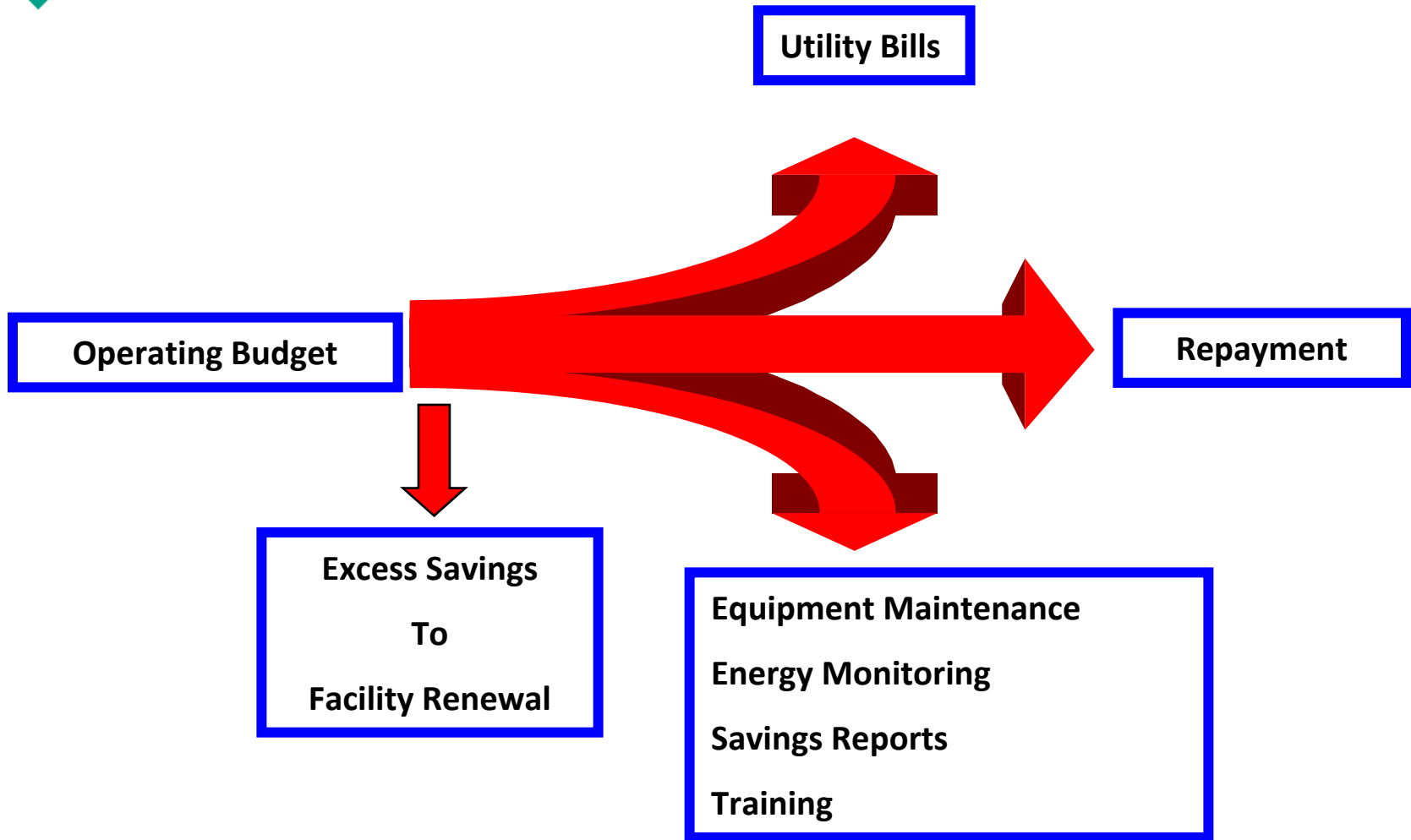
- “Energy Equity”
- Life-cycle vs. first cost approach



Cash flow before ESPC Implementation



Cash flow during ESPC Implementation



Capital Cost Reductions and Income Opportunities

- Electricity Conservation Programs (OPA)
- Natural Gas (Enbridge)
- National Research Canada Grants
- Eco efficiency grants
- Demand Response Income Stream
- FIT project Income stream
- New CESOP OPA Program

Time Crunch

Ameresco
To
Coordinate

How it Works

- Conduct a top level review of your total utility bills across all organizations for which you are responsible.
- If added together they amount to \$500,000 or more and your credit rating is acceptable then:
- Connect with Ameresco and indicate your interest in pursuing an ESPC. We'll set a time to come and meet with you.
- Be prepared to provide us your electrical, gas, and water bills.
- Also be prepared to send us your balance sheet and allow us to do a credit check through D&B

How it Works

- We analyse the information to determine if next steps are worthwhile (for both you and us) and if so;
- We'll schedule a complimentary on-site high level assessment of your facilities and schedule another follow-up appointment
- An audit proposal will be developed for your review that will be based on benchmark data. The proposal will list:
 - Total annual utility savings (eg. \$2,000,000)
 - Capital Cost Required (eg. \$6,000,000)
 - Simple Payback (eg. 3 Years)that we believe can be achieved through an ESPC

- There is **no cost** for this audit aside from those that can be recovered from Audit and Engineering study funding **provided that:**
 - You proceed with implementing the recommendations contained within the audit with Ameresco as your implementation partner subject to the Audit study demonstrating that 80% or more of the savings targets and payback period set in the audit proposal can be achieved.
 - The Audit study demonstrates that the 80% threshold cannot be met and you do not proceed with implementation

How it Works

- Execute Energy Services Agreement that includes base line conditions and performance metrics.
- Work with Ameresco to identify financial partners for the project (included in our cost estimates).
- Decide on the energy guarantee that you and or your financial institution wants or needs to be comfortable moving ahead with the project:
 - 80% 3% of total project capital costs
 - 100% 5% of total project capital costs
- Enter into 3 part finance agreement (finance institution, you, us)

How it Works

- Construction/Implementation begins (Ameresco carries the project during the construction period)
- Performance Period begins and M&V takes place
- Should project not perform at guaranteed levels
Ameresco has two options:
 - Ad incremental measures to achieve savings at Ameresco's cost
 - Provide a cheque to the client (or financial institution) that represents the present value in the savings shortfall

Benefits

- Reduced Financial Gaps
- Removed Administrative Burdens
- Your partner is accountable
- Leveraging Hidden Capital can be leveraged
- CFOs and Lenders are much more comfortable about moving forward with the project

Key Profiles of your Partner

1. Proven successful project implementation and performance track record (Canadian division of Ameresco has been doing this successfully for over 35 years)
2. Proven ability to meet guarantee (Ameresco currently entrusted with managing over \$5 billion in energy efficiency projects and over \$1.5 billion in energy spend and energy risk management.

Please get in touch with us!
We can help.

Jim Fonger

jfonger@ameresco.com

(647) 271-2665

Reliance Commercial Program

Improved Business Continuity
-Guaranteed!





more than just rental water heaters



water heaters

- one of the **largest** rental water heater providers in Canada
 - over **1.2 million** customers and growing




HVAC equipment

- full service heating and cooling business
- sales, service, financing and rental
- providing rental HVAC since 2002
 - **over 12,000 customers** and growing
 - **over 18,000 pieces** of HVAC equipment rented



security & monitoring

- Reliance Protectron services -second largest Canadian security company



our commitment to you:
the best service in the business -guaranteed!



call centre

- over **3.5 million** calls each year
- **174** agents, **24/7** coverage
- **80%** of calls answered in **20** seconds or less



quality assurance

in-house product Quality management team

- over **30** Reliance quality advocates
- ongoing quality audits



superior service capability

- one of the **largest networks** of licensed technicians in Canada
- handle 1000+ service calls daily nation-wide
- replace approx 200 HotWater tanks daily in Ontario



the solution is Reliance

rent with reliance and protect your bottom line



Reliance gives you ...

- 4 hour service response guarantee – 24/7/365
- 100% coverage for all parts and labour
- customized solutions
- 1 predictable monthly payment



so you can enjoy ...

- business continuity
- no repair bills or capital outlays
- increased efficiency and ongoing energy savings
- predictable cash flow management



how will renting from reliance help my bottom line?

renting from Reliance minimizes business interruption, reduces operating costs and eliminates risk with:

- **no upfront costs**
leaving your capital free to invest in your business
- **significant tax savings**
compared to ownership improving profitability
- **high efficiency solutions**
to help you reduce your energy use
- **predictable monthly rates**
to help you better manage your cash flow -no “surprises”





buy back program

extra cash that can go right to your bottom line

- only available with Reliance
- water heaters less than 6 years old or boilers less than 8 years old
- Reliance will buy your equipment
- benefits of renting and no costs of ownership
- extra cash for your business





the reality



water heaters break down the undisputed facts

- very complex, with **500** separate parts
- **8** year average lifespan
- average replacement cost of commercial water heater is **\$8,000 –\$12,000**
- average service response time offered by other service providers is **24 to 48 hours**
- average **3** service calls during these **8** years



the costs

repairs can add up fast – making renting the best option

Examples of typical repair costs	Cost-to-Repair Owned Equipment*:	Renting From Reliance:
Gas Valve Replacement	\$477	FREE
Aquastat Replacement	\$258	FREE
Ventor Motor Replacement	\$972	FREE
Heat Exchanger Replacement (for boilers only)	\$2,211	FREE

* Based on manufacturer's retail cost. Costs do not include labour.



go green –save energy

endless hot water with tankless systems from Reliance

- save space
- save energy
- never run out of hot water again
- free energy audit
- free sizing to ensure product performance





your assessment customized solution tools

CERTISPEC^{3.1} commercial sizing guide



COMMERCIAL
WATER HEATERS



A.O. Smith
Water Heaters

acc-u-size

water heater sizing program
Version: 5.5

What's new in Acc-U-Size?

The new Acc-U-Size contains all the latest A.O. Smith commercial products and provides you with a powerful tool to size jobs. Acc-U-Size allows you to quickly calculate and print reports on numerous application options. Welcome to the latest in commercial water heater and boiler sizing from A.O. Smith.

[Click here to check for an update](#)

Start New Project

Open Project...

at Reliance we pride ourselves on sizing your commercial location accurately so that your business runs efficiently



Reliance: -customer satisfaction....

quarterly surveys for past 10yrs
conducted by an independent 3rd
party indicates:

- Reliance consistently scores; 8.8 – 9.2 out of 10 total
- this is considered “excellent” by the service industry

All with one goal – keeping your doors
open to customers
[particularly during peak times]





coming soon... Light Rooftop Commercial

- program under development
- evaluating business opportunity
- seeking input from stakeholders
 - owners
 - property managers
 - tenants
- rooftop HVAC and unit heaters
- make up air





testimonials

real value – what our customers have to say:

Business Continuity

**Dinecorp
Hospitality Inc.**

I manage a busy restaurant, and when our kitchen hot water tank started to leak, I immediately called Reliance Commercial Solutions. The Territory Representative, quickly met with me to review the conditions of the leaky tank. When you're in the hospitality business, time is of the essence – Reliance Commercial Solutions arranged to have the old tank removed and the new one installed by the very next day. Because of the excellent level of service I got, I'd be happy to recommend Reliance Commercial Solutions.

John McDonald, Operations Manager, Dinecorp Hospitality Inc, Grimsby, ON

Peace of Mind



I called Reliance Commercial Solutions as soon as we discovered a leak in the hot water tank that serviced our building and kitchen services. Terry, one of their Territory Reps, quickly arranged to get us a new tank installed that was a lot more efficient and economical in terms of saving us money on our gas bills. I was impressed with the prompt service and professional advice we got and would not hesitate to recommend Reliance Commercial Solutions to anyone thinking about water heaters for their commercial operations.”

Al Mercato, General Manager, Dundas Valley Golf & Curling Club, Dundas, ON

Peace of Mind



The outstanding thing about working with Reliance Commercial Solutions is the peace-of-mind. They understand my business and they take care of me. I don't even really think about my hot water anymore, which is nice.

Mike Brazeau, Manager, Boston Pizza, London, ON

Reliance:

Improved Business Continuity

