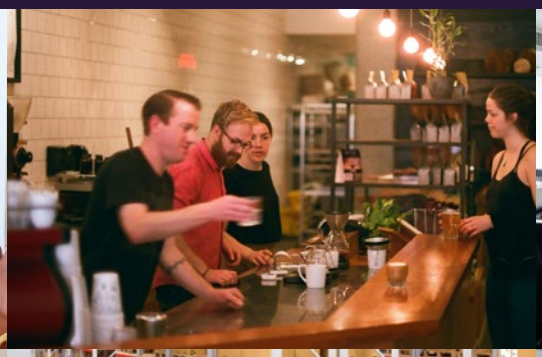
# Finance Guide

## REDUCE ENERGY COSTS IN YOUR BUSINESS PREMISES

A Guide to Financing Energy-Smart Upgrades for SME Building Owners and Occupiers

June 2025



ENACT

Enabling Business Energy Upgrades

seai SUSTAINABLE ENERGY AUTHORITY OF IRELAND

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# About this Guide

Energy upgrades can offer valuable benefits for your business, customers, brand, and the environment. By improving the energy efficiency of your building, you can reduce operating costs, boost property value, improve comfort and well-being, enhance your reputation, and lower your environmental impact. At the same time, there is growing pressure—from customers, lenders, investors and regulations—for businesses to decarbonise. **Reducing energy use and energy-related costs makes perfect business sense.**

This Guide has been **designed to help SMEs and their financial advisers to identify, assess and select the optimal finance solution for their commercial building energy upgrade projects.**

Whether you're just starting to explore energy efficiency or are ready to invest in upgrades, this Guide will help you take the next step with confidence.

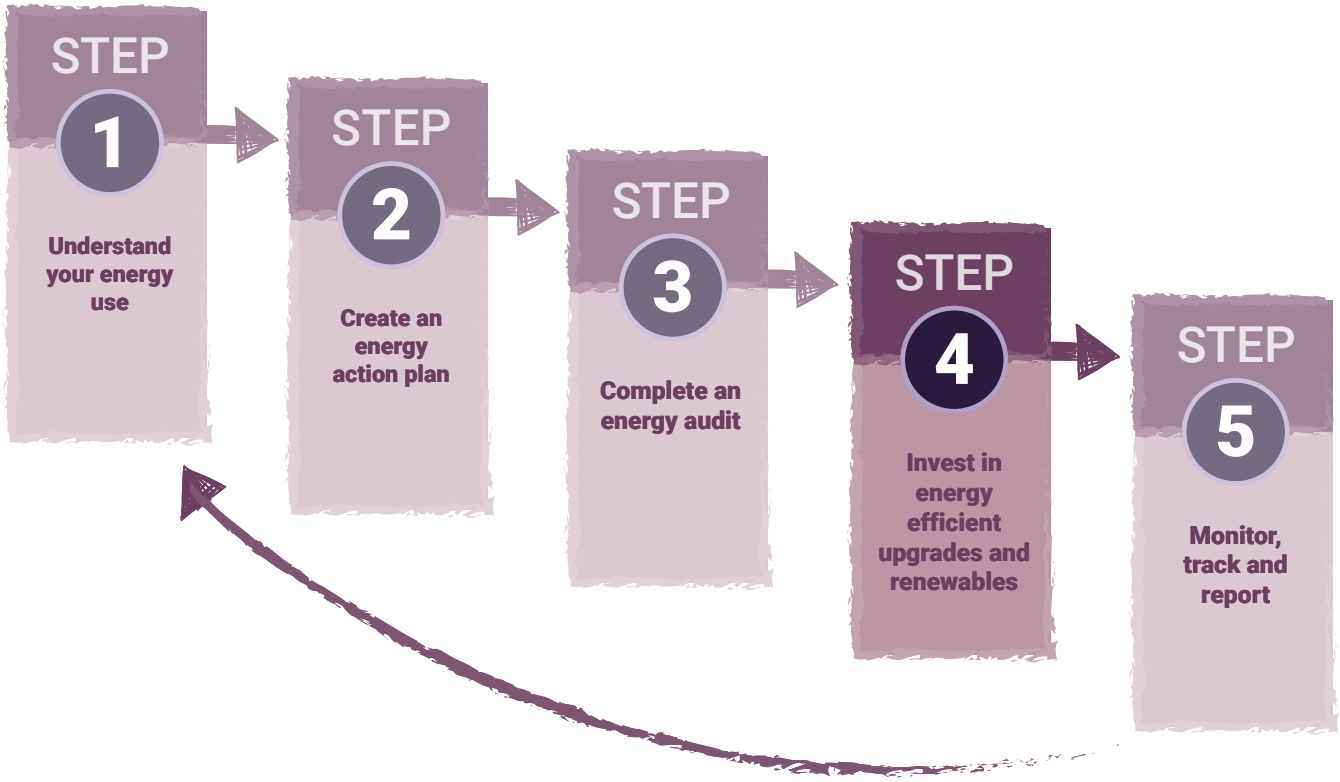
## You Will Learn:

- ✔ **The fundamentals of energy use and energy efficiency in business premises.** The role of Building Energy Ratings and how these relate to real-world energy use and market value.
- ✔ **The key elements of building a strong business case for energy upgrades,** including the drivers for such projects, common challenges that SMEs face, and common financial metrics to assess the financial impacts of an investment.
- ✔ **The range of supports and incentives available to help fund energy improvements -** from grants and tax reliefs to supports that may be available from your Energy Supplier.
- ✔ **The different financing options available to SMEs in the Irish market**, and how you can evaluate which options align with your finance preferences and business objectives.
- ✔ **For SMEs that rent their premises, specific considerations and potential actions that tenants can take in collaboration with landlords.**

Please note that the Guide **targets six building types where the main energy users are the building itself and the activities being delivered within it**, rather than industrial or manufacturing processes, namely:

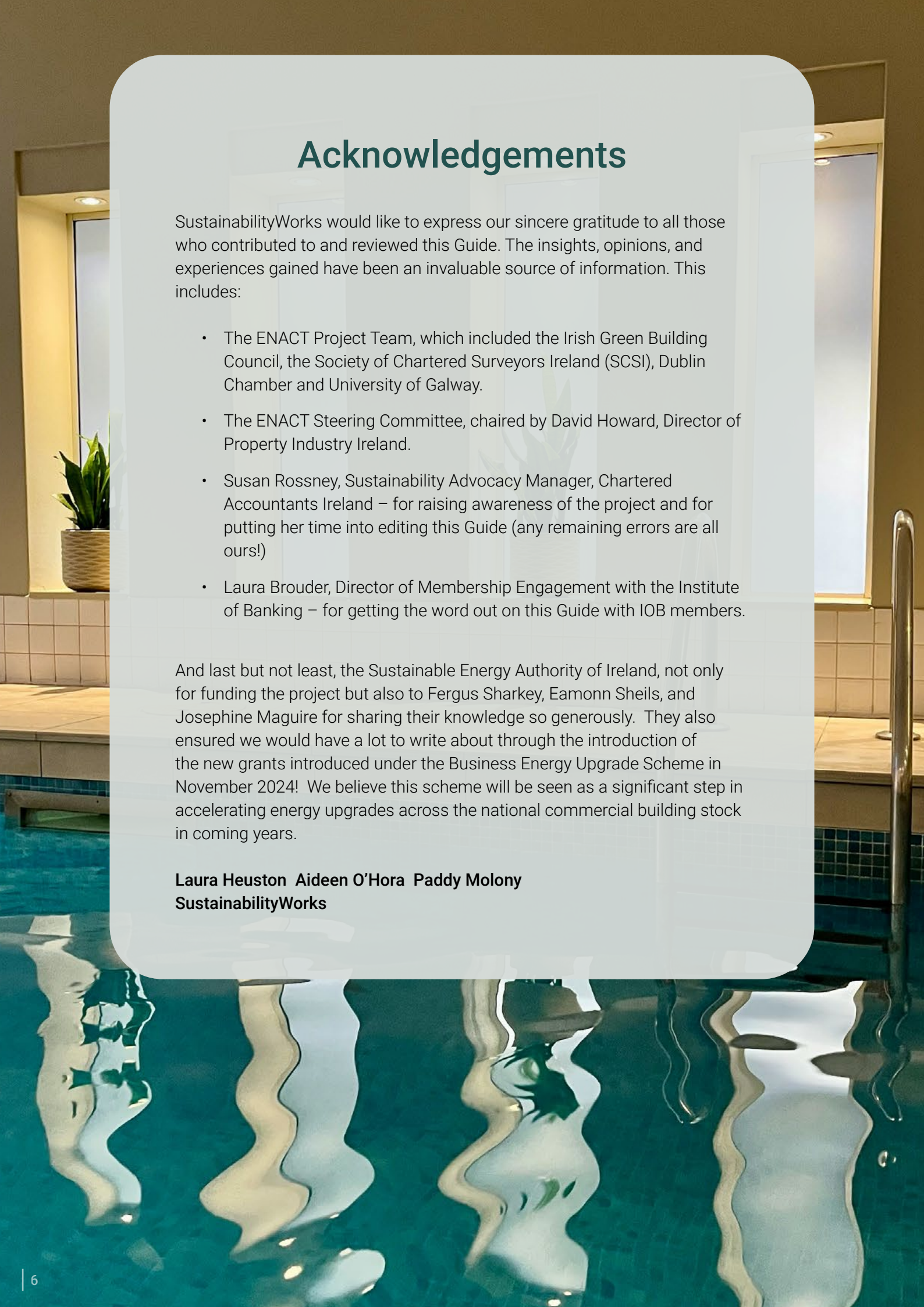

Hotels & Hospitality | Bars & Restaurants | Offices | Retail | Warehouses | Leisure Centres

This Guide **supplements the information provided by the Sustainable Energy Authority of Ireland (SEAI) on Steps to Energy Efficiency for businesses** (see diagram below providing an overview). This Guide focusses on Step 4 and assumes that the previous steps have already been completed. If not, it's recommended to revisit that guidance before moving forward.




Developed under the SEAI-funded ENACT research project, this Finance Guide provides support to SME Building Owners and Occupiers on the financial issues associated with investing in building energy upgrades. It complements the Advice Guide and Case Study Guide to Energy-Smart Upgrades for SME Building Owners and Occupiers, providing actionable steps to start your energy upgrade journey.

***Note:*** *This guide offers general guidance only and is not tailored to specific businesses. For legal, financial, or technical advice related to your circumstances, consult a professional.*



# Acknowledgements

SustainabilityWorks would like to express our sincere gratitude to all those who contributed to and reviewed this Guide. The insights, opinions, and experiences gained have been an invaluable source of information. This includes:

- The ENACT Project Team, which included the Irish Green Building Council, the Society of Chartered Surveyors Ireland (SCSI), Dublin Chamber and University of Galway.
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- Susan Rossney, Sustainability Advocacy Manager, Chartered Accountants Ireland – for raising awareness of the project and for putting her time into editing this Guide (any remaining errors are all ours!)
- Laura Brouder, Director of Membership Engagement with the Institute of Banking – for getting the word out on this Guide with IOB members.

And last but not least, the Sustainable Energy Authority of Ireland, not only for funding the project but also to Fergus Sharkey, Eamonn Sheils, and Josephine Maguire for sharing their knowledge so generously. They also ensured we would have a lot to write about through the introduction of the new grants introduced under the Business Energy Upgrade Scheme in November 2024! We believe this scheme will be seen as a significant step in accelerating energy upgrades across the national commercial building stock in coming years.

**Laura Heuston Aideen O'Hora Paddy Molony**
**SustainabilityWorks**

# Making Sense of Energy in your Business Premises

This Section will help you understand how different types of commercial buildings typically use energy. It will also explore typical upgrades and measures used to save energy and reduce carbon emissions, and will clarify the link between a building's Building Energy Rating (BER), its actual energy usage and its market value.

## Energy Use in Your Building: What You Need to Know

Every building is different, which is why a detailed energy audit is an important starting point to figure out how to save both energy and carbon. Here's a quick breakdown by building type:


### Hotels:

Run 24/7, so energy use is high. The largest contributors are **hot water** (for showers, laundry, etc.) and **Heating, Ventilation, and Air Conditioning systems (HVAC)** to keep guests comfortable day and night.


### Bars & Restaurants:

**Heating and cooling** usually take the top spot, especially in open dining areas. Right behind that is **kitchen equipment** — ovens, fryers, and dishwashers work hard during service.


## Offices:

Most of the energy goes into **heating, cooling, and ventilation** — keeping staff comfortable all year round. Lighting and powering computers, printers, and other office gear also add up.


## Retail Stores:

**Lighting** is often the biggest energy draw — it's key to creating a welcoming space and showing off products. **HVAC** comes next, and in food retail, **refrigeration** is a major player too.


## Warehouses:

If the warehouse is **heated**, that's likely the biggest energy cost. **Lighting** is next, especially in large spaces with long operating hours.


## Leisure Centres:

No surprise here — **heating water** for pools and showers is the top energy user. These facilities need a lot of hot water, and it shows on the energy bill.

# Energy Efficiency and Renewable Energy Upgrades Explained

Upon completion of an energy audit, your energy audit report should include a list of recommendations to help you use less energy. **Improving the energy efficiency of a commercial building usually involves a mix of upgrades to the building's structure, heating**

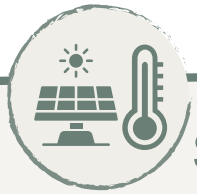
**and cooling systems, and how the building is run day-to-day**. The best approach depends on the building's age, who owns it, and how it's used.

When people hear "energy efficiency upgrades," they **often think of solar panels first**. But it's important to know that **solar PV panels don't reduce energy use—they just change where the energy comes from**. A building can still waste energy even if it's powered by renewables. The second image that usually comes to mind is home **insulation, like wrapping a house to keep heat in**. However, **commercial buildings are a bit different**.

Recent research by the Society of Chartered Surveyors Ireland (SCSI) found that the **most common energy upgrades in commercial buildings are lighting improvements and heating, ventilation, and air conditioning (HVAC) upgrades**. These are popular because they're cost-effective, may be eligible for grants, and cause minimal disruption to business operations. In retail, refrigeration upgrades are a top priority. On the other hand, wall and roof insulation, while very effective for long-term savings, are less common. That's mainly due to their higher cost, installation complexity, and the challenge of working around building occupiers.

So when thinking about **energy efficiency in commercial buildings**, remember: **the biggest energy users are often inside the building—like lighting, HVAC, and equipment**—not just the walls or roof. This is why it is recommended to obtain advice from an energy professional through an energy audit.

It is useful to understand what the different "measures" or "upgrades" that may be recommended in your energy audit report involve, as the grants and finance options available are generally linked to specific measures.



## Solar Thermal for Water Heating

**Great if your business uses a lot of hot water — this system uses the sun to heat it for you. Can be used for both central heating back up and water heating. Solar panels (called collectors) are installed on your roof or another sunny spot. These panels absorb sunlight and use it to heat a fluid. The heated fluid transfers its heat to your water supply via a heat exchanger. The result? Hot water for your taps, showers, or processes — powered by the sun. This reduces the need for gas, oil, or electricity to heat water — which is often a major part of a building's energy use. While the total energy you need may not change, the amount of energy you buy from the grid goes down, reducing your energy bills and lowering carbon emissions.**

## Solar PV for Generating Electricity

Solar PV stands for Photovoltaic Panels — a technology that converts sunlight directly into electricity. Panels are installed on your roof or another sunny spot. They capture sunlight and turn it into electricity for your business. Again, while you're not reducing the total energy your building uses — your lighting, heating, computers etc – you are changing where that energy comes from. This means you buy less from the grid, reducing your carbon footprint and saving on your energy bills. If you generate more electricity than you can use, you can export that excess to the grid and will be paid by your electricity supplier by doing so.

## Wall & Roof Insulation

If your building is losing heat through the walls or roof, you're likely paying more than you need to on energy — and producing more carbon too. Walls can account for up to 35% of heat loss in older buildings. Heat rises, and uninsulated roofs can lose up to 25% of a building's heat. Save energy through cutting heat loss by upgrading insulation or replacing old roof materials.

## Replace Fossil Fuel Heating with Heat Pumps

Electrify your heating rather than using fossil fuel systems such as oil or gas. A heat pump is a clever device that heats (and sometimes cools) your building by moving heat from one place to another — kind of like a fridge, but in reverse. In Winter, it pulls heat from the air or ground outside (even when it's cold!) and brings it inside to warm your building. In Summer, it can work in reverse, taking heat from inside and pushing it outside — like an air conditioner. Heat pumps use less total energy to produce the same amount of heat as fossil fuel systems. Even on a fossil-fuel heavy electricity grid, heat pumps are still more efficient overall.

## Water Pump Upgrades

Water pumps are used in your building to move water around — for heating, cooling, plumbing, or other systems. Upgrading your pumps means replacing old, inefficient ones with newer, smarter models that use less energy. Older pumps often run at full power all the time — even when it's not needed. Newer pumps are more efficient and can adjust their speed based on demand. Since most pumps run on electricity, using less energy means saving both costs and carbon, especially if the electricity comes from fossil fuels.

## Air Handling Units Upgrades

An air handling unit (AHU) is part of your building's ventilation system. It moves and filters air to keep the indoor environment fresh, comfortable, and healthy. AHUs are typically powered by electricity, and they use that power to run several key components, including fans, motors, and heating and cooling coils. Upgrading your AHU might include installing more efficient fans or motors, adding better filters for cleaner air, improving controls so the system only runs when needed, or adding heat recovery to reuse warm air and save energy. Better air quality and comfort for your staff and customers — saving energy costs and carbon.

## Building Management System Upgrades

A building management system (BMS) is like the brain of your building. It controls and monitors key systems like HVAC, lighting, water systems, sometimes even security and fire alarms. It helps everything run smoothly, efficiently, and safely — often from a central dashboard. Upgrading your BMS can significantly cut energy use by automating controls, optimizing system performance, monitoring real-time data, zoning spaces efficiently, and integrating with other smart technologies (like solar panels, EV chargers and batteries).

## LED Lighting

**Switching to LED lighting is one of the quickest and easiest ways to cut costs and reduce your environmental impact. It's a smart move that pays off in savings and sustainability. LEDs use up to 80–90% less electricity than traditional incandescent bulbs and around 50% less than fluorescents. They convert more energy into light and less into heat and they last 10 to 25 times longer, reducing the need for frequent replacements and the energy used in manufacturing and transport. Many LED systems can be paired with sensors, timers, and dimmers, further reducing unnecessary energy use.**

# The Link Between Energy Upgrades, BER ratings and Actual Energy Use

In Ireland, a building's BER (Building Energy Rating) reflects its theoretical energy efficiency, rated from A1 (most efficient) to G (least efficient). The BER is based on a standardised model that assumes average occupancy, typical heating patterns, and standard weather conditions — much like a car's fuel efficiency label. It estimates how much energy a building should use, not how it's actually used day-to-day. Actual energy use depends on how the building is operated: heating schedules, occupancy levels, maintenance, and user behaviour. This means a building with a good BER could still have high energy costs and carbon emissions if it's used inefficiently.

Furthermore, BER ratings do not reflect energy used by equipment and processes that fall outside of the scope of building regulations. Common examples include IT services, computers, commercial kitchen appliances, retail display lighting etc, which can make a significant contribution to actual operational energy use in high-usage sectors such as hospitality, retail, and IT-heavy office environments.

Actual energy use — and therefore real carbon emissions and energy bills — depends on how the building is operated and on the efficiency of its appliances and equipment. To achieve real energy and carbon savings, it's important to both:

- Improve the building's theoretical efficiency (i.e. its BER rating), and
- Encourage smart energy use through selection of energy efficiency appliances and equipment, maintenance, monitoring, controls, and behavioural change.

Despite being theoretical, BERs are important because they act as a proxy for actual performance. A better BER often signals lower running costs and alignment with corporate

climate goals. They also offer a consistent, comparable benchmark across buildings, which is valuable for:

- Property valuation
- Tenant attraction
- Regulatory compliance

Furthermore, with upcoming Minimum Energy Performance Standards (MEPS) under the revised EU Energy Performance of Buildings Directive (EPBD), in the future commercial buildings that don't meet minimum BER thresholds may face restrictions on sale or lease — making BERs a growing risk factor for Building Owners and Lenders (stranded asset risk).

In this context, it's worth noting that not all energy upgrades automatically improve a building's BER. Some measures may enhance comfort or reduce actual energy use but can have limited impact on the BER if they don't significantly change the modelled energy demand or aren't fully captured in the BER calculation software.

**So, if your goal is to reach a specific BER rating, it's essential to ask your energy auditor to advise not only on what will reduce energy and carbon, but also on what will positively impact your BER.**

# Building the Business Case

This Section explores the key questions and areas to be covered when preparing the business case for an energy upgrade project. This includes ensuring that you have identified the specific drivers for the business to undertake this project and that you have a good understanding of the typical challenges faced when seeking investment approval for an energy upgrade project. An overview of the key financial metrics for an energy upgrade is provided, which require data on upfront costs and annual cost savings. Determining these figures generally requires an energy audit, as outcomes depend on several variables. However, to support early-stage planning, indicative cost savings figures are provided, drawing on publicly available data from the SEAI and other reliable sources.

## Identify the Drivers

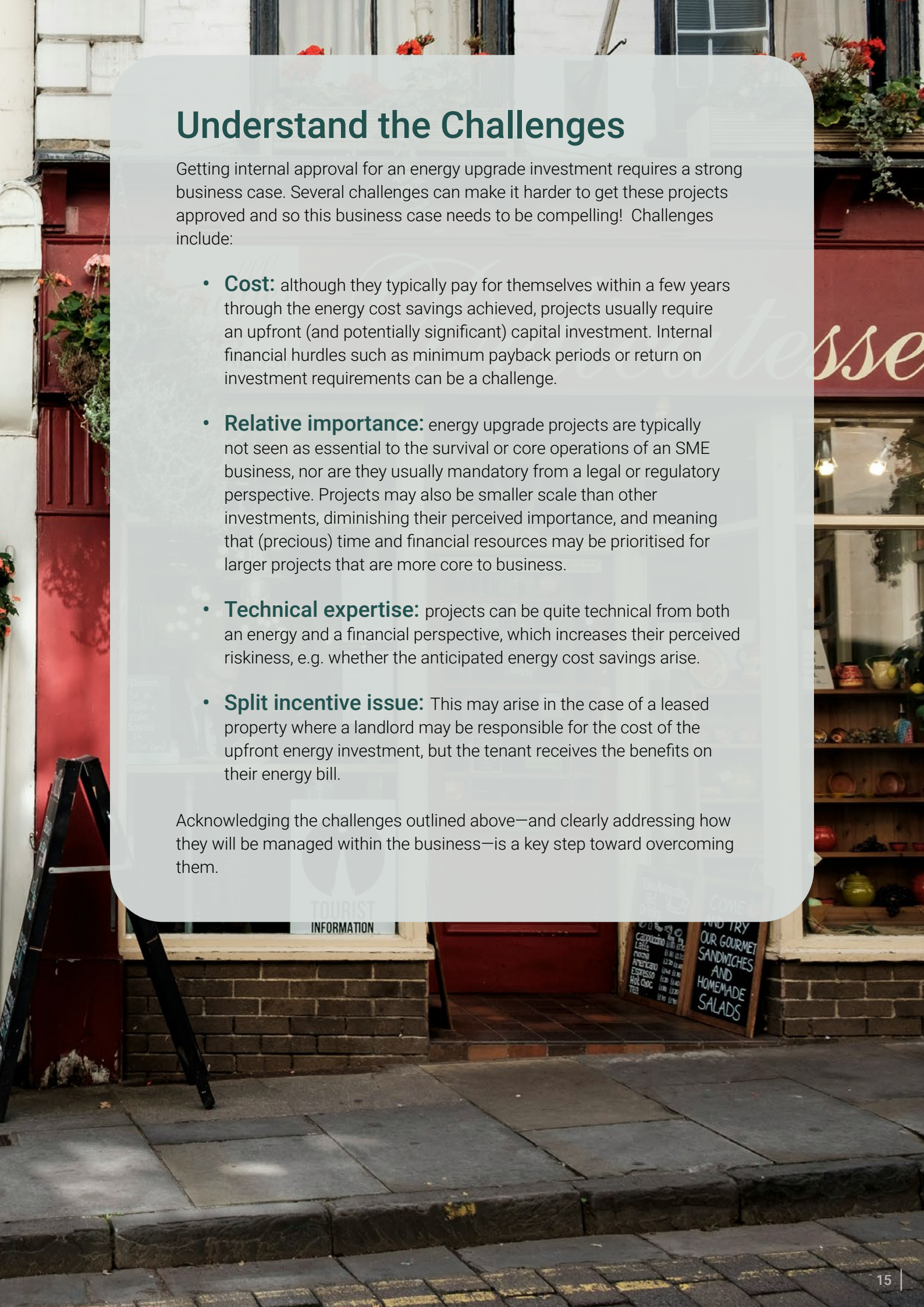
Before starting any energy upgrade project, it's important to clearly identify the key drivers for your business. Understanding why you're doing the project helps ensure that the project aligns with your goals, whether that's cutting costs, protecting value, meeting regulations, improving comfort, or enhancing your brand. The drivers tend to vary depending on whether you are a building owner or an occupier.

**Building owners (including owner-occupiers)** are often focused on long-term property value, compliance, and marketability. Their key drivers include to:

- Increase property value and attract or retain quality tenants
- Reduce operational and maintenance costs through more efficient systems
- Prepare for compliance with forthcoming regulations, such as Minimum Energy Performance Standards (MEPS), and avoid future penalties
- Reduce financial risk, including access to finance and avoiding stranded assets
- Enhance business value, including brand reputation and ESG performance

**Building occupiers (tenants or users)** are typically focused on day-to-day performance, comfort, and sustainability. Their key drivers include to:

- In the context of rising and volatile energy costs, lower energy bills and better access to energy data for active energy management
- Reduce carbon emissions to meet climate targets and external customer, investor, lender expectations.
- Improve comfort, wellbeing, and productivity for staff and customers
- Boost brand reputation and support talent attraction and retention through greener, healthier workplaces




# Understand the Challenges

Getting internal approval for an energy upgrade investment requires a strong business case. Several challenges can make it harder to get these projects approved and so this business case needs to be compelling!  Challenges include:

- **Cost:** although they typically pay for themselves within a few years through the energy cost savings achieved, projects usually require an upfront (and potentially significant) capital investment. Internal financial hurdles such as minimum payback periods or return on investment requirements can be a challenge.

- **Relative importance:** energy upgrade projects are typically not seen as essential to the survival or core operations of an SME business, nor are they usually mandatory from a legal or regulatory perspective. Projects may also be smaller scale than other investments, diminishing their perceived importance, and meaning that (precious) time and financial resources may be prioritised for larger projects that are more core to business.

- **Technical expertise:** projects can be quite technical from both an energy and a financial perspective, which increases their perceived riskiness, e.g. whether the anticipated energy cost savings arise.

- **Split incentive issue:** This may arise in the case of a leased property where a landlord may be responsible for the cost of the upfront energy investment, but the tenant receives the benefits on their energy bill.

Acknowledging the challenges outlined above—and clearly addressing how they will be managed within the business—is a key step toward overcoming them.

# Making the Numbers Work – Energy Upgrades and Your Bottom Line

When evaluating an energy upgrade project, it's important to look beyond just the upfront investment required. Financial metrics help you understand the value, return, and risk of the investment. Key metrics to assess include the **Cost Savings** involved, the **Payback Period** and the **Return on Investment**. While the rest of this section will focus on these metrics, **you should not forget the other benefits associated with a project**, which can also support the business case:

- ✔ **Customer/staff/other occupier comfort, ambience and air quality**
- ✔ **Regulatory compliance**
- ✔ **Alignment with corporate sustainability goals and brand-related objectives**

For Building Owners, this can also include **higher rental yields and improved property value**, with investment viewed as long-term asset enhancement rather than purely energy-saving projects.

## All the Numbers You Need Are Inside Your Energy Audit Report

Cost savings are one of the most important and tangible financial metrics for energy upgrade projects — and, along with the upfront investment required, they form the basis for calculating other metrics, including the Payback Period and the Return On Investment. However, estimating the upfront investment and the cost savings for energy upgrade measures can be challenging, as results vary depending on factors such as building size, energy usage, and the availability of grants or other supports. For accurate projections tailored to your business, you will need to seek expert advice based on your specific circumstances, i.e. you need to have an energy audit carried out.

The standard report provided by an SEAI grant-funded Energy Audit Report should provide the key metrics to support the financial analysis section of your business case. The energy auditor will typically compile their findings in a report for the organisation to show you:

- how much energy your business uses
- what equipment and processes use the most energy
- what actions you should take to save energy and their cost
- energy cost savings per year
- emissions reductions per year
- the payback period.

The energy audit report should also signpost relevant grants available from the SEAI. For more detail on energy audits, see Energy Audits for SMEs | Business | SEAI.

## What Financial Metrics are Important?

The two key financial metrics generally used to assess the benefits of an energy upgrade project are the Payback Period and the Return on Investment.

**The Payback Period** is the amount of time it takes for the money you save on energy bills to equal the amount you spent on the upgrade. It gives you a simple way to see how long it takes to get your money back. A shorter payback generally means a lower risk investment as you recover your investment faster. This metric can help compare different upgrades, e.g. one might cost more but pay back faster. Knowing the payback period helps you plan cash flow and future investments. It is simple and easy to understand and is often used for quick decision making.

$$\text{Payback Period} = \frac{\text{Upfront Investment}}{\text{Net Annual Savings}}$$

For example, you spend €5,000 on a new heat pump, including installation. It saves you €1,000 on your energy bills:

$$\text{Payback Period} = \frac{€5{,}000}{€1{,}000} = 5 \text{ years}$$

**Return on Investment (ROI)** shows how much profit or savings you make from an energy upgrade compared to what you spent. It's expressed as a percentage and helps you understand how efficient your investment is over time. A higher ROI means you're getting more value for every euro you put in. This metric is useful for comparing different projects—one might have a longer payback period but deliver a better return in the long run. ROI helps you see the bigger financial picture and is especially helpful when justifying energy upgrades to stakeholders or planning future investments. It's a powerful tool for making smart, strategic decisions.

$$\text{Return on Investment} = \frac{\text{Net Annual Savings} \times 100}{\text{Upfront Investment}}$$

Using the same example as above, the ROI would be:

$$\text{Payback Period} = \frac{€1{,}000 \times 100}{€5{,}000} = 20\%$$

## What You Could Save: A Quick Look at the Numbers

As already noted, for accurate projections tailored to your business, you will need to seek expert advice based on your specific circumstances, i.e. you need to have an energy audit carried out. However, to guide your initial thinking, indicative figures are provided below where possible, based on publicly available information from the SEAI and other reliable sources as at the time of writing. These figures are for general reference only.

**Solar Thermal:**
can save up to 35% on heating costs.

**Solar PV:**
up to 50% savings on business electricity; 5 years payback; lifespan >20 years.

**Wall and Roof Insulation:**
difficult to provide any indicative figures but payback periods generally longer than for other energy upgrade measures.

**Heat Pumps:**
Again, difficult to provide any indicative figures as savings will vary on a case-by-case basis

**Water Pumps:**
reducing the flow rate by 20% can reduce energy by 50%

**Air Handling Units:**
can save up to 75% by upgrading

**Building Management System:**
adjust and optimise your BMS to save 10 – 15 %

**LED Lighting:**
save up to 70% in electricity costs.

While this Guide focuses on energy upgrades that need some upfront investment, it's good to know that you can start saving energy—and money—right away with simple, low-cost or no-cost actions.  Behavioural changes alone can cut your energy use by up to 10%. For example:

- Turn off lights when rooms aren't in use
- Use motion sensors in low-traffic areas
- Run energy-hungry equipment at the most cost-effective times
- Get your team involved in spotting and reducing energy waste

These small steps are easy to put in place and can make a noticeable difference to your bottom line.

# Paying For Your Energy Upgrade: What Are the Options?

Finally, when you're putting together a business case for an energy upgrade, it's important to explain how you'll pay for it.  That means:

- Checking if there are any grants, tax breaks, or other non-repayable funding supports available to help cover the cost
- Looking at other ways to finance the project instead of your own money—like taking out a loan, leasing, energy-as-a-service, or other options

These topics will be covered in the next Sections of this Guide.

# Boost your Budget with Grants and other Supports

This Section looks at funding you don't have to pay back—like grants, tax breaks, and support from energy suppliers—to help cover the cost of your energy upgrade. The grants covered in this Section include those managed and distributed by the SEAI, as well as grants from other State Agencies, such as Enterprise Ireland, the IDA and Local Enterprise Offices.

## SEAI Grants for SMEs

Overview of all grants available through the SEAI for SMEs below:

**ENERGY AUDIT GRANT**

**BUSINESS ENERGY UPGRADE GRANTS**
(Single Measures)

- Solar Thermal
- Solar PV
- Wall and roof fabric
- Heat Pumps
- Pumps
- Air Handling unit
- BMS* optimisation
- BMS* controls
- Design assistance

**TAILORED GRANT SUPPORTS**
(Larger Projects)

- Energy Efficient Design
- Renewable Heating
- Community Grants

**BMS = Building Management System*

## Energy Audit Grant

If you are not sure where to start, always start with an energy audit. The SEAI provides a €2,000 voucher for SMEs towards the cost of a professional energy audit. In most cases, the grant will cover the total cost of the audit. An energy audit may be carried out on buildings, processes, or systems and it is a three-step process which involves preparation, a site visit and reporting. Application to the scheme is easy, with automatic approval for eligible businesses. As already noted, the energy audit report provides you with recommendations on the energy upgrade measures for your building along with key financial and carbon emissions data, and details of SEAI grants available, to support the financial analysis section of your business case.

### *Eligibility criteria*

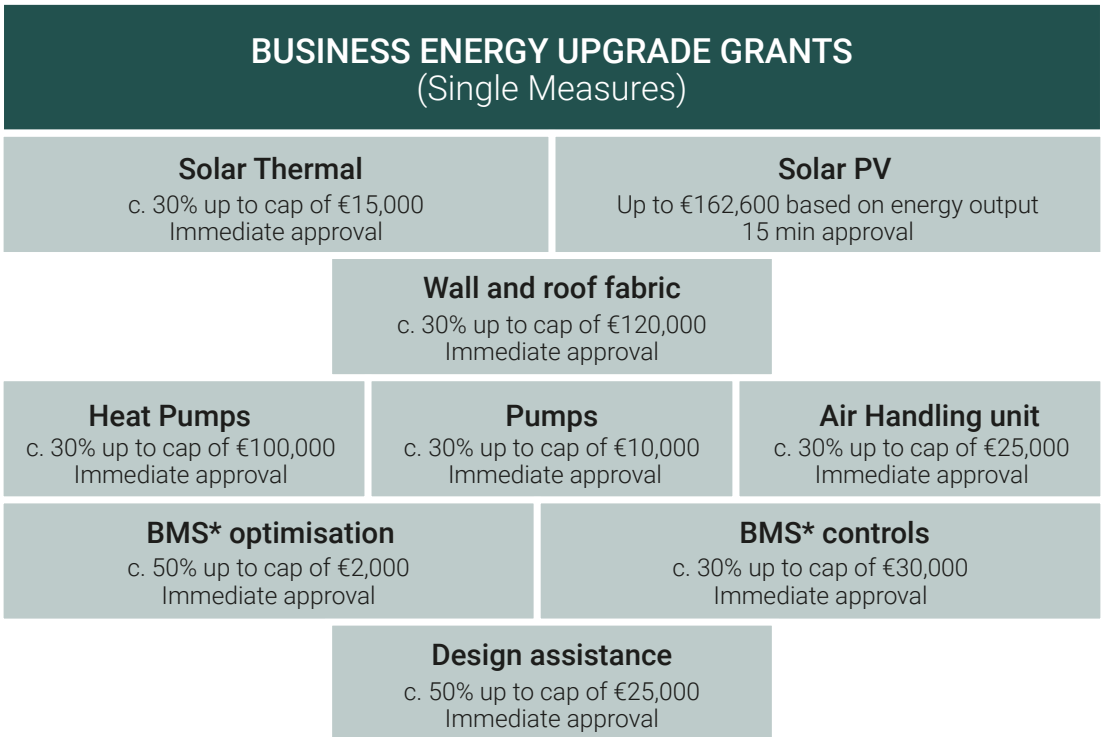
Businesses applying to the scheme must be:

- SMEs
- tax compliant and registered in the Republic of Ireland
- spend at least €10,000 on energy (exclusive of transport energy costs) per year at the site being audited

There is a limit of 1 audit voucher per Applicant/Company. For further details on how to apply, see: Energy Audits for SMEs | Business | SEAI.

## SEAI Business Energy Upgrade Grants Overview

Launched by the SEAI in late 2024, the Business Energy Upgrade Scheme (BEUS) is designed to support SMEs in upgrading the energy performance of buildings they own or occupy, offering rapid approval grants for a wide range of energy saving measures. As you will note from the diagram below, the measures supported are those described earlier in this Guide (except for LED lighting upgrades, which are already economically viable without further support). The grant rate is generally set at c.30% of the standard cost of a measure, subject to a cap. Further detail on all these grants is available on the SEAI website. We have extracted below some key points to note.



### *The application process*

For grants tagged as having immediate approval, the application process is designed to be as user-friendly and convenient as possible. Each measure has a dedicated Pre-Application Information Form available on the SEAI website. Application approval is instant, and your grant value is calculated on the basis of your input data which includes address, year of premises built, building type i.e., office, hotel, warehouse etc., number of floors, and total floor area for all floors in square metres, and the selection of measures you are looking to receive support for. Before applying for these grants, you should:

- **Decide on the measures** you wish to invest in for your building energy upgrades (preferably based on an energy audit)
- **Appoint a service provider** to undertake the work that meets the scheme requirements. As part of the application, you will select the company you wish to undertake the energy upgrades.
- **Have your selected service provider complete the Pre-Application Information Form** which includes technical measures required for the application. This might be of help if your business is unfamiliar with the measures to be undertaken e.g., installing solar thermal or heat pumps etc. or if you are unfamiliar with the SEAI processes and it is your first time seeking grant funding.
- **Apply online for the grant.** Be ready to input details about your business, e.g. name, address, tax reference number, the Meter Point Reference Number (MPRN) unique to your building (you'll find this on your electricity bill), as well as technical details from the Pre-Application Information Form.

### *Key points to note*

- The **entity applying for the grant should be whoever has the MPRN in their name**. If the landlord's name is associated with the MPRN the landlord should apply. If the tenant's name is associated with the MPRN the tenant should apply and should also seek consents or approvals from their landlord.
- You **must receive grant approval before proceeding with a project**. Costs incurred before grant approval is received are ineligible, e.g. from orders, deposits, part-payments etc.
- You have an **8-month period from the time of the offer to complete the works and submit the request** for payment.
- When the work is complete your service provider will provide you with the required documentation to complete a payment request, and SEAI will begin to process your grant payment, i.e. **the grant is retrospective so you will need cashflow to bridge the gap**.
- You **can use own preferred supplier for the immediate approval grants**. The exception to this is the Solar PV scheme, which specifically requires that you engage a service provider on the list of SEAI Solar PV Registered Companies to carry out the supported measure. This list can be found on the SEAI website.
- **For the Solar PV grant, there is also a specific requirement that the service provider must apply to ESB Networks to connect the solar PV system** to the electricity network.

- Because of the speed with which the application can be completed, a **key risk is that you will be ineligible for payment if you apply for a measure that you are not eligible for, provide inaccurate information in the application, or appoint a service provider that does not meet the competency requirements of the scheme**. As is advised by the SEAI, completing the pre-application form with the company or installer or asking them to complete it on your behalf if you are unfamiliar with the process may help in ensuring requirements are met.
- You **must obtain all necessary consents, permissions and statutory approvals and have authority to install the measures on the premises**. This is particularly the case if you are a tenant, in which case the first port of call should be to engage your landlord to obtain consent.
- A **percentage of all works are inspected by the SEAI** in order to ensure grant compliance and assess quality.
- **Grant support is subject to EU State Aid Rules** so it will be important to confirm that those rules have not been breached. More information on EU State Aid Rules is available on the SEAI website.
- Finally, it is important to note that rapid approval support will be continuously updated and tweaked in line with government policy. Ensure you **review the SEAI website directly for the most up to date conditions**.

## Tailored Grant Supports

The Tailored Grant Supports are aimed at **larger projects and companies** (but are available to SMEs). These grants support Energy Efficient Design, Renewable Heating projects and Community projects. They are aimed at projects that look to make several energy upgrades and are not in immediate need of an upfront grant. Each application is evaluated in detail, meaning your grant amount is specific to your planned measures. The grant is based on the investment your business makes, and all tailored supports are a percentage of your investment. A short summary of each one is provided below but, as always, full detail on these grants is available on the SEAI website and it is recommended that you read the full grant scheme rules if considering these supports.

| TAILORED GRANT SUPPORTS (Larger Projects) | | |
|---|---|---|
| **Energy Efficient Design** | To achieve Excellence in Energy Efficient Design (EXEED)<br>Grants of up to €3,000,000<br>Agreed on a case-by-case basis | |
| **Renewable Heating** | **Capex Grant** | Installation grant for commercial heat pump<br>Up to 40% pluse additional 30% for energy efficient measures (heat recovery, ventilation, building fabric etc.)<br>6-8 weeks for approval |
| | **Operational Tariff support** | Operation tariff support for biomass and biogas heating systems<br>NB: Due to EU State Aid Rules - temporary restriction |
| **Community Grants** | Multiple measures supported, provided part of a broader community energy project<br>Up to 30% grant<br>6-8 weeks for approval | |

### *Energy Efficient Design (EXEED) grants*

SEAI provides grant support for **projects which are following the EXEED Certified Standard for Excellence in Energy Efficient Design**. The EXEED Standard encourages innovation in design projects to help future-proof the investment, by:

- optimising energy performance
- reducing operational energy costs and carbon emissions
- improving competitiveness and
- demonstrating commitment to sustainability, which could also bring a reputational boost.

EXEED support is available for new designs and major renovation and major energy upgrades for existing buildings and assets. This will be **most suited to larger SMEs** looking to undertake significant investment in their decarbonisation journey. EXEED takes a holistic approach to business energy use, understanding where and how energy is being used, whilst challenging the idea of why energy is needed in the first place.

The scheme provides funding towards implementing the EXEED Certified process. This includes professional services and additional capital required. **Maximum grant support available per project is €3 million**. The maximum grant available is determined on a **case-by-case basis**, with criteria determining the final grant support including the business size and the expenditure type (pre-investment support or costs to implement EXEED processes).

### *Renewable Heat Grants*

This grant scheme provides businesses with financial support to convert from fossil fuels to renewable heating. This scheme offers **2 separate supports**, one being a capital grant and the other being quarterly payments for 15 years based on the useable heat produced by the renewable heating system ("operational tariff support"). At the date of writing, due to changes to EU State Aid Rules, a temporary restriction has been placed on the tariff element of the scheme. SEAI and the Department of the Environment, Climate and Communications are working on removing this restriction. Importantly, this restriction does not impact the capital grant scheme. For completeness, an overview of both supports is provided but please check the SEAI website for the most recent updates.

The **capital grant** is an installation grant of up to 40% for investment in air, ground, and water source heat pumps. There is also an additional 30% grant for related energy upgrade measures that may be required to ensure your building is suitable for a heat pump.

The **quarterly payments support** is for biomass and biogas heating systems. This tariff supports the operation of the renewable heating system for up to 15 years. To date this tariff support has been largely leveraged by the agriculture sector. From the perspective of ENACT typologies, hotels may be the best suited to this support.

### *Community Grant*

The Community Grant programme supports new approaches to achieving energy upgrades in Irish communities. Upgrades can take place across various building types to reduce energy use and costs throughout the community. All project applications must be community-oriented with a cross-sectoral approach. To access support under the Community Grant businesses **should contact a Project Coordinator from the SEAI list**: SEAI Community Grant Project Coordinators | SEAI.

Projects must use a mix of sustainable solutions and should be able to portray community benefits. Supported measures include building fabric upgrades, technology and system upgrades and the integration of renewable energy sources. **Partnership is essential for a successful application** and this might include homeowners, community and non-profit organisations, the public sector and also private sector businesses. **Grants under this scheme can support both capital funding and technical support.** Business owners should get in touch with Project Coordinators to understand whether there is or could be a project in their community they could get involved with, and the levels of grant support available.

# Non-SEAI Sources of Grant Funding

For the categories of commercial buildings and businesses within the scope of this Guide, the SEAI is the only State Agency that provides grant support for energy audits and technical design assistance. It is also the main source of capital grants and supports and so should be the first point of call when identifying sources of grant funding.

### *Grant Supports from Other State Agencies*

That said, there are also supports available for decarbonisation and climate action from other State Agencies, including Enterprise Ireland, the IDA and the Local Enterprise Offices (LEOs). If you are a client of those organisations, or another sector-specific State Agency, e.g. Fáilte Ireland, you should contact your relationship advisor directly to identify the grant funding available. Much of the funding is to access consultancy and advisory supports but some capital grants are available. At the date of writing, details of IDA and Enterprise Ireland supports can be found here IDA 'Go Green' Offer | IDA Ireland and here Improve sustainability | Business Support | Enterprise Ireland.

### *LEO Energy Efficiency Grant*

With regards to capital grants, the LEOs offer the Energy Efficiency Grant to small businesses, which supports investment in technologies and equipment. This is available following a Green for Business Report, Green Start Report or a SEAI Energy Audit, with 75% of eligible costs from a minimum grant of €750 to a maximum of €10,000. The Energy Efficiency Grant can support building efficiency measures that may not be eligible under the SEAI supports. This may include lighting upgrades to LED (as part of a wider package), small wind turbines and hydro generators. The grant can also support investment in technologies included on the Triple E Register. Solar PV, insulation and biomass and biogas boilers are ineligible costs under this grant. A full list of eligible and ineligible expenditure is available here and SMEs are advised to contact their LEO relationship advisor for more information.

### *European Grant Funding*

Grant aid also exists for SMEs in search of energy upgrade funding at a European level. One recent example was EENergy which provided grant aid support for SMEs to define an action plan to improve their energy efficiency, and to carry out the action plan with a view to achieving a 5% reduction in energy consumption. Financial support of up to €10,000 was available to successful applications. While this grant funding call is now closed, SMEs should consult their local Enterprise Europe Network to find out more about European grant funding.

# Tax relief

In addition to the above supports, there is also a tax incentive encouraging investment in energy efficiency technology. The Accelerated Capital Allowances (ACA) scheme allows a sole trader, farmer or company that pays corporation tax or income tax on trading or professional income in Ireland to deduct the full cost of the equipment from their profits in the year of purchase. As a result, the business's taxable profits are reduced by the value of qualifying capital expenditure.

### *Value of the Tax Relief*

Fo example, if the cost (net of grant) of the measure is €100,000, the upfront cash benefit in tax saved (provided you are in a tax payable position that year) would be €12,500 for a company paying corporation tax, or potentially €40,000 for an income taxpayer.  By contrast, the standard capital allowances for plant and machinery would provide for the same tax reduction but spread evenly over an eight-year period – so there is a clear cashflow benefit associated with ACA. Furthermore, this relief can be more beneficial than simply a timing/ cashflow benefit. Some energy-efficient equipment might not be eligible "machinery" or "plant" in its own right for the purposes of standard annual capital allowances. However, any products that have been included in the Triple E Register published by the SEAI are deemed to be machinery or plant and the ACA can be claimed. Energy-efficient equipment that is machinery or plant but that has not been included in the list can, of course, avail of the normal wear and tear allowances.

Here are some broad categories of equipment that might be eligible for the ACA Scheme provided they are included in the Triple E Register:

| | |
|---|---|
| **Energy-efficient machinery** | This could include industrial processes, heating and ventilation systems, or agricultural equipment that meet the scheme's efficiency standards. |
| **Building upgrades** | Insulation materials, energy-efficient windows, or lighting systems installed in a business's buildings could qualify. |
| **Renewable energy technology** | Solar panels, heat pumps, or biomass boilers used to generate renewable energy for a business can potentially be covered. |
| **Information and communication technology** | Energy-efficient servers, network equipment, or data centre upgrades might be included on the SEAI's approved list. |

### *Eligibility Criteria*

Guidance from the Revenue Commissioners sets out key criteria that must be met by businesses seeking to claim the ACA for energy-efficient equipment, including:

| | |
|---|---|
| **Who can claim** | **Companies, sole traders and farmers** that operate and pay corporation tax or income tax on trading or professional income in Ireland can avail of the ACA scheme. |
| **Equipment use** | The equipment purchased **must be new and bought for use in a trade**. |
| **Equipment ownership** | The **equipment must "belong to" the person carrying on the trade**. It cannot be leased, let or hired (either by the lessor or lessee) to any person, body or organisation. |
| **Eligible costs and minimum expenditure** | ACA is available for **costs directly related to providing the equipment**. Expenditure on the technology must be equal to or exceed the minimum amounts for the relevant class of technology, which is generally €1,000, with higher limits of €3,000 and €5,000 for lighting and Building Energy Management Systems respectively. |
| **How to claim** | ACA can be claimed for the accounting period in which the equipment was first provided, as long as the equipment is included on the Triple E Register at some stage during that accounting period.<br><br>**Claim the ACA through your tax return.** There are now fields for ACA on both the corporation tax return (CT1 form) and income tax return (Form 11), alongside the standard capital allowances entry field. You don't need approval for expenditure on energy efficient equipment – normal self-assessment tax provisions apply. |
| **What is the Triple E register** | The Triple E register for products is **a list of products approved as being energy efficient for the purposes of claiming ACA** for tax purposes. Products on this register all meet a minimum set of stringent energy upgrade criteria and typically will be of a best-in-class efficiency standard. Only the top 10 – 15% most energy-efficient products in any technology are listed on the Register. The Triple E Register is maintained by the SEAI (not the Revenue Commissioners). |

# Financial Support from Your Energy Supplier

## Contributions under the National Energy Efficiency Obligation Scheme

There is one further source of non-repayable funding that is worth highlighting. Under Ireland's national Energy Efficiency Obligation Scheme (EEOS), large Irish energy suppliers and distributors ("Energy Suppliers") are themselves required to achieve annual energy efficiency targets. For every unit of energy saved for which they have provided in-kind or financial support, they earn energy credits towards their annual goal.

In practice, the EEOS means that there is potentially additional funding and other support available from Energy Suppliers to support your energy upgrade projects. This is in addition to the SEAI grant funding. The quantum of resources allocated to a project by an Energy Supplier will depend on the type of project and the estimated energy savings.

To claim the energy credits associated with a particular project, Energy Suppliers must show that their involvement contributed materially to the energy upgrade achieved. This means it would not have been carried out at all, as quickly, or to the same extent without their involvement. The support they provide may be technical, financial, or a mixture of both. Some examples of support include:

- a monetary amount per kWh
- measurement and verification services
- project management/coordinator services

Some examples of the types of technologies which can be supported under EEOS, subject to meeting the scheme's requirements, are outlined in the table below:

| | | | |
|---|---|---|---|
| **Heating** | **Ventilation and air conditioning** | **Electrification of heat** | **Servicing, set point regulation, control and fabric upgrade** |
| **Heat pump installation** | **Motors, drives and pumps** | **Decommissioning, maintenance, retrofit and controls** | **Replacement, VSDs and control** |
| **Refrigeration** | **Temperature control, pipe insulation, relocation and replacement** | **Leak repair, optimisation, redesign and replacement** | **Steam trap inspection, facility programmes and BMS** |

To receive support for your energy upgrade project through EEOS, we recommend contacting all (or multiple) Energy Suppliers directly. They will be able to provide more information about what kind of support is available. You can also request EEOS support for your project through the SEAI webpage on EEOS support for business and public bodies.

Alternatively, Energy Suppliers often work in partnership with SEAI Project Coordinators and other delivery partners to offer additional financial supports on top of SEAI grants. Ask your delivery partner whether they have reflected EEOS supports in their price.

Please note that while Energy Suppliers are required to meet annual targets under EEOS, they are free to decide how best to do so and they are under no obligation to support particular projects.

## Payment for Renewable Energy You Export to the Grid

Businesses and farms that generate more renewable energy than they consume can export that excess to the national grid and receive a payment for that exported electricity. This payment is known as the Clean Export Guarantee (CEG) and you may hear it referred to as a "feed-in tariff". It's a way for governments or energy companies to encourage people and businesses to produce renewable energy. You get paid for the electricity you don't use yourself and instead "feed in" to the grid. This tariff will be paid at a 'competitive market rate' from your electricity supplier. Each supplier will set their rates so you will need to contact your electricity supplier directly for details of their CEG rates.

Solar PV panels are the most common type of renewable energy generation system for which this tariff is available but other systems that are eligible include small wind turbines, micro-hydro systems, and micro combined heat and power (CHP) using renewable fuels. When exploring investment in solar PV panels, this feed-in tariff should be factored into your calculations.

# Beyond Grants: Smart Finance Options

While the non-repayable funding supports outlined in the previous Section can significantly reduce the cost of energy upgrades or renewable energy projects, they typically won't cover the full investment. If you prefer not to use your own capital for the upfront costs, there are several financing options available in the Irish market that may suit your needs. This Section will help you understand the different options available to allow you to evaluate which options align with your finance preferences and business objectives. As already noted, this Guide is not tailored to any company or project and is intended as general guidance only. For legal, financial, or technical advice related to your circumstances, consult a professional.

## The Right Finance Choice for Your Business: What to Consider?

The main finance options currently available for SMEs undertaking energy upgrades in Ireland include:


Each of these finance options comes with its own eligibility, cashflow, and accounting implications. Some may even impact the entitlement of the business to access grants and other non-repayable funding supports. As you evaluate your options, here are the key factors to keep in mind:

- **Financing preferences:** Are you comfortable taking on debt? With creating a liability on your balance sheet through asset finance? Do you have existing debt covenants that could be negatively impacted? Could this negatively affect your cost of debt or ability to take on debt for other purposes?

- **Ownership and risk:** Do you want to own the equipment outright, or would you prefer a third party to own and maintain it? Are you willing to take on the performance risk, or would you rather pay only for verified energy savings?
- **Property Status:** Do you own the premises or are you a tenant? Tenants may need landlord approval and may have limited access to certain finance options.
- **Impact on supports:** Will the financing method affect your eligibility for grants, tax relief, or energy supplier incentives? For example, some grants may not be available if the equipment or asset is not owned by the business, which may be the case where a project is fully funded through third-party finance.

The table below is designed to help SMEs quickly assess which finance option best aligns with their financial and operational preferences. It compares key features such as balance sheet impact, ownership, risk, and eligibility for supports—making it easier to identify the most suitable option for your business needs.

## Which Finance Option Best Fits Your Business?

| Finance preferences | Own Funds | Loan finance | Asset finance | EaaS | PPA |
|---|---|---|---|---|---|
| Will this create a bank loan obligation for my business? | ✘ | ✔ | ✘ | ✘ | ✘ |
| Will this create a liability on my company's balance sheet? | ✘ | ✔ | 🔍 | ✘ | 🔍 |
| Will this only create a profit & loss expense? i.e., no debt or liability on the balance sheet | N/A | ✘ | 🔍 | ✔ | 🔍 |
| Will my business own the asset from day 1? | ✔ | ✔ | ✘ | ✘ | ✘ |
| Will my business take on performance risk associated with the asset? | ✔ | ✔ | 🔍 | ✘ | ✘ |
| Can I use this option if I am the tenant and do not own the building? | ✔ | 🔍 | 🔍 | 🔍 | 🔍 |
| Can my business claim grants with this option? | ✔ | ✔ | 🔍 | 🔍 | ✘ |
| Can my business claim tax relief via the ACA with this option? | ✔ | ✔ | ✘ | ✘ | ✘ |
| Will my business be able to claim support under the EEOS? | ✔ | ✔ | 🔍 | 🔍 | 🔍 |

***Legend:*** ✔ Yes ✘ No 🔍 Answer not clearcut - requires further investigation

# 1 Loan Finance

Where you do not wish to use your own capital for the upfront investment associated with an energy upgrade project and are happy to take on traditional debt financing for the project, you can take out a loan. This can be from a bank, a credit union, an alternative finance provider or even the project supplier/ installer, who may have a relationship with a finance provider. The loan provider may not fund 100% of the costs of a project and loans need to be paid back with commercial rates of interest.

## Secured Loans

Loans generally require a good credit rating and will either be secured or unsecured. With a secured loan, you put forward something of value as a 'security'. This could be property, land, equipment or other assets. The loan is secured against the asset or assets chosen, i.e. if you stop repaying your loan, the lender could take this asset and sell it to recover the unpaid amount.  These loans usually offer larger amounts and lower interest rates.

## Unsecured Loans

With an unsecured loan, you do not put forward any assets as a security. That means you do not have to give up your property, land, or other assets if you can't make the repayments. The amount loaned, and the cost of finance, is based on the business credit rating. These loans have higher interest rates but do not risk your assets and can be accessed more quickly. However, a lender may ask for a personal guarantee to promise that if the business fails, an individual will repay the loan from personal assets. A personal guarantee can make it easier, especially for small or young businesses, to access a loan.

## The SBCI Growth and Sustainability Loan Scheme

You should explore any suitable loan products available on the market. However at the time of writing, there is a national low-cost loan scheme available to support SMEs investing in energy efficiency and decarbonisation measures: the Growth and Sustainability Loan Scheme (GSLS). Benefitting from Government and EU backing, the key features are:

- Variable and below-market interest rate, e.g. 3.6%
- Loan amounts from €25,000 to €3,000,000
- Terms from seven years up to 10 years
- Unsecured loans up to €500,000; loans above €500,000 may be secured
- Loans are available up to 30 June 2026 or until the scheme has been fully subscribed (whichever is earlier).

The unsecured aspect of the loan scheme may be of particular interest to SMEs where they may not have significant assets to provide to a lender as security and do not wish to provide a personal guarantee.

The GSLS is subject to European State Aid rules so it will be important to confirm that those rules have not been breached. You should note that where you have received State aid, you should have received a letter from the State body that provided it. Examples of State aid granting bodies include Enterprise Ireland, Bord Bia and the Local Enterprise Office.

The loan scheme is operated by the Strategic Banking Corporation of Ireland and is available through its on-lenders, which currently include: AIB, Bank of Ireland, Close Brothers, Finance Ireland, and PTSB. As for any loan, it is worth 'shopping around' for the best interest rate and terms under the GSLS as there is some flexibility between on-lenders. It is best to contact each on-lender directly in addition to visiting their websites. Alternatively, you could consider accessing a business loan comparison platform like Swoop Ireland, that can provide independent guidance and is relatively jargon-free.

## Pros

- ✔ **Widely available**
- ✔ **Simple familiar structure – minimal contract complexity**
- ✔ **Repayment flexibility – allowing customer to adjust payments to changing circumstances**
- ✔ **May be available through an equipment supplier as well as through banks or other finance providers directly**
- ✔ **Preferential, below-market terms now available under the national SBCI Growth and Sustainability and Loan Scheme**
- ✔ **Ownership of assets from day 1**
- ✔ **No impact on access to grants, tax relief and Energy Supplier supports**
- ✔ **Tax relief for interest should be available**

## Cons

- ✘ **Cost and availability of loan finance dependent on business credit rating**
- ✘ **May require security or a personal guarantee (although reduced requirements under the SBCI Growth and Sustainability Loan Scheme)**
- ✘ **100% finance generally not available**
- ✘ **Results in a debt/liability being recognised on the business' balance sheet – which may have negative impact on existing debt covenants, on the cost of debt, or on the ability to take on debt for other core business priorities**
- ✘ **Business takes on equipment performance risk**

# 2 Asset Finance

Equipment can be a major source of energy consumption. Naturally, this will depend on the sector, building and the level of efficiency of equipment you already have. As well as being a large energy user, equipment can be expensive to maintain and upgrade. As mentioned previously, ENACT concentrates on six building types: offices, retail, bars/restaurants, hotels, leisure complexes and warehouses. Of these, offices and retail consume the largest amount of energy from equipment.

## Asset Finance Explained

Asset finance can support the purchase of specific energy upgrade equipment (e.g. lighting, heat pumps, solar panels). Effectively you are borrowing against equipment and, without an upfront payment, are spreading the cost over a fixed term. Fees and interest are charged in addition to the cost of the asset. You have full use of the asset throughout the term of the agreement. Depending on the sort of asset finance you use, responsibility for maintenance of the asset (repairs, insurance, etc.), may rest with you or with the finance provider. At the end of the term, the asset may return to the finance provider or ownership may transfer to you. Asset finance may be provided by a bank or may be provided by or through the equipment supplier (who may in turn have a finance partner). The asset financing rates will vary depending on the deal. However, because the finance is backed by an asset, the interest rates should be lower than many other forms of business funding. Again, it is worth 'shopping around' for the best rates and terms available in the market.

## Choosing the Right Type of Asset Finance

Common examples of asset finance are **leasing** (finance leases and operating leases) and **hire purchase**. For longer-term use of assets, finance leases and hire purchase is most commonly used:

A **finance lease** is appropriate when you need an asset for most of its useful life. You generally take responsibility for the maintenance of the asset and make regular payments to the lessor that will add up to the total value of the asset, plus interest. The lease term is typically for the duration of the asset's useful life, at the end of which you can generally purchase the equipment for a discounted bargain price. It effectively functions like a loan but can offer advantages such as little to no upfront cost, less paperwork and (sometimes) quicker approvals.

**Hire purchase** is similar to a finance lease, but with a key difference: under a hire purchase agreement, you either own the asset at the end of the contract or have the option to purchase it. Typically, the finance company buys the asset on your behalf. You then make an initial deposit, followed by monthly instalments plus interest.

Ownership of the asset does not transfer to you until the final payment is made, which may include an additional fee agreed upon in the contract.

## Pros & Cons | Finance Leases & Hire Purchase

### Pros

- ✔ **Little to no upfront cost**
- ✔ **Widely available**
- ✔ **Less paperwork than for a bank loan**
- ✔ **Can be more flexible than a bank loan**
- ✔ **May be available through an equipment supplier or through banks and other finance providers directly**
- ✔ **Finance lease – can generally buy out the asset at nominal value at end of lease term**
- ✔ **Hire purchase – ownership transfers automatically at end of payment plan**

### Cons

- ✘ **Long term commitment**
- ✘ **As for loan finance, results in an asset and a liability (debt) on the business' balance sheet**
- ✘ **Assets not owned until all payments made, so finance company could take away asset if default.**
- ✘ **Lessee has maintenance obligations, i.e. performance risk**
- ✘ **Will not be able to access SEAI grants**
- ✘ **May prevent company from accessing Energy Supplier supports**
- ✘ **Tax relief should be reviewed by your tax advisor. Accelerated capital allowances are not available for leased assets.**

An **operating lease** is appropriate when you only need the asset for a proportion of the asset's useful life. The lessor owns the equipment, and you rent it at a fixed monthly payment for a fixed term, and the lessor will look after the maintenance of the equipment. At the end of the lease, you can extend it, purchase the equipment for fair market value, or return the equipment. The lease periods can be fairly short, giving you more flexibility.

## Pros & Cons | Operating Leases

### Pros

- ✔ **No upfront cost**
- ✔ **Flexibility of short lease periods**
- ✔ **Opportunity to upgrade equipment in-between/during lease periods**
- ✔ **Maintenance obligations should rest with the lessor/finance company – i.e. no performance risk**
- ✔ **Tax relief for lease payments**

### Cons

- ✘ **Do not own the asset**
- ✘ **If require the equipment for a longer time, renewing multiple operating leases may be more costly than other options.**
- ✘ **May result in a recognition of an asset and liability (debt) on the business' balance sheet – accounting treatment should be reviewed.**
- ✘ **Will not be able to access SEAI grants**
- ✘ **May not be able to access Energy Supplier supports**
- ✘ **Capital allowances typically not available to lessee. Accelerated capital allowances certainly not available as assets are leased.**

# 3 Efficiency as a Service

Efficiency as a service (EaaS) is an arrangement that allows you to implement efficiency projects with no upfront capital expenditure.

## Efficiency as a Service Explained

In Ireland, this arrangement is currently **mainly available for LED lighting efficiency projects**, i.e. lighting as a service. Under this arrangement, the supplier provides maintenance and replacement of lamps as needed. There are regular fixed payments over the term of the

contract, and payments can align with – or even be set at – a lower level than the electricity savings costs, which can result in these contracts being cashflow neutral or even net cashflow positive from year one (depending on the length of the contract).

Where structured appropriately, this arrangement should not result in a liability on your balance sheet. Once the final repayment has been made under the contract, you should benefit from the reduced energy cost associated with the more efficient lighting.

## Pros & Cons | Efficiency as a Service

### Pros

- ✔ **No upfront cost**
- ✔ **Allows you to redirect part of your current energy bill to pay for efficiency improvements.**
- ✔ **Where structured as a service charge, should not affect your balance sheet.**
- ✔ **The regular payments are treated as an operating expense similar to a standard energy cost and should be tax deductible.**
- ✔ **Installation and maintenance covered by installer – no performance risk.**
- ✔ **Can be net cashflow positive from the start**
- ✔ **No grants are currently available for LED lighting, so you are not losing out on those by not owning the assets from Day 1.**

### Cons

- ✘ **Business does not own the assets until the contract ends**
- ✘ **Contracts may be more than five years in duration**
- ✘ **Limited application for SMEs at present, i.e. only LED lighting at time of writing**
- ✘ **If availed of, may prevent company from accessing Energy Supplier supports under EEOS (but may be factored into the agreement if the supplier can access same).**

# 4 Corporate Power Purchase Agreements

A Corporate Power Purchase Agreement (CPPA) is a long-term contract between a business (the corporate buyer) and a renewable energy generator, where the business agrees to purchase electricity directly from the generator.

## Corporate PPAs Explained

In Ireland, this finance option is currently **mainly available for Solar PV projects**. Different service providers use different terms, from 'Solar PPAs', 'Solar Funded Solutions' to 'Solar as a Service', but all appear to have the same underlying contractual structure of a PPA arrangement.

PPA arrangements involve a company leasing their roof-space or land space to a project developer, who installs, owns, and operates energy-generating assets on the company's property. The company then agrees to purchase the electricity produced for an agreed period, generally quite long-term.

PPAs allow companies to receive stable and often lower-cost electricity with no upfront cost as, generally, the prices are set below the price of electricity from your energy utility.
You do not take performance risk as you pay for energy generated by the system and used onsite, albeit this can be subject to agreed minimum criteria. At the end of the PPA contract period, ownership of the asset can be transferred to your business, after which point the electricity generated is 'free' subject to ongoing operating and maintenance costs.
Watch closely for elevator clauses, which are common, and allow the company to raise your energy price at regular intervals by a set amount.

While these agreements are long-term, CPPAs can generally be transferred to new occupants of the property should you move to a new premises. The new occupants may not wish to take it on, though, in which case it may need to be settled prior to a move/sale.

## Pros & Cons | Corporate PPAs

### Pros

- ✔ **No upfront cost**
- ✔ **Can involve fixed energy rate, hedging against escalating energy prices.**
- ✔ **The regular payments are treated as a standard energy cost, i.e. part of operating expenses.**
- ✔ **Should not affect your balance sheet.**
- ✔ **Installation and maintenance covered by installer, i.e. no performance risk**

## Cons

- ✘ May only be available for larger projects/companies, but worth exploring
- ✘ Long term contracts, which can reduce flexibility as locks your business into a fixed agreement for 10-20 years.
- ✘ Business does not own the assets until the contract ends.
- ✘ Expenditure not eligible for any SEAI grant or support
- ✘ Company entering the PPA may not be able to access Energy Supplier supports (but may be factored into the agreement if the supplier can access)
- ✘ Tax relief should be reviewed by your tax adviser.

# Energy Upgrades in Rented Premises

If your business operates from rented premises, it's easy to assume that energy upgrades are out of reach—especially when major savings often come from building improvements like insulation, heating, lighting, or renewables.  But that's not always the case. Even as a tenant, there are practical, cost-effective steps you can take to reduce energy use and cut costs.

## Low or no-cost actions you can start today:

- Encourage staff to adopt energy-saving habits (e.g. switching off lights and equipment).
- Install smart controls for heating and lighting to avoid unnecessary energy use.
- Review your equipment and processes—upgrading to more efficient models can yield quick wins.

## What about larger investments?

Even making larger investments can be financially viable for tenants if your lease allows for such upgrades and you have a long enough lease to benefit from the energy savings. Your landlord's consent, cooperation and, potentially, financial contribution may be vital, depending on the measures involved. Provided below is some guidance and practical suggestions with regards to engaging your landlord on energy upgrade measures.

# Engaging With Your Landlord

The first step is to engage with your landlord to encourage them to invest in energy upgrades. This can be done even if you do not have a long-term lease. Your landlord should also be interested in reducing energy usage and carbon emissions to maintain their property's value and ensure they do not end up with a stranded asset on their hands.

## Drivers For Landlords to Engage On Energy Upgrade Projects

As part of a discussion with your landlords, you may have a role to play in raising their awareness that investing in energy upgrades can enhance property value, reduce operating costs, attract high quality tenants, and improve financing terms. It is worth raising awareness

of the above points when your lease is up for renewal as part of your negotiations so that upgrades can be incorporated into your new agreement. Simply put, engaging with their tenant on energy upgrades is important to future-proof their investment. The key drivers are summarised below.

**Regulation:** The revised Energy Performance of Buildings Directive (EPBD) will require commercial building owners to renovate the 16% of worst performing stock in their respective countries by 2030 and the 26% worst performing by 2033. It is expected that these percentages will progressively increase to allow for a fully decarbonised building stock by 2050, which is the EU's goal. For Ireland we don't yet know exactly what premises will be impacted as yet, but it should mean that the lowest bands of buildings on the BER scale will require energy upgrade improvements by these dates. This is being brought in through Minimum Energy Performance Standards (MEPS), with restrictions on sale or lease of commercial buildings that do not meet minimum BER requirements.

**Access to Finance:** Banks are aligning with EU regulations like EPBD and the EU Taxonomy and are assessing the environmental impact of their lending portfolios, which includes the energy upgrade of their commercial mortgage portfolios. Their regulator, the Central Bank, is increasing the pressure on them to do so. They are pivoting their lending strategies to favour energy efficient buildings and encouraging clients to improve the energy performance of buildings as part mortgage refinancing discussions. In short, energy efficiency is becoming a key factor in securing finance. Properties with poor energy performance may face higher borrowing costs or reduced access to credit. Banking terms also influence commercial property valuations.

**Property Valuation:** investing in energy upgrade can enhance the value of commercial property in Ireland, and this is increasingly recognised in both valuation guidance and market practice. Recent trends in the Irish commercial property market show higher demand and premiums for energy-efficient buildings, especially those with BER ratings of B or better, with green-certified buildings (e.g. LEED, BREEAM) more likely to attract institutional investors and lower vacancy rates.

Furthermore, the 2025 edition of the RICS Red Book Global Standards — which are mandatory for chartered surveyors in Ireland through the Society of Chartered Surveyors Ireland (SCSI)— introduces significant updates related to commercial property valuation and energy efficiency. These updates reflect a shift from optional to mandatory integration of energy and sustainability factors in commercial property valuation, aligning with global investor expectations and regulatory trends.

**Tenant attraction and retention:** In Ireland's 2025 commercial property market, energy efficiency has become a key factor in attracting and retaining tenants, particularly in the office sector. Surveyors report increased occupier demand for energy-efficient and sustainable office spaces. Tenants are prioritising buildings with high BER ratings, low operational costs, and green certifications. Tenants are also increasingly willing to pay higher rents for energy-efficient buildings due to lower utility bills, enhanced corporate ESG alignment, improved employee wellbeing and productivity.

## The Split-Incentive Barrier

When speaking to your landlord about this area it is helpful to understand and acknowledge what is known as the 'split incentive barrier'. A split incentive occurs where the benefits do not primarily accrue to the person who pays for the transaction. In the case of rented properties where landlords meet the cost of improvements, the tenants would enjoy most of the benefits through savings on their energy bills. Tenants do not control the property and have little incentive to invest, so neither party is motivated to upgrade the building. That said, there is increasing evidence that the split incentive barrier is receding, due to the link between property value and BER ratings.

Green leases are one solution to address the split-incentive barrier and to allow for costs and benefits to be better aligned and allocated between tenant and landlord.

# Green leases

Having discussed the drivers for your landlord and the challenges around the split-incentive barrier, it should then be helpful to bring up the concept of green leases, which is a commercial lease agreement that includes clauses promoting the sustainable operation, management, and occupation of buildings.

But first, let us review the key terms of traditional commercial building leases in order to understand the challenges associated with them from an energy upgrade perspective.

## Traditional Commercial Property Leases Explained

Generally, commercial property lease terms are much longer than residential property leases and the lease agreements place more responsibilities on tenants. There are no detailed regulations applying to commercial leases equivalent to those that apply to residential tenancies. It is possible for a landlord and tenant to agree to any type of lease terms and conditions they wish, subject to some matters which are regulated.

When entering into a commercial lease it is helpful to outline who handles maintenance and repairs, as it avoids future disagreements. Therefore, the lease should detail responsibilities for regular upkeep, major repairs and property improvements. Tenants often need to modify the property for their business. The lease should cover permissible changes and the process for approving these alterations. Clarifying who is responsible for utilities, including energy, is a fundamental part of the lease.

A commercial lease may be classed as **Full Repairing and Insuring** ('FRI' lease) or **Internal Repairing and Insuring** ('IRI' lease). A tenant who takes on an FRI lease bears full responsibility for the maintenance and repair of the property internally and externally. A key element of an FRI lease is that at the end of the lease tenants may be required to restore the property to its original condition, which can involve significant expense. In an IRI lease the tenant is responsible for only the internal repairs and decorations with the landlord being responsible for

the external upkeep. The latter is usual in the case of multi-tenancy situations where the tenant may pay a service charge for maintenance and/or operating costs (including energy).

## Challenges For Energy Upgrade Projects Under Traditional Commercial Leases

Where a tenant or landlord seeks to make energy upgrades to building fabric or to internal systems, the question of whether the upgrade is allowed under the lease, who benefits financially from those upgrades, and who will bear the cost becomes of key importance. Also important is the question of whether those upgrades will have to be removed at the end of the lease to "restore the property to its original condition". Most traditional commercial building leases were not designed with these questions in mind and therefore it becomes quickly a case of negotiation and market norms.

## Green Leases Explained

The aim of green leases is to integrate environmental sustainability into the daily operations and management of a building. Becoming a standard tool in Irish commercial property leases, these clauses outline the shared responsibilities of landlords and tenants in achieving sustainability objectives. This may include requirements for tenants to participate in energy audits, share data on energy and emissions and cooperate on sustainability matters. From a financial perspective, green leases can define how costs and benefits related to sustainability upgrades are to be shared between landlord and tenant so that both parties can benefit from an energy upgrade in a fair and transparent manner.

Although green leases are more common in larger office developments, other sectors, such as the retail sector, are also beginning to follow suit. If you are an SME tenant with a green lease, you can check to see if it already addresses how investment and/or costs borne in improving the energy of the building flow back to both you and your landlord.

## Discussing Green Leases with Your Landlord

If you are an SME tenant without a green lease, initial questions that you may want to consider include:

- What is reasonable to ask the landlord to do?
- What can I do without consent (generally minor works)?
- Can I ask for a contribution to the cost of the project?
- What would the impact on the service charge be?
- How can I start a conversation with my landlord to begin a more collaborative process?

In advance of engaging with your landlord, we suggest you consider these questions and also review the UK Better Buildings Partnership Green Lease Toolkit. This has practical examples of cost-sharing clauses included in leases to overcome the split-incentive barrier to energy upgrades, including:

- "That the Tenant will contribute to the cost of relevant improvements provided this contribution does not exceed a reasonable estimate of the cost savings to be made by the Tenant as a consequence of the works."
- "That the Landlord may include the costs of certain capital improvements [intended to] [that] improve energy-efficiency in operating expenses of tenant space. The amount passed through by Landlord to the Tenant in any one year must not exceed the pro-rated capital cost of that improvement over the expected life cycle term of that improvement [and must not exceed in any year the amount of operating expenses actually saved by that improvement]. Interest/the cost of capital can be included".

Another good source for information is The Chancery Lane Project, which is an international collaboration of legal and industry professionals that helps organisations reduce emissions using legal documents and processes. The aim of which is to create and embed legal frameworks to encourage businesses to have a positive environmental impact. Resources on the Chancery Lane Project website include Guides that:

- Prepare to implement climate-aligned clauses
- Implement climate obligations in contracts
- Create good climate governance

Finally, the SCSI has just published its updated Business Leasing Code for Landlords & Tenants 2025, which also provides useful commentary and guidance on the use of green leases.

**In conclusion**, the issue of who bears the costs of implementing energy upgrades can be a difficult one to navigate and needs to be taken on a case-by-case basis in a conversation between you and your landlord. However, being armed with the facts on the business case for an energy upgrade project, the funding and finance options available, and being prepared to accept a reasonable sharing of cost, may result in finding an equitable and transparent way to meet cost and climate objectives of all parties.

# Taking the Next Steps Towards Energy and Carbon Savings

This Guide has been developed to support your efforts in navigating the landscape of funding supports that have been launched to incentivise your energy upgrade journey and the finance options available to overcome financing barriers that you may face. This Section provides three separate checklists to support you to take your next steps with confidence.

## Business Case Checklist

To overcome the common challenges associated with energy upgrade projects, it's essential to build a clear and persuasive business case. Advocates should be ready to address the following key questions before engaging with financial or leadership teams:

- ✔ **Strategic alignment:** How does the project align with organisational goals? As well as cost savings, future-proofing property valuations, and reducing energy cost volatility, are there other organisational goals with which the project aligns, such as reducing carbon emissions, responding to corporate customer or lender demands, or becoming an industry leader in energy management?
- ✔ **Additional benefits:** Are there any additional benefits to highlight, e.g. a well-designed lighting system can improve staff well-being and morale, improve the attractiveness of surroundings for customers (e.g. hotel, bar) or for staff (e.g. office). Might the business brand might benefit from association with climate action?
- ✔ **Cost estimate:** What are the upfront costs and operational and maintenance costs going forward? What will be the cost of any disruption to operations during the period of installation, if any?
- ✔ **Project financial metrics:** what savings will the project deliver on energy bills, what is the payback period and return on investment? Is there a minimum payback period or minimum return on investment requirement in the business that would apply? Are there benefits associated with reduced cost volatility? Will the project generate any income, e.g. from the export of surplus renewable energy generated to the grid?
- ✔ **Funding sources:** what grants, tax relief, or other non-repayable funding supports are available to support the investment?

- ✔ **Finance options and preferences:** Are other financing options or arrangements available as an alternative to using own funds or taking out a loan? What are your finance preferences or requirements in this regard? See separate checklist below
- ✔ **Risks:** What are the risks involved in proceeding – or not proceeding – with the project? There may be technical, market, financial and other risks to consider. This could include the risk of disruption if the business must pause operations during works. Or it could include loss of customers (B2B) where a lack of action on climate may be deemed unsatisfactory in tender processes or similar. Risk of fines or penalties where forthcoming legislative or regulatory requirements are not met should also be identified and assessed.
- ✔ **Tenant issues:** If you are a tenant, cover issues that will require discussion with the landlord to ensure alignment, avoid legal or financial pitfalls, and maximize the benefits of the project. How many years are left on your lease term and can you approach your landlord to discuss this area, with a view to sharing costs, perhaps through service agreement charges or in some other way?

Having robust answers to the above questions will put you and your business in the best scenario to receive approval for an energy upgrade investment.

# Finance Preferences Checklist

With regards to assessing the different finance models and options available, you should also map out your priorities from a financing perspective, with a focus on identifying where you sit on the following questions:

- ✔ Do you have free cashflow available to invest in the measures without needing to take on debt or access other finance options?
- ✔ Do you want to and/or are you able to take on debt? Consider this both from a credit rating perspective and with regards to the impact on existing debt covenants and ability to access debt in the future for business priorities.
- ✔ Are you interested in working with a lessor to access specific equipment, even though this may create both an asset and a debt on your balance sheet?
- ✔ Do you have a preference to own the assets from Day 1?
- ✔ Do you want to take on performance risk relating to the efficiency/decarbonisation measures or would you prefer for that to be managed by the supplier/installer?
- ✔ Do you have sufficient knowledge inhouse to assess the various financing options available to you or should you obtain external support?

# Top Tips for Comparing Finance Options

Here is a (non-exhaustive) list of steps that all business should take when assessing and comparing different energy upgrade finance options:

- ✔ **Check Your Credit Health:** Ensure your business's credit rating is in good shape—it will likely be reviewed for most financing options.
- ✔ **Understand Non-Repayable Funding Supports:** Identify all non-repayable funding supports (e.g. SEAI grants, tax relief, Energy Supplier supports) and confirm whether they can be claimed by you or the supplier, and how they are reflected in the total project cost.
- ✔ **Get Multiple Quotes:** Request several quotes for equipment purchases, financed options like "as a service" models or Power Purchase Agreements (PPAs)
- ✔ **Review Technical and Energy Performance:** Compare technical specs and projected energy savings. Where possible, secure performance guarantees. Visit similar installations and check the track record of suppliers/installers, particularly when assessing performance guarantees for longer-term projects.
- ✔ **Evaluate Financial Terms and Risks:** Carefully assess costs and repayment terms, servicing contracts, any hidden fees or escalation clauses.
- ✔ **Read Termination Clauses:** Understand your exit options. Circumstances can change — know the implications of ending a contract early.
- ✔ **Seek Professional Advice:** Engage financial advisors, engineers or energy consultants, legal professionals, especially for contract review.
- ✔ **Clarify Accounting Treatment:** if balance sheet impact matters to you, request confirmation of how the financing will be treated in your accounts—especially if you want to avoid recording debt.

# Glossary

| | |
|---|---|
| **ACA** | Accelerated Capital Allowance |
| **BER** | Building Energy Rating |
| **BEUS** | Business Energy Upgrade Scheme |
| **BMS** | Building Management System |
| **CEG** | Clean Export Guarantee |
| **CPPAs** | Corporate Power Purchase Agreements |
| **EaaS** | Efficiency as a Service |
| **EEOS** | Energy Efficiency Obligation Scheme |
| **EI** | Enterprise Ireland |
| **ENACT** | Enabling National Action on Commercial Renovation |
| **EPBD** | Energy Performance of Buildings Directive |
| **EPC** | Energy Performance Certificate |
| **ESB** | Electricity Supply Board |
| **EU** | European Union |
| **EXEED** | Excellence in Energy Efficient Design |
| **FRI** | Full Repairing and Insuring |
| **GBER** | General Block Exemption Regulation (state aid regulation) |
| **GSLS** | Growth and Sustainability Loan Scheme |
| **ICT** | Information and Communications Technology |
| **IGBC** | Irish Green Building Council |
| **IRI** | Internal Repairing and Insuring |
| **kWh** | kilowatt hour |
| **LED** | Light Emitting Diode |

| | |
|---|---|
| **LEO** | Local Enterprise Office |
| **MEPS** | Minimum Energy Performance Standards |
| **MPRN** | Meter Point Reference Number |
| **NDMG** | Non-domestic Microgen |
| **O&M** | Operating and Maintenance |
| **P&L** | Profit & Loss |
| **PACE** | Property Assessed Clean Energy |
| **PPA** | Power Purchase Agreement |
| **PV** | Photovoltaic |
| **SBCI** | Strategic Banking Corporation Ireland |
| **SCSI** | Society of Chartered Surveyors Ireland |
| **SEAI** | Sustainable Energy Authority Ireland |
| **SME** | Small Medium Enterprise |
| **SSEA** | Support Scheme for Energy Audit |
| **SSRH** | Support Scheme for Renewable Heat |

# Resources

| | |
|---|---|
| **Climate Toolkit 4 Business** | https://climatetoolkit4business.gov.ie/ |
| **Clean Export Guarantee** | https://www.citizensinformation.ie/en/environment/environmental-grants-and-schemes-for-your-home/micro-generation/ |
| **ENACT (Enabling Commercial Retrofit) Project resources** | ENACT – Enabling Commercial Retrofit – Construct Innovate |
| **Enterprise Ireland Sustainability** | https://www.enterprise-ireland.com/en/sustainability |
| **Green Eligibility Checker** | https://sbci.greenchecker.eib.org/green-investment/selection |
| **IDA Go Green Offer** | https://www.idaireland.com/scale-with-ida/funding-programmes-incentives/ida-go-green-offer |
| **Irish Green Building Council** | https://www.igbc.ie/ |
| **SBCI Growth and Sustainability Loan Scheme (GSLS)** | https://sbci.gov.ie/products/growth-and-sustainability-loan-scheme |
| **SEAI steps to energy upgrade** | https://www.seai.ie/plan-your-energy-journey/for-your-business/steps-to-energy-efficiency |
| **SEAI Business Energy Upgrade Scheme** | https://www.seai.ie/grants/business-grants/rapid-approval |
| **Triple E Register** | https://triplee.seai.ie/acaproducts/Search.aspx |
| **UK Better Buildings Partnership Green Lease Toolkit** | https://www.betterbuildingspartnership.co.uk/green-lease-toolkit-0 |

ENACT

Enabling Business Energy Upgrades

seai SUSTAINABLE ENERGY AUTHORITY OF IRELAND

IGBC IRISH GREEN BUILDING COUNCIL

DUBLIN CHAMBER

SCSI Chartered property, land and construction surveyors

Ollscoil na Gaillimhe University of Galway

sustainability works