



Greenscapes - a true triple bottom line proposition

By Richard (Rick) Mills

As a general rule, the most successful man in life is the man who has the best information

As we become a bit more environmentally conscious and start to recognize and acknowledge the negative effects on our environment caused by our overly consumptive, energy inefficient lifestyles and business practices, a number of businesses - based on an environmental sustainability model - have responded to our new found social responsibility.

Energy retrofitting (the substitution of old out dated equipment, parts and systems for new energy efficient systems) is a fast growing, high margin, high barrier to entry business and every investor should have at least one of these companies on their radar screens.

Most high-rise offices, malls and residential buildings have been around long enough that they are desperately in need of a custom energy makeover to stop them from wasting energy – buildings use roughly 35 percent of total global energy production - the savings, in both dollars spent and energy used, would be enormous.

“Off the shelf technologies and common sense construction practices can cut building energy use by as much as 40 percent. In the process, building retrofits save money, reduce carbon emissions, and create jobs.” Stockton Williams, Living Cities

Retrofitting can include:

- New lighting systems
- Cogeneration
- Replacing the old diesel transportation fleet with natural gas or electric vehicles
- Energy efficient solutions for data storage and processing
- New insulation
- Advanced heating technologies
- Energy Star appliances
- Smart glass
- Monitoring and training

Retrofitting your building starts with an energy audit that evaluates energy usage and efficiency - the objective is to identify the key inefficient areas. This data is studied and a totally customized energy retrofit, employee training and monitoring plan is designed and presented to the building owner(s). The goal is to transform the building into an environment that is comfortable, healthy, and energy efficient.

Benefits include:

- Cost-savings
- Job creation
- Rapid payback on investment
- Healthier indoor air quality
- Increased workforce productivity
- Improved ability to attract and retain quality employees
- Enhanced public image

Politicians and business leaders are starting to realize energy retrofiting is a true triple bottom line proposition: job creation, environmental benefits and increased profitability.

“Companies that want to stay ahead of the green regulatory curve, reap the many green building benefits, and remain competitive in the marketplace should implement green retrofits of their workplaces sooner rather than later. All things considered, we believe the business imperative is clear: the earlier a company adopts green building practices, the bigger the gains it stands to reap.” Recent Deloitte-Lockwood study.

The business world is currently searching for ways to reduce their monthly energy bill. Energy Retrofitting could be the savings answer they’re looking for.

“Older buildings, more prevalent in cities than sprawl suburbs, are grossly energy inefficient. Efficiency gains of 50 percent or more are achievable through application of measures that are cost-effective on ‘simple’ terms. That represents a lot of unclaimed value.” Doug Foy and Joel Rogers, Efficiency Cities

- Almost every major building in North America could use energy retrofiting.
- In the U.S., an initial combined investment of \$520 billion into energy efficiency through the year 2020 would yield \$1.2 trillion. This would result in the end use energy consumption reductions of 9.1 quadrillion BTUs. McKinsey & Co’s Unlocking Energy Efficiency
- The U.S. Environmental Protection Agency states that hotels and motels can expect a \$6.27 return for each \$1.00 spent on energy efficient lighting alone - lighting and heating account for a huge percentage of energy consumption.
- Environmental America Research and Policy Center (2008) states that it would cost \$42.1 billion to gain one quad of energy through retrofiting in the U.S. To deliver that same amount of energy through the building of coal power plants would be \$122 billion.
- Buildings consume 37% of the energy and 69% of the electricity produced annually in the United States

- A typical large office building of 20-25 stories will consume 5 GWh in a year. This is equal to the consumption of 500 households

- Buildings account for about 43% of the total carbon dioxide emissions in the U.S., outflanking both industrial (25%) and transportation (32%) sources. Pew Center on Global Climate Change

Businesses understand they can improve their bottom line by reducing operational costs. Federal/National, Provincial/State and Municipal governments are all starting to grasp the fact energy retrofitting will promote jobs and energy efficiency and governments of all levels are embracing programs to facilitate business/consumer access to funding.

According to a recent report from SBI Energy the US is considering a 2-year, \$23 billion program – Cash for Caulkers? - to encourage homeowners to undertake energy retrofitting projects. Their report also says the U.S. home energy retrofit market is poised to grow about 15 percent per year to \$35 billion by 2013, up from \$20.7 billion last year.

Richard Branson has recently launched the Carbon War Room under the Virgin Unite (non-profit) brand. The goal is to initiate climate change solutions using “the power of entrepreneurs to implement market driven solutions to climate change.” Vancouver Mayor Gregor Robertson has started Vancouver Green Capital, a long term city development plan;

“The Vancouver Green Capital brand is at the heart of the creation of a robust, long-term economic strategy that will guide the City’s pursuit of economic opportunities around the world... Green companies are those that understand that their bottom lines include people and planet, as well as profit. Some of the world’s biggest and most progressive companies have understood that ‘green’ is no longer a ‘nice-to-have’: it’s integral to doing business.” — Vancouver Green Capital

Branson and Robertson have teamed up, Branson’s Carbon War Room initiative and Mayor Robertson’s Green Capital development plan are complimentary and their battle plan starts in Vancouver – it’s going to be kicked off during the Olympics....

<http://www.skanderbegcapital.com/blog/2009/12/23/billionaire-branson-teams-up-with-vancouver-gregor-robertson-in-war-on-carbon/>

Natural Resources Canada funds the ecoENERGY Retrofit program. This program helps industrial facilities overcome financial barriers to improving the energy efficiency of their operations. Financial incentives of up to 25 percent of project costs are given to qualified applicants to help small- and medium-sized industrial facilities implement energy-saving projects.

“If you saw \$20 bills just sort of floating through the window, up into the atmosphere, you’d try and figure out how you were going to keep that. But that’s exactly what’s

happening because of that lack of efficiency in our buildings." Frank Blake, CEO of Home Depot

The most affordable and most effective way for homeowners to control their energy costs would be gaining efficiency through a retrofit program. A Natural Resources Canada ecoENERGY Retrofit for Homes program is available to owners of single family homes including detached, semi-detached and low rise multi-unit residential buildings. The maximum ecoENERGY grant one can receive per home or multi-unit residential building is \$6,250.

One energy retrofit company that should be on every investors watch list is...

Greenscape Capital Corp. GRN – TSX.v
www.greenscapecapital.com

Greenscape's corporate mandate is to increase the environmental sustainability, social responsibility and profitability of companies and their operations.

"Our key business is getting companies to retrofit their operations," says Bryan Slusarchuk, CEO of Greenscape Capital. "The payback on this is just immense in terms of bottom line savings from reduced energy cost. And this is not a sector-specific opportunity – every business in the world that uses energy is a potential retrofit client."

Greenscape Capital operates Green.Switch, a full service energy retrofitting company that can significantly increase the energy efficiency and environmental sustainability of companies and their operations. Green.Switch is uniquely positioned to benefit, as a first mover with a unique business model, in this energy retrofitting space.

After an in depth assessment of operations, Green.Switch recommends, finances, implements and monitors a customized energy retrofitting program. The Green.Switch model produces a classic triple bottom line; the customer wins through dramatic energy savings and increased profitability, the environment wins through reduced energy consumption and a corresponding reduction in emissions, and Green.Switch wins through a high margin business model - the revenue model targets revenue generation at every stage of the retrofitting process, from the initial assessment right through to the monitoring and evaluation of the program that has been implemented.

In 2006 British Columbia Hydro (BC Hydro) launched a Conservation Potential Review that was completed in 2007. The study identified more than 10,000 GWh/y that could be saved by the year 2020 – that is enough energy to power one million homes - and it could represent a huge business opportunity.

http://www.bchydro.com/news/articles/conservation/greenscape_retrofits.html?WT.mc_id=RSS_News_Conservation

“I believe green investing will soon become a hot social trend throughout capital markets on a scale that ‘socially responsible investing’ never began to approach. It is only a matter of time before big public pension plans endowments and foundations start carving out specialized allocations for green investing. The cost of guilt will translate into a premium price on green stocks”. – Forbes Magazine June 16th 2008; Portfolio Strategy: “A Stock for Eco-Nuts” by money manager and author, Ken Fisher

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Richard is host of aheadoftheherd.com and invests in the junior resource sector. His articles have been published on over 150 websites including: Wall Street Journal, SafeHaven, Market Oracle, USAToday, National Post, Stockhouse, Casey Research, 24hgold, Vancouver Sun, SilverBearCafe, 321Gold, Kitco, Gold-Eagle, The Gold/Energy Reports and Financial Sense.

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