

# Dollars for Decarbonization

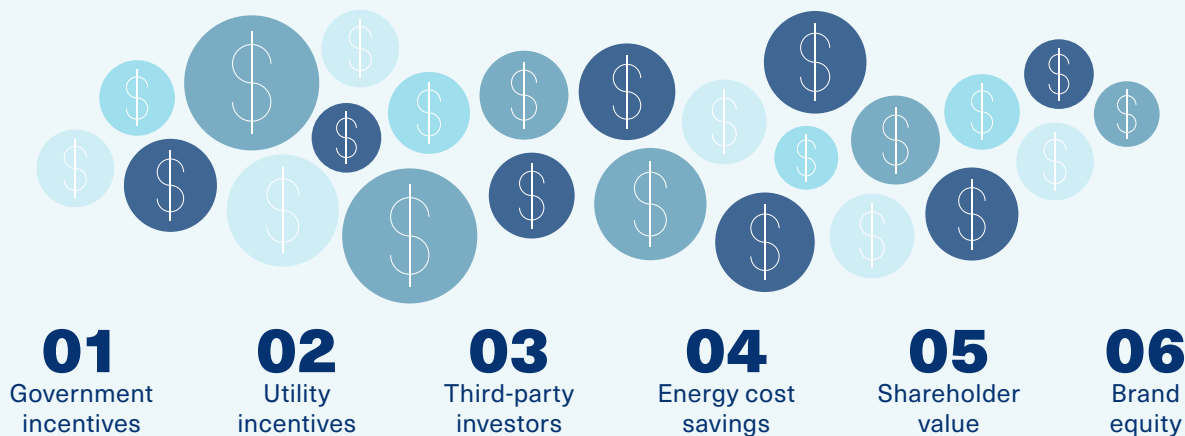
An overview of funding sources and strategies



The environmental question most companies face today isn't whether decarbonization is necessary. It's how quickly you can make changes—and how to pay for them. Whether you have a project in mind but need incremental funding, or you have a broad carbon reduction goal without a specific plan, we have good news: a wide range of funding sources are available if you know where to look.

Trane can help you explore a spectrum of options to help you achieve a return on your investment toward more sustainable facilities and operations. The funding categories below apply to projects of all sizes, from energy efficient equipment upgrades to a whole-building emissions-reduction program and more.

## Six Funding Sources for Decarbonization Projects



Let's start with the three sources that deliver the most immediate impact: **Dollars Given.**

01

**Government incentives:** Federal, state, and local governments have earmarked funds that are positioned towards energy and emissions reduction initiatives, primarily infused into existing tax credit and tax deduction programs. We have resources to help identify applicable incentives and will work with you to understand the varied eligibility requirements.

- The Investment Tax Credit Section 48E (ITC) potentially offers up to 70% tax credit for the installation of clean energy generation technology and storage. Newly enacted changes increase the existing credit, expand project eligibility standards, and add bonus credits for domestic content and/or installation in designated "Energy Communities."
- The Energy Efficient Commercial Buildings Deduction (179D) offers the opportunity to claim a tax deduction of up to \$5.65 per square foot for costs related to energy efficiency improvements and projects in new and existing buildings.

02

**Utility incentives.** Many utility companies offer attractive **incentives and rebates** to help pay for energy efficiency improvements or transition to electrified systems, including whole-building efficiency projects and upgrades to HVAC or other equipment upgrades to HVAC and other equipment.

03

- Third-party investors.** Yes, it's true: investors want to pay for energy efficiency, solar and other decarbonization projects.
- **Environmental, Social and Governance (ESG) funds** attract investors and raise capital with the pledge of meeting specific sustainability outcomes. Often fully funded, they are actively looking to deploy capital into projects that help meet their stated environmental goals.
  - Some third-party investors follow a **service model** (they own the equipment and assume the risk; you pay a monthly service fee) while others will help you fund or finance the purchase of your own equipment.

04

**Energy cost savings.** When you invest in modern, energy-efficient equipment or systems, you can see significant savings in operating expenses. Energy efficiency projects often have quick payback periods, and set your facility up for a lower energy baseline as you continue to drive toward emissions reduction goals.

05

**Shareholder value.** Is your company facing public pressure to reduce emissions? Greenlighting one or more decarbonization projects demonstrates progress, which can increase shareholder value and make your company more attractive to new investors.

06

**Brand equity.** Customers care about sustainability, and they actively support brands that align with their beliefs. Being known as a leader in sustainability and decarbonization can also help you attract and retain top employee talent.

Whatever the size or scope of your decarb initiative, there is likely a funding or financing source you should consider. But now is the time to act. It's worth underscoring the urgency on several fronts:

- CDP scores (originally known as the Carbon Disclosure Project) are a comparative, public snapshot of your company's environmental disclosure and action. Every decarbonization project will help raise your grade, which is now visible to stakeholders, investors and lenders.
- Certain government measures and utility incentives are contingent upon project start date.

Are you ready to delve deeper into options for funding your emissions reduction projects? Connect with a **Trane decarbonization expert.**



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