

Building Upgrades Eligible for PACE Financing

As part of Energy Upgrade California, owners of non-residential commercial properties in Los Angeles County have access to an innovative mechanism to fund up to 100% of the installed cost of many building performance upgrades—Property Assessed Clean Energy (or PACE) financing. PACE can be used to fund a range of building performance upgrades, from high-efficiency lighting retrofits, to installation of advanced Building Automation Systems, fuel cells or solar photovoltaic power generation.

According to the enabling legislation, AB 811, eligible upgrades need only be permanently affixed to the property, and must be proven to either save energy or water, or generate clean power. Rather than prescribe a list of eligible measures, projects will be evaluated on a case-by-case basis for compliance with the law. So long as the measure is affixed to the property and can be reasonably proven to save energy or water, or generate clean power, it will be deemed eligible for PACE.

Pursuant to Loading Order requirements promulgated by the California Energy Commission, projects must achieve a 10% energy efficiency improvement before on-site power generation can be funded through PACE. The scope of work and projected energy efficiency improvement must be documented by an ASHRAE Level 2 Energy Audit carried out by a qualified engineering firm.

Examples of performance upgrades eligible for PACE include, but are not limited to:

- High-efficiency lighting fixtures, lamps & controls
- Occupancy & day-lighting sensors
- HVAC equipment or controls upgrades
- Variable speed drives
- High-efficiency pumps & motors
- Chiller/boiler/cooling tower
- BAS/BMS/EMS installation/upgrade
- Window film, high-performance windows, reflective/vegetated roof
- CO2 sensors demand controlled ventilation
- Fuel cells to generate electricity
- Solar thermal/PV systems
- Elevator modernization
- Sink aerators
- High-efficiency toilets and urinals
- Smart irrigation systems

Examples of upgrades NOT eligible for PACE include, but are not limited to:

- Measures that do not involve upgrading physical energy/water consuming equipment, such as pure repairs/optimization
- Any equipment that is not affixed to the property and/or is normally removed when a tenant vacates a space
- Office equipment such as printers or copiers
- Tenant improvements such as carpeting/flooring, furniture, etc.
- Food/beverage equipment such as coffee machines