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**DATE:** November 17, 2017  
**TO:** C-PACE Contractors and Program Participants  
**FROM:** Tracy Phillips, Director, Colorado C-PACE  
**REGARDING:** **Ineligible Measures**

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This memo is intended to provide additional guidance regarding the application and inclusion of Colorado C-PACE program ineligible measures in C-PACE financing for existing buildings.

The Colorado C-PACE [Program Guide](#) defines ineligible measures in Section 2.A.6 as follows:

Other than custom measures approved by the District, all C-PACE-related improvements must be permanently affixed to the subject property or building and can reasonably be expected to save energy or water or generate renewable energy. The program cannot finance projects that include:

- a) Any combination of measures that does not result in utility cost savings.
- b) Measures that are not permanently attached to the subject property or building and which can be easily removed (not including certain lighting upgrades that the District determines are unlikely to be removed).
- c) Any measure that is not commercially available.
- d) Health and safety improvements not directly related to or otherwise incorporated in the energy improvement.
- e) Examples of ineligible measures include: appliances, some types of plug load devices (such as smart strip devices) and vending machine controls.
- f) General construction costs.

Ineligible measures may be included in the amount financed provided the proportion of those ineligible measures to eligible measures does not exceed 30 percent of the eligible measure project cost.

Ultimately, the inclusion of any given measure will be up to the C-PACE Program Administrator and the District Board. When in doubt, it is best to consult with the administrator.

To further clarify, ineligible measures related to eligible energy conservation measures (ECMs), renewable energy systems or water conservation measures may be included in the C-PACE financing amount (not to exceed 30 percent of the total financing amount). These include measures that may not save energy, create energy or save water, but are *related* to the eligible measures. This can also include utility cost saving measures that do not meet the “permanently affixed” criterion. Typical examples include:

- A roof upgrade associated with the installation of a roof-mounted solar photovoltaic array (however, if the roof upgrade results in energy savings such as through improved insulation, then the roof upgrade would be considered an eligible ECM)
- Asbestos abatement associated with a boiler retrofit
- New pads to support new plant equipment, such as a new chiller
- Replacement of ductwork and terminal boxes associated with a packaged rooftop unit replacement
- Relocation of equipment associated with the installation of energy saving measures, such as relocating a packaged rooftop unit to better serve redistributed loads within a building
- Rerouting of a fire sprinkler system to accommodate a new HVAC system
- Electrical upgrades associated with a new solar photovoltaic system
- Carports supporting a solar photovoltaic array
- Demolition of an existing parking lot and installation of a new parking lot to allow for installation of a bore field associated with a new ground source heat pump system
- Shading devices or window coverings

**Example:**

Eligible Measures	Costs
• Lighting retrofit	\$200,000
• Lighting controls	\$20,000
• Solar PV system	\$580,000
<b>Total Eligible Measures:</b>	<b>\$800,000</b>
Ineligible Measures	Costs
• Roof replacement (no added insulation)	\$200,000
• Electrical upgrades	\$6,000
<b>Total Ineligible Measures</b>	<b>\$206,000</b>

Maximum Amount for Ineligible Measures = \$800,000 x 30% = \$240,000

Since in this case ineligible measures amount to \$206,000, which is less than the \$240,000 maximum allowable amount, all ineligible measures qualify for C-PACE financing as part of the project.

The C-PACE program encourages innovation and the incorporation of newly commercialized technologies in C-PACE financed projects. As such, use of these technologies is and will be considered by the program administrator on a case-by-case basis.