MGB ACADEMY

C-PACE FOR PROPERTY MANAGEMENT COMPANIES

Permanence and Eligible Cost Test

Where eligible cost starts and where it stops

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ONE BOUNDARY TO KNOW

The improvement must be permanently affixed to the real property. A rooftop unit qualifies. A portable cooling unit does not. Building-integrated systems qualify. A tenant's movable equipment does not. When you are scoping a project, that line is where eligible cost stops.

THE FOUR QUESTIONS

Apply these in order to any measure you are considering. A no at any step means the measure is either ineligible or needs an MCED determination before you scope around it.

1. Is it affixed?

Is the item attached to the building or land in a way that would make removal a demolition rather than a disconnection? Hard-wired, plumbed, bolted, framed, embedded or structurally integrated all point to yes. Plugged in, wheeled, set on a pad without attachment, or shipped in and out point to no.

2. Does it stay with the building?

If the property sold tomorrow, would the item convey with the real estate? The C-PACE obligation attaches to the property, so the improvement must too. An item that a departing owner or tenant would take with them is not eligible cost.

3. Is it on the assessed parcel?

The assessment is levied on a specific parcel. Improvements must serve and sit on that parcel. Shared systems across multiple parcels, or improvements to adjacent land or right-of-way, need a structuring conversation with MCED before they are scoped in.

4. Whose property is it?

Landlord improvements are eligible. Tenant trade fixtures and tenant-owned equipment are not, even when they are physically attached. Where a tenant is contributing to or benefiting from the scope, the ownership question needs to be settled in writing before the project is submitted.

APPLYING THE TEST

MEASURE	TEST RESULT	WHY
Rooftop packaged HVAC unit	Eligible	Curb-mounted, ducted and wired into the building; conveys with the property.
Portable spot cooler	Not eligible	Wheeled and plugged in; removable without alteration.
Built-up or single-ply roof system	Eligible	Integral to the building enclosure.
Tenant’s server rack cooling	Not eligible	Tenant-owned trade fixture serving tenant equipment.
Rooftop solar array	Eligible	Structurally attached, interconnected, conveys with the parcel.
Leased solar under a third-party PPA	Check with MCED	Ownership and conveyance depend on the agreement structure.
Building automation system	Eligible	Hard-wired controls integrated with building systems.
Smart thermostats installed by a tenant	Not eligible	Tenant-installed and tenant-owned.
Walk-in cooler, permanently installed	Eligible if landlord-owned	Affixed and building-serving; ownership determines the answer.
EV charging, bollard-mounted and wired	Eligible	Permanently affixed on the assessed parcel.
Furniture, signage, interior finishes	Not eligible	Cosmetic; no operating benefit.
Elevator modernisation	Check with MCED	Eligible where the scope delivers energy performance; confirm characterisation.

ELIGIBLE COST — WHAT GOES INSIDE THE FINANCED PACKAGE

Once a measure passes the test, the financeable amount is broader than the equipment invoice. Eligible project cost routinely includes:

- Equipment, materials and installed labour for the qualifying scope.
- Demolition, disposal and removal of the system being replaced.
- Structural, electrical and mechanical work required to accommodate the new system.
- Energy audits, engineering, design, commissioning and measurement and verification.
- Permitting, inspection and code-compliance costs.
- Legal, title and recording costs associated with the assessment.
- Capital provider origination and closing costs, and MCED program fees.
- Contingency, where the capital provider and MCED accept it in the budget.

THE SCOPING CONVERSATION WITH YOUR CONTRACTOR

Contractors who have not worked with C-PACE will bid the way they always bid. Three instructions save a rescope later:

1. Separate eligible from ineligible scope on the face of the proposal. Do not accept a single lump sum that mixes a roof replacement with an ineligible lobby renovation.
2. Price the soft costs explicitly rather than burying them in overhead, so they can be financed rather than absorbed.
3. Identify anything that is tenant-owned, portable or off-parcel and carve it out before the budget is fixed.

THE MANAGER'S VALUE HERE

Scoping is where projects quietly fail. A package that mixes ineligible cost into an eligible budget comes back for rework, and the owner reads that delay as your delay. Draw the line early, in writing, on the contractor's proposal.

Markets set in motion. It all starts with collaboration.

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