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Let's talk replacements for HVAC equipment - Gamble Wiseman

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Gamble Wiseman

As we near the end of 2022, many companies are taking advantage of the substantial government rebates that are becoming more and more available for HVAC equipment upgrades that come with increased efficiency. But does the cost of replacement outweigh the price of repairing an older system? It depends, but in general the answer is no.

For example, let's say you have 100-tons of cooling in your building via 30-year-old rooftop packaged units. Typically, you'll see this in medium-sized office buildings and the like. Hypothetically, if you had to replace all of them at once, it could cost you \$350,000 for a direct replacement of new RTUs. The efficiency, however, would go from 80% or less to up to 99%. Keeping in mind that all equipment loses efficiency over time, you may be closer to 50% or less. That means for every dollar you spend on conditioning the space in your building, you're throwing 50 cents out the window. New equipment would quite literally cut your utility bills in half. You know how much it costs you to pay those bills now, would it be worth it for you to upgrade?

It may also be to your advantage to consider converting the building to a Variable Refrigerant Flow or VRF system. If you converted to VRF, it might cost you double that at \$700,000. Why would you want to spend that much more on converting your building? The VRF systems come with a \$3,500 per-ton rebate, so you'd effectively end up spending the same amount. This would also vastly increase the efficiency of your building, making it green, and reducing your energy bills substantially. You'd spend less over time by initially spending more.

Long story short, it's almost always to your advantage to replace aged equipment. If the capital expenditure gives you knots in your stomach, most experienced companies have financing available to ease the sting. But if you can swing it, bite the bullet and get those replacements done. You'll thank me later.

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