



Funding Opportunity Announcement (FOA) Commercial, Industrial & Agricultural (CI&A) FY24 Grant Program

The mission of the Maryland Energy Administration (MEA) is to promote clean, affordable, reliable energy and energy-related greenhouse gas emission reductions to benefit Marylanders in a just and equitable manner.

Program Description:

The [Commercial, Industrial & Agricultural Fiscal Year 2024 Grant Program](#) (“CI&A FY24 Program” or “Program”) incentivizes investments that reduce energy waste and, where applicable, displace fossil-fuel use in Maryland-based commercial, industrial, and agricultural facilities. For manufacturing and agricultural activities, eligible investments represent equipment that consumes less energy to perform intended work, thus reducing costs per unit or per hour, both currently and as production levels grow. Similarly, energy improvements to commercial, institutional, office, and multifamily facilities reduce the volume of energy needed to sustain occupant comfort and to meet safety or regulatory requirements. Greenhouse gas emissions are reduced proportionately with energy savings and with the displacement of equipment dependent on fossil fuels. MEA welcomes proposals for existing facilities or for new construction that result in higher energy efficiency performance compared to alternatives performing at prevailing basic codes or standards. Grant award values will defray the installed cost of high-performance energy improvements.

Fiscal Year 2024 Policy Update: (See Appendix 1, “MEA Fossil Fuel Policy” for details)

MEA programs in general will not provide grants, loans and technical or other support to projects that incentivize:

- expanded use of fossil fuels, including the installation of new fossil fuel infrastructure or equipment;
- fuel switching from electricity to fossil fuels;
- replacement of existing fossil fuel equipment with new fossil fuel equipment, even if the replacement equipment would be more efficient; or,
- an upgrade or major retrofit that results in significantly extending the life of existing fossil fuel equipment.

Type of Grant Program:

First-come, first served for qualified applicants, based on program guidelines outlined in this FOA. Review the FY24 application for additional program eligibility and requirements. [General Provisions](#) for all MEA programs are documented separately.

Program Budget:

The CI&A Program budget in FY24 is anticipated to be up to \$4,400,000.

Application Deadline:

Applications are accepted on an ongoing basis until funding is fully awarded **or until Friday, March 22, 2024 at 5 P.M.**, whichever occurs first. Earlier application submittals are strongly encouraged in order to have the best chance of obtaining funding under the Program.

Projects proposed for FY24 CI&A grant funding must conform to one of three distinct areas of interest (or “AOI,” see Table 1 below):

Table 1: AREAS OF INTEREST (AOIs)

AOI.1	ENERGY EFFICIENCY AND ELECTRIFICATION
<p>Investments in buildings that simultaneously cause a reduction of energy waste AND displacement of fossil fuels in favor of electrification technologies or similar outcomes yielding zero emissions onsite. Proposed investments must demonstrate energy efficiency performance that is (1) superior to the existing equipment that it displaces, or (2) in new construction, superior to alternatives that meet prevailing energy/building codes or equipment standards.</p>	
AOI.2	MANUFACTURING AND COMBINED HEAT & POWER
<p>Project proposals to upgrade equipment for which electric alternatives are either not available or are not practical,* such that “improved energy performance” can be obtained only by adopting enhanced-efficiency fossil-fuel fired equipment and/or control augmentation (with justification and analysis). Proposed investments must demonstrate energy efficiency performance that is superior to the existing equipment that it displaces. Under AOI.2, MEA considers only upgrades to existing equipment or structures, with a single exception for new construction of Combined Heat & Power (CHP) systems that specifically provide <u>high-grade industrial heat for manufacturing activities, data centers or other critical loads, subject to the restrictions related to fossil fired equipment in Appendix 1.</u> (See Table 2A, p. 7 for award calculation, and Appendix 2 for eligibility criteria specific only to CHP proposals).</p> <p><i>*Note that “high operating or capital costs” do not constitute “not practical.” A “high cost” measure can still qualify as “cost-effective” if it meets the Program’s simple payback criteria. See Fig. 2, p. 5.</i></p>	
AOI.3	AGRICULTURAL ENERGY EFFICIENCY
<p>Energy efficiency-enhancing improvements to lighting, fans, pumps and other electric motor-driven applications; space heating/cooling, water heating, refrigeration, and thermal conservation measures applied to building envelopes. Proposed investments must demonstrate energy efficiency performance that is (1) superior to the existing equipment that it displaces, or (2) in new construction, superior to alternatives that meet prevailing energy/building codes or equipment standards. Qualified activities are those that conform with NAICS code 11, thereby excluding investment in equipment that supports value-added processing of agricultural products (NAICS code 311), for which AOI.1 is suitable.</p>	

Eligible Applicants:

Entities eligible to apply for grants are business (registered corporations, LLPs, LLCs, GPs, etc.) or non-profit entities that operate facilities that perform any of the following activities:

- Manufacturing or industrial production/distribution/warehousing
- Data center operations
- Office, commercial, service, or retail operations
- Private school (Pre-K, K-12) education and administration
- Privately-owned college and university education and administration
- Multifamily residential buildings containing five or more units
- Agricultural entities (for AOI.3)

Other types of non-residential buildings may be eligible, determined by MEA on a case-by-case basis. For the purposes of this Program, non-farm indoor agricultural business activities will be considered under AOI.1, and

should therefore follow the appropriate AOI.1 Program guidelines.

Ineligible Applicants:

- Public Schools should apply for grant funding to support energy efficiency upgrades and construction planning through MEA’s Decarbonizing Public Schools Program.
- Local government entities should participate in MEA’s Maryland Smart Energy Communities program as well as the Jane E. Lawton Conservation Loan Program.
- Owners or property managers proposing measures that pertain to single-family homes or residential structures containing four or fewer dwelling units.

Eligible Application Signatories:

To be considered for a grant award, an application shall be signed by an individual having signatory authority for the applicant organization.

- Vendors or contractors shall not apply on behalf of clients.
- A representative of a property management organization must have the authority to make investment decisions for a property and to be able to sign the application; otherwise, the application shall be signed by the property owner.

Eligible Activities:

The CI&A FY24 Program is available to defray the installed cost of improvements that enhance energy efficiency and displace fossil-fuel-consuming equipment or in dedicated spaces¹ within buildings. Both new construction and existing facilities may be eligible. Examples of technologies subject to energy-efficiency improvement and thus eligible for award under the Program include, but are not limited to, the following:

- Improvements to a building shell, including insulation and air-sealing
- Lighting and controls: Beginning with the FY24 program, lighting upgrades are eligible for grant award only if bundled with other non-lighting efficiency measures²
- Motors and variable frequency drives (VFDs)
- Heating, ventilation, and air conditioning (HVAC)
- Refrigeration systems
- Retro-commissioning or recommissioning performed on specific facilities
- Data analytics and operational changes pertaining to a specific facility in order to improve its energy efficiency
- Server virtualization, server decommissioning and consolidation, airflow optimization, aisle containment, and uninterruptible power supply (UPS) upgrades as applied to data centers
- Building Management Software (BMS) implementation
- Energy-consuming manufacturing equipment that performs unique industrial process purposes
- Combined heat & power, where there is no practical electrification technology available to perform tasks assigned to the thermal output. See Appendix 2, “Minimum Criteria and Award Formula Specific to CHP Proposals,” and Table 2A for the CHP-specific award formula.

¹A “dedicated space” is an area of specific functional purpose, clearly partitioned from the balance of a facility. If not separately metered for electricity/gas/etc., the dedicated space’s energy savings calculations must be documented separately from the energy performance of the overall building.

² Note that lighting paired with controls will be considered one measure under the FY24 CI&A Program. MEA will not provide funding for installing incandescent, fluorescent (CFL, T5, T8, etc.), or halogen lighting.

For facilities served by two or more types of energy: Any thermal (heating and/or cooling) savings estimate must consider both electric and non-electric energy consumption. A thermal energy proposal is considered eligible for award only if it contributes to net energy savings across all fuels used by the facility in aggregate.

Proposals representing building retrofits should include an energy analysis that (1) demonstrates performance improvements superior to prevailing standard energy performance levels defined by current energy/building codes, and (2) shows the cost effectiveness payback measure of twenty (20) years or less (See Fig. 2, p. 5). For new installations of process equipment, the applicant is required to provide a technical analysis showing the proposed technology's energy efficiency performance compared to that of conventional alternatives.

Eligibility Minimum Criteria:

At minimum, each proposed scope of work must be composed of at least two (2) significant, cost-effective energy conservation measures (or "ECMs;" see "Key Concept Definitions," pp. 4-5) that replace or improve existing equipment, technology, or building envelope/materials. If the subject facility consumes any fossil fuels in addition to electricity, the application must reflect estimated energy consumption changes for all forms of energy consumed. A "significant" ECM shall represent at least 15% of the total cost (before the application of rebates, incentives, and other leveraged funds) of all ECMs combined in an application. See Fig. 3, p. 6.

Ineligible Activities:

- Measures pertaining to motor vehicles.
- Projects that involve a change in the overall functional use of the space (e.g., a renovation from a residential space to commercial space). For questions on this subject, please reach out to MEA using the contact information on p. 11.
- Projects that involve the renovation of existing facilities that have non-operational energy systems, or functional energy systems for which previous operational consumption data is unavailable.
- Renewable energy measures. Proposals for renewable energy measures should pursue funding from MEA's [Commercial Clean Energy Rebate Program](#).
- Mechanical insulation applications. See instead MEA's [Mechanical Insulation Grant Program](#).

Key Concept Definitions:

"Energy conservation measure" (ECM) describes any distinct, cost-effective improvement applied to a building or its energy-consuming system/process equipment that maintains desired functionality while consuming energy at a rate less than alternative technologies that perform no better than standard building codes or equipment standards. All proposed ECMs must perform at energy-saving levels superior to those of alternatives that meet minimum codes or standards. If a proposed ECM is deemed by MEA to be unable to meet the cost-effectiveness requirement, MEA at its sole discretion may consider the remaining eligible ECMs for funding under the Program, assuming all other eligibility criteria are met.

"High performance" describes the superior energy-saving potential provided by an ECM that performs a given level of work using less energy than the energy consumption standard established by building/energy codes or standards prevailing as of MEA's closing date for submitting applications to the FY24 CI&A Program application. Applicants are encouraged to refer to building/energy codes currently enforced by the jurisdiction in which the proposed project is located.

"Qualified energy reduction" (QER) describes the prescribed minimum percentage of annual energy savings achieved by an ECM eligible for a grant award. (See Fig. 1, p. 5)

"Annual energy savings" represent the reduction of energy consumption over the course of a year, both for individual ECMs and for the entire facility that will host the proposed ECMs. The baseline for calculating the percent energy reduction resulting from the proposed improvements will be relative to that of (1) assets currently

in place, or (2) for new construction, the documented performance of new assets or equipment that meet only minimum energy efficiency codes or standards.

Fig. 1: QUALIFIED ENERGY REDUCTION (QER)



NOTE: A, B and C represent **equivalent work loads** that vary only by the amount of annual energy they require.

“**Total ECM cost**” refers to the sum of all investment outlays needed to acquire, install, and commission any specific energy improvement measure. Grant proposals must present two or more ECMs.

“**Net total ECM cost**” is the total ECM cost minus all other rebates, incentives and leveraged funding sources.

“**Minimum total investment**” is the lowest value of a grant proposal (all ECMs combined) that is eligible to be considered for a grant award. See Table 2, P. 7.

“**Maximum award amount**” is the upper limit, or “cap,” on the value of any single grant award. See Table 2, p. 7.

“**Incremental investment**” describes the proposed total installed cost of a high-performance ECM, adjusted for any rebates, incentives or other leveraged funding, minus the installed cost of an alternative investment that would perform the same work while consuming no less energy than the volume prescribed by prevailing building/energy codes or standards. (See Fig. 3, p. 6)

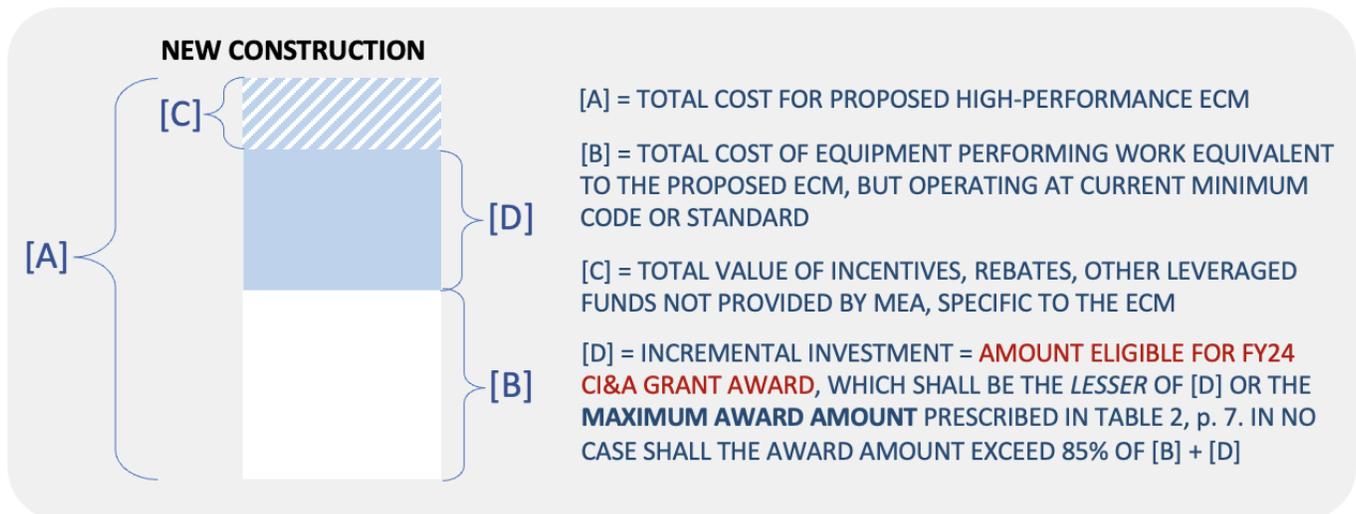
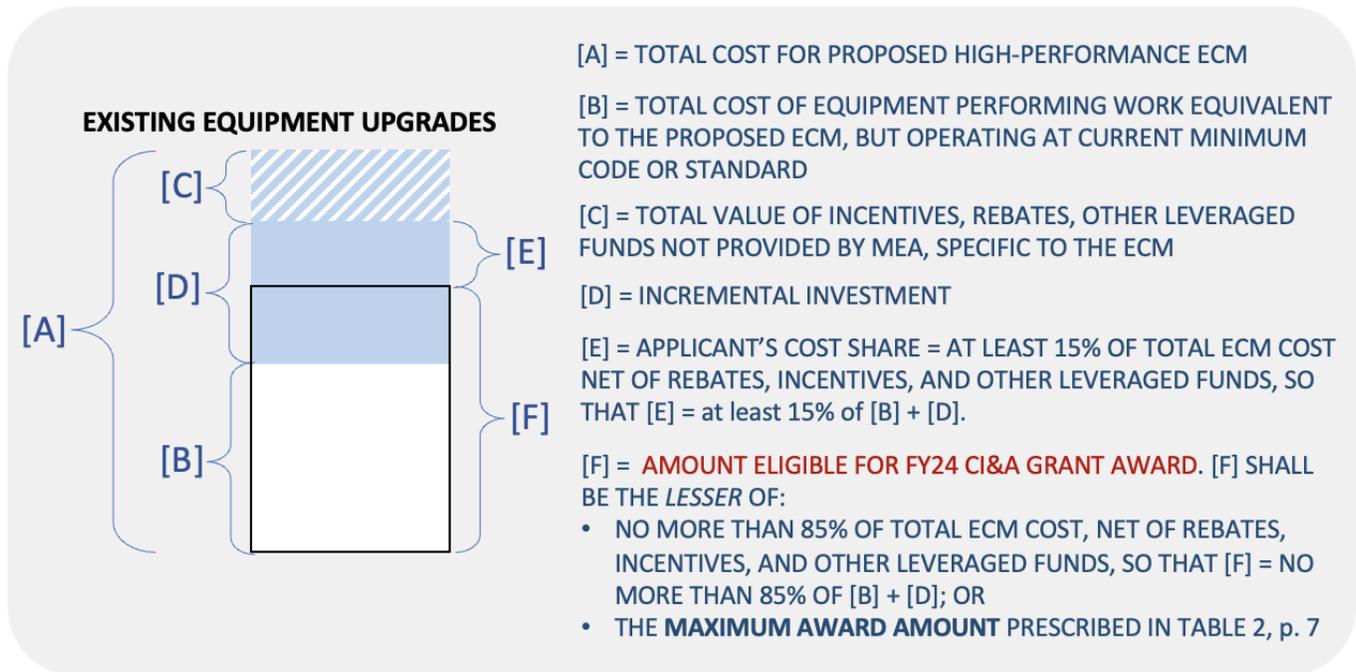
“**Simple payback**” (SPB) describes the investment performance of any distinct ECM. SPB indicates the number of years in which the ECM will pay for itself through the accumulated dollar value of annual energy savings provided by that ECM. Note that the “total ECM cost” for this calculation is its gross cost before subtraction of values representing any rebate, incentive, or other leveraged funds (See Fig. 2):

Fig. 2: Simple Payback (SPB)

$$SPB = \frac{\text{TOTAL ECM COST}}{\text{ANNUAL DOLLAR VALUE OF NET ENERGY SAVINGS PROVIDED BY THE ECM}}$$

Fig. 3: TOTAL ECM COST and INCREMENTAL INVESTMENT*

*See "Key Concept Definitions," pp. 4-5



Award Formulas:

The number of awards will be limited by the Program's FY24 budget. Award amounts for a proposed scope of work will be determined by one of three tiers of *energy savings*, such that Tier 1 = moderate savings, Tier 2 = greater savings, and Tier 3 = even more savings. Awards for proposed scopes of work will be limited to costs specific to qualified ECMs; any other expenses coincident with, but not integral to, an ECM's installed cost are not eligible for

reimbursement. See award formulas in Table 2 (p. 7) for all but combined heat & power (CHP) projects; see Table 2A (p. 7) for CHP alone.

Table 2:
ANNUAL ENERGY REDUCTION REQUIREMENTS AND AWARD FORMULAS for all Proposed ECMs in Aggregate
 See Key Concept Definitions (pp. 4-5), Fig. 1 (p. 5) & Fig. 3 (p. 6)

MINIMUM TOTAL INVESTMENT, ALL TIERS	TIER 1			TIER 2			TIER 3		
	PROPORTION OF PROJECT COST ELIGIBLE FOR AWARD		MAXIMUM AWARD AMOUNT	PROPORTION OF PROJECT COST ELIGIBLE FOR AWARD		MAXIMUM AWARD AMOUNT	PROPORTION OF PROJECT COST ELIGIBLE FOR AWARD		MAXIMUM AWARD AMOUNT
	QER			QER			QER		
AOI.1: ENERGY EFFICIENCY AND ELECTRIFICATION - see Note 1/ below									
\$50,000	<u>Existing Equipment or Facility Upgrade</u>			<u>Existing Equipment or Facility Upgrade</u>			<u>Existing Equipment or Facility Upgrade</u>		
	20%-30%	See 4/ below	\$200,000	31%-50%	See 4/ below	\$300,000	>50%	See 4/ below	\$400,000
\$50,000	<u>New Construction</u>			<u>New Construction</u>			<u>New Construction</u>		
	15%-25%	See 5/ below	\$200,000	26%-40%	See 5/ below	\$300,000	>40%	See 5/ below	\$400,000
AOI.2: MANUFACTURING & COMBINED HEAT & POWER - see Notes 2, 3/ below									
\$50,000	<u>Existing Equipment or Facility Upgrade</u>			<u>Existing Equipment or Facility Upgrade</u>			<u>Existing Equipment or Facility Upgrade</u>		
	20%-30%	See 4/ below	\$200,000	>30%	See 4/ below	\$300,000	N/A		
N/A	<u>New Construction</u>			<u>New Construction</u>			<u>New Construction</u>		
	N/A except for CHP (see Table 2A)			N/A except for CHP (see Table 2A)			N/A		
AOI.3: AGRICULTURAL ENERGY EFFICIENCY - see Note 1/ below									
\$15,000	<u>Existing Equipment or Facility Upgrade</u>			<u>Existing Equipment or Facility Upgrade</u>			<u>Existing Equipment or Facility Upgrade</u>		
	10%-25%	See 4/ below	\$200,000	>25%	See 4/ below	\$300,000	N/A		
\$15,000	<u>New Construction</u>			<u>New Construction</u>			<u>New Construction</u>		
	10%-20%	See 5/ below	\$200,000	>20%	See 5/ below	\$300,000	N/A		

- NOTES:** 1/ Must also displace fossil fuel equipment with an electric-powered alternative
 2/ For new construction CHP or upgrades to existing fossil fuel equipment for which electric-powered alternatives are either not available or are impractical.
 3/ The award formula specific only to CHP system proposals appears in Table 2A and supercedes the AOI.2 language in Table 2.
 4/ The lesser of (1) no more than 85% the total project cost net of all rebates and incentives, or (2) the maximum award amount.
 5/ The lesser of (1) the incremental investment, or (2) the maximum award amount. Never more than 85% of net TPC.

Table 2A: Award Formula for CHP*
 See Appendix 2 for more details specific to CHP eligibility

AOI.2: Manufacturing and Combined Heat & Power – Award Amounts	
CHP System Nameplate Capacity	Award Amount
Micro-CHP (< 60 kW)	40% of Net Total Project Cost <u>OR</u> \$80,000; whichever is lower
61 kW – 500 kW	\$500 per kW

>500 kW	\$450 per kW, not to exceed \$400,000 total
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**NOTE: Energy performance criteria for CHP as presented in Appendix 2 supersedes the Qualified Energy Reduction (QER) criterion.*

All proposed ECMs:

1. **Must be cost-effective.** “Cost effectiveness” is determined by the simple payback (in years) of each ECM before the application of rebates, incentives, and other leveraged funds. A simple payback of up to twenty (20) years is acceptable (see Fig. 2, p. 5). Each individual ECM must have a payback shorter than its expected economic lifetime. MEA typically uses the [Northeast Energy Efficiency Partnerships \(NEEP\) Mid-Atlantic Technical Reference Manual³](#) to determine the anticipated life of equipment. While other resources may also be used, MEA reserves the right to determine acceptable payback periods. MEA, working with MEA’s technical assistance contractor, will review applicant energy savings assumptions and may choose to independently calculate savings benefits for the proposed project. Should MEA’s energy savings estimate calculations vary from the applicant’s estimates submitted with the application, MEA-generated savings estimates will be used to determine Program eligibility. In this circumstance, an Applicant may request a debriefing to understand the differences in energy savings methodology. MEA will (1) indicate any discrepancies posed by the methodology, then (2) allow the applicant to revise the application accordingly. If the remedy is successful, the application retains its “first-come, first served” position per its submission date. A failure to properly address discrepancies will result in rejection of the application. Must have a Maryland location and be permanently installed. Eligible facilities are limited to those located and owned or leased by the applicant organization within the State of Maryland.
2. For proposals pertaining to new construction, major renovation, change of use and/or rehabilitation of properties without an energy baseline: demonstrate quantitatively that each ECM’s energy performance will surpass that of (1) prevailing [energy/building codes](#) pertinent to the project’s location, or (2) equipment or appliance standards as established in applicable [International Codes Council](#) guidelines. See also equipment standards guidance from the [U.S. DOE](#).
3. Must be submitted for consideration on a complete application accompanied by clear documentation of energy savings estimates. Incomplete applications will not be considered for possible award until all missing information or documentation has been submitted to MEA. MEA deems an application to be “submitted” only when it has obtained all required documentation from the applicant.
4. Estimated energy savings for a facility/dedicated space must be documented in a feasibility study, preferably prepared by a third-party entity. In order to be deemed eligible, the energy savings estimates must adequately and reasonably support the claimed results by presenting a comparison of estimated energy consumption for (1) current operations versus proposed improvements (for existing equipment upgrades) or (2) improvements meeting prevailing minimum codes or standards versus high-performance alternatives (for new construction). While MEA will follow-up to clarify minor questions regarding energy savings estimation methodology, any energy savings estimates deemed to be missing or insufficient may result in an application being categorized as ineligible by MEA.
5. For ECMs located in one of Maryland’s five electric utility service territories ([BGE](#), [PEPCO](#), [Potomac Edison](#), [Delmarva Power & Light](#), or [SMECO](#)), show that the FY24 CI&A grant applicant has at least applied for a commercial EmPOWER utility rebates applicable to each ECM. Applicants must apply to the appropriate utility for available rebates.

³ <https://neep.org/mid-atlantic-technical-reference-manual-trm-v10>.

6. Demonstrate project feasibility. The proposed project must be reasonably able to be completed within eighteen (18) months of the execution of a Grant Agreement with MEA.

Applications sufficient for consideration are those that include:

- **For new construction or substantial building rehabilitation:** documentation of the proposed ECMs' performance compliance with prevailing (i.e., as of the application's submission date) building/energy codes, highlighting performance results that exceed standard performance.
- **For existing buildings:** an energy consumption baseline for the facility, process, or dedicated space proposed for upgrade. A baseline should describe at least 12 months of energy consumption history. Historical energy usage information is often available to the account owner from the utility provider. Applicants must then estimate the energy savings (in kWh, therms, etc.) generated by their proposed ECMs relative to these baselines. Baseline consumptions should be expressed in the following units:
 - Electricity Measures: kilowatt-hours (kWh)
 - Natural Gas Measures: therms
 - Propane and Fuel/Heating Oil Measures: gallons (gal)
 - Other Fuel Types: Please contact MEA to discuss other fuel types.
- **For upgrades of mechanical systems, lighting, or system/process equipment:** an energy consumption baseline for the existing technology describing at least 12 months of energy consumption history. Provide a technical analysis indicating the energy savings conferred by the proposed ECM relative to the performance of the existing equipment and to current alternatives that meet only basic performance codes or standards.
- **Baseline consumption for all ECMs within a single scope of work will be converted to MMBTUs and aggregated across all energy types.**

Minimum Total Investment:

Each proposed scope of work must be composed of at least two significant, cost-effective ECMs such that the total project cost (all ECMs combined) meets or exceeds the "minimum total investment" figure (see Table 2, p. 7). Note that FY24 CI&A grant award values will only defray the costs of acquisition and installation of high-performance energy improvements, relative to the cost of alternative equipment that achieves only basic energy performance codes or standards while performing the same function.

Grant Application Review Process:

The MEA Program Manager will assemble a Program Review Team of at least three (3) MEA staff members. MEA may also utilize technical assistance contractor support to conduct analysis at the Program Manager's discretion. All team members will review each complete application, including any analysis provided by MEA's technical assistance contractor. Any recommendation for an award will be discussed by all team members, either in person, via virtual meeting, or via other electronic means. If the recommendation for a particular proposal is not unanimous, the recommendation of the Program Review Team will be based on the majority of the MEA Reviewers. The CI&A Program Manager will then make funding recommendations to the MEA Director, incorporating input from the Review Team.

If Program funding is exhausted, the MEA Program Review Team may recommend holding one or more additional eligible proposals on a waitlist in case additional funding becomes available before the end of the current fiscal year. However, the waitlisting of an application is NOT a guarantee of funding. FY24 CI&A applications not funded by the end of fiscal year 2024 do not automatically rollover into a future fiscal year.

Partial awards:

Partial awards may be awarded under the Program. If sufficient funds are not available to fully fund a proposal, the applicant will be given an option to accept partial funding, based on budget availability, for the proposal as originally submitted. If the applicant does not accept partial funding for the proposal, MEA will offer the remaining funding to the next eligible applicant in sequence corresponding to the complete application's received date as determined by MEA. MEA will follow this process until all funding has been expended, or until all remaining eligible applicants have rejected the offer.

Program Changes:

Any update (e.g., extension of a deadline) or clarification about the Program, and any corrections to inadvertent errors in the Program information, will be available on the Program webpage. In addition, MEA will communicate clarifications and updates made after the application deadline directly to applicants or grantees, as applicable, by letter or email. The final grant amount for each Grantee is subject to any relevant statutory requirement applicable at that time.

Required Application Documents:

1. **MEA Application Package:** An Excel application form for the Program is located on the MEA [website](#). The application requires energy baseline information. For existing facilities, this includes copies of utility bills for at least 12 recent months of normal operations. All applications must be submitted by an authorized representative of the building owner or property manager.
2. **Energy Savings Documentation:** Applicants must clearly document the proposed energy savings either through an energy audit or through savings estimate methodology outlined in the most recent version of the [Mid-Atlantic Technical Reference Manual](#) ("TRM").
3. **EmPOWER Utility Rebate Application(s)/Letter of Intent:** Applicants located within one of Maryland's five major electric utility service territories must apply or submit formal intent to apply to the incentives offered by their utilities for eligible ECMs (See p. 8). Applicants who have applied must include copies of their completed applications. Those who have not yet applied must submit a letter of intent to apply.
4. **Certificate of Status** from the [Maryland State Department of Assessments and Taxation](#) ("SDAT"): Applicants must be in Good Standing with the State of Maryland at all times.
5. **W9:** An Internal Revenue Service (IRS) Request for Taxpayer Identification Number and Certification ([W9 form](#)) is required from the entity applying for grant funds. Please note if selected for award, the applicant name on the grant agreement must match the name on the W9 form. Additionally, once the grant agreement has been signed and funds are encumbered, MEA will not be able to change the federal tax identification number associated with the award.

Submission Instructions:

The Application can be found on the [CI&A website](#). Please save the completed Application Form with the following filename format:

<ORGANIZATION NAME_ CIA_ FY24_ APPLICATION>.

For example, an Application for "Acme Anvil Company" would be saved as:

ACME ANVIL COMPANY_ CIA_ FY24_ APPLICATION

Next, send the completed Application and necessary supporting documentation to ci.mea@maryland.gov in an email with the subject line that indicates the name of the Applicant Organization and "CI&A FY24 Application." For example: "Acme Anvil Company CI&A FY24 Application."

MEA is encouraging the use of electronic applications to streamline processing. If you cannot apply electronically, please contact ci.mea@maryland.gov or call 443 908-1767.

Grant proposals are considered for award on a first-come, first-served basis. Awards will be issued until program funding is exhausted. Complete and accurate applications, when submitted as soon as possible after program launch, have the best chance of obtaining funding.

Grant Program General Provisions: MEA grant programs are covered by general provisions that apply to all energy programs. A copy of the General Provisions document is available on [MEA's website](#); this document will be incorporated into all FY24 grant agreements issued by MEA.

In addition to the general provisions, the following provisions also apply to this Program:

- MEA will not reimburse any costs incurred by a Grantee for a scope of work initiated prior to ratification of a Grant Agreement.
- Grant funds are disbursed on a reimbursement basis.
- Extensions to grant completion deadlines will only be granted with sufficient justification and solely at the discretion of MEA.
- While MEA anticipates using the full amount of allocated funds for this program, MEA reserves the right to obligate some, all, or none of the FY24 CI&A budget based on the eligibility of applications submitted.
- Participation in MEA grant programs is voluntary. If selected for award and to ensure the secure transmission of grant funds, grantee recipients of MEA funding are generally required to receive electronic payments from the State of Maryland. Electronic payments are set up through the State of Maryland's Comptroller's Office. **Grantees must fill out and submit the "[ACH/Direct Deposit Authorization for Vendor Payments Form X-10](#)" to the Comptroller's Office via the submission methods outlined on the [X-10 form](#).** ACH/Direct Deposit Authorization for Vendor Payment Form X-10 should not be sent to MEA.
 - Failure to submit ACH/Direct Deposit Authorization Form X-10 may result in award reimbursement being delayed.
 - If an applicant is unable to receive ACH/Direct Deposit payments, MEA reserves the right to provide an exception to this requirement on a case-by-case basis, at the sole discretion of MEA.

Questions can be directed to Christopher Russell, program manager at ci.mea@maryland.gov or via phone at 443.908-1767.

****APPLICATION DEADLINE: Friday, March 22, 2024 at 5 P.M.****

Other Program of Possible Interest:

- [Jane E. Lawton Conservation Loan Program](#): Low interest energy efficiency loans for eligible applicants.
- [Mechanical Insulation Grant Program](#)
- [Open Energy Grant Program](#): for unique proposals that fall outside the scope of existing MEA programs.

Appendix 1:
MEA FOSSIL FUEL POLICY

Each project that receives financial support from MEA must adhere to this MEA Fossil Fuel Policy:

1. Projects that include fossil-fuel or other combustion technologies that produce greenhouse gas emissions are typically not eligible for funding. *See Paragraph (3) below.*
2. Specific examples of projects that would not be eligible for funding under the Program include:
 - Efforts that expand the use of fossil fuel or natural gas technologies, except where meeting one of the exemptions or those efforts are technically infeasible;
 - Expansion of infrastructure that results in an expansion of fossil fuel delivery volume;
 - New installations of fossil fuel or natural gas fired technologies;
 - Projects that result in significant life extension of fossil fuel fired systems, beyond basic health and safety repairs or efforts that enhance efficiency but do not extend the gas system/or fossil fueled fired equipment life. Note: Limited exceptions may be considered where there is no other technically feasible technology or where a source can be demonstrated to be zero emission. Any applications for projects involving fossil fuel should provide evidence that a technical analysis of why electrified or other zero emission alternatives cannot be implemented, this analysis should not be on the basis of operating or capital costs alone.
3. While allowable projects include those that implement basic health and safety improvements or efforts that enhance efficiency but do not extend the life of gas system- or fossil fueled-fired equipment, projects must be part of a scope of work that proposes other energy efficiency improvements so that the proposal in aggregate reduces or eliminates fossil fuel use. In the context of the FY24 CI&A program, this situation applies primarily, but not exclusively, to multifamily residential energy efficiency projects. Eligible measures for multifamily residential project funding include minor repairs to existing fossil fuel equipment (e.g., HVAC, water heating, etc.) that remedy health and safety related issues, or reduce energy usage and greenhouse gas emissions, as long as the upgrades do not significantly extend the anticipated life of the equipment.
4. Exemptions: All exemption requests will be in writing and provide a thorough technical analysis of why electrification and other zero emission technologies cannot be applied from a technical perspective and consider the following:
 - currently available commercialized technologies,
 - ability of locationally specific existing utility infrastructure to support non-fossil fuel applications,
 - thorough evaluation of alternatives,
 - mitigation efforts to offset the greenhouse gas emissions of fossil fuel use, and
 - a description of any efforts to make infrastructure ready for future technologies, such as green hydrogen, or phase out fossil fueled technology in the future.

Operating and capital costs alone will not be considered justification for any exemption. Exemptions will not be approved purely on cost saving opportunities alone.

Limited exemptions will be provided for (1) new construction of combined heat & power installations, or (2) existing equipment upgrades with circumstances where electrification and other zero emission technologies are technically infeasible given the current state of readily-available technologies. Possible

examples in the context of the FY24 Commercial, Industrial & Agricultural Program include (1) manufacturing processes that require large quantities of thermal energy that cannot be met with electrification or other technologies; and (2) uses where the infrastructure needed to implement electrification technologies is not feasible or requires upgrades and improvements beyond the applicant's immediate control (e.g., upgrades to the utility grid).

Any application being submitted to MEA for funding consideration that involves fossil fuel technologies, including natural gas, shall be accompanied by a thorough technical justification or study indicating how electrification and/or zero emission technologies could not fulfill the anticipated functional need. To be considered for MEA funding, any project that proposes consumption of natural gas or other fossil fuels must demonstrate consideration of all practical mitigation efforts to offset the project's greenhouse gas and other environmental impacts of natural gas or other fossil fuels consumed by the proposed project. No exemptions will be granted for projects based solely on economic justifications.

No fossil fuel fired replacement or significant service life extension measures will be applicable to any cost matches or in kind requirements of any grant application or award.

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Appendix 2:

MINIMUM CRITERIA SPECIFIC TO CHP PROPOSALS submitted for AOI.2, “Manufacturing and Combined Heat & Power” *See Table 2A for award formula specific to CHP*

FY24 COMMERCIAL, INDUSTRIAL, AND AGRICULTURAL GRANT PROGRAM

The FY24 CI&A Program offers grants under AOI.2, “Manufacturing and Combined Heat & Power” (CHP) systems, for new construction proposals. Successful proposals will be those that enhance the cost efficiency of manufacturing facility operations by reducing overall energy expenses.

CHP eCatalog:

Applicants are highly encouraged to utilize the U.S. Department of Energy (DOE) [CHP eCatalog](#)⁴ when considering CHP systems for their operations. This comprehensive searchable database provides detailed information on commercially available packaged CHP systems which has been technically vetted by the U.S. DOE. The eCatalog also provides valuable information regarding funding sources, such as incentives available from utilities and low-cost financing available from [C-PACE](#) programs. Additionally, users can access valuable CHP resources such as project profiles, FAQs, installation databases, site screening tools such as performance calculators and emissions reduction estimators, and networks of developers and solution providers. See the [USDOE](#) and the [USEPA](#).

Eligible Activities:

Grant proposals for CHP systems are eligible for award under AOI.2. Eligible scopes for CHP will pertain to core system components and the ancillary equipment needed to operate and successfully interconnect the system with the site and, when applicable, the electric distribution grid. CHP systems under AOI.2 are not required to include black start and islanding capabilities or to use renewable fuels. A list of eligible CHP system types and ancillary equipment include:

- Reciprocating engines
- Turbines and microturbines
- Micro-CHP systems (less than 60 kW nameplate capacity)
- Waste heat to power
- Fuel cells
- Wood-fired CHP systems
- Others, considered by MEA on a case-by-case basis

Ancillary Equipment and Technologies. The following ancillary equipment and technologies are typically installed with core CHP systems to ensure their optimal operation and, when applicable, interconnection with the electric distribution grid and other customer-side distributed energy resources. They are eligible for reimbursement under the FY24 CI&A Program.

- Black start and islanding technologies (eligible, but not required)

⁴ <https://chp.ecatalog.lbl.gov/>

- Heat exchangers
- Absorption chillers
- Heat recovery steam generators (“HRSG”)
- Carbon sequestration and carbon capture technologies
- Associated connections, piping, and wiring
- Innovative technologies, considered by MEA on a case-by-case basis

Eligible Fuel Sources:

- Natural gas
- Renewable natural gas (RNG or “biogas”)
- Hydrogen
- Woody biomass
- Propane
- Biodiesel/other biofuels, approved by MEA on a case-by-case basis

NOTE: CHP systems fueled by coal, fuel oil, or diesel fuel are **not eligible** to receive awards.

Minimum Criteria:

The following criteria must be met at minimum for consideration under the Program:

- **System Types:** Only systems described in the “Eligible Activities” section of this Appendix are eligible under this incentive program.
- **Annual Fuel Use Efficiency:** A combusting CHP system must achieve annual fuel use efficiency of at least **60%** (higher heating value, or “HHV”). A non-combusting CHP system must achieve an annual fuel use efficiency of at least **50%** (HHV). Annual fuel use efficiency (“FUE”) is defined by this incentive program as follows, where all figures are in million British thermal units (MMBtu) and annualized:

$$FUE = \frac{(Electricity\ Produced + Thermal\ Energy\ Recovered\ for\ Use)}{Fuel\ Consumed}$$

- **Simple Payback Requirement:** All systems must achieve simple payback in no more than twenty (20) years. Simple payback for purposes of this program is calculated as total capital cost of the CHP system and its ancillary technologies, without accounting for any incentives, divided by annual net energy cost savings produced by the system. (see Fig. 2, p. 5)
- **Capacity of Multiple CHP Units:** For the purposes of incentive calculation, MEA will consider the **total** nameplate capacity of all CHP units serving the Applicant organization facility/facilities when calculating the incentive amount. Multiple CHP units are ineligible for individual awards. *For example: three (3) 60 kW units will be considered a 180 kW system to calculate the incentive.*