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## **Funding Opportunity Announcement (FOA)**

### **Fiscal Year 2024 Mechanical Insulation Grant Program**

- Program Description:** The Fiscal Year 2024 (FY24) Mechanical Insulation Grant Program (“Program”) provides grants to eligible entities that install mechanical insulation on a commercial or industrial property within Maryland. Mechanical insulation is defined in statute<sup>1</sup> as “insulation materials, facings, and accessory products used for thermal requirements for mechanical piping and equipment, hot and cold applications, and heating, ventilation, and air-conditioning applications.” Eligible recipients may use Program grants to help defray the qualified expenses associated with implementing mechanical insulation. As part of the application, applicants must provide a defined scope of work and a documented estimate of energy-saving potential anticipated to result from that scope of work.
- Type of Grant Program:** Grants are recommended for award on a first-come, first-served basis to eligible applicants that submit a scope of work that conforms with Program guidelines. Grant funding is issued in arrears to selected awardees that submit invoices demonstrating successful project completion.
- Application Deadline:** **Until funding is exhausted, but no later than Friday, March 22, 2024, at 5 pm EST.** Interested parties are encouraged to apply as soon as possible to have the best chance for funding.
- Funding Available:** A total of \$400,000 is anticipated to be available in FY24. The total amount awarded under the program may be more or less, depending on the quantity and quality of applications received.
- Award Calculation:** If an applicant is selected for an award under this Program, an individual grant award may not exceed the lesser of:
- (1) 30% of the total amount of qualified Project expenses paid or incurred by the applicant, or
  - (2) \$20,000.
- The enabling statute for this Program only allows MEA to consider applications indicating a total Project cost valued at no less than \$10,000.

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<sup>1</sup> Md. Code Ann., State Gov’t Art. § [9-2013 \(2023\)](#).

Additionally, multiple applications, each representing a distinct Project, can be submitted by a single entity, but the total value of Program award disbursements per entity are capped at \$100,000.

**Eligible Applicants:** Individuals, non-profit organizations, and Maryland businesses with qualified expenses installing mechanical insulation on a commercial or industrial property. Non-governmental applicants must be in Good Standing with the Maryland State Department of Assessments and Taxation (SDAT). For Program purposes, an applicant is identified by a unique federal tax identification number.

**Qualifying Scopes of Work:** The Program awards will be issued to qualified applicants that propose a scope of work for the purchase and installation of **mechanical insulation only**, to the exclusion of all other equipment that may be installed concurrently. Parties interested in grant funding to support a scope of work that includes other equipment in addition to mechanical insulation are encouraged to consider MEA's FY24 Commercial, Industrial, and Agricultural Grant program.

Each grant awarded under the Program will accrue to a single building or facility ("Project"). An eligible Project encompasses the design (i.e., site-specific requirements), purchase, installation, and commissioning of mechanical insulation applied to a thermal (heating and/or cooling) system. Thermal systems may include:

- prime movers such as boilers, chillers, engines, or furnaces;
- the network of pipes, ducts, or other means for distributing thermal resources from a prime mover to points of use; and,
- point-of-use thermal exchangers that transfer resources as needed to achieve space conditioning or material processing needs.

Use of funds: Starting in FY24, MEA programs will in general not provide technical or financial support, including grants, loans and technical support, to projects that incentivize the upgrade or major retrofit of existing fossil fuel equipment that significantly extends the life of existing equipment. MEA considers mechanical insulation to be a measure that reduces overall energy usage without significantly extending the life of existing fossil fuel equipment; therefore, mechanical insulation proposed for installation on existing electric- and fossil fuel-powered systems are eligible for awards from this Program.

Note that a proposed Project is eligible for a potential grant only if the applicant clearly demonstrates that the resulting performance measures will exceed American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2019 (Energy Standard for Buildings except Low-Rise Residential Buildings). Eligible insulation selections for hot or cold applications may include:

- jackets for boilers, heat pumps, chillers, and heat exchangers; and, sleeves or other configurations intended to enclose steam, hot water, or chilled water pipes or HVAC ducts containing thermally-conditioned air.

Furthermore:

- The scope of an eligible Project is limited to the portion of a single-site heating or cooling system owned by the applicant.
  - If the Project pertains to thermal resources generated off-site and then transferred by a merchant-provider to the applicant’s facility, only the assets “inside the meter” through which merchant-provided thermal commodities are delivered are deemed part of the eligible scope. Any equipment “upstream” of the merchant’s delivery meter is ineligible for funding.
- If a single site or facility hosts two or more thermal systems, each of which is characterized by a distinct and separate system of prime movers, distribution networks, heat exchangers, and thermal heat transfer media (e.g., air, water, glycol, etc.) , then the Program will recognize each system as a separate Project for grant funding purposes. Each thermal system requires a separate application.
- A thermal distribution network that (in whole or in part) serves multiple prime movers and/or shares common distribution assets will be considered one Project for the purposes of this program.

### **Demonstration of Energy**

**Performance Improvement:** No FY24 Mechanical Insulation Program grant application will be considered for award unless its proposed scope of work is accompanied by documentation of the Project’s estimated energy performance. Such documentation should clearly quantify:

- the annual energy consumption of the subject thermal system in its entirety both before and after the insulation improvement;
- the performance of the proposed insulation materials according to the current ASHRAE minimum performance standard (the “R-value”) for each distinct type of insulation material to be installed;
- the type, cost, and volume of all fuel and electricity consumed annually either by (1) the subject thermal system, or (2) the entire facility, as depicted on gas/electric utility bills or invoices for fossil fuel delivered.

For the purpose of quantifying energy performance, applicants are **strongly encouraged** to use the [3E Plus<sup>®</sup>](#) online calculator, but may use estimates prepared by a professional engineer or contractor provided data if desired. MEA reserves the right to determine the accuracy and sufficiency of savings estimates submitted under this program, and may request additional information if needed.

3E Plus<sup>®</sup> is a no-cost resource developed by the insulation manufacturing industry in cooperation with the U.S. Department of Energy to meet ASTM C-680 industry standards. 3E Plus calculates a variety of performance measures as selected by the user, including energy and cost savings, emissions reductions, and economically optimal thickness of insulation.

**Qualified Expenses:**

To be eligible for funding per this FOA, a proposed mechanical insulation Project must be:

- (1) installed in facilities located in the State of Maryland;
- (2) represented by a total project cost net of the value of any utility rebate or incentive;
- (3) cost-effective in that the anticipated simple payback of total Project expense is no more than 14 years;
- (4) not included in a scope for which a purchase order or contract has already been issued; and,
- 5) not subject to concurrent funding from other MEA loan or grant sources.

If selected for an award under the Program, Program funds may be used to defray the costs, as documented by invoices or other supporting documentation, for Project design, feasibility analysis, material acquisition, installation, and post-installation commissioning. Non-eligible costs include administrative costs related to procurement management, and any remediation and repair costs for hardware to which mechanical insulation is to be applied.

**Minimum Criteria:**

A complete application will:

1. include a scope of work for the Project indicating:
  - a. a description of the Project, including address/location and the facility name; a description of the facility's purpose; a description of the thermal system where the insulation is going to be installed that includes a basic component itemization; and manufacturer cut sheets that provide performance parameters, the system's operating parameters (normal operating temperatures of media conveyed by the components to be insulated). Schematic illustrations are encouraged;
  - b. a description of mechanical insulation components proposed for installation, itemized by type of material, configuration, and quantity to be installed;
  - c. the installed cost of the proposed mechanical insulation project for which an application is being submitted under the Program;
  - d. an indication of the annual hours of operation of the thermal system to which the mechanical insulation is applied, the volume of energy consumed that corresponds to current annual operating hours, and the thermal system's estimated post-installation performance, to include annual savings of energy and energy expenses (reports generated from 3EPlus are encouraged);

- e. any completed utility rebate application for the proposed project. Indicate if the rebate has been awarded or is still pending;
  - f. [IRS Form W-9](#) for the applicant organization. The applicant name on the application and the name on the W-9 form must match; and
  - g. **Maryland SDAT Certificate(s) of Good Standing OR PDF(s) of the SDAT Business Entity Search entry/entries indicating Good Standing status.** This is required for the Applicant organization only if the applicant is a non-governmental applicant.
2. affirm that applicant has not already entered into a contractual obligation for the proposed scope of work;
  3. be signed by an individual with the authority to enter into a grant agreement with MEA to execute an insulation improvement project;
  4. if applicable, provide completed copies of utility rebate or incentive applications, and documentation that the rebates or incentives have been applied for;
  5. provide a summary of anticipated funding sources to be secured for the proposed project in addition to this grant (e.g., utility incentives, energy performance contracting); and,
  6. demonstrate the applicant's capital investment commitment to the proposed project for all total Project costs remaining after accounting for rebates, incentives, and Program funding.

## **Selection Process & Award Amounts:**

### **Selection Process**

Applications will be evaluated by a review panel to determine whether minimum qualifications are met. Qualified projects will be offered awards in the order eligible applications are received.

If an incomplete application is received while Program funding remains available, MEA will give the applicant an opportunity to update the application for completeness. The application will then be reviewed based on the date that MEA receives the complete application, not the date that the incomplete application was submitted.

### **Partial awards**

Partial awards may be awarded under this program, depending on the number of complete proposals received and associated total grant funds requested. Grant awards will be issued for the amounts requested by eligible applicants for eligible projects on a first-come, first-served basis until grant funds are exhausted. If program funding is depleted by awards so that remaining funds are insufficient to fully fund a grant request, the last applicant prior to exhaustion of funds may be offered a partial award. If the applicant declines, MEA may offer partial grant funding under this same structure to the next qualified applicant until all funding has been expended or all remaining projects have rejected the offer.

**Required Application Documents:**

To be considered complete, an application to the Program must include the following documents. Failure to submit any of the required documents may result in the application being considered incomplete. MEA reserves the right to request energy performance or project cost documentation in addition to the documents listed below. Applications deemed incomplete by MEA will not be considered for award until any necessary missing documentation is provided by the applicant.

<b>REQUIRED DOCUMENTS</b>	
<input type="checkbox"/>	<b><u>Complete and accurate FY24 Mechanical Insulation Program Application Form.</u></b> This application, along with any potential award, must be signed by an individual holding signatory authority for the applicant organization. This signature indicates the recipient’s intent to use the grant award in compliance with all program requirements, as outlined in this FOA.
<input type="checkbox"/>	<b><u>Documentation of Project Location and Scope.</u></b> Include a document that clearly describes the name and physical address of the facility receiving the proposed Project’s scope of work, as described below. Provide a brief description of the thermal system to which the insulation is being applied, including a simple schematic of prime movers, distribution networks, and thermal exchangers.
<input type="checkbox"/>	<b><u>Scope of Work:</u></b> Include a document that provides a description of mechanical insulation components proposed for installation, itemized by type of material, configuration, and quantity to be installed. MEA, at its discretion, may review and request additional information to verify.
<input type="checkbox"/>	<b><u>Project costs:</u></b> Include a document summarizing the cost of the Project, to include all qualified expenses for which an award is being sought under the Program. This information will be used to determine the applicant’s award amount, if the application is found eligible for award while funding remains for the Program.
<input type="checkbox"/>	<b><u>Documentation of Total-Project Energy Performance Improvement.</u></b> Document the calculations used to determine the annual energy consumption of the subject thermal system in its entirety both before and after the insulation improvement. Describe the energy-saving performance (“R value”) of the proposed project’s insulation materials according to the current ASHRAE minimum performance standard for each distinct type of insulation material to be installed. Summarize the type, cost, and volume of all fuel and electricity consumed on an annual basis by the subject thermal system, both before and after the proposed improvement. For the purpose of quantifying energy performance, applicants are <b>strongly encouraged</b> , but not required, to use the <u>3E Plus<sup>®</sup></u> online calculator.
<input type="checkbox"/>	<b><u>Example Products.</u></b> Attach to the grant application the insulation manufacturer’s cut (or “sell”) sheets or similar product descriptions for the proposed insulation material.
<input type="checkbox"/>	<b><u>Utility Rebate Applications.</u></b> Attach to the grant application any completed utility rebate application for the proposed project. Indicate if the rebate has been awarded or is still pending.

<input type="checkbox"/>	<b><u>IRS Form W-9</u></b> for the Applicant organization. The applicant name and address on the application and the name and address on the W-9 form must match.
<input type="checkbox"/>	<b><u>Maryland SDAT Certificate(s) of Good Standing OR PDF(s) of the SDAT Business Entity Search entry/entries indicating Good Standing status.</u></b>

## Grant Program

### General Provisions:

MEA grant programs are covered by general requirements (“General Provisions”) that will be made part of the grant agreement between MEA and a grantee. The General Provisions are available for review on [MEA’s website](#).<sup>2</sup> In addition, the following provisions apply to the FY24 Mechanical Insulation Program:

### Other Program Provisions:

- **Limitations on multiple funding sources.** Funding from other MEA grant programs cannot be combined with funding from this program for the same energy measures. Applicants may pursue funding from MEA’s Lawton Loan program to help finance the balance of the project proposed for Program funding (see below).
- **Prior Expenses Restriction:** Funds awarded by this Program cannot be used to offset costs that were incurred prior to the issuance of an award by MEA, or a purchase order that predates the application.
- MEA may, at its discretion, obligate all or none of the Program budget, based on the eligibility of applications submitted to MEA.
- In the case of an incomplete application, as determined by MEA, MEA may ask an applicant to provide additional information. For “submission date” purposes, MEA recognizes the date by which the fully completed application is 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.

<sup>2</sup> <https://energy.maryland.gov/SiteAssets/Pages/all-incentives/General%20Provisions%20v3%202.11.22.pdf>

**Submission Instructions:** Applications are being accepted on a first-come, first-serve basis but must be submitted by no later than **Friday, March 22, 2024 at 5:00 PM** to be considered for the FY24 Program.

MEA recommends that Applicants submit files electronically in PDF format; all electronic files should be submitted to [insulation.mea@maryland.gov](mailto:insulation.mea@maryland.gov). MEA encourages the use of electronic communication, including applications, to streamline processing and reduce environmental impacts. If an applicant chooses to “opt out” of electronic communications for this program, please mail the application to:

Maryland Energy Administration  
ATTN: FY24 Mechanical Insulation Program  
1800 Washington Blvd., Suite 755  
Baltimore, MD 21230

All applications, regardless of submission method, must be received or postmarked by no later than **Friday, March 22, 2024 at 5:00 PM**. However, the program may close early if funding is fully committed.

Questions can be directed to Christopher Russell, the Mechanical Insulation program manager, at [insulation.mea@maryland.gov](mailto:insulation.mea@maryland.gov) or (443) 908-1767.

#### **Related MEA Programs:**

##### **[Jane E. Lawton Conservation Loan Program.](#)**

Applicants eligible for a Mechanical Insulation Program award are encouraged to apply simultaneously for a Jane E. Lawton Conservation Loan to help finance any remaining eligible Project costs not covered by a Mechanical Insulation grant. Lawton loans are currently offered at an interest rate of 1% and may be able to help eligible applicants finance any remaining costs associated with the Project, if the proposed Project meets the requirements of the Lawton program and loan funds remain available.

##### **[Commercial Industrial & Agricultural Grant Program.](#)**

A wide variety of energy efficiency improvements to existing buildings - including lighting, HVAC, water heating, building automation controls, and building shell insulation or air-sealing measures - are eligible for grants provided by the CI&A program. NOTE that building shell insulation, as opposed to mechanical system insulation, is eligible for CI&A grant finance.