



Notice of Grant Availability

Maryland Smart Energy Communities FY2021 Grant Program

The mission of the Maryland Smart Energy Communities (MSEC) program is to support local governments as they voluntarily adopt energy policies (and commit to them for the long term) leading to sustained reduction in energy usage, cost savings, and additional opportunities for renewable energy development.

Program Description:

To participate in the MSEC program, a local government must voluntarily adopt energy policies for at least two of three policy areas. Communities are only eligible for funding of a proposed energy project if they have passed the policies related to it.

- *Energy Efficiency Policy* – Establish an energy efficiency policy with the goal of reducing energy usage in city/town or county-owned facilities by 15% within five years of the baseline year through efficiency policies. Each community should provide recent baselines for all of the types of energy that its proposals are expected to affect.
- *Renewable Energy Policy* – Establish a renewable energy policy to meet 20% of the total electricity demand with distributed, renewable generation installed on the participating MSEC community's property within five years of the baseline year.
- *Transportation Policy* – Establish a transportation-focused policy to reduce petroleum consumption for the local government's vehicles¹, and put in place a comprehensive program designed to reduce the baseline by 20% within five years of the baseline year.

In addition to adopting the energy policies, each participating local government must also commit to developing a baseline of current energy usage (for all fuels that have been included in the energy efficiency policy) and, if applicable, current transportation fuel usage and renewable energy generation. In addition, each program participant must also develop an action plan to achieve each of the adopted energy goals within the required timeframes.

¹ School bus fleets are not required to be included in the baseline unless one of the planned MSEC projects will focus on school bus transportation.

- Type of Grant Program:** For Existing MSEC communities, grants are competitively chosen. Communities applying for the first time are prioritized in order to help them get started in the MSEC program, as long as their application and supporting documents are complete, accurate, and consistent with the evaluation criteria.
- Application Deadline:** No later than 5:00 p.m. Eastern Time, November 13, 2020
- Eligible Entities:** All incorporated towns, cities, and counties of Maryland
- Program Budget:** MEA anticipates that up to **\$1,080,000 total will be available as follows: up to \$590,000 for energy efficiency projects, up to \$395,000 for Tier 1 renewable energy projects, and up to \$95,000 for transportation-related, petroleum-reduction projects.** Examples of Tier 1 renewable energy projects include solar (photovoltaic and heated water), wind, and geothermal². Please note grant awards are subject to the availability of funds. For vehicle transportation-related projects, MEA will give priority consideration to all-electric vehicles, or vehicles that leverage other alternative transportation fuels.

New Community Funding Track:

Any incorporated town, city or county not yet participating in the MSEC program is eligible to participate. Any community that applies to the program and commits to meeting the three deliverable requirements (i.e., formal adoption of at least two of the three required energy policies, creation of energy baseline, and establishing energy action plan) may, subsequently, be eligible to receive Program funding, subject to availability of funds at that time. An award of the full amount of the grant is only made available after a community completes the deliverables noted above. To be reimbursed under the Program for eligible costs, a participating community must receive approval from MEA prior to spending funds on an eligible project.

Each New Community MUST adopt the energy efficiency goal as one of its two initial energy policies, unless it can document to MEA substantial prior energy efficiency improvements.

New Community Application Evaluation Criteria:

- a) Applicant's capacity to pass policies within the given timeframe;
- b) Past experience and performance with other MEA programs, if applicable;
- c) Ability to commit staff to completing the project/s in the time provided;
- d) Likelihood that the potential projects listed in the application will be able to have a payback period lower than the system life; and,
- e) Application completeness.

² All Tier 1 renewable sources can be found in the Maryland Public Utilities Article, §7-701.

The number and types of awards granted in FY21 ultimately will depend on the number and quality of applications received. All applications received by the deadline will be considered. In previous years, New Communities have received awards ranging from \$12,500 to \$75,000; however, the relative award size is subject to change in FY21 depending on the number, type and scope of applications received for the MSEC program.

Existing Community Funding Track:

Any incorporated town, city, or county previously engaged in MSEC Program Years FY13-FY20 that have completed all “New Community” deliverables and are in good standing with the MSEC Program are eligible to for apply for funding of a project. Funding for projects submitted under the Existing Community track will be awarded competitively.

Details:

- **Existing Communities awards for energy efficiency or renewable energy projects are anticipated to be capped at \$55,000 per proposed project.** An applicant may apply for funding of more than one energy project, and/or type of project (e.g., a solar PV project and a charging station for electric vehicles (EVs)), or more than one measure per project (e.g., a lighting measure and an HVAC measure in one building energy efficiency project). However, the applicant must submit a separate application for each project and/or each measure per project and have policies in place related to each type of project for which they are applying.
- An application must provide for a cost share of at least 15% of the total project cost. Rebates, other grants, etc. can be used by the grantee to meet the 15% match requirement.
- Funding for any specific project and/or measure is not guaranteed. MEA may opt to fund one, some, or none of the proposed energy measures.
- MSEC electric vehicle awards are included in the Program specifically to replace a petroleum-powered vehicle currently used by the community by a light-duty (LD) all-electric vehicle (EV). Retirement of an existing petroleum-powered vehicle is required. It is allowable for a retired vehicle(s) to be used for a non-transportation purpose, such as for a “decoy” police vehicle, road-side speed control systems, vehicle fire suppression training, or occupant extraction training.
- **New in FY21:** MSEC grants for EVs with EPA-rated all-electric range of 0-199 miles per charge will receive awards of 100% of incremental purchase costs, up to \$3,750 per vehicle. EVs with EPA-rated all-electric range of 200+ miles per charge will receive awards of 100% of incremental purchase costs, up to \$7,500 per vehicle. Incremental costs are defined as the difference in price between a new EV and a new, comparable, petroleum-powered vehicle. Proof of actual vehicle pricing will be required as part of the application.
- **New in FY21:** MSEC grants for electric vehicle supply equipment (EVSE) (e.g., charging stations) will be capped at 60% of total cost (equipment + installation) and up to \$6,000 per charger. Also, the EVSE is limited to projects whose use is exclusively for government-owned vehicles.
- To be considered for an MSEC award, a project/ measure should result in a simple

payback lower than the total costs anticipated for the life of the project or measure.

- An MSEC community may be able to use funds from the Jane E. Lawton Conservation Loan Program to supplement its MSEC funding for energy efficiency project. Prospective recipients must apply separately to the Lawton program for additional funding and are not guaranteed to be awarded funds from that program. See this web site for more information: (<https://energy.maryland.gov/Govt/pages/janeelawton.aspx>)

Award Selection Criteria:

- Awards are subject to availability of funding and applications meeting the criteria below are considered on a competitive basis.
- As energy savings are the most important criteria, the metrics used include:
 - a. Simple Payback (Total Project Cost / Annual \$ Savings) with total project costs being inclusive of MEA incentives and/or other rebates.
 - b. Applicant's Cost Share Percentage (minimum is 15%; a higher applicant share is preferred)
 - c. Lifetime kWh (or MMBTUs) per MEA \$ spent (or gallons per MEA \$ spent for Transportation)
- Past grantee performance, if applicable
- Accuracy and completeness of application
- Innovativeness of energy reduction measures

Funding Requirements & Restrictions

- Subject to funding availability, MEA expects to make grant awards to each eligible community applying to the MSEC program as a New Community, which agrees to meet the program requirements. The size of the grant awards to Existing Communities, therefore, will be based on the remainder of funds after these awards.
- To receive grant funding for a project, the grantee must enter into a Grant Agreement with MEA.
- Prior to start of construction, each project selected for an award must be reviewed by the Maryland Historic Trust (MHT), or the qualified historical preservation expert on MEA's staff, to assure that any historic property will not be adversely affected. MEA may require the Grantee to provide additional information concerning the proposed project site to enable a proper historic preservation review. Any project deemed to cause adverse impacts on historical properties shall not be eligible for grant funding under this Program.
- MEA will not reimburse for any costs expended prior to the Grant Agreement being fully executed by MEA and the applicant. Additionally, in order to receive reimbursement from MEA, each applicant is required to get its energy project approved by MEA in writing prior to beginning construction, in order to ensure that the energy projects will directly contribute to the achievement of at least one MSEC energy policy goal.
- MEA reserves the right to obligate all or none of the Fiscal Year 2021 Maryland Smart Energy Communities Grant Program budget, based on funding availability and the quality and eligibility of applications submitted to MEA.
- MSEC Grants are awarded for funding from three separate budget categories, energy efficiency, renewable energy, or transportation. While an applicant may receive funding from more than one of these categories, the funds are NOT interchangeable.

- MEA will not typically fund energy efficiency projects that involve switching fuel sources.
- Only a project on government-owned buildings or facilities, or related to government-owned vehicles, is eligible for MSEC grant funding.
- Projects must comply with all applicable state and federal laws, regulations, and guidelines, including, but not limited to, following appropriate procurement policies, compliance with the National Historic Preservation Act of 1966, all applicable licenses, insurance, permits, environmental standards, etc.
- The Maryland Code Ann., Section 9-20B-05(m)(1) of the State Government Article requires any new loan or grant funded by the Strategic Energy Investment Fund (SEIF) to a unit of State or local government to comply with §14-416 and §17-303 of the State Finance and Procurement Article. Applicants affected by this requirement should take this into account when developing FY21 applications to SEIF-funded programs, including MSEC. FY21 SEIF-funded grant agreements will contain a section outlining the American Manufactured Goods requirements with which impacted grantees will be required to comply.
- The Maryland Code Ann., Section 9-20B-05(m)(2) of State Government Article requires at least 80% of a Grantee's workers that are participating in a SEIF-funded project or program to reside within 50 miles of the project or program. As the SEIF funds a statewide program, MEA will determine compliance based on whether at least 80% of Grantee's workers participating in a SEIF-funded project reside in Maryland, or within 50 miles of Maryland's borders. Applicants should take this new requirement into account when developing FY21 applications to SEIF-funded programs, to include the MSEC program. FY21 SEIF-funded grant agreements will contain a section further outlining this requirement, including any documentation of compliance that will be required before grant funds are disbursed.
- MEA will request that each Grantee agree to give MEA reasonable advance notice of, and an opportunity to potentially participate in, any Grantee-organized ribbon-cuttings or other public events highlighting the MSEC-funded project.
- The application requires a community to list (by year) the energy code that it is currently enforcing and to provide documentation demonstrating adoption of the code. To be eligible for an FY21 MSEC Program grant funding, a community must follow the 2018 International Energy Conservation Code (IECC). If an applicant itself has not adopted the IECC but, instead, follows the IECC of another entity (e.g., a municipal government adhering to a county government's codes), it must include an explanation in its application.

MSEC FY21 Program Deadlines for Communities

November 13, 2020: Applications due to MEA by 5:00 p.m. Eastern time. Applications can be submitted by email (preferred) or by mail.

- Emailed applications should be sent to msec.mea@maryland.gov.
- Mailed applications should be directed to:
Maryland Energy Administration
Attn: Maryland Smart Energy Communities

1800 Washington Blvd, Suite 755
Baltimore, MD 21230

- Spring 2021:** MSEC agreements must be fully executed with MEA.
- June 30, 2021:** Deadline for Existing Communities (only) to complete final submission of project development documents to MEA.
To receive project approval from MEA, all MSEC grantees must first submit a Project Development form (Attachment A) to MEA in writing by this date.
- October 1, 2021:** For New MSEC communities only, this is the deadline for having:
(i) At least two of three required energy policies passed;
(ii) Energy baselines and energy action plans developed.
- October 7, 2022:** Date by which construction must be completed on all MSEC FY21 projects.
- November 4, 2022:** Deadline for all final reports, invoices and reimbursement requests to be submitted to MEA for projects funded by this grant.

For more information or assistance, please visit www.energy.maryland.gov or contact:
Briggs Cunningham, MSEC Program Manager, at msec.mea@maryland.gov or 410-537-4070.
