

## FY18 Commercial & Industrial Grant Program Information and Requirements

Please read the following information regarding the Maryland Energy Administration (“MEA”) Fiscal Year 2018 (“FY18”) Commercial & Industrial Grant Program (“C&I Program,” “the Program”) carefully before filling out your application. If you have specific questions that are not answered within this document, please submit them to [ci.mea@maryland.gov](mailto:ci.mea@maryland.gov).

### Overview

The FY18 C&I Program has been allocated \$1 million, subject to funding availability, from the Strategic Energy Investment Fund (“SEIF”). The Program funds are available to commercial, industrial, and nonprofit enterprises on commercial electricity meters located within the State of Maryland. Examples of eligible entities include but are not limited to retail facilities, supermarkets, manufacturing facilities, food, chemical, and mineral processing facilities, office spaces, privately-owned schools and institutions, and restaurants.

Agricultural entities are welcome to apply to the C&I Program but are encouraged to first explore the [Kathleen A.P. Mathias Agriculture Energy Efficiency Program](#).

Data Centers are not eligible for the C&I Program but may qualify for funding through the [Data Center Energy Efficiency Program](#).

Facilities that are publically-owned or owned by municipalities are not eligible for the C&I Program but may qualify for funding through the [Maryland Smart Energy Communities Program](#).

### Award Amounts

Eligible projects must cost at least \$20,000 before the deduction of leveraged funds (rebates, incentives, etc.). Award amounts will be calculated at rates based upon three (3) tiers of electricity savings:

- Tier 1 – 15% - 20% Electricity Savings: Up to 30% of net total project cost (after the deduction of incentives, rebates, and other leveraged funds), or \$125,000, whichever is lower
- Tier 2 – 20.1% - 25% Electricity Savings: Up to 40% of net total project cost (after the deduction of incentives, rebates, and other leveraged funds), or \$150,000, whichever is lower
- Tier 3 – 25.1%+ Electricity Savings: Up to 50% of net total project cost (after the deduction of incentives, rebates, and other leveraged funds), or \$175,000, whichever is lower

Example:

Projected Electricity Savings: 21% (Tier 2 – Up to 40% of Net Total Project Cost)  
Total Project Cost: \$232,000  
Leveraged Funds: \$60,000  
Net Total Project Cost: \$172,000

MEA Grant: \$172,000 x 40% = \$68,800

## Program Requirements

Applications will be accepted by MEA and each will be assigned to its respective electricity savings tier. Applications will be reviewed within each tier and will be ranked based on the quality of the following requirements.

### Energy Savings

Eligible projects must reduce aggregate annual electricity consumption for a whole building or treated space within a building (by at least 15% for Tier 1 projects, by at least 20.1% for Tier 2 projects, and by at least 25.1% for Tier 3 projects). An ideal project will target an entire building that does not share walls, doors, systems, or a roof with other buildings. However, certain treated spaces that are not free-standing are also eligible for consideration under the FY18 C&I Program. To be eligible, such a space must be on its own electricity meter or must have a discrete purpose that distinguishes it from the rest of the building (e.g. office space, retail store, etc.).

For facilities with annual electricity consumption heavily weighted to manufacturing and process loads, MEA may consider a modified definition of treated spaces that isolates discrete manufacturing or other functions. In order to be considered, the project must involve a manufacturing facility involving industries such as plastics and packaging, chemicals, petrochemicals, metals, paper and pulp, transportation, biotechnology, pharmaceutical, food and beverage, mining and mineral processing, general manufacturing, or equipment manufacturing.

Building systems consisting of centralized energy-consuming equipment with points-of-use spread throughout the facility must achieve 15% or more electricity reduction for the entire building or treated space. For example, if a chilled water system resides in a utility room and the chilled water is distributed through an entire building, the 15% electricity reduction must be achieved for the entire building/treated space, not just the utility room where the chilled water system resides.

### Leveraged Funding

Eligible Applicants that are located within one of Maryland’s five utility service territories that provide EmPOWER Incentive programs must apply for funding from the respective program. The following table provides links to the EmPOWER Incentive programs for businesses in each of the five EmPOWER Maryland utility service territories:

Utility	Business Incentive Program	Small Business Incentive Program (Electricity demand < 60 kW)
BGE	<a href="#">LINK</a>	<a href="#">LINK</a>
Pepco	<a href="#">LINK</a>	<a href="#">LINK</a>
Potomac-Edison	<a href="#">LINK (Same for Small and Larger Businesses)</a>	

SMECO	<a href="#">LINK</a>	<a href="#">LINK</a>
Delmarva	<a href="#">LINK</a>	<a href="#">LINK</a>

If the building that the project proposes to upgrade is not eligible for utility incentives because it is located outside of these service territories, the project may still qualify for consideration under the FY18 C&I Program.

If the building that the project proposes to upgrade is located within one of the five EmPOWER Maryland utilities, but your organization receives notification from the EmPOWER Incentive program that a deadline precludes it from participating in the C&I Grant Program, please forward the written documentation to [ci.mea@maryland.gov](mailto:ci.mea@maryland.gov) with the original EmPOWER Incentive application.

Applicants are also encouraged to secure additional sources of leveraged funding, such as loans, other grants, etc. While not a requirement of the C&I Program, the more sources of leveraged funds, the more favorable the application.

**Deep Retrofit Approach**

The C&I Program requires proposed projects to employ at least two (2) energy efficiency measures that reduce aggregate annual electricity consumption by at least 15%. Projects that implement a diverse set of measures to generate a well-rounded portfolio of savings while remaining cost effective before the deduction of available incentives, grants, and other leveraged funding sources will be given preference. An ideal project will derive no more than 70% of the total project cost from a single measure. Some possible measures that could be implemented are included but not limited to those listed below:

- Building insulation and envelope improvements
- Lighting and Controls\*
- Motors and variable frequency drives (VFDs)
- Heating, ventilation, and air conditioning (HVAC) upgrades
- Refrigeration
- Retro-commissioning or recommissioning
- Energy data analytics and operational changes to improve energy efficiency

*\*Lighting paired with controls will be considered one measure under the FY18 C&I Program.*

Specifications for individual electricity efficiency measures must exceed the minimum energy code requirements. See the MEA [guidance](#) on Maryland’s energy code requirements. The proposed equipment must not only meet Maryland's energy code requirements but also the minimum efficiency requirements and standards set by the local utility's rebate program. Fluorescent lighting must be listed on the Consortium for Energy Efficiency (CEE) product list or must meet CEE standards. LED replacements must be listed on the Design Lights Consortium or ENERGY STAR® Qualified Products list. HVAC equipment must meet or exceed the minimum SEER/EER/IEER outlined by your local utility's rebate program and/or comply with the current IECC code.

MEA recognizes that improved system operations can be helpful in achieving energy saving targets. While applications that include operational components as well as traditional technology upgrades are welcome, Applicants should be aware that electricity savings from operational changes may be more difficult to quantify than savings from technology upgrades. The burden of proof for the percentage of electricity savings achieved by operational changes rests with the Applicant. MEA strongly encourages Applicants to provide credible, third-party analysis or documentation to validate estimates of energy savings attributed to operational changes.

**Renewable energy measures are not eligible for funding under the C&I Program.**

### **Cost-effectiveness**

Projects eligible for grant consideration must be cost-effective. The aggregate total simple payback of the entire project **before** the deduction of all available rebates, incentives, grants, and other sources of leveraged funding must not exceed 10 years. A project's simple payback is defined as the gross total cost divided by the annual cost savings generated by the energy efficiency measures. For example:

Gross Total Cost: \$75,000  
Annual Cost Savings: \$8,700  
Simple Payback:  $\$75,000/\$8,700 = 8.62$  years

While a standalone measure may have a high simple payback, the addition of other low-cost efficiency measures will improve the entire project's simple payback. MEA is concerned only with the entire project's aggregate payback, rather than the payback of each individual measure.

### **Project Feasibility**

Eligible projects must be completed within the construction timeframe of the grant, which is expected to be February 2018 – February 2019. **No equipment can be purchased and no work can commence on the project until a Grant Agreement between MEA and the Grantee is fully executed.** If you have received approval from your utility and your project is selected for an award from MEA, please submit the application for utility incentives along with the approval letter to [ci.mea@maryland.gov](mailto:ci.mea@maryland.gov). MEA will make every effort to work with the utility to ensure that the timeline for installation begins after the Grant Agreement has been executed, but please be aware that this may not be possible for every Applicant.

### **Accuracy of Savings Data**

The energy savings data and cost estimates provided on your application should be complete, accurate, and reasonable. The burden of proof rests upon the Applicant, so the more accurate the savings and cost data, the more favorable the application.

## **C&I Program Timeline**

- September 2017: FY18 C&I Program opens for applications
- November 14, 2017: Applications are due to MEA by 5:00 P.M.

- January 2018: Grant decisions are announced
- February 2018: Grant Agreements are executed (Grantees may commence work)
- February 1, 2019: All measures must be installed
- March 1, 2019: Final invoices are due to MEA

MEA will review all applications on a competitive basis via a panel review team. Please note that submitting an application does not guarantee that the project will be selected for an award. MEA will notify each Applicant via letter of whether or not their projects received awards.

## Restrictions and Limitations

Please be aware of the following restrictions and limitations of the FY18 C&I Program before submitting an application to MEA:

- Selected projects must enter into a Grant Agreement with MEA no later than March 1, 2018 in order to receive a grant award.
- Any project on which construction commences or equipment is purchased prior to the effective date of the Grant Agreement will be ineligible for grant funding. This includes the purchase, ordering, or installation of equipment.
- Before a Grant Agreement may be executed, selected projects must first be reviewed by the Maryland Historical Trust (“MHT”) or MEA’s designated Historic Preservation Specialist to ensure that no historical property will be adversely impacted by the installation of the proposed measures.
- Projects that reduce electricity use by solely switching to another fuel source are not eligible for grant funding.
- **Renewable energy measures are not eligible for funding under the C&I Program.**
- Grantees must allow MEA and its representatives/contractors access to the project site(s) for compliance monitoring, to conduct an energy audit, verify the installation of measures, and measure savings.
- Payment of grant funds is contingent upon the inspection of the completed project and compliance with all program requirements and General Conditions as defined by the Grant Agreement.
- Grantees must be in Good Standing with the Maryland State Department of Assessments and Taxation (“SDAT”). Please see the [SDAT website](#) to obtain a Certificate of Status to be included with your application package.

- The Grantee organization owner or an authorized signatory for the parent company must sign the application and is responsible for submitting all program invoices and reporting documents.

## Application Instructions

All documents specified in the section below can be found on MEA's FY18 C&I webpage.

To apply for the FY18 C&I Grant Program, Applicants must first complete the *FY18 C&I Application – Part 1*. This document requires Applicants to verify that they have read, understand, and agree to the requirements of the Program, and provides a list of items that are required for Part 2 of the Application. Applicants should then complete a copy of the *FY18 C&I Application – Part 2* and include all required attachments for each project site in the proposed project. If the project involves more than one project site, Applicants must also submit a completed copy of the *Multi-site Addendum*.

Next, applicants must complete the *Electric Utility Data Addendum*.

Once Applicants have completed the necessary application forms and gathered all required attachments, the complete application must be submitted to MEA **no later than 5:00 P.M. on Tuesday, November 14, 2017**. Applicants are strongly encouraged to submit their application packages electronically to [MEACIProgram@sra.com](mailto:MEACIProgram@sra.com). The *FY18 C&I Application – Part 1* explains the application submission process in more detail.

If mailing or hand-delivering, applications should be sent to MEA at the following address:

Maryland Energy Administration  
Attn: C&I Grant Program – Application  
1800 Washington Blvd. Suite 755  
Baltimore, MD 21230

## Additional Information

For additional information on the C&I Program requirements, eligibility and evaluation criteria, and instructions on submitting a complete applications, please contact Brandon Bowser, C&I Program Manager at 410-537-4084 or send an email to [ci.mea@maryland.gov](mailto:ci.mea@maryland.gov).