



## FAQ Page

# Maryland Smart Energy Communities Grant Program

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Below you will find frequently asked questions for the [Maryland Smart Energy Communities](#) program. If your question is not answered, please contact the Maryland Energy Administration (MEA) program manager using the information at the bottom of this document.

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## **Policies**

***This program requires local governments to adopt written, formal policies committing them to goals related to energy efficiency, renewable energy, and or/transportation. What type of local legislation is required to be eligible for funding?***

The intent of this program is for local governments to commit to working toward energy efficiency, renewable energy, and/or transportation petroleum reduction. Policies must be formally written and passed by the appropriate governing body of the local government. Each participant must determine which method is most appropriate, based on their local charters and procedures. A copy of a draft resolution is available upon request.

***What happens if we do not meet the adopted goal within the appropriate timeframe (ie, achieve a 15% electricity reduction within 5 years, etc)? Will our grant funding be rescinded?***

While MEA will not rescind your grant funding, we strongly encourage participants to make a good-faith effort toward achieving the goals in order to be eligible for grant funding in future years.

***Can part of the grant funding be used for administrative cost or costs related to creating the baseline, passing the policies, and creating plans?***

Communities will be allowed to use up to 30% of their grant funding on indirect costs (e.g., grant administrative costs, feasibility studies, policy development, etc.). A minimum of 70% of MSEC grant funding must be spent on direct energy project costs (e.g., labor and materials). A participant may access e 30% funding upon the execution of a grant agreement with MEA. The remaining 70% must be spent on a specific energy-related project and cannot be accessed until all deliverables are completed. A community shall not exceed 10 percent of its grant award on grant administrative costs.

***What baseline year can be used?***

MEA requests that a participating community use a baseline year for which it has the most recent available data. Most new communities will use 2016. However, MEA will be flexible on the baseline year as some communities have completed energy-related projects that they would like to count toward the energy efficiency and/or transportation goals. MEA will approve baseline year on a case by case basis. Please note that the energy efficiency and transportation goals must be accomplished within 5 years of the baseline year, so a community choosing a 2015 baseline year will need to achieve the necessary reductions by 2020, and so forth.

***Can a community work with a private partner? For example, some local governments have privatized trash collection or school bus services.***

Yes, MEA will consider all partnerships to meet energy goals on a case by case basis. If a local government chooses to include them, then these privatized services must also be included in the appropriate baseline. However, MSEC grant awards are not available to the private partner.

***What is the correlation with other state programs administered by the Department of Housing and Community Development (DHCD), the Maryland Department of Planning, etc?***

The Maryland Smart Energy Communities program focuses specifically on what communities can do to save energy, while other programs in the state may focus more on revitalization and general sustainability. While state programs may be related, they are separate programs with different focuses.

***Will MEA or the University of Maryland Environmental Finance Center provide energy audits?***

No, MEA and EFC are not able to conduct energy audits for communities. MEA and EFC are available to assist with identifying energy audit requirements, establishing energy baselines, getting energy policies drafted, formulating energy plans, and identifying possible projects to meet community MSEC goals.

***Is a draft resolution available for communities to use?***

Yes, MEA has model policies for community use upon request.

***As part of the federally-funded Energy Efficiency and Conservation Block Grant (EECBG) program, we had our county council adopt an energy efficiency plan. Could this count as our energy efficiency policy?***

MEA would need to review the energy efficiency plan to make sure it meets the reduction requirements. Please review the energy policy guidance provided by MEA. The MSEC application asks each community to list existing energy policies and to submit copies of those policies so that MEA can review them and determine if they can be used as written, or will require modification.

***How do we address a situation where the goals required by the Smart Energy Communities program are different from the goals already developed in the community's current policy documents?***

MEA will review existing policies to evaluate any discrepancies in existing policy documents and the grant requirements. MEA will accept a more aggressive policy; however, if the policy is less aggressive MEA would require the community to increase that goal and modify that policy.

## Projects

### ***How much funding is a municipality eligible for?***

MEA has approximately \$900,000 in fiscal year 2018 (FY18) for MSEC energy efficiency, renewable energy, and transportation awards. Exact funding levels will vary based on population of the respective MSEC community applicants, number of total MSEC participants, and quality of proposed projects. Funding is not meant to cover the full cost of passing and implementing the policies, but rather to cover the costs of the energy-related projects.

In addition, applicants under AOI II- Existing Community Track can request up to \$50,000 per proposed project and must show a cost-sharing at least 20% of the total project cost.

### ***How will MEA evaluate applications under the new community funding track?***

Please refer to the FY18 MSEC funding announcement.

### ***How will MEA evaluate applications under the existing community funding track?***

Please refer to the FY18 MSEC funding announcement.

### ***What are the required criteria for a project?***

Please refer to the FY18 MSEC funding announcement.

### ***For what can a local government use the grant funding?***

The funding distributed to Maryland Smart Energy Communities must be used for energy efficiency, renewable energy, and/or transportation projects directly impacting the participating local government's facilities or vehicles. MEA will work with each local government to approve individual projects that maximize energy savings. For existing MSEC communities, there is flexibility in how funds can be spent, as the intent is to encourage innovative project ideas. All projects funded through MSEC must have a direct energy impact.

### ***Are matching funds required as a condition of the grant?***

Yes, matching funds are only required for AOI 2 applicants (existing communities); a community must contribute at least 20% of the total project cost (per project).

### ***Can communities collaborate/ have a project with another community?***

Yes.

### ***Are PPAs an allowed funding mechanism?***

Yes, Power Purchase Agreements (PPAs) are an allowable mechanism to deploy renewable energy. However, all projects must be on a government-owned facility or land. The MSEC award can only go to the government entity that applied to MSEC.

### ***Do all renewable projects have to be constructed or can some be RECs?***

Renewable Energy Credits, or RECs, do not qualify for this program. The purpose of the program is to construct additional renewable energy generation in the state.

### ***Will a community have to submit a separate approval form for each proposed project?***

Yes, each community will work with MEA to identify projects that should be completed with MSEC funds. This collaboration process will be simultaneous with other deliverables. As the community approaches finalizing the three deliverables, the community can start focusing on potential projects.

***Does MEA have any suggestions for projects that could be conducted with the limited amount of funding and could be spent in a short amount of time?***

Yes, MEA and the Environmental Finance Center can provide preliminary suggestions for potential projects.

***Can we implement projects identified in previous energy audits?***

Yes, as long as the building use, building systems, occupancy, and operational schedule have not had major changes since the audit was conducted.

***Since the policies require long-term commitments, do designated Smart Energy Communities become automatically eligible for future funds or will they need to reapply?***

A Smart Energy Community would need to reapply. A Smart Energy Community is eligible for funding under the existing community track (AOI II), as long as they are in good standing with the Program.

***When are we eligible to access the funding for installing energy projects?***

Once a New Community is selected to participate in the MSEC program, a grant agreement must be fully executed between MEA and the MSEC community. Once a community has completed the three deliverables<sup>1</sup>, it is then eligible for funding to implement an energy project as long as the specific energy project has been approved by MEA.

An Existing MSEC community may begin its project after the grant agreement has been fully executed with MEA and they have submitted a Project Proposal (Attachment A) and received back a Project Approved form from MEA

***What is the difference between the energy reduction plan and the energy project?***

The plan ensures the policy goals adopted by the local government have the best possible chance of being attained. The energy reduction plan, for example, is the roadmap to achieve the energy reduction goals laid out in the energy efficiency policy. A number of projects will likely be required to achieve target reductions. The project is a single component of the plan.

***Is this funding a reimbursement style grant?***

Yes, grant funds are disbursed through reimbursement after all energy measures have been completed. The MSEC community will need to pay the project costs up front and then provide an invoice for reimbursement. MEA will then reimburse the MSEC community as set forth in the Grant Agreement.

## **Terms and conditions**

***What are the terms and conditions?***

- MEA intends to include as many communities as possible in the Smart Energy Communities program (Program), but reserves the right to limit the number of participants based on funding availability.

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<sup>1</sup> The three deliverables are establishing baselines to measure reduction; passing two of three energy related policies; and developing a reduction plan pertaining to the two policies adopted.

- Submission of an application does not guarantee that the Applicant will receive a grant .
- To receive grant funding for a project, the successful applicant must enter into a Grant Agreement with MEA by April 10, 2018, unless an extension is given in writing by MEA.
- If awarded a grant, the Applicant will provide MEA with a complete IRS W-9 Form. All Applicant information on the W-9 Form must match the information provided on the Program Application.
- A grant award will not be made for any project that starts construction prior to the effective date of the Grant Agreement with MEA.
- MEA reserves the right to ask local governments for additional information before accepting them into the Program.
- 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.
- MEA will not reimburse for any costs expended prior to the execution of a grant agreement between MEA and the local government. Additionally, in order to receive reimbursement from MEA, each local government will be required to get its energy project approved in writing by MEA 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 goals.
- Each community will be required to provide authorized representatives of MEA with access to the project location in order to conduct site inspections or measurement & verification activities for the Program.
- Each community will be required to allow MEA and its representative(s) permission to use photos and video of the project(s) for marketing, publicity, and advertising purposes. Grantees may review and approve any photos and videos taken prior to its use for these purposes.
- MEA and its representatives, will not divulge confidential information or trade secrets consistent with the Maryland Public Information Act and any other applicable law. An applicant should mark any information that they believe to be confidential or a trade secret
- MEA reserves the right to obligate all, some or none of the Fiscal Year 2018 *Maryland Smart Energy Communities Grant Program budget*, based on the quality and eligibility of applications submitted to MEA.
- Grants issued by the State of Maryland may be taxable. As the Maryland Energy Administration is unable to give tax advice, any tax-related questions should be directed toward a qualified tax professional.
- The program Terms & Conditions are subject to change.

**Please Note:**

Beginning in FY17, the MEA will no longer consider Low-to-Moderate Income energy efficient projects as a part of the MSEC Grant Program. Communities with eligible projects should apply for a grant under the Clean Energy Communities Low-to-Moderate Income Grant Program. Information about the program and applications may be found at : <http://energy.maryland.gov/govt/Pages/CleanEnergyLMI.aspx>

**Contact Information**

For more information or assistance, please visit [www.energy.maryland.gov](http://www.energy.maryland.gov) or contact:

Caitlin Madera, MEA MSEC Program Manager, at [msec.mea@maryland.gov](mailto:msec.mea@maryland.gov) or 410-537-4074