Attachment C:

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 FY25 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 FY25 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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