



Maryland
Energy
Administration

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MEA CHP FY19 Grant Program

Frequently Asked Questions

This document responds to frequently-asked questions about the Maryland Energy Administration's (MEA) combined heat and power (CHP) fiscal year 2019 (FY19) Grant Program (MEA CHP FY19). MEA is providing this document to clarify, expand on, and be read in conjunction with the Notice of Availability.

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General Questions

1. What type of CHP projects can apply for a grant?

The following types of new CHP projects are eligible:

- Energy efficiency-focused CHP projects in commercial, industrial, and institutional facilities;
- CHP projects in critical infrastructure facilities, as defined by The United States Department of Homeland Security, that increase resiliency; and,
- CHP projects in commercial, industrial, institutional and critical infrastructure facilities that leverage biomass or biogas as a fuel source.
- MICRO-CHP Projects, meaning projects which are 60 KW or less, are eligible for up to 50% of the total project cost, after all other incentives and rebates are applied, with a maximum of \$75,000. Micro-CHP Projects must be cost-effective to be eligible for the up to 50% incentive, otherwise, projects will be eligible for incentives at \$575 per kw. Projects must be based in Delmarva or Pepco Power Service territories to be eligible and must participate in the utility incentive program

A project that only replaces an existing CHP system with a system of the same size is not eligible.

2. What is a commercial, industrial, or institutional facility?

For the purpose of this program a commercial facility is any non-manufacturing business establishment, including hotels, shopping malls, commercial office buildings, data centers, museums, recreational, or convention centers.

An industrial facility is a manufacturing facility that takes raw material and processes it into a finished product.

An institutional facility is a private or public college, university, or trade school.

3. What is considered a critical infrastructure facility?

For the purpose of this program, MEA will define critical infrastructure facilities as those facilities “so vital to the United States that their incapacitation or destruction would have a debilitating effect on security, national economic security, national public health or safety, or any combination thereof,” based on a definition used by the U.S Department of Homeland Security (DHS).¹ A list of the 16 critical infrastructure sectors can be found at <https://www.dhs.gov/critical-infrastructure-sectors>.

4. Who should be the applicant listed in Section B on the MEA CHP FY19 Grant Program application?

The owner of the facility where the CHP system is being installed (“facility owner”).

5. Is the developer/energy service company (owner of CHP system), contractor (builder of CHP system), or manufacturer of the CHP equipment able to receive a grant under this program?

No. Grants will only be awarded to eligible facility owners. However, a facility owner may choose to work with a developer/energy service company (CHP owner) to install a CHP system and enter into a Power Purchase Agreement (PPA) or similarly structured agreement like an Energy Performance Contract (EPC).

6. Will the MEA provide technical guidance and/or recommendations when designing the CHP system?

No. If an applicant does not have the technical expertise to develop a feasibility study for a CHP system, you may wish to partner with a qualified third party entity that has these technical skills.

7. May applicants apply for the MEA CHP FY19 Grant Program if they have already contracted with a manufacturer to purchase equipment or third party Developer/ESCO/Contractor to build a CHP system?

No.

8. Is there a system size (MW) or incentive cap on eligible systems?

Systems of any size are eligible, but the maximum possible grant award is up to \$500,000, subject to availability.

9. Can I apply for the MEA grant if I also will be applying for an incentive from my local utility?

Yes.

10. How will the grant funds be distributed?

¹ From <https://www.dhs.gov/critical-infrastructure-sectors>.

Successful applicants will be required to enter into a grant agreement with MEA. MEA will then disburse up to 30% of the total grant award after MEA has verified that groundbreaking has taken place and materials are onsite. MEA will disburse the remaining grant award after verification of final system commissioning.

11. May grantees finance the balance of the project costs?

Yes. An applicant may want to consider the possibility of applying for a [Lawton Loan](#) through MEA, if eligible. Currently, loans ranging from \$50,000 to \$500,000 are available at a 2.0% interest rate. A project must have a simple pay back of 10 years or less.

Program Requirements

12. Is there a minimum system efficiency to be eligible for the CHP grant?

Yes. An eligible combustion system must meet a minimum system efficiency of 60%, based on the higher heating value of the fuel. An eligible non-combustion system must meet a minimum system efficiency of 50% based on higher heating value of the fuel.

13. What types of CHP technologies are eligible?

Reciprocating engines, turbines, micro turbines, natural gas chillers, fuel cells, and back-pressure steam turbines are eligible as long as the waste heat is being captured for on-site use. Non-combustion fuel cells that utilize waste heat internally are eligible as long as they meet or exceed the minimum system efficiency requirement.

14. What fuel types are allowed?

Fuel sources can include natural gas, biomass, biogas, and other fossil fuels that meet State and Federal regulations.

15. If an entity has more than one CHP unit, would it be better to list all proposed projects in one application or to submit several applications for each proposed project?

An applicant should submit a separate application for each proposed CHP unit. However, please note that multiple CHP systems installed within the same facility, as well as campuses consisting of multiple affiliated buildings in one geographical location, will be considered one project for consideration of eligibility under this Program.

16. What if an applicant plans to propose CHP systems at multiple facilities?

The applicant should submit a separate application for each proposed CHP unit. However, please note that multiple CHP systems installed on the same campus, consisting of multiple affiliated buildings in one geographical location, will be considered one project for consideration of eligibility under this Program.

17. Where can I apply for utility incentives?

Applicants that are located within a utility service territory with an EmPOWER Incentive program are encouraged to apply for funding from [EmPOWER energy savings programs offered through Maryland](#)

[utilities](#). If the building you wish to upgrade is not eligible for utility incentives because it is located outside the service territory of any of the six EmPOWER Maryland utilities or the owner/developer does not participate in a utility program, the project is still eligible for a grant under the MEA CHP FY19 Grant Program.

18. If a project doesn't meet the utility program, can it still qualify for a grant?

Yes, assuming it meets the MEA program terms and conditions. It should be noted, that the existing CHP utility programs require a 65% High Heating Value (HHV) minimum system efficiency. The *MEA CHP FY19 Grant Program* allows for a minimum system efficiency of 60% HHV.

19. If the utility approves a proposed CHP application under its relevant EmPOWER utility program, can we begin the construction of the CHP project right away?

No, if you want to be eligible under the MEA CHP FY19 Grant Program you must wait until the Grant Agreement with MEA is awarded and executed. Please note that the Grant Agreement is not the same as a grant commitment letter. Any project that commences prior to the execution of a Grant Agreement will NOT receive grant funds under the *MEA CHP FY19 Grant Program*.

Please see question #30 below for more information.

20. Who qualifies as authorized signatory to sign the application?

The authorized signatory is the designated representative of the facility owner and the designated representative of either the Developer/ESCO (CHP Owner) or the Contractor, whichever is relevant.

21. How will I know if program terms & conditions are changed?

MEA will post any changes on its [website](#). Further, MEA will send updates about the MEA CHP FY19 Grant Program to anyone who signs up for the program contact list. Anyone interested in signing up for the program contact list should email Rory.Spangler@maryland.gov with a subject line of **MEA CHP FY19 Grant Program contact list**.

22. What is the complete list of all required attachments to the application?

If the applicant is also applying for and/or participating in an EmPOWER MD CHP utility program, MEA requires the following items:

- A copy of the initial utility CHP utility program application
- A copy of the CHP Feasibility Study showing the 60% HHV minimum requirement is met or for an eligible non-combustion fuel cell system must meet a minimum system efficiency of 50% based on HHV of the fuel.
- Utility CHP program supplemental documents
- Utility CHP program pre-approval letter (if available)
- Most recent (12) consecutive months of electric bills
- Most recent (12) consecutive months of natural gas bills concurrent with electric bills (if applicable)
- Current Certificate of Status provided by the [Maryland State Department of Assessments and Taxation](#)

If an applicant will not be participating in an EmPOWER MD CHP utility program the following items are required:

- A copy of the CHP Feasibility Study showing the 60% HHV minimum requirement is met or for an eligible non-combustion fuel cell system must meet a minimum system efficiency of 50% based on HHV of the fuel.
- A copy of a 5-year all-inclusive warranty or service contract
- Most recent (12) consecutive months of electric bills
- Most recent (12) consecutive months of natural gas bills concurrent with electric bills (if applicable)
- Current Certificate of Status provided by the [Maryland State Department of Assessments and Taxation](#)

23. Can I mail a hard copy application?

Yes. When completed applications are received at the MEA they will be date and time stamped in the order received. However, since the grant selection will be determined primarily on a first-come first-served basis, applicants are encouraged to submit a complete application electronically on the [program webpage](#).

Eligibility

24. What type of project is eligible for this program?

Please see the answer to question #1. Please note that MEA will only disburse grant funds to the grantee.

Evaluation Criteria

25. What if the CHP owner (developer/ESCO) is located in a different state?

As long as the eligible CHP facility is located in the State of Maryland and the installed equipment stays in Maryland, the CHP owner may be a resident of another state.

26. Must I leverage utility or other incentive programs?

No, this is not required; however, participation in a utility program is encouraged.

27. My project is an upgrade to an existing CHP system. Is it eligible for the incentive?

Yes, if the system upgrade is designed to provide additional capacity (kW), then it is eligible for the program. If the upgrade is simply to the thermal distribution system with no additional capacity increase, then it is ineligible for the grant. Under the upgrade scenario, grant funds will only be paid for the additional capacity (kW) and incentive amounts will be calculated based on the MEA CHP FY19 capacity incentive grant provided under this program.

28. How does MEA evaluate project feasibility?

The applicant must submit a feasibility study that has been developed in collaboration with either a qualified developer/ESCO or a qualified contractor that is capable of providing the resources and management skills to plan, engineer, permit, build and, as necessary, operate CHP systems. The

feasibility study should estimate annual site energy savings (in both units of energy avoided annually and dollars saved per year) and off-site electricity savings from avoided line losses. MEA will evaluate the feasibility study for technical soundness.

29. What if I don't have one year's worth of utility bills?

If you do not have these records, your utility history can be obtained from your utility provider. Your utility provider may require you to complete a form in order to provide that information to you.

30. I want to take advantage of this opportunity, but I am not an energy expert and am not sure how to figure out whether CHP is right for my facility.

Technical assistance to help determine savings or efficiency options is not available from MEA for this grant program. However, general application assistance is available by contacting Rory.Spangler@Maryland.gov. MEA's goal is to respond to all such requests within one business day.

You may also wish to contact your utility to see whether a utility trade ally might be able to offer project development and application assistance. If a contractor has been working with you to define and scope a possible CHP system or other energy-efficiency projects, you may consider asking them to assist you.

Application Review and Next Steps

31. What happens after I submit my application?

MEA will review each application to verify that it is complete and then determine grant awards as specified in the above under "Evaluation Criteria." MEA will make one of four determinations for each application:

- If the application has been found to be eligible for the CHP grant program and funds are available within the program, MEA can issue a Grant Commitment Letter;
- Require additional information;
- Application is eligible for the CHP program but waitlisted due to program demand, MEA can place the project on a waiting list in the event the program is fully subscribed and additional funding becomes available; or,
- Reject the application.

Please be aware that a Grant Commitment Letter will not be issued by MEA for an incomplete application. Failure to submit a complete application may jeopardize grant funding as the program is being run on a first-come, first-served basis. Incomplete applications will not be added to the queue until all missing information has been provided.

32. What is the process if my application is selected?

If your application is selected for a grant award, MEA will provide a letter that:

- Explains the next steps to take;
- Contains instructions regarding submitting the required Monthly Progress Report, and other documentation required in order to receive grant funds.
- Includes information on how to submit a Monthly Progress Report. The Monthly Progress Reports will include evaluation, measurement, and verification (EM&V) data and detailed project updates

and other relevant milestones. The reports must be submitted to MEA by email no later than the 10th of each month.

- Provides instructions about meeting various preliminary project requirements within a prescribed time window.

After the applicant satisfies the preliminary project requirements, MEA will provide a Grant Agreement for signature. All grant awards are expressly contingent upon acceptance of all Program Terms and Conditions, execution of the Grant Agreement, and completion of the project in accordance with all Program requirements, Terms, and Conditions.

Any project that seeks to draw upon MEA CHP FY19 Grant Program funds must NOT sign a contract for the CHP system nor start construction prior to receiving a fully-executed grant agreement from MEA. Doing so will deem the project ineligible for a grant award.

33. When will MEA disburse grant funds to a Grantee?

MEA will provide the grant funds in two separate disbursements: *First*, up to 30% of the total grant amount after verification of groundbreaking; and *second*, the remaining amount of the grant award at the time of project commissioning after verification that the CHP system is installed and operating.

34. Will I be informed if my project is rejected?

Yes, MEA will communicate to all applicants letting them know their project's selection status.

35. What is the general program timeline?

Key dates for the program, including a program timeline can be found on the program webpage at <http://energy.maryland.gov/business/Pages/MEACHP.aspx>.

Project Compliance

36. What are the compliance issues of which I should be aware?

- This program is funded solely by the State and not by federal funds. To be awarded a grant, each successful applicant is required to sign a Grant Agreement with MEA. This Grant Agreement sets forth the compliance requirements for the Program. The Notice of Availability for the MEA CHP FY19 program summarizes many of these requirements under the heading "Restrictions and Limitations."