



Maryland

Energy Administration

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

Notice of Grant Availability MEA CHP FY19 Grant Program

Program Description: The Maryland Energy Administration's Combined Heat and Power Fiscal Year 2019 grant program (MEA CHP FY19) will provide grants to encourage the implementation of CHP technologies in Maryland. MEA will only consider a project where the owner of the facility ("facility owner") will either 1) own the CHP system and be working directly with a contractor for the installation, or 2) be working with a developer/energy service company (ESCO) who will own the CHP system ("CHP owner").

Program Budget: Up to \$4 million is available for this Program in fiscal year 2019, subject to availability. These funds are allocated to three Areas of Interest (AOI) in the following manner:

- AOI 1- Up to \$2.5M initially reserved for cost effective CHP energy efficiency projects in commercial, industrial, and institutional facilities;
- AOI 2- Up to \$1.5M initially reserved for energy efficient CHP projects that also increase resiliency in critical infrastructure facilities; and,
- AOI 3- Up to \$500,000 initially reserved for projects that leverage biomass or biogas resources as a fuel source.

NOTE: As part of the PHI/Exelon Merger, \$3.5 Million of the \$4 Million program budget is reserved for projects being implemented in PEPCO and Delmarva Power Territories. **Funding for Fuel cell technology will be limited to \$1,000,000 of the total program budget across all areas of interest.**

New: 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

Eligible Market Industries:

- Commercial, industrial, and institutional facilities (eligible for AOI 1 and AOI 3);
- Critical infrastructure facilities (including healthcare, wastewater treatment, and essential state and local government facilities) (eligible for AOI 2 and AOI 3).

A definition of critical infrastructure is provided in the Frequently Asked Questions (FAQ) document.

Application Deadline: Applications will be accepted on a first come/first served basis through February 15, 2019 or until funding has been expended.

Type of Grant Program:

- Subject to funding availability and restrictions, grants will be awarded to eligible applicants primarily on a first-come, first-served basis until the Program is fully subscribed. However, to ensure geographic diversity, MEA will initially reserve funding for at least one project in each AOI within the rural areas of Maryland. If no eligible CHP applications are submitted from the rural areas of the State within an AOI, MEA will then fund the next eligible project(s) within that AOI.
- Projects in commercial, industrial, institutional, or critical infrastructure facilities involving biomass/biogas will be evaluated for participation in AOI 3 prior to being considered for AOI 1 or AOI 2.
- In the event that MEA does not initially receive sufficient eligible commercial, industrial, and institutional applications (AOI 1) or biomass/biogas applications (AOI 3), MEA may reallocate remaining funds within the Program to eligible critical infrastructure CHP projects submitted to AOI 2. Any project funded using the \$3M initially reserved for AOI 1 must be cost effective.

Program Eligibility Requirements:

At a minimum, each proposed project must:

- Be located in Maryland;
- Meet all program requirements;
- Have an anticipated annual CHP system efficiency of at least 60%, on a Higher Heating Value (HHV) based on the higher heating value of the fuel, or an eligible non-combustion fuel cell system must meet a minimum system efficiency of 50% based on a higher heating value of the fuel;
- For AOI 1, be shown in the feasibility study to be cost effective which means that the project's lifetime net energy benefits are at least equal to the cost of the project; and
- Satisfy all applicable regulatory and environmental requirements.

In addition, all CHP projects must be able to document forecasted on-site energy reductions (by energy type, in terms of both energy units (e.g. avoided therms of natural gas) and avoided energy costs (\$/year). CHP projects involving biomass or biogas shall also be required to forecast the anticipated amount of biofuel that will be consumed annually. Projects submitted under AOI II must be able to document to MEA that the facility where the

CHP system is going to be installed meets the definition of critical infrastructure being used for this Program.

To be considered for grant award, an application must be complete, accurate, and signed by the facility owner (or owner's representative) and either the CHP owner or the contractor, whichever is applicable. In addition, the application must be accompanied by a Certificate of Status from the Maryland State Department of Assessments and Taxation completed by the facility owner and, when applicable, the CHP owner. Electronic application submittals are strongly encouraged.

Capacity Incentive Grant Amounts: The program design will utilize a tiered approach, with smaller systems receiving a higher kW capacity incentive grant amount than larger systems. Grant awards range in size from up to \$425/kW to up to \$575/kW per project, based on the size of the system and based on funding availability (See Table 1 below). The maximum grant award available per project in FY19 is up to \$500,000.

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Table 1 – MEA CHP FY19	
Capacity Incentive	
System Size	Capacity Payment per kW
Delmarva/Pepco Territories: MICRO-CHP: (Equal to or less than 60kW)	Up to 50% of the total project costs, not exceeding \$75,000k*
Between 61kW and 75kW	Up to \$575
Between 76kW and 150kW	Up to \$550
Between 151kW and 300kW	Up to \$525
Between 301kW and 500kW	Up to \$500
Between 501kW and 750kW	Up to \$475

Between 751kW and 1MW	Up to \$450
1MW and greater	Up to \$425

Within each AOI, MEA reserves the right to lower the offered capacity payment incentives for each system size to qualified applicants by up to \$150/kW, in order to maximize program participation.

MEA will make the grant funds available to the facility owner (or owner's representative) in two installments: Up to 30% of the funds will be provided as a ground breaking incentive, after MEA staff has verified that the official groundbreaking has commenced and materials are onsite, with the remaining funds provided as a commissioning incentive.

Restrictions, Requirements, and Limitations:

- 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.
- Applicants selected for an award under this Program shall be required to submit an IRS W9 form to MEA **prior** to award execution.
- To receive a grant, a successful applicant must be able to enter into a Grant Agreement with MEA by no later than April 30, 2019.
- A project is **not** eligible if an agreement has been signed to order materials or to begin construction of the respective CHP system prior to the execution of a Grant Agreement under the MEA CHP program.
- MEA will **not** disburse grant funds to a project that starts construction prior to the effective date of the applicant's Grant Agreement with MEA.
- MEA reserves the right to obligate all or none of the *MEA CHP FY19 Grant Program* budget, based on the quality and eligibility of applications submitted to MEA.
- Prior to the start of construction, each project selected for funding must be reviewed by the Maryland Historic Trust (MHT) or the qualified historical preservation expert on MEA's staff to ensure that no historical property will be adversely impacted. MEA may require that the grantee provide additional information concerning the proposed project site in order to complete the historic preservation review.
- Each CHP project selected must have material onsite and an official groundbreaking ceremony by July 1, 2020.
- Each CHP project selected must be fully commissioned by July 1, 2021.
- To receive the final grant funds disbursement, or "commissioning incentive", MEA must receive the following from the grantee: CHP system commissioning report; copies of all inspection documents, all required permits and licenses to operate the project; and a photograph of the installed and operational CHP system. The CHP system commissioning report shall clearly define the capacity and expected annual generation output of the CHP system, avoided on-site energy benefits (in both avoided

units of energy/year and annual financial savings), and estimated off-site energy efficiency benefits (through avoided transmission line losses). In addition, prior to final reimbursement, MEA staff will visit the project job site to verify CHP system completion.

- Each Grantee is responsible for acquiring and obtaining all necessary environmental and building permits or certificates. Prior to disbursement of any grant funds, MEA must receive a schedule and copies of all required permits and certificates.
- Grantees will be required to submit a report to MEA one year after CHP system commissioning outlining actual system performance data.
- To be eligible for award, all proposed CHP systems must be designed to be able to operate in the event of a power outage.

Required Application Documents:

MEA Application: Please note that the name on the MEA Application must match the name and address listed on the applicant's W9 form.

Each applicant participating in a utility CHP program must submit the following documents with the MEA application

- 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.
- All 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](#)

Each applicant that does not intend to participate in a utility program must submit the following documents with the application:

- 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 a HHV of the fuel.
- Copy of 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](#)

For more information or assistance, please visit [MEA CHP FY19](#) or contact Rory Spangler at Rory.Spangler@Maryland.gov. Applications should be submitted electronically on the Program Website. Paper applications are available upon request to MEA by contacting CHP.MEA@maryland.gov.