



Maryland
Energy
Administration

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

Notice of Grant Availability
MEA CHP FY20 Grant Program

*****UPDATED NOTICE OF AVAILABILITY****

Effective October 8, 2019, an additional \$100,000 has been allocated to the CHP Grant Program. Please see the Program Budget section below for further details.

Program Description: The Maryland Energy Administration's Combined Heat and Power Fiscal Year 2020 grant program (MEA CHP FY20) 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 \$4.2 million is available for this Program in fiscal year 2020, subject to availability. These funds are allocated to three Areas of Interest (AOI) in the following manner:

- **AOI 1-** Up to \$2.55M initially reserved for cost effective CHP energy efficiency projects in commercial, industrial, and institutional facilities;
- **AOI 2-** Up to \$1.65M initially reserved for energy efficient CHP projects that also increase resiliency in critical infrastructure facilities; and,
- **AOI 3-** Up to \$500,000 of the overall budget is 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 \$4.2 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.**

Note on MICRO-CHP: 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, institutional, agricultural, and educational 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 through **February 12, 2020**. Please see below for details on application acceptance and eligibility for funding.

Type of Grant Program:

- Subject to funding availability and restrictions, grants will be awarded to eligible applicants on a **first-come, first served basis** for projects which meet all eligibility requirements. All applications will be initially screened for completeness, and those which are complete will be placed into funding consideration in the order in which they were received.
- Incomplete applications will be given **30 days** to submit missing information. If not received within this timeframe, the application will be rejected from consideration. Applicants rejected for this reason are free to re-apply, but will be treated as new.
- 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 \$2.5M 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;
- 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 FY20 is up to \$500,000.

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| Table 1 – MEA CHP FY20 | |
|------------------------|-------------------------|
| Capacity Incentive | |
| System Size | Capacity Payment per kW |
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|---------------------------------------------------------------------------|----------------------------------------------------------------------|
| Delmarva/Peppo 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, 2020.
- 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 FY20 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, 2021.
- Each CHP project selected must be fully commissioned by July 1, 2022.
- 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.**
- **American Manufactured Goods:** Effective October 1, 2019, Chapter 757 of the 2019 Acts of the General Assembly of Maryland will require any new loan or grant funded by the Strategic Energy Investment Fund ("SEIF") to a unit of State or local government to comply with §14-416 and §17-303 of the State Finance and Procurement Article. Applicants affected by this requirement should take it into account when developing FY20 applications to SEIF-funded programs. FY20 SEIF-funded grant agreements will contain a section outlining the American Manufactured Goods requirements with which impacted grantees will be required to comply.
- **Project Location:** Effective October 1, 2019, Chapter 757 of the 2019 Acts of the General Assembly of Maryland will require at least 80% of workers participating in a SEIF-funded project or program to reside within 50 miles of the project or program. As the SEIF funds a statewide program, MEA will determine compliance based on whether at least 80% of workers participating in a SEIF-funded project reside in Maryland, or within 50 miles of Maryland's borders. Applicants should take this new requirement into account when developing FY20 applications to SEIF-funded programs. FY20 SEIF-funded grant agreements will contain a section further outlining this requirement, including any documentation of compliance that will be required before grant funds are disbursed.

Note: For CHP projects, this workforce requirement applies only to the workers participating in CHP site construction and physical installation of the CHP system. Engineering, planning, design, and all non-construction/installation personnel are exempt.

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.

Supplemental Workbook: A completed copy of the supplemental application workbook to include utility, CHP system performance, and CHP system financial data must be submitted with the application package.

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

- 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 FY20](#) or contact Brandon Bowser at BrandonW.Bowser@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.