



Wes Moore, *Governor*
Aruna Miller, *Lt. Governor*
Paul G. Pinsky, *Director*

Funding Opportunity Announcement (FOA) Fiscal Year 2026 Mechanical Insulation Grant Program

Program Description:	The FY26 Mechanical Insulation Grant Program (“Program”) provides subsidies to entities that install mechanical insulation in Maryland-based buildings and industrial processes. Eligible recipients may use Program grants to defray the expenses associated with specifying, procuring, and installing mechanical insulation as defined in a scope of work submitted with a grant application. Supporting documentation that quantifies the scope’s energy-saving potential is required.
Definition:	Mechanical insulation is defined in statute ¹ as “insulation materials, facings, and accessory products used for thermal requirements for mechanical piping and equipment, hot and cold applications, and heating, ventilation, and air–conditioning applications.” Mechanical insulation may satisfy one or more of these facility-owner objectives: energy conservation, operating cost reductions, process control, noise abatement, environmental impact minimization, and workplace comfort and safety.
Type of Grant Program:	Grants are issued on a <u>first-come, first-served</u> basis to eligible applicants that submit a scope of work that conforms with Program guidelines. Grant proceeds are issued in arrears to awardees that submit invoices demonstrating successful project completion.
Application Deadline:	Until funding is exhausted, or 3:00 p.m. on Wednesday, December 17, 2025, whichever is first. Interested parties are encouraged to apply as soon as possible to have the best chance for funding.
Funding:	A total of \$400,000 is anticipated to be available for disbursement by the FY26 Mechanical Insulation program. The total amount

¹ [§9–2013 of the Maryland State Government article.](#)

awarded under the program may be more or less, depending on the quantity and quality of applications received.

Eligible Applicants: Individuals, non-profit organizations, Maryland business entities, Maryland non-profit organizations, state agencies, local governments, public and private schools, and community colleges. In all cases, grant-eligible facilities must be located in the State of Maryland. Non-governmental applicants must be in Good Standing with the Maryland State Department of Assessments and Taxation (SDAT).

Qualifying Scopes of Work: The FY26 Mechanical Insulation Program awards will be issued to qualified applicants that propose a scope of work for the installation of **mechanical insulation only**, to the exclusion of all other hardware that would be installed concurrently. Parties interested in grant funding to support installation of other hardware in addition to mechanical insulation are encouraged to consider the FY26 Commercial & Industrial Grant program.

Each grant awarded under the FY26 Mechanical Insulation Program will accrue to a single building or process (“Project”). An eligible Project encompasses the design (site-specific specification) acquisition, installation, and commissioning of mechanical insulation applied to a thermal (heating and/or cooling) system, which may include:

- prime movers such as boilers, chillers, engines, or furnaces;
- the network of pipes, ducts, or other means for distributing thermal resources from a prime mover to points of use; and
- point-of-use thermal exchangers that transfer resources as needed to achieve space conditioning or material processing needs.

Note that scopes of work are eligible for grant reimbursement only if the applicant clearly demonstrates that the resulting performance measures will exceed [ASHRAE Technical Committee \(TC\) 1.8](#) performance criteria. Eligible insulation selections for hot or cold applications include:

- jackets for boilers, heat pumps, chillers, heat exchangers, tanks, valves, and other distribution-related hardware
- sleeves or other configurations intended to enclose pipes or ducts.

Furthermore:

- The scope of an eligible Project is limited to the portion of a single-site heating or cooling system owned by the applicant. If the Project pertains to thermal resources transferred from a

merchant-provider to the applicant's facility, only the assets "downstream" from the meter through which the merchant provides thermal commodities are deemed part of the eligible scope. Any equipment "upstream" of the merchant's delivery meter is ineligible for inclusion in the Project.

- If a single site or facility hosts two or more thermal systems, each of which is characterized by a distinct and separate system of prime movers, distribution networks, thermal exchangers, and thermal media, then the Program will recognize each system as a separate Project for grant funding purposes.
- A thermal distribution network that (whole or in part) serves multiple prime movers and/or shares common distribution assets will be considered one Project for the purposes of this program.

Demonstration of Energy Performance Improvement:

No FY26 Mechanical Insulation Program grant application will be considered for award unless its proposed scope of work is accompanied by documentation of the Project's estimated energy performance. Such documentation should be prepared by a competent engineering professional and clearly quantify:

- the annual energy consumption of the subject thermal system in its entirety both before and after the insulation improvement;
- the performance of the proposed insulation materials according to the current ASHRAE minimum performance standard for each distinct type of insulation material to be installed;
- the type, cost, and volume of all fuel and electricity consumed annually either by (1) the subject thermal system, or (2) the entire facility, as depicted on gas/electric utility bills or invoices for fossil fuel delivered.

For the purpose of quantifying energy performance, applicants are **strongly encouraged** to use the 3E Plus[®] online calculator. This is a free, unbiased resource developed by the insulation manufacturing industry in cooperation with the U.S. Department of Energy to meet ASTM C-680 industry standards. 3E Plus calculates a variety of performance measures as selected by the user, including energy and cost savings, emissions reductions, and economically optimal thickness of insulation.

ABOUT 3E Plus[®]

- 3E Plus is not designed to evaluate models of distribution systems in their entirety. Rather, it will reference either (1) 12-inch horizontal, vertical or diagonal sections of pipe or duct runs; or (2) one square foot of surface space on the top or side of a tank or vessel.
- To achieve a total-project performance evaluation with 3EPlus, the applicant must generate performance reports for a 12-inch or one square-foot segment of unique surface area, then scale up those results to reflect the total linear feet or square feet involved.
- Access to 3E Plus is free of charge, requiring only that the user establish a log-in account. Once this is accomplished, multiple calculations can be generated, saved, and documented in PDF format reports.
- Youtube [instructional videos](#) for 3E Plus users include:
 - Part 1 (1min 30sec): Sign-up
 - Part 2 (3min 46sec): Setting up Projects and Scenarios
 - Part 3 (4min 59sec): Navigating Calculations
 - Part 4 (14min 52sec): Calculation Types
 - Part 5 (7min 45sec): Materials
 - Part 6 (6min 02sec): Data and Reporting

Qualified Expenses:

Costs are only reimbursable where they are: (1) net project costs, not already covered by other incentives, such as utility rebates; (2) cost-effective in that the anticipated simple payback of total Project expense is no more than 15 years; (3) not included in a scope for which a purchase order or contract was issued prior to the filing of this application; and (4) not subject to concurrent funding from other MEA grant sources.

FY26 Mechanical Insulation Program grant funds may be used to defray the costs documented by invoices for Project design, feasibility analysis, material acquisition, installation, and post-installation commissioning. Non-eligible costs include administrative costs related to procurement management, and any remediation and repair costs for hardware to which mechanical insulation is to be applied.

Minimum Evaluation Criteria:

A complete application will include:

1. Proof that the applicant is eligible for funding
 - a. Documentation demonstrating that the applicant is one of the following: an individual, non-profit organization, Maryland business entity, Maryland non-profit organization, state agency, local government, public or private school, or a community college;

- b. evidence that the subject facility is located in the State of Maryland;
 - c. [IRS Form W-9](#) for the Applicant organization. The applicant name on the application and the name on the W-9 form must match; and
 - d. (if applicable) for non-governmental applicants, documentation demonstrating that the applicant is in Good Standing with the Maryland State Department of Assessments and Taxation (SDAT)
2. include a scope of work for the Project indicating:
 - a. a description of the Project, including address/location and the facility name; a description of the facility's purpose; a description of the subject thermal system that includes a schematic illustration, a basic component itemization, and the system's operating parameters (normal operating temperatures of media conveyed by the components to be insulated);
 - b. a description of mechanical insulation components proposed for installation, itemized by type of material, configuration, and quantity to be installed; and
 - c. an indication of the annual volume of energy consumed by the thermal system at present compared to estimated post-installation consumption, along with annual savings of energy and energy expenses (reports generated from 3EPlus are encouraged);
 3. be signed by an individual with the authority to enter into a grant agreement with MEA to execute an insulation improvement project. This signature indicates the recipient's intent to use the grant award in compliance with all program requirements, as outlined in this FOA;
 4. provide a summary of anticipated funding sources to be secured for the proposed project in addition to this grant (e.g., bond funding, utility incentives, energy performance contracting); and
 5. if applicable, provide completed copies of utility rebate or incentive applications, and documentation that the rebates or incentives have been applied for;
 6. demonstrate the applicant's capital investment commitment to the proposed project for all total Project costs remaining after accounting for rebates, incentives, and FY26 Mechanical Insulation program funding.

Application Review Process & Award Amounts:

Review Process

Applications will be evaluated by a review panel to determine whether minimum qualifications are met. Qualified projects will be awarded in the order received.

If an incomplete application is received while Mechanical Insulation program funding remains available, MEA will give the applicant an opportunity to update the application for completeness. The application will then be reviewed based on the date that MEA receives the complete application, not the date that the incomplete application was submitted.

Award Calculation

An individual grant award may not exceed the lesser of: (1) 30% of the total amount of qualified Project expenses paid or incurred by the applicant, or (2) \$20,000. MEA will consider only applications indicating a total project cost valued at no less than \$10,000. Multiple applications, each representing a distinct Project, can be submitted by a single entity, but the total value of Program award disbursements per entity are capped at \$50,000.

Partial awards

Partial awards may be awarded under this program, depending on the number of complete proposals received and associated total grant funds requested. Grant awards will be issued for the amounts requested by eligible applicants for eligible projects on a first-come, first-served basis until grant funds are exhausted. If program funding is depleted by awards so that remaining funds are insufficient to fully fund a grant request, the last applicant prior to exhaustion of funds may be offered a partial award. If the applicant declines, MEA will offer partial grant funding under this same structure to the next qualified applicant until all funding has been expended or all remaining projects have rejected the offer.

Required Application Documents:

To be considered complete, an application to the Mechanical Insulation Program must include the following documents. Failure to submit any of the required documents may result in the application being considered incomplete. Applications deemed incomplete by MEA will not be considered for award until any necessary missing documentation is provided by the applicant. In the case of an incomplete application, as determined by MEA, MEA may ask an applicant to provide additional information. An applicant will be allowed up to 7 business days to provide the requested information. If MEA does not receive the requested information within 7 business days, the applicant may be requested to reapply and will lose its position in the queue.

REQUIRED DOCUMENTS	
<input type="checkbox"/>	<u>Complete and accurate FY26 Mechanical Insulation Program Application Form.</u> This application, along with any potential award, must be signed by an individual holding signatory authority for the

	applicant organization. This signature indicates the recipient's intent to use the grant award in compliance with all program requirements, as outlined in this FOA.
<input type="checkbox"/>	<u>Documentation of Project Location and Scope.</u> Include information that clearly describes the name and address of the facility receiving the proposed Project's scope of work, as described below. Provide a brief description of the thermal system to which the insulation is being applied, including a simple schematic of prime movers, distribution networks, and thermal exchangers.
<input type="checkbox"/>	<u>Scope of Work:</u> Description of mechanical insulation components proposed for installation, itemized by type of material, configuration, and quantity to be installed. MEA, at its discretion, may review and request additional information to verify.
<input type="checkbox"/>	<u>Documentation of Total-Project Energy Performance Improvement.</u> Document the calculations used to determine the annual energy consumption of the subject thermal system in its entirety both before and after the insulation improvement. Describe the performance of the proposed project's insulation materials according to the current ASHRAE minimum performance standard for each distinct type of insulation material to be installed. Summarize the type, cost, and volume of all fuel and electricity consumed annually either by (1) the subject thermal system, or (2) the entire facility, as depicted on gas/electric utility bills or invoices for fossil fuels delivered. For the purpose of quantifying energy performance, applicants are strongly encouraged to use the 3E Plus[®] online calculator.
<input type="checkbox"/>	<u>Example Products.</u> Attach to the grant application the insulation manufacturer's cut (or "sell") sheets or similar product descriptions for the proposed insulation material.
<input type="checkbox"/>	<u>Summary of Leveraged Funding:</u> Provide a written summary of anticipated funding sources to be secured for the proposed project in addition to this grant (e.g., bond funding, utility incentives, energy performance contracting). Demonstrate the applicant's capital investment commitment to the proposed project for all total Project costs remaining after accounting for rebates, incentives, and FY25 Mechanical Insulation program funding.
<input type="checkbox"/>	<u>Utility Rebate Applications.</u> Attach to the grant application any completed utility rebate application for the proposed project. Indicate if the rebate has been awarded or is still pending.
<input type="checkbox"/>	<u>Energy bills.</u> Attach to the grant application a recent 12-month billing history for all fossil fuel and electricity accounts relevant to the thermal system. Volumes of energy specific to the thermal system are preferred, but if this is not practical, whole-facility utility bills are acceptable.
<input type="checkbox"/>	<u>IRS Form W-9</u> for the Applicant organization. The applicant name on the application and the name on the W-9 form must match.

<input type="checkbox"/>	<u>Maryland SDAT Certificate(s) of Good Standing OR PDF(s) of the SDAT Business Entity Search entry/entries indicating Good Standing status.</u> This is required for the Applicant organization only if the applicant is a non-governmental applicant.
<input type="checkbox"/>	Documentation demonstrating that the applicant is one of the following: an individual, non-profit organization, Maryland business entity, Maryland non-profit organization, state agency, local government, public or private school, or a community college

Grant Program General Provisions: MEA grant programs are covered by general requirements (“General Provisions”) that will be made part of the grant agreement between MEA and a grantee. The General Provisions are available for review on [MEA’s website](#)². These General Provisions, Version 3.0, will be incorporated into all MEA FY26 grant agreements. In addition, the following provisions apply to the FY26 Mechanical Insulation Program:

Submission Instructions: Applications are due by **3:00 p.m. on Wednesday, December 17, 2025.**

MEA recommends that Applicants submit files electronically in PDF format; all electronic files should be submitted to insulation.mea@maryland.gov. MEA encourages the use of electronic communication, including applications, to streamline processing and reduce environmental impacts. If an applicant chooses to “opt out” of electronic communications for this program, please contact MEA no later than five (5) days prior to the application deadline to claim a place in the sequence of application received and to establish an alternative method to apply. All applications, regardless of submission method, must be received no later than **3:00 p.m. on Wednesday, December 17, 2025**. However, the program may close early if funding is fully committed.

Questions can be directed to Christopher Russell, the Mechanical Insulation program manager, at insulation.mea@maryland.gov or (443) 908-1767.

Related MEA Programs:

[Jane E. Lawton Conservation Loan Program.](#)

Applicants eligible for a Mechanical Insulation Program award are encouraged to apply simultaneously for a Jane E. Lawton Conservation Loan to help finance any remaining eligible Project costs not covered by a Mechanical Insulation grant. Lawton loans are currently offered at an interest rate of 2% and may be able to help eligible applicants finance any remaining costs associated with the Project, if the proposed Project meets the requirements of the Lawton program and loan funds remain available.

² <https://energy.maryland.gov/SiteAssets/Pages/all-incentives/General%20Provisions%20v3%202.11.22.pdf>

Commercial and Industrial Grant Program.

A wide variety of energy efficiency improvements to existing buildings - including lighting, HVAC, water heating, building automation controls, and building shell insulation or air-sealing measures - are eligible for grants provided by the C&I program. NOTE that building shell insulation, as opposed to mechanical system insulation, is eligible for C&I grant finance.