FAQ Page

Maryland Smart Energy Communities Grant Program

Below you will find frequently asked questions for the Maryland Smart Energy Communities Program (MSEC). If your question is not answered, please contact the MSEC Program Manager using the information at the end of this document.

Quick links:

- Policies
- Projects
- Terms and conditions
- Contact

Policies

This program requires local governments to adopt written, formal policies committing them to goals related to energy efficiency, renewable energy, and or/transportation. What type of local legislation is required to be eligible for funding?
The intent of this program is to support local governments as they commit to MSEC's goals of energy efficiency, renewable energy, and/or transportation petroleum reduction. To be eligible under the program, policies must be formally written and passed by the appropriate governing body of the local government. Each participant must determine which method is most appropriate, based on the local charters and procedures. A copy of a draft resolution is available upon request.

What happens if we do not meet the adopted goal within the appropriate timeframe (e.g., achieve a 15% electricity reduction within 5 years)? Will our grant funding be rescinded?
While MEA will not rescind your grant funding, we strongly encourage participants to make a good-faith effort toward achieving the goals in order to be eligible for grant funding in future years.

Can part of the grant funding be used for administrative cost or costs related to creating the baseline, passing the policies, and creating plans?
Each community will be allowed to use up to 30% of its grant funding on indirect costs (e.g., grant administrative costs, feasibility studies, energy baseline(s), policy development). At least 70% of MSEC grant funding must be spent on direct energy project costs (e.g., labor and materials associated with an energy efficiency, renewable energy, or petroleum-reduction project) that have been approved by MEA.

Upon the execution of a grant agreement with MEA , a participant may access up to 30% of the FY20 MSEC funding for indirect costs including, but not limited to, policy development and the creation of

energy baselines, if applicable. The remaining 70% of funding must be spent on a specific energy-related project <u>and cannot be accessed until all required energy deliverables are completed</u>. In addition, a community shall not spend more than 10% of its grant award on grant administrative costs.

What baseline year can be used?
MEA requests that a participating community use a baseline year for which it has the most recent available data. Most new communities will use the previous calendar year. However, MEA will be flexible on the baseline year as some communities have already completed energy-related projects that may count toward the energy goals. MEA will approve baseline year data on a case-by-case basis. Please note that the energy goals must be accomplished within 5 years of the baseline year, so a community choosing a 2018 baseline year will need to achieve the necessary reductions by 2023, and so forth.

Can a community work with a private partner? For example, some local governments have privatized trash collection.
Yes, MEA will consider all partnerships to meet energy goals on a case-by-case basis. If a local government chooses to include them, then the privatized services must also be included in the appropriate baseline. However, MSEC funding will only be awarded to the participating local government; MSEC grant awards are not available to the private partner.

What is the correlation with other state programs administered by the Department of Housing and Community Development (DHCD), the Maryland Department of Planning, etc.?
The Maryland Smart Energy Communities Program focuses specifically on what a community can do to achieve energy and cost savings, while other programs in the State may focus more on community revitalization and general sustainability. While State programs may be complementary, each is a separate program with a different focus and funding structure.

Will MEA provide energy audits?
No, MEA is not able to conduct energy audits for communities. However, participating new MSEC communities will be allowed to use <u>up to 30%</u> of their grant funding on indirect costs. An energy audit would be considered an eligible indirect cost.

Is a draft resolution available for communities to use?
Yes, MEA will provide model policies upon request.

As part of the federally-funded Energy Efficiency and Conservation Block Grant (EECBG) program, we had our county council adopt an energy efficiency plan. Could this count as our energy efficiency policy?
MEA would need to review the energy efficiency plan to verify that it meets the reduction requirements. Please review the energy policy guidance provided by MEA. The MSEC application asks each community to list existing energy policies and to submit copies of those policies so that MEA can review them and determine if they can be used as written, or will require modification. However, MEA notes that approximately one decade has passed since the EECBG program was created; with this in mind, changes to operation and equipment during the last decade may have made some EECBG audits no longer accurate.

How do we address a situation where the goals required by the Smart Energy Communities program are different from the goals already developed in the community's current policy documents?
MEA will review existing policies to evaluate any discrepancies between them and the grant requirements. MEA will accept a more aggressive policy; however, if the policy is less aggressive MEA would require the community to increase that goal and modify that policy.

Projects

How much funding is a municipality eligible for?
MEA has approximately $860,000 in fiscal year 2020 (FY20) for MSEC energy efficiency, renewable energy, and transportation awards. Exact funding levels will vary based on the number of applications and quality of proposed projects. Funding is not meant to cover the full cost of passing and implementing the policies, but rather to assist in covering the costs of the energy-related projects. In addition, applicants under the Existing Community Track can request up to $50,000 per proposed project and must show a cost-sharing of at least 20% of the total project cost.

How will MEA evaluate applications under the new community funding track?
Please refer to the FY20 MSEC funding announcement.

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Please refer to the FY20 MSEC funding announcement.

What are the required criteria for a project?
Please refer to the FY20 MSEC funding announcement.

For what purpose can a local government use the grant funding?
The funding distributed to Maryland Smart Energy Communities must be used for energy efficiency, renewable energy, and/or transportation projects directly impacting the participating local government's facilities or vehicles. MEA will work with each local government to approve individual projects that maximize energy savings. New Communities MUST propose energy efficiency projects first before becoming eligible for other types of projects, unless they completed efficiency projects before participating in the MSEC program. For existing MSEC communities, there is flexibility in how funds can be spent, as the intent is to encourage innovative project ideas. All projects funded through MSEC must have a direct benefit to energy and cost savings.

In all cases, MSEC funding awarded by MEA will be tied to one of the three energy policies (i.e., energy efficiency, renewable energy, or petroleum-reduction) and will only be available for energy projects that are consistent with the specific energy project (e.g., a community that adopts the energy efficiency goal can only use its MSEC award for a facility energy efficiency upgrade and not a renewable energy project instead).

Are matching funds required as a condition of the grant?
Yes, matching funds are only required for Existing Communities; a community must contribute at least 20% of the total project cost (per project).

Can communities collaborate/ have a project with another community?
Yes.

Are Power Purchase Agreements (PPAs) an allowed funding mechanism?
Yes, PPAs are an allowable mechanism to deploy renewable energy. However, all projects must be on a government-owned facility or land. The MSEC award will only be distributed to the government entity that applied to MSEC. Funds are unable to be used to purchase electricity; however, MSEC funds can be used to buy down the cost of the equipment that will be generating the renewable energy.

Do all renewable projects have to be constructed or can some be Renewable Energy Credits (RECs)?
REC purchases do not qualify for this program. The renewable energy goal of the program is to construct additional renewable energy generation in the State.

Will a community have to submit a separate approval form for each proposed project?
Yes, each community will work with MEA to identify projects that should be completed with MSEC funds. This collaboration process will be simultaneous with other deliverables. As the community approaches finalizing the three deliverables, the community can start focusing on potential projects.

Can MEA provide suggestions for projects that could be conducted with the limited amount of funding and could be spent in a short amount of time?
Yes, MEA can provide preliminary suggestions for potential projects.

Can we implement projects identified in prior energy audits?
Yes, as long as the audit was completed relatively recently and the building use, building systems, occupancy, and operational schedule have not had major changes since the audit was conducted.

Since the policies require long-term commitments, do designated Smart Energy Communities become automatically eligible for future funds, or will they need to re-apply?
A Smart Energy Community would need to re-apply. A Smart Energy Community is eligible for funding under the existing community track as long as they are in good standing with the program, subject to funding availability in future fiscal years.

When are we eligible to access the funding for installing energy projects?
Once a New Community is selected to participate in the MSEC program, a grant agreement must first be fully executed between MEA and the community. The community must then complete the three required energy deliverables[1] AND get its proposed energy project(s) approved by MEA. Once the deliverables are completed AND the specific-energy project is approved, only then can the MSEC participant complete its energy project and request reimbursement from MEA.

An Existing MSEC community may begin its project after the grant agreement has been fully executed with MEA and it has submitted a Project Proposal Form (Attachment A) and received back a Project Approved Form (Attachment B) from MEA.

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[1] The three deliverables are establishing energy usage baselines (to measure reduction); passing two of the three energy-related policies; and developing a reduction plan pertaining to the two policies adopted.

What is the difference between the energy reduction plan and the energy project?
The energy plan ensures the energy policy goals adopted by the local government have the best possible chance of being attained. The energy reduction plan, for example, is the roadmap to achieve the energy reduction goals laid out in the energy efficiency policy. A number of projects will likely be required to achieve target reductions. The MSEC-funded project is a single component of the plan.

Is this funding a reimbursement style grant?
Yes, grant funds are disbursed through reimbursement after all energy measures have been completed. The MSEC community will pay the project costs up front and then provide an invoice for reimbursement. MEA will then reimburse the MSEC community as set forth in the Grant Agreement.

Terms and conditions

What are the terms and conditions?
- MEA intends to include as many communities as possible in the Smart Energy Communities Program, but reserves the right to limit the number of participants based on funding availability.
- Submission of an application does not guarantee that the Applicant will receive a grant.
- To receive grant funding for a project, the successful applicant must enter into a Grant Agreement with MEA by May 1, 2020, unless an extension is given in writing by MEA.
- If awarded a grant, the Applicant will provide MEA with a complete IRS W-9 Form. All Applicant information on the W-9 Form must match the information provided on the Program Application.
- A grant award will not be made for any project that starts construction prior to the effective date of the Grant Agreement with MEA.
- MEA reserves the right to ask local governments for additional information before approving their application to the program.
- Projects must comply with all applicable state and federal laws, regulations, and guidelines, including, but not limited to, following appropriate procurement policies, compliance with the National Historic Preservation Act of 1966, all applicable licenses, insurance, permits, environmental standards, etc.
- MEA will not reimburse for any costs expended prior to the execution of a grant agreement between MEA and the local government. Additionally, in order to receive reimbursement from MEA, each local government will be required to get its energy project approved in writing by MEA prior to beginning construction, in order to ensure that the energy projects will directly contribute to the achievement of at least one MSEC energy policy goals.
- Each community will be required to provide authorized representatives of MEA with access to the project location in order to conduct site inspections or measurement & verification activities for the program.
- Each community will be required to allow MEA and its representative(s) permission to use photos and video of the project(s) for marketing, publicity, and advertising purposes. Grantees may review and approve any photos and videos taken prior to its use for these purposes.
- MEA and its representatives, will not divulge confidential information or trade secrets consistent with the Maryland Public Information Act and any other applicable law. An applicant should mark any information that they believe to be confidential or a trade secret.
- MEA reserves the right to obligate all, some or none of the Fiscal Year 2020 Maryland Smart Energy Communities Grant Program budget, based on the quality and eligibility of applications

submitted to MEA.
- Grants issued by the State of Maryland may be taxable. As MEA is unable to give tax advice, any tax-related questions should be directed toward a qualified tax professional.
- 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.
- 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.
- The program Terms & Conditions are subject to change.

Contact Information

For more information or assistance, please visit www.energy.maryland.gov or contact:

Briggs Cunningham, MEA MSEC Program Manager, at msec.mea@maryland.gov or 410-537-4070.