



Notice of Grant Availability

Maryland Smart Energy Communities FY20 Grant Program

The mission of the Maryland Smart Energy Communities (MSEC) program is to support local governments as they voluntarily adopt energy policies (and commit to them for the long term) leading to sustained reduction in energy usage, cost savings, and additional opportunities for renewable energy development.

Program Description:

Local governments that participate in the MSEC program must voluntarily adopt energy policies in at least two of three policy areas. Communities are only eligible for funding if they have passed the corresponding policy.

- *Energy Efficiency Policy* – Establish an energy efficiency policy with the goal of reducing energy usage in city/town or county-owned facilities by 15% within five years of the baseline year through efficiency policies. Communities should provide recent baselines for all of the types of energy their proposals are expected to affect.
- *Renewable Energy Policy* – Establish a renewable energy policy to meet 20% of the total electricity demand with distributed, renewable generation within five years of the baseline year.
- *Transportation Policy* – Establish a transportation-focused policy to reduce petroleum consumption for local government vehicles¹, and put in place a comprehensive program designed to reduce the baseline by 20% within five years of the baseline year.

In addition to adopting the energy policies, participating local governments must also commit to developing baselines of current energy usage (for all fuels that have been included in the energy efficiency policy) and, if applicable, current transportation fuel usage and renewable energy generation. In addition, program participants must also develop action plans to achieve each of the adopted energy goals within the required timeframes. Additional information about each energy policy, as well as the energy deliverables associated with each goal can be found at:

<https://energy.maryland.gov/govt/Pages/smartenergycommunities.aspx>

Type of Grant Program: Competitive, with all new and existing MSEC communities eligible for Program awards.

Application Deadline: No later than 5:00 p.m. Eastern Time, December 20, 2019

¹ School bus fleets do not have to be included in the baseline unless one of the planned MSEC projects will focus on school bus transportation.

Eligible Entities: All incorporated towns, cities, and counties of Maryland

Program Budget: Up to \$860,000 total is available: \$475,000 for energy efficiency projects, up to \$300,000 for Tier 1 renewable energy projects, and up to \$85,000 for transportation-related, petroleum-reduction projects. Examples of Tier 1 renewable energy projects include solar (photovoltaic and heated water), wind, and geothermal². MEA will not fund transportation projects that simply replace existing petroleum vehicles with more efficient petroleum vehicles.

New Community Funding Track:

Available to all incorporated towns, cities, and counties not yet participating in the MSEC program. Communities that apply for the program and commit to meeting the three deliverable requirements (i.e., formal adoption of at least two of the three required energy goals, creation of energy baselines, and establishing energy action plans) may receive funding, based on availability. Access to the full amount of the grant award is only made available after communities complete the deliverables above. Communities must first receive approval from MEA prior to spending grant funds on eligible projects.

New Communities MUST adopt the energy efficiency goal as one of their two initial energy policies, unless they can document substantial prior energy efficiency improvements.

New Community Application Evaluation Criteria:

- a) Applicant's capacity to pass policies within the given timeframe;
- b) Past experience and performance with other MEA programs;
- c) Ability to commit staff to completing the project/s in the time provided;
- d) Likelihood that the potential projects listed in the application will be able to have a payback period lower than the system life;
- e) Application completeness.

The number and types of awards granted in FY20 will ultimately depend on the number and quality of applications received, as well as the relative size of the communities applying for the Program. All applications received by the deadline will be considered. In previous years, new communities have received awards ranging from \$12,500 to \$75,000; however, the relative award amounts is subject to change in FY20.

Existing Community Funding Track:

Available to all incorporated towns, cities, and counties previously engaged in MSEC Program Years FY13-FY19 that have completed all "New Community" deliverables, and are in good standing with the MSEC Program. Funding for projects submitted under the Existing Community track will be awarded competitively.

Details:

² All Tier 1 renewable sources can be found in the Maryland Public Utilities Article, §7-701.

- **Awards will be capped at a maximum of \$50,000 per proposed project.**
- If applying to purchase a light-duty electric vehicle, the maximum MSEC grant amount that will be considered is \$10,000 per vehicle. Each purchase of an electric vehicle must result in the retirement of an existing petroleum vehicle.
- MEA will not fund transportation projects that simply replace existing petroleum vehicles with a more efficient petroleum vehicle.
- **Applicant shall contribute a minimum 20% cost-share of total project cost (per project).**
- To be considered for an award through the Program, all projects must result in a simple payback lower than the anticipated system life.

Award Selection Criteria:

- As energy savings are the most important criteria, the metrics used include:
 - a. Simple Payback (Total Project Cost / Annual \$ Savings)
 - b. Applicant's Cost Share Percentage (a higher % is preferred)
 - c. Lifetime kWh per MEA \$ spent (or gallons per MEA \$ spent for Transportation)
- Past grantee performance
- Accuracy and completeness of application
- Innovativeness of energy reduction measures

Funding Requirements & Restrictions

- Subject to funding availability, MEA expects to make grant awards to all new communities that apply to the MSEC program and agree to meet the program requirements. The size of the grant award will be based on community size and funding availability.
- 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.
- A grant award will not be made for any project that starts construction prior to the effective date of the Grant Agreement with MEA.
- Prior to start of construction, all projects selected for an award 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 affected. MEA may require the Grantee to provide additional information concerning the proposed project site to enable a proper historic preservation review. Any project deemed to cause adverse impacts on historical properties shall not be eligible for grant funding under this Program.
- MEA will not reimburse for any costs expended prior to the Grant Agreement being fully executed by MEA and the applicant. Additionally, in order to receive reimbursement from MEA, each applicant is required to get its energy project approved by MEA in writing 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 goal.
- MEA reserves the right to obligate all 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.
- MEA is unlikely to approve energy efficiency projects that involve switching fuel sources.

- Projects must be completed on government-owned buildings or facilities.
- 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.
- 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.
- Grantee agrees to give MEA reasonable advance notice of, as well as an opportunity to potentially participate in, any Grantee-organized ribbon-cuttings or other public events highlighting the MSEC-funded project.
- The application requires communities to list (by year) the energy code that they are currently enforcing and to provide documentation demonstrating adoption of the code. For FY20, communities must have adopted the 2015 International Energy Conservation Code (IECC) to receive MSEC funding.

MSEC FY20 Program Deadlines for Communities

December 20, 2019: Applications due to MEA by 5:00 p.m. Eastern time. Applications can be submitted by email (preferred) or by mail.

- Emailed applications should be sent to msec.me@maryland.gov.
- Mailed applications should be directed to:
Maryland Energy Administration
Attn: Maryland Smart Energy Communities
1800 Washington Blvd, Suite 755
Baltimore, MD 21230

May 1, 2020: Deadline for MSEC agreements to be fully executed, unless an extension is granted by the MSEC program manager.

September 30, 2020: Final submission for MSEC project approval documents to MEA.
To receive reimbursement from MEA, all MSEC projects must first be approved by MEA in writing by this date.

October 30, 2020: For New MSEC communities only, deadline for having:
(i) At least two of three required energy policies passed;
(ii) Energy baselines and energy action plans developed.

November 10, 2021: Construction complete on all FY20 MSEC projects.

December 10, 2021: All invoices and reports submitted to MEA for projects funded by this grant.

For more information or assistance, please visit www.energy.maryland.gov or contact:
Briggs Cunningham, MSEC Program Manager, at msec.mea@maryland.gov or 410-537-4070.
