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Funding Opportunity Announcement

Maryland Smart Energy Communities FY2023 Grant Program

Program Description: The mission of the Maryland Smart Energy Communities (MSEC) program is to support local governments as they voluntarily adopt sustainable, long-term energy policies that lead to reduced energy usage, cost savings, and additional opportunities for renewable energy development.

Type of Grant Program: Awards are selected competitively. However, we prioritize eligible applications from communities applying to MSEC for the first time to help these communities get started in the MSEC program.

Application Deadline: 5:00 pm ET, **November 15, 2022**

Eligible Applicants: All incorporated towns, cities, and counties of Maryland. Applicants are either NEW or EXISTING communities.

Any incorporated town, city, or county previously engaged in MSEC during fiscal years FY13-FY22 that have completed all "New Community" deliverables and are in good standing with the MSEC Program are eligible to apply for funding as Existing Communities.

Eligible Activities:

New Communities

New MSEC communities must adopt two of three energy policy goals, complete an energy baseline, and develop an action plan for achieving the adopted energy goals. Each new MSEC community MUST adopt the energy efficiency goal as one of its two initial energy policies, unless it can document to MEA substantial prior energy efficiency improvements.

The MSEC energy policy goals consist of the following:

1. Energy Efficiency: 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.
2. Renewable Energy: Establish a renewable energy policy to meet 20% of the total electricity demand with distributed, renewable generation within five years of the baseline year.

3. **Transportation Petroleum Reduction:** 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 consumption by 20% within five years of the baseline year.

Any New community that applies to the program and commits to meeting the three deliverable requirements may subsequently be eligible to receive Program funding, subject to availability of funds at that time. The grant funds are made available ONLY after a community completes the deliverables noted above. To be reimbursed under the Program for eligible costs, a participating community must receive approval from MEA prior to spending funds on an eligible project. Note: full project funding is not available for New communities until the MSEC policy goals have been adopted, and the energy baseline and energy action plan developed.

For all Communities

MSEC funding is available for projects that involve energy efficiency, Maryland Renewable Portfolio Standard (RPS) Tier 1-eligible renewable energy generation, or petroleum transportation fuel reduction. Funding is available only for projects located at government-owned buildings or facilities, or related to government-owned vehicles.

- Examples of Tier 1 renewable energy projects include solar (i.e., photovoltaic and heated water), wind, and geothermal heat pumps².
- For transportation-related projects, MEA will give priority to providing support for the purchase of light-duty electric vehicles (EVs), or vehicles that leverage other alternative transportation fuels (e.g., compressed natural gas (CNG), hydrogen), that reduce petroleum-related fuel usage. The program will also consider electric utility vehicles, such as refuse trucks, police vehicles, or transit buses. Further, the program will consider funding assistance for projects involving the installation of EV charging equipment and/or stations.
 - **Program Requirement:** with the purchase of any light-duty electric vehicle, the community must retire a similar gas-powered vehicle (GPV).

Program Budget: MEA anticipates that up to \$1,575,000 total will be available as follows:

- up to \$1,280,000 for energy efficiency projects;
- up to \$165,000 for Tier 1 renewable energy projects;
- up to \$130,000 for transportation petroleum-reduction projects.

These are amounts anticipated to be available for grants. The amount available per category may be less or more depending on the quality and quantity of applications received.

Evaluation Criteria

For New Community Application Selection:

- a) Applicant's capacity to pass policies within the given timeframe;

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

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

- b) Ability to commit staff to completing the project/s in the time provided;
- c) Application completeness.

For Existing Community Award Selection:

Awards are subject to availability of funding, and applications meeting the criteria below are considered for awards on a competitive basis.

As energy savings are the most important criteria, the metrics used include:

- a) Simple payback (Total Project Cost / Annual \$ Savings), with total project costs being inclusive of MEA incentives and/or other rebates.
- b) Applicant's cost share percentage (minimum is 15%; a higher applicant share is preferred)
- c) Lifetime reduction of kWh (or MMBTUs) per MEA \$ spent (or gallons per MEA \$ spent for transportation, or kWh generated per MEA \$ spent for renewable energy projects).
- d) Past grantee performance
- e) Accuracy and completeness of application
- f) Innovativeness of energy reduction measures

Program Details

New for FY2023: Existing Community awards for energy efficiency projects are offered two funding options.

Option 1 provides funding up to \$55,000 per proposed project or measure with multiple Option 1 awards available per community.

Option 2 can provide funding up to \$150,000 per project or measure, but only one Option 2 award is available per community.

- An applicant may apply for funding of more than one energy efficiency project, or more than one energy efficiency measure per project. A clean energy project entails a specific site location; while a clean energy measure entails a specific type of technology at that location (e.g., a lighting measure and an HVAC measure in one building).
- Any single project or any single measure cannot be awarded a combination of Option 1 and Option 2 funding.
- A project that involves more than one measure can apply for one measure that may be awarded up to \$55,000, and also apply for a separate measure that may be awarded up to \$150,000.
- An applicant may also apply for separate funding of an energy efficiency project, a renewable energy project, or a transportation fuel reduction project. However, the applicant must submit a separate application for each project, and/or each measure per project, and have clean energy policies in place related to each type of project/measure for which they are applying.
- An energy efficiency or renewable energy project application must provide for a cost share by the applicant of at least 15% of the total project cost (net utility rebates). Rebates, other non-MEA grants, etc. can be used by the grantee to meet the 15% cost share.
- MEA funding for any specific project and/or measure is not guaranteed. MEA may opt to fund one, some, or none of the proposed clean energy projects or measures.

- Funding for MSEC projects cannot be combined with other MEA funding mechanisms for the same project, with the exception of the Jane E. Lawton Loan Program.
- It is strongly recommended that applications seeking support of solar PV systems include basic information on system siting and output from the NREL/solar estimation web site, PVWatts Calculator (see <https://pwwatts.nrel.gov/>).
- It is strongly recommended that applications seeking support of EV purchases include basic mileage, consumption and emissions data derived from the DOE's Alternative Fuels Data Center (see <https://afdc.energy.gov/>).
- **MSEC grants for renewable energy projects:** Awards are offered up to \$55,000 per project for Tier 1 renewable energy projects, including solar (photovoltaic and heated water), wind, and geothermal. Applicants must provide 15% cost share of the net total cost of the project.
- **MSEC grants for EVs:** For all-electric vehicles with EPA-rated range of 0-199 miles per charge, awards are offered up to \$3,750 per vehicle; for all-electric vehicles with EPA-rated range of 200+ miles per charge, awards are offered up to \$7,500 per vehicle. Proof of actual vehicle pricing and range is required as part of the application.
- MSEC electric vehicle awards are included in the MSEC Program specifically to replace a petroleum-powered vehicle currently used by the community with a light-duty all-electric vehicle. Retirement of an existing petroleum-powered vehicle is required.
 - It is allowable for a retired vehicle to be used for a non-transportation purpose, such as for a “decoy” police vehicle, road-side speed control systems, vehicle fire suppression training, or occupant extraction training.
- **MSEC grants for electric vehicle charging stations:** will be capped at 60% of total cost (equipment + installation), or no more than \$6,000 per station. This award is limited to projects whose use is exclusively for government-owned vehicles.

Award Amount & Formula

The number and size of awards granted in FY23 ultimately will depend on the number and type of overall MSEC applications received, an applicant's past experience with other MEA programs (if applicable), and the likelihood that the potential projects listed in the application will have an acceptable payback period relative to the anticipated system life. All applications received by the deadline will be considered. In previous years, new MSEC communities have received awards ranging from \$12,500 to \$75,000; however, the relative award size is subject to the number, type and scope of all applications received for the MSEC program.

Partial awards

Partial awards are possible under the MSEC Program and could be made under the following conditions:

- If the number of eligible applications and their funding requests exceeds the total amount of program funding available, the Review Team may decide to offer proportional awards based on project size, scope and overall greenhouse gas emissions reductions.
- If the Review Team deems an applicant's proposal is worthy of funding, but the project proposed could be accomplished with less MEA funding than requested.

Review Process:

The review process for MSEC applications includes the following procedures:

1. A Review Team will be assembled and composed of MEA staff.

2. The MSEC program manager will produce an application score sheet that includes a list of all applicants, a scoring rubric, and the assessment criteria (that are also published in the application form) for assessing each proposal. Copies of all applications and a copy of the score sheet will be distributed to each member of the Review Team.
3. A contractual technical consultant will complete an engineering-type review of each project, reviewing the accuracy of the project energy outcomes (e.g., kWh saved, kWh generated from PV, avoided gallons of gasoline, etc.)
4. Each Review Team member will receive a copy of the contractual technical consultant's technical review, and then independently assess the applications according to the established criteria and scoring rubric. Each reviewer then submits the score sheets to the Program Manager for tabulation. The Review Team then meets as a group to discuss their assessments and to make a consensus recommendation for funding support.

Required Application Documents:

Existing MSEC communities must fill out an Existing Community application (found [here](#)); new communities must fill out a New Community application (found [here](#)). Applicants should take care to follow all instructions in the application forms. **If you are not sure which application to use, please contact the Program Manager before filling one out.**

Applicants may submit energy data pertaining to their proposed project(s) as separate documents or spreadsheets.

Submission Instructions:

The complete application is **due no later than November 15, 2022** and requires authorization from the individual with signatory authority for the community (i.e., local government) indicating that the community intends to complete the project(s) proposed in the application.

Electronic Communication:

Electronic communication provides the fastest and most efficient method of interacting with MEA; therefore, MEA intends to use electronic communication as the primary way to communicate with each applicant. If you do not agree to using electronic communication, you must indicate your decision to opt out in the space provided on the application.

Please submit applications via email to MSEC.MEA@maryland.gov; or if email is not available, send them via mail to this address:

Maryland Energy Administration
Attn: MSEC Program – FY23 Application
1800 Washington Boulevard, Suite 755
Baltimore, MD 21230

Applications submitted by mail must be postmarked by the due date.

Guidelines for Electronic Submission: Please follow these steps for successful electronic application submission:

1. Upon completing this application, go to the File menu and select "Save As".
2. Rename the file using the following naming convention: "FY23MSEC_Community Name_MMDDYY". For example, an application submitted by ABC County on October 10, 2022 would look like this: "FY23MSEC_ABCCounty_101022."

3. Once the file has been saved and renamed, email it as an attachment to MSEC.MEA@maryland.gov using the subject line "FY23 MSEC Grant Application_CommunityName."
4. Email transmissions may be limited by file size. If the application files are too large for a single transmission, please number your transmissions consecutively on the subject line (e.g., "FY23MSEC Grant Application_CommunityName - Part 1").

A confirmation email should be sent to you within two business days of your submission. **If you do not receive a confirmation email within 48 hours, contact the MSEC Program Manager at msec.mea@maryland.gov.**

If an Existing MSEC community would like to submit more than one project or measure for consideration, complete the Application in the following manner:

1. Complete a Project Proposal Form (Section C) for **each** project or measure;
2. Complete and submit **only one copy** of Sections A, B and D.
3. Provide a supplemental letter that ranks the multiple projects proposed based on preference.
4. Include the estimated project cost and estimated energy benefits for each proposed project on a project-by-project basis, as well as the source of that information (e.g., energy audit, vendor quote, engineering estimate).

Grant Program General Provisions:

MEA grant programs are covered by general provisions that apply to all energy programs. A copy of the General Provisions document is available on MEA's website [here](#); the most recent General Provisions document will be incorporated into all FY23 grant agreements issued by MEA.

Program-Specific Requirements:

In addition to the general provisions, the following requirements apply to this program:

1. MEA reserves the right to obligate all or none of the MSEC FY23 budget, based on the quality and eligibility of applications submitted to MEA.
2. To be considered for an MSEC award, a project or measure should result in a simple payback lower than the total costs anticipated for the life of the project or measure.
3. An MSEC community may be able to use funds from the Jane E. Lawton Conservation Loan Program to supplement its MSEC funding for energy efficiency projects. Prospective recipients must apply separately to the Lawton program for additional funding and are not guaranteed to be awarded funds from that program. See this web site for more information: (<https://energy.maryland.gov/Govt/pages/janeelawton.aspx>).
4. MEA expects to make grant awards to each eligible community applying to the MSEC program as a New community, as long as the new MSEC community agrees to meet the program requirements.
5. To receive grant funding for a project, the grantee must enter into a Grant Agreement with MEA.
6. Prior to start of construction, each project selected for an award must be reviewed by the Maryland Historic Trust (MHT), or the qualified historical preservation expert on MEA's staff, to assure that any historic property will not 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.
7. 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 obtain written approval from MEA for its clean energy project prior to beginning construction, to ensure that the energy projects will directly contribute to the achievement of at least one MSEC clean energy policy goal.
 8. MSEC grants are awarded for funding from two separate budget categories: energy efficiency, and renewable energy/ transportation fuel reduction. While an applicant may receive funding from more than one of these categories, the funds are NOT interchangeable.
 9. MEA will not typically fund energy efficiency projects that involve switching fuel sources.
 10. 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.
 11. Md. Code Ann., State Gov't §9-20B-05(m)(1) requires 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 this into account when developing FY23 applications to SEIF-funded programs, including MSEC. FY23 SEIF-funded grant agreements will contain a section outlining the American Manufactured Goods requirements with which impacted grantees will be required to comply and a government entity grantee will be required to attest to its compliance with Md. Code Ann. State Fin. & Procurement §§14-416 and 17-303 (as applicable).
 12. Md. Code Ann. State Gov't §9-20B-05(m)(2) requires at least 80% of a Grantee's workers that are 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 Grantee's 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 FY23 applications to SEIF-funded programs, to include the MSEC program. FY23 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.
 13. MEA will request that each Grantee agree to give MEA reasonable advance notice of, and an opportunity to potentially participate in, any Grantee-organized ribbon-cuttings or other public events highlighting the MSEC-funded project.
 14. The application requires a community to identify the version of the energy code that it is currently enforcing and to provide documentation demonstrating adoption of the code. To be eligible for an MSEC FY23 Program grant funding, a community should follow the 2018 International Energy Conservation Code (IECC). If an applicant itself has not adopted the IECC but, instead, follows the IECC of another entity (e.g., a municipal government adhering to a county government's codes), it must include an explanation in its application.

MSEC FY23 Program Deadlines

November 15, 2022: 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.mea@maryland.gov.
- Mailed applications should be directed to:
Maryland Energy Administration
Attn: Maryland Smart Energy Communities
1800 Washington Blvd, Suite 755
Baltimore, MD 21230

Winter 2022: Anticipated timing for MSEC grant agreements to be fully executed with MEA.

September 30, 2023: Deadline for Existing Communities (only) to complete final submission of project development documents to MEA. Note: to receive project approval from MEA, all MSEC grantees must first submit a Project Development form (Attachment B) to MEA in writing by this date.

December 2023: For New MSEC communities only, this is the deadline for having:
(1) At least two of three required energy policies passed;
(2) Energy baselines and energy action plans developed.

October 25, 2024: Date by which construction must be completed on all MSEC FY23 projects.

November 29, 2024: Deadline for all final reports, invoices and reimbursement requests to be submitted to MEA for projects funded by this grant.

Program Changes:

Any update (e.g., extension of a deadline) or clarification about the Program and any corrections to inadvertent errors in the Program information will be available on the Program webpage. In addition, MEA will communicate clarifications and updates made after the application deadline directly to applicants or grantees, as applicable, by letter and/or e-mail.

The final grant amount for each Grantee will be made after review of all proposals received and is subject to funding availability for the Program and any relevant statutory requirement applicable at that time.

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