

# FY2026 Local Government Energy Modernization

*Area of Interest 1 (AOI1): Non-competitive Formula Block Grant*

*Updated 9/16/2025*

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## Section 1: Program Information

**Program Description:** The mission of the Local Government Energy Modernization (L-GEM) program is to support local governments as they engage in sustainable, long-term clean energy and energy efficient projects that lead to reduced energy usage and greenhouse gas emissions, increased cost savings, and robust clean energy and economic development. This program specifically aims to reduce greenhouse gas emissions from the building sector which aligns with Maryland's goal of achieving net-zero emissions by 2045. By empowering local governments to lead by example, the program aims to inspire community-wide engagement and drive broader adoption of clean energy solutions among residents, businesses, and institutions.

Area of Interest 1 (AOI1) is a formula block grant for energy efficiency and clean energy projects. A block grant is formula-based, flexible funding that is secured upfront and can be used over multiple years to support both planning and implementation of a variety of energy related projects (planning, energy efficiency, and renewables). This allows recipients to align the funding with local priorities and timelines. Counties and the City of Baltimore are encouraged to apply for AOI1.

**Types of Grant Programs:** Non-competitive Formula Block Grant

**Eligible Applicants:** Eligible applicants include all incorporated counties of Maryland and the City of Baltimore. Eligible applicants can only receive funding for either the block grant (AOI1) or the competitive grants (AOI2 and AOI3), not both. Participation in AOI1, AOI2, and AOI3 does not affect eligibility for AOI4, as all cities and counties of Maryland are encouraged to apply for AOI4. Municipalities are not eligible for AOI1.

**Application Deadline:** December 5, 2025, at 5:00 p.m.

**Anticipated Funding:** For AOI1, a total of \$50 million is anticipated to be available from the Strategic Energy Investment Fund ("SEIF"), contingent upon applications received for AOI2 and AOI3. The amount awarded may be more or less, depending on the quantity and quality of applications received.

**Application URL:** <https://form.jotform.com/marylandenergy/FY26-L-GEM-AOI1>

**Period of Performance:** Thirty-six (36) months beginning with the date of the award execution. An extension for good cause may be requested by a grantee and must be justified with written documentation explaining the need for an extension. Extensions are allowed at the sole discretion of MEA.

**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.

**Block Grant Awards and Allocations:** The number and size of LGEM Block Grant awards granted in FY26 will ultimately depend on the total number of applications received. Although every county has been prescribed an allocation, they must still apply to receive the funds.

To ensure a fair and equitable distribution, MEA has established a minimum allocation of \$1 million per county. Remaining funds will be distributed based on population.

To help counties plan, MEA has developed two sample funding scenarios that illustrate a range of possible award amounts:

- Scenario 1 assumes all 24 counties apply, resulting in smaller, evenly distributed awards
- Scenario 2 assumes only 6 counties apply—specifically, those that have participated in the Maryland Smart Energy Communities (MSEC) program within the last five years. To estimate potential funding for other counties under this scenario, each was modeled as a replacement for one of the original six, and the distribution was recalculated

**Cost Share Requirements:** to further promote equity, MEA is using county-level per capita income to determine cost share requirements. The income threshold is set at \$68,500, which represents 80% of the statewide median income for a single-person household. Counties with per capita income above this threshold will contribute a 10% cost share. Counties below the threshold will contribute a 5% cost share. In-kind contributions and other incentives may be applied toward meeting the cost share requirement.

Counties must request a minimum of \$500,000 and may not exceed the maximum estimated allocation shown in Scenario Two. MEA reserves the discretion to award amounts higher than the estimated maximums based on actual demand and the overall distribution of funding requests.

County	Minimum Funding Request	Sample Scenario One (24 counties participate)	Sample Scenario Two (6 Counties Participate)	Cost Share %
Allegany County	\$500,000	\$1,396,912	\$2,479,061	5%

Anne Arundel County	\$500,000	\$4,428,303	\$11,565,169	10%
Baltimore City	\$500,000	\$4,413,425	\$11,519,317	5%
Baltimore County	\$500,000	\$5,980,111	\$15,098,846	10%
Calvert County	\$500,000	\$1,540,726	\$2,995,172	10%
Caroline County	\$500,000	\$1,194,027	\$1,733,292	5%
Carroll County	\$500,000	\$2,007,585	\$4,602,854	10%
Cecil County	\$500,000	\$1,604,495	\$3,220,788	5%
Charles County	\$500,000	\$1,971,021	\$3,992,442	5%
Dorchester County	\$500,000	\$1,189,586	\$1,716,732	5%
Frederick County	\$500,000	\$2,583,529	\$5,880,038	10%
Garrett County	\$500,000	\$1,167,877	\$1,635,627	5%
Harford County	\$500,000	\$2,520,629	\$6,258,711	10%
Howard County	\$500,000	\$2,936,697	\$6,968,414	10%
Kent County	\$500,000	\$1,111,883	\$1,425,289	10%
Montgomery County	\$500,000	\$7,189,543	\$20,074,619	10%
Prince George's County	\$500,000	\$6,636,713	\$16,426,669	5%
Queen Anne's County	\$500,000	\$1,290,659	\$2,091,116	10%
St. Mary's County	\$500,000	\$1,663,076	\$3,426,335	10%
Somerset County	\$500,000	\$1,143,482	\$1,544,191	5%
Talbot County	\$500,000	\$1,218,696	\$1,825,101	10%
Washington County	\$500,000	\$1,901,599	\$4,246,663	5%
Wicomico County	\$500,000	\$1,603,696	\$3,217,976	5%
Worcester County	\$500,000	\$1,305,730	\$2,146,490	5%

## Section 2: Eligibility

**Eligible Activities :** Funding is available only for projects located at government-owned or leased buildings or facilities. Funding is available for future projects that involve evaluation and planning, energy efficiency, and renewable energy. **Counties may also choose to subgrant funds to public agencies or instrumentalities provided the projects align with program goals and meet all eligibility requirements.**

- **Planning Activities:** Planning projects may include but are not limited to:
  - **Feasibility Studies** An evaluation that determines whether proposed upgrades

are technically, financially, and operationally feasible before moving forward with implementation. Feasibility studies for Renewables, Energy Storage, Energy Efficiency, and Electrification are encouraged

- For solar site surveys and preliminary development of solar projects, please review MEA's [Solar Technical Assistance Program](#)
- **Energy Audits:** A comprehensive evaluation of a building's energy use, systems, and operations to identify efficiency opportunities
- **Strategy Development:** A process that may include financial analysis (i.e., ROI, payback, modeling, and incentive stacking), strategic planning (i.e., goal setting, phased implementation, continuous improvement), stakeholder engagement, regulatory and policy analysis, and risk management
- **Energy Planning:** A process that may include pre-construction technical planning, energy modeling, energy use analysis, load profiling, energy forecasting, supply planning, benchmarking, efficiency use identification, resilience considerations, and policy and regulatory alignment
- **Implementation Activities:** Implementation projects must occur on local government owned or leased properties. Activities may include, but are not limited to:
  - **Installation of Renewables**
    - **Solar**
      - Siting: roof-mounted solar, ground-mounted solar, or solar canopies over existing parking lots, parking garages, or other permanent impervious areas
      - Ownership: the applicant must either (1) own the solar PV system through cash purchase or financing, or (2) the solar PV system must be provided to the applicant under a third-party solar PV lease or power purchase agreement (PPA).
        - For 3rd party-owned projects, the standard cost share formula does not apply; instead, cost share requirements will be determined based on the capacity of the system proposed for installation. Grant funds may be applied as an upfront payment toward the PPA in order to "buy down" the PPA rate, thereby lowering the cost per kWh of electricity over the lifetime of the solar contract. Up to \$1,000/kW-DC of grant funds are available for 3rd party-owned projects. To be eligible, a system must be net metered.
      - Aggregated Net Metering: a majority of the solar infrastructure must be built on local government owned or leased property
      - Energy storage and similar technologies will only be eligible for funding when integrated with a project that also includes the installation of renewable energy generation. Applicants solely interested in standalone battery storage projects (i.e., not paired with solar) are encouraged to apply for the Residential and Commercial

## Energy Storage Grant Program<sup>1</sup>

### ■ **Geothermal**

- **Heat Pumps:** an electrically-powered ground-source heat pump system, inclusive of necessary HVAC equipment and ground loops, pond loops, or vertically-drilled wells, that serves as the primary heating and cooling system for the property. Must include the installation of new ground loops or wells

### ■ **Landfill-Gas-To-Energy**

- Support installation and/or improvement of new or modified landfill-gas-to-energy projects which support compliance with MSW Landfill Regulation COMAR 26.11.42. Funding is limited to updates on existing systems that enable gas-to-energy conversion. Projects related to gas transport are not eligible. All supported activities must directly contribute to on-site electricity generation.

### ○ **Energy Efficiency**

#### ■ **Building Envelope and Weatherization Measures**

- Projects that improve the thermal performance and durability of building envelopes to reduce heating and cooling loads. Scopes may include air sealing, window and door upgrades, roof replacements, weather stripping, installation or upgrade of insulation, and other structural improvements that address energy loss

#### ■ **Efficient Equipment and Appliance Upgrades**

- **Air Source Heat pumps:** an electrically-powered air-source heat pump system, inclusive of necessary HVAC equipment
- **LED retrofits:** replace existing interior or exterior lighting with high-efficiency LED technology
- **Building controls:** install or upgrade building automation systems (BAS) or other digital controls to optimize HVAC, lighting, and plug loads. Scopes may include sensor integration, scheduling systems, energy monitoring tools, and remote access capabilities
- **Retrocommissioning (RCx):** Systematic process for fine-tuning a building's electrical, mechanical and control systems to operate at optimal efficiency. Includes monitoring, troubleshooting and adjusting systems in existing buildings to optimize energy performance
- **Electrification projects** should be submitted under Area of Interest 4 (AOI4)

**Ineligible Activities:** The L-GEM Program does not intend to fund the following activities:

- **Planning and Implementation projects that include fossil-fuel or other combustion technologies** that produce greenhouse gas emissions are typically not eligible for funding. This includes new installations, infrastructure expansion, or upgrades that

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<sup>1</sup> <https://energy.maryland.gov/Pages/Energy-Storage-Grant-Program.aspx>

extend the life of fossil fuel systems—except for basic health and safety repairs that do not prolong system use. Limited exemptions may be considered only with a thorough technical analysis demonstrating that zero-emission alternatives are not feasible for technical or safety reasons. Cost alone is not a valid justification. All exemption requests must include justification, consideration of alternative technologies, and a plan to reduce or phase out fossil fuel use in the future

- **Transportation Planning and Implementation Projects:** Funded through MEA's [Community EVSE](#) and [Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program](#)
- **Residential Projects**
  - Multi-family Affordable Housing funded through [Maryland Department of Housing and Community Development's Multifamily Energy Efficiency and Housing Affordability Program](#)
  - Residential energy efficiency, electrification, and solar projects funded through MEA's [Energy Efficiency Equity Program](#)
- **Schools**
  - Funded through the Maryland Energy Administration's [Decarbonizing Public Schools Program](#). Eligible applicants are Local Education Agencies (public K-12 schools and support facilities)
  - Funded through the Maryland Energy Administration's [Higher Education Clean Energy Grant Program](#)
  - Private Schools funded through the [Commercial and Industrial Program](#) and [Electrifying Community Buildings Program](#)
- **Installation of solar systems used for aggregated net metering** where 50% or more of the solar is sited on properties neither owned nor leased by the applicant
- **Replacement** of existing solar panels
- **Community solar**
  - Funded through MEA's [Community Solar Program](#)
  - Local Government Energy Modernization funding can not be used for subscription payments to a community solar project
- **Automated residential solar permitting and plan review**
  - Costs to adopt the free-to-use U.S. National Renewable Energy Laboratory SolarAPP+ residential solar permitting software funded through MEA's [SolarAPP+ Implementation Grant Program](#)
- **Measures funded by other MEA grant programs:** If applicants are applying for additional MEA grant programs, each application has to request funding for distinct measures or technologies to avoid duplicative funding

**Rented or Leased Buildings:** Entities that rent or lease their facilities must meet the following requirements:

- The application includes a letter of concurrence signed by the property owner stating that:
  - (1) The property owner permits the grantee to install the proposed upgrades
  - (2) The property owner will ensure that these upgrades to the subject property

remain in place and operational for the balance of the equipment's economic life, regardless of lessee turnover

- Additionally, the performance analysis must demonstrate that payback on investment for the proposed improvements is shorter than the balance of term for the lease currently in force

Note: for grantees leasing property, the grant agreement will require the grantee to return grant funds to MEA if the requirements in (1) and (2), above, are not met.

## Section 3: Minimum Requirements

The following requirements apply to each applicant. Each “minimum requirement” condition must be met for applications to receive funding, no exceptions.

- **Applications are submitted by the grantee:** Third parties may not submit an application on behalf of the grantee
- **Signatory Authority:** A signature applied to the application by an officer with the authority to commit the grantee to execute the grant's requirements (e.g., Chair of the Board, President, Chief Financial Officer, General Manager, etc.). This individual should have sufficient authority to identify, authorize, and provide the necessary resources to perform implementation
- **W-9:** IRS Form W-9 for the applicant must be submitted with the application. The name on the W-9 form must match the organization name as it should appear if selected for a grant award. The mailing address on the W-9 should match the business address for the organization, where bills and other financial correspondence would be directed
- **Identification of Staff Members:** Consistent with the intent to develop capacity for ongoing efforts, applicants should identify staff involved who will be responsible for overseeing the continuation of the activities outlined in this grant announcement after the end of the award's period of performance
- **Narrative:** Counties must provide a comprehensive narrative outlining their county's vision for utilizing the full Block Grant allocation over the 36-month grant period. Include a description of the types of projects you intend to pursue such as planning and or capital project improvements, anticipated timelines, target buildings or systems, and expected outcomes. If applicable, identify key partners, internal or external resources, and any relevant planning already completed that informs your proposed approach.

## Section 4: Submission and Funding Procedures

**Submission Instructions:** Once complete, applications should be submitted to MEA via the online electronic application listed above. MEA will not accept any application packages after the deadline listed at the beginning of this Funding Opportunity Announcement under any circumstances, and all documents received by the deadline will constitute the entire submission.

If electronic submission is not possible, an applicant should contact MEA via email at [msec.mea@maryland.gov](mailto:msec.mea@maryland.gov) or by calling Program Manager Lacey Allor at (410) 507-7143 no fewer than fourteen (14) days prior to the deadline to arrange an alternative method of

submission.

**Funding Disbursement:** To access funding from their block grant allocation, counties must submit a request for each individual project to MEA. MEA will review and issue a notice to proceed for each individual project on a rolling basis. Each request must include:

- Project Measure/Name
- Total Grant Request
- Project Narrative: a summary of your proposed project, including the project location. The summary should include a detailed description of each energy measure installed as part of your proposed project
- Annual Energy Benefits and Cost Savings
- System Life
- Cost Breakdown
- Sources of Funding
- Project Timeline
- Procurement Policy

Funding will only be disbursed to awardees as projects are completed upon proof of purchase via detailed invoice documentation and project status updates provided to MEA throughout the period of performance. MEA will not reimburse the Grantee for costs incurred prior to the execution date of the grant agreement or issuances of individual notice to proceeds unless MEA agrees otherwise in writing.

**Electronic Payments:** Participation in MEA grant programs is voluntary. If selected for award and to ensure the secure transmission of grant funds, grantee recipients of MEA funding are generally required to receive electronic payments from the State of Maryland.

Electronic payments are set up through the State of Maryland's Comptroller's Office. A successful grantee must fill out and submit the "ACH/Direct Deposit Authorization for Vendor Payments Form X-10" to the Comptroller's Office via the submission methods outlined on the X-10 form. ACH/Direct Deposit Authorization for Vendor Payment Form X-10 should not be sent to MEA.

Failure to submit ACH/Direct Deposit Authorization Form X-10 may result in award reimbursement being delayed.

If an applicant is unable to receive ACH/Direct Deposit payments, MEA may provide an exception to this requirement on a case-by-case basis, at the sole discretion of MEA.

**Reporting:** Provide the following updates to MEA throughout the grant performance period:

- Quarterly progress reports outlining your project's status
- Detailed invoices, as necessary, that include the date, project address, equipment name and model, quantity, cost, and total cost incurred
- Upon project completion: final close-out report and invoice



## Section 5: Additional Requirements and Provisions

### General Provisions:

MEA grant programs are covered by general provisions that apply to all energy programs, the most current version of these General Provisions is [General Provisions v3 2.11.22](#). The most recent General Provisions document will be incorporated into all FY26 grant agreements issued by MEA.

### Program-Specific Requirements:

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

1. MEA will not reimburse for any costs expended prior to the execution of the Grant Agreement, unless MEA agrees otherwise in writing
2. 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 FY26 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
3. **Building Energy Performance Standards Benchmarking:** Buildings subject to Maryland's Building Energy Performance Standards (BEPS)<sup>2</sup> must be in compliance with BEPS benchmarking requirements. Applicants must provide the relevant unique building identifier(s) known as UBID(s) of covered building(s) to MEA prior to execution of a grant agreement with MEA

**Contact Information:** For more information or assistance, please visit the [FY26 Local Government Energy Modernization webpage](#) or contact:

Lacey Allor  
L-GEM Program Manager  
[msec.mea@maryland.gov](mailto:msec.mea@maryland.gov)  
(410) 507-7143

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<sup>2</sup> <https://mde.maryland.gov/programs/air/ClimateChange/Pages/BEPS.aspx>