

## **FY2026 Local Government Energy Modernization**

*Area of Interest 4 (AOI4): Competitive Implementation Project Grant (Only Including Electrification)*

*Updated 8/27/2025*

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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 4 (AOI4) is a competitive implementation project grant that provides Maryland's local governments with the opportunity to request funding for measures that facilitate efficient electrification of building systems which may result in lifecycle cost reductions as well as zero onsite emissions.

Counties and municipal governments may submit one application per electrification project. Electrification is the process of replacing fossil fuel systems with electric systems.

**Type of Grant Program:** Statewide Competitive

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

**Anticipated Funding:** For this Funding Opportunity (AOI4), a total of \$4,000,000 is anticipated to be available from the Strategic Energy Investment Fund ("SEIF"). The amount awarded may be more or less, depending on the quantity and quality of applications received. Applicants may submit one or more applications, with one application per building. The maximum requested funding for eligible activities within one application is capped at \$1,500,000.

**Application URL:** <https://form.jotform.com/marylandenergy/FY26-L-GEM-AOI4>

**Period of Performance:** Grantees will be given between 24 and 27 months to complete their projects 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.

## Section 2: Eligibility

**Eligible Applicants:** Only incorporated towns, cities, and counties of Maryland may apply. Counties may apply for both AOI1 and AOI4. Municipalities may apply for AOI2, AOI3, and AOI4.

**Eligible Activities:** Funds are available to complete a variety of *electrification retrofit* projects in local government owned or leased buildings. Electrification refers to the replacement of fossil fuel-powered equipment and systems with electric alternatives. Examples of eligible projects are summarized below:

### ***CORE ELECTRIFICATION UPGRADES:***

- Including, but not limited to:
  - Electrification of Mechanical Systems
    - Air-Source, Water-Source, or Ground-Source Heat Pumps
  - Replacements of Fossil Fuel-Powered Equipment with Electric Alternatives, Including
    - Heat Pump Water Heaters
    - Heat Pump Dryers
  - Hot Water, Chilled Water and Steam System Management
    - Improvements that do not use fossil fuels or extend the service life of fossil fueled equipment, in tandem with the elimination of fossil fuels
  - Appliances that meet federal and state appliance standards, including but not limited to ENERGY STAR
    - Including induction stovetops and ovens
    - Must be installed in tandem with a larger electrification of mechanical systems project (i.e., air, water, ground-source heat pumps)

### ***PRE-ELECTRIFICATION UPGRADES:***

- The following pre-electrification measures can only be done simultaneously with “Core” electrification projects (see above):
  - Building Envelope - Measures that improve a building’s efficiency, and thus reduce the overall load needed to electrify
    - Insulation, air sealing, windows, doors, etc.
  - Building Controls -
    - Building Automation Measures
    - Building Management Systems
  - Electric Panel & Wiring - Upgrades that increase a building’s electric capacity for

electrification purposes

**Award Amount:** Applicants may submit one or more applications, with one application per building. The minimum request for a grant award is \$50,000. The maximum request for a grant award is \$1.5 million. Applicants may pursue a single activity or a combination of activities in a single application, provided the total funding request is at least \$50,000 and no more than \$1,500,000. The review and ranking process will prioritize awarding one grant per eligible applicant. Additional awards may be made to applicants only if there is remaining budget after the initial awards. The individual grant award amount is also capped based on total project costs and leveraged funding. Total project costs may include direct and administrative costs.

- Any administrative costs included in the calculation of total project costs must not exceed 10% of the total project costs.
- MEA will only reimburse for up to 50% of the total project costs remaining after utility incentives are deducted.
- Applicants are expected to leverage utility incentives wherever possible.
- Applicants are also expected to cover the remaining 50% of total project costs through other federal, local, and state incentives, as well as with their own private funds.

If applicants are applying for additional MEA grant programs, each application has to request funding for distinct measures or technologies to avoid duplicative funding.

The number and size of awards granted in FY26 ultimately will depend on the quantity and quality of all applications received. All applications received by the deadline will be considered.

#### **Ineligible Activities:**

- **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 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.
- **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](#)
- **Incremental New Construction:** Funded through [Commercial and Industrial Program](#)
- **Electric-to-Electric Upgrades:** Funded through [Commercial and Industrial Program](#)
- **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 and Competitive Criteria**

The following requirements apply to each applicant. Each "minimum requirement" condition must be met for applications to be evaluated and considered for funding, no exceptions. Each "competitive criteria" condition will be scored and used to rank applications based on their relative strength, with higher-scoring proposals receiving priority consideration for funding. To ensure geographic diversity, the highest-ranked application from *each* applicant will be considered first for an award. If all eligible applicants receive one award and additional funds are available, the remaining budget will be allocated to other applications in order based on the ranking by overall score.

### Minimum Requirements:

- **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 Project Manager:** Consistent with the intent to develop capacity for ongoing efforts, applicants should identify a staff person 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.
- **Project Manufacturer Spec Sheets:** Detailed spec sheets or cut sheets for applicable proposed "Core" equipment being installed at the project site, including heat pumps for space heating and cooling, heat pump water heaters, heat pump dryers, and appliances that meet federal and state appliance standards, including but not limited to ENERGY STAR.
- **Budget:** Each application must include a simple budget outlining how the requested funds will be used. Applicants must use the MEA Local Government Energy Modernization Budget template posted on the L-GEM Website.

### Competitive Criteria: Applications will be evaluated in comparison to the following criteria:

- **Project Narrative:** Provide 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.
  - Project location(s)
  - Description of proposed energy measure(s)
  - Annual Energy Benefits: The energy benefits of your project is a key review criterion for funding consideration, so please show accurate energy data. Please include documentation showing your calculations and assumptions as necessary. Applications that do not clearly document how energy benefits are calculated will not be chosen for funding.
    - For energy efficiency projects: annual reduction of energy consumption (kWh, MMBTU, or gallons)
    - For renewable projects: system capacity (kW) and annual generation (kWh generated)
  - Expected Annual Cost Savings
  - System Life: Provide the anticipated system life (years) of the clean energy

measures<sup>1</sup>. If using manufacturer's data, please provide the relevant specification sheets.

- **Simple Payback:** (Total Project Cost / Annual \$ Savings). Measures how many years it will take for the project's annual energy savings to cover its total cost, including incentives and rebates, with shorter payback periods preferred.
- **Applicant's cost share percentage:** The portion of total project costs the applicant is contributing (minimum is 50%; a higher applicant share is preferred)
- **Project GHG Reduction Investment:** Each project will be evaluated based on the MEA dollar award per metric ton of carbon dioxide reduction equivalent reduced over the project's lifetime.
- **Lifetime Reduction of Energy Use per MEA Dollar Spent:** Measures how much energy (in kWh or MMBTUs) will be saved over the project's lifetime for each MEA dollar spent.
- **Past grantee performance:** Considers the applicant's history of effectively using previous MEA funds, including timely reporting, successful outcomes, and compliance with grant requirements. Lack of prior participation will have no impact on scoring.
- **Accuracy and completeness of application:** Applications with clear, detailed, and fully completed responses are preferred.

## 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.

**Review Process:** The review of applications will follow a structured, multi-stage process:

1. The program manager will first review each application for eligibility, ensuring it meets the minimum criteria outlined in the FOA.
2. Each member of the review team will independently score the application based on the specified competitive criteria.
3. The evaluation team will then compile individual scores, finalize overall scores, rank all applications accordingly, and make final recommendations for funding.

Applications will be reviewed by a team that may include individuals from MEA and other entities with experience in energy, construction, and capital development. The final grant amount for each Grantee will be made after review of all proposals received and is subject to

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<sup>1</sup> Information on energy measure life for some energy efficiency projects can be found in the [Mid-Atlantic Technical Reference Manual \(TRM\)](#) from the Northeast Energy Efficiency Partnership (NEEP)

funding availability for the Program and any relevant statutory requirement applicable at that time.

**Partial Awards:** Partial awards may be considered under this program.

- Full grant awards will be made based on rankings of applications, in descending order from highest to lowest, until grant funds are exhausted.
- If sufficient grant funds are not available to fully fund a project, the applicant will be given an option to accept partial funding, based on the ability to complete the project with partial grant funding.

**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.

**Funding Disbursement:** 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 unless MEA agrees otherwise in writing

**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>