

Community Solar Guaranty Grant Program

Notice of Grant Availability

In furtherance of the Maryland Community Solar Pilot Program, the Maryland Energy Administration is providing the FY 2018 Community Solar Guaranty Program to provide access to credit enhancements for subscriber organizations with capacity in the LMI category, or for projects in the “Other” category that are committed to providing at least 51% of the array energy to the LMI community. The successful applicant will work with subscriber organizations by providing access to funding to mitigate the cash flow risk of late or nonpayment by LMI subscribers.

The FY18 Community Solar Guaranty Grant Program has been allocated up to \$1,000,000, subject to funding availability, from the Strategic Energy Investment Fund (“SEIF”). One or more grants, totaling up to \$1,000,000 will be chosen on a competitive basis. As specified below, each applicant should specify the grant funding amount requested, and the basis for requesting this amount. The grant fund amount will be available for reimbursement during the first three years of the project. Grant funds are solely to absorb the additional risk associated with the LMI subscriptions.

Grant funds will be available to a successful applicant to support community solar projects authorized during the first year of the Community Solar Pilot Program. State funding may be used to guarantee payments from the LMI portion of the solar array during the first three years of the project.

Background: The Maryland Community Solar Pilot Program commenced in April 2017. Community solar is a form of virtual net energy metering where the consumer gets energy credit on a local bill for energy produced off-site (but within the same electric utility service area). The Maryland Public Service Commission has authorized certain subscriber organizations to participate in the pilot program. This program allows Maryland residents and businesses to purchase subscriptions for energy from community solar arrays, gaining the same economic advantages as having solar modules directly on their roofs.

In support of this program, the Maryland Energy Administration developed the Community Solar Guaranty Program in order to assist Subscriber Organizations developing community solar arrays under the Low-and-Moderate Income (LMI) category, mitigate the perceived financial risks associated with working with this community. Risk mitigation may be reflected in one or more of the following: greater availability of investment funding, lower interest rates available to the project developers, and a greater population of eligible LMI subscribers. The incentives in this grant program may only be used to support the LMI subscriber portion of the solar array.

The pilot program requires 30% of the solar array capacity (measured in kW) to be allotted to the Low-to-Moderate Income (LMI) category.¹ Of this capacity, at least 30% must serve consumers who meet the LMI criteria defined by the Code of Maryland Regulations.² One third of this energy (10% of the LMI category capacity) must be dedicated to serve consumers who meet the Low-Income criteria.

¹ Per COMAR 20.62.02, Low Income includes households receiving less than or equal to 175% of the US federal poverty level for the year of subscription. Moderate income includes households receiving less than 80% of the state median income for the year of subscription.

² COMAR 20.62.02.02 identifies community solar program categories.

It is assumed that most LMI subscriptions will use the PPA model (little/no up-front money, pay for electricity used from the solar array on a \$/kWh basis). As such, the Subscriber Organizations depend on prompt and proper energy payments from the subscribers in order to make monthly payments to the financiers. As many in the LMI community do not have strong credit scores, financiers may assign financial risk to the cash flow and raise the interest charged to the project developers (the subscriber organization) to compensate for the added financial risk. This raises the total cost of the project and therefore raises the PPA rate that must be charged to the customers. Similarly, subscriber organizations may require subscribers to have higher credit scores in order to minimize their financial risk. This reduces the size of the LMI community who will be eligible to subscribe.

These funds may be set up to allow contributors to contribute funds to offset a certain defined risk (such as the first \$100,000 of loss), or by sharing risk (such as contributing 5% of the first \$2,000,000 of loss, which is also equal to \$100,000). In some cases, the fund may assume 100% of the non-payment risk whereas in other cases the fund shares the risk with the lender.

Project Requirements

Participating Funds or programs must meet the requirements of the Notice of Grant Availability. Some of the key elements are provided below:

- State funding must be available to support projects from across the state.
- The fund must be authorized to conduct business in Maryland.
- State funds may only be used to provide support for late or missing payments from the LMI subscribers.
- State funding will be available for three years.
- Supported projects must be part of the Community Solar Pilot Program; Subscriber Organizations must have a subscriber number issued by the Maryland Public Service Commission.
- Supported projects must have been allotted capacity under the LMI category of the Maryland Community Solar Pilot Program, or be in the “Other” category and provide more than 51% of its energy credits to members certified as LMI.
- Supported projects must meet requirements of the Maryland Historic Trust.

Eligibility Requirements

In order to qualify for consideration under FY18 Community Solar Guaranty Program, applicants must meet the following requirements and propose projects that meet the following requirements:

- The Applicant must be authorized to conduct business in Maryland.
- The proposed project must only be available to PSC Approved Subscriber Organizations to support a community solar project allotted capacity under the LMI category, or in the “Other” category which will provide more than 51% of its energy credits to members certified as LMI.
- The proposed project must be available to support community solar projects regardless of geographic location in the State.
- The proposed project may only be used to reduce risks associated with late or nonpayment by LMI subscribers.

Application Process

Applications are due by 11:59 PM EDT, May 14, 2018.

Applications should be submitted electronically (if possible). Any material considered personally sensitive (i.e. social security number) should be sent by US mail to arrive by the application due date.

Organizations wishing to participate in this program may submit an application to the Maryland Energy Administration. A complete application must include:

- Name, physical address and website (if available) of applying organization.
- Point of Contact's name, address, phone number, and e-mail address.
- Name of individual authorized to legally bind the applicant.
- Verification that the applicant is authorized to conduct business in Maryland and is in good standing.
- Amount of funding requested (\$) and reason for requesting that amount.
- Explanation of how the State funds will be used to mitigate the non-payment risk
- A summary of the purpose and history of the fund.
- Examples of a) the Applicant's experience with providing similar credit enhancements in the past, or b) experience of the Applicant's directors and/or key personnel with providing similar credit enhancements.
- Applicant's Bylaws (or equivalent) (to be included as an Appendix to the Application)
- Short biographical information and experience of key personnel (to be included as an Appendix to the Application).
- A description of a proposed project which includes:
 - A description of the credit enhancement the Applicant will provide, (i.e. explanation of how the State funds will be used to mitigate the non-payment risk)
 - An explanation of how the Applicant will assure that community solar projects from all participating utility service areas in Maryland will be considered for funding on an equal and fair basis.
 - A description of how the Applicant will sustain the guaranty fund for a sufficient amount of time to provide the selected subscribing organization's access to favorable financing rates.
 - Description of recommended metrics to measure the effectiveness of the grant funding to a) increase the savings to the LMI subscribers, and/or b) to increase the number of LMI subscribers eligible to subscribe to a project.
 - Description of the process the Applicant will use to assure grant funding will be used solely to absorb the risk associated with late/non-payment by LMI subscribers.

Each grant application is limited to 15 pages. This page limit does not include appendices consisting of resumes/bios of key participants and Bylaws. Electronic proposals are preferred. Send applications to: David.Comis@maryland.gov

FY 18 funding is expected to support projects authorized during the first year of the Community Solar Pilot Program. There is no guarantee of new funding in FY 19 and FY 20)

Evaluation Criteria for Competitive Award

The Maryland Energy Administration reserves the right to choose one or more applications based on availability of funding, quality of applications, and evolving needs of the Community Solar Pilot Program. Evaluation criteria include the following:

- Leveraging of state funding: 30%
- Directors (and decision maker) experience working with Guaranty Funds: 30%
- Procedures proposed/taken to ensure state funding is only used to make up for late/non-payment from LMI subscribers: 30%
- Procedures to ensure the fund sustains the projects long enough to achieve favorable financing: 10%

At MEA's sole discretion, multiple awards may be used to demonstrate different types of credit enhancement.

Timeline

- Notice of Grant Availability Posted – April 18, 2018
- Grant Application Deadline – May 14, 2018
- Grant Decision Announced – June 1, 2018
- Grant execution (signatures required to be returned to MEA) – June 15, 2018
- MEA reimburses grantee on a quarterly basis (or less frequently as agreed upon) upon acceptance of a completed invoice/payment request and quarterly report using the MEA template.
- Final Report due to MEA – 3 years and 3 months from the date the last guaranteed project produces creditable power.

Additional Information

Historic Review

Grant funds may not be used to support a Community Solar Pilot Program project that is found to adversely affect historic buildings or historic districts by the Maryland Historical Trust. Grantees will verify that a Maryland Historical Trust review has been successfully conducted for the solar array site (and will pass the results to MEA), or will submit site information to MEA to ensure review by the Maryland Historical Trust. A successful review must be received before grant funding may be used to support a project.

NABCEP

Grant funds may not be used to support a Community Solar Pilot Program project that does not have at least one person certified as a Solar PV Installer by the [North American Board of Certified Energy Practitioners \('NABCEP'\)](#) involved in the design and/or installation of the community solar array. Grantees will be required to provide the name and certification number of these individuals.

Solar Renewable Energy Credits (SRECs)

Grant funds may not be used to support a Community Solar project that is not registered for and produce Solar Renewable Energy Certificates (SRECs). Grantees will be required to verify the successful registration of projects with the Maryland Public Service Commission and with PJM Interconnection.

Tax Status of Community Solar Grants

The Community Solar Guaranty Grant Program is operating under the Strategic Energy Investment Fund which affects how clean energy technologies are taxed. Grants issued by the State of Maryland may be taxable. As the Maryland Energy Administration is unable to give tax advice, any tax-related questions should be directed toward a qualified tax professional.

Contact

For more questions, additional information or assistance, please contact David Comis.

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