**Larry Hogan, *Governor***

**Boyd K. Rutherford, *Lt. Governor***

**Mary Beth Tung*.* *Director***

Notice of Grant Availability for the

FY18 Community Solar LMI PPA Grant Program

(Grant Program)

**Program Description:** This program provides funding to partially recompense Subscriber Organizations for added costs incurred by providing time and savings characteristics needed by the LMI community. Due to the large up-front costs associated with an ownership model, it is assumed that most subscriptions acceptable to the LMI community will be based on a PPA model (little or no up-front cost, pay monthly per kWh used).

**Program Goal:** To encourage subscriber organizations to provide greater cost savings and shorter contract periods to subscribers in the LMI community than would otherwise be offered.

**Program Budget:** Up to $3,500,000 in fiscal year 2018 (July 1, 2017­­ – June 30, 2018), subject to funding availability.

**Grant Award Amount:** Grant amounts are based on a calculation of the sum of the term incentive and the subscription incentive. Grants exceeding $500/kW are not expected. Grant payments will be finalized and distributed after the project is producing creditable energy to LMI subscribers.

**Eligible Applicants:** Community Solar Pilot Program Subscriber Organizations with capacity assigned in the LMI Category (or “Other” category but providing at least 51% of their energy to LMI subscribers).

**Application Deadline:** The initial set of applications will be considered on May 15, 2018. If money remains after this group of applications have been considered, applications will be considered as received until all funding has been committed. Applications received after June 1, 2018 will not be considered.

**Type of Grant Program:** Competitive, subject to funding availability and restrictions.

**Number of Grants:** MEA may fund zero, one, or multiple grants.

**Proposal Content:** To be considered for an award, the proposal must include all information required on the “Application” worksheet and either the Test Case or the Step-Down Case worksheets.

Information on the Application worksheet includes subscriber organization name, identification number and contact information; data on the solar array; an identification of the subscription rate; and information concerning the verification of the LMI subscriber.

Information required for the “Test Case” worksheet includes the utility SOS rate for residential use, inputs for the number of years of the subscriber agreement and the size of the LMI portion of the array. In addition, the subscription cost of electricity is entered as a percentage below the current SOS rate plus an annual escalation rate, or the rate can be individually entered for each of the first 20 years.

Information required for the “Step-Down Case” worksheet includes inputs for the utility SOS rate for residential use, the size of the LMI portion of the array. In addition, the step-down period (number of years to step the subscription rate to zero), and the year zero (first year) rate reduction below the utility SOS rate. Alternatively, the subscription rate can be entered individually for each of the 20 years of the assumed contract term.

**Application Evaluation Criteria:**  Applications will be rated based on the highest value to the LMI population, which is calculated as the “Total incentive to Subscriber Organization.” For applications submitted before May 15, 2018, money will be encumbered in order based on highest to lowest ranked applications. For applications submitted after May 15, 2018, applications will be funded in the order received.

**Definitions:**

* Community Solar: A virtual net energy metering program authorized by Maryland statute.
* Low Income:  a subscriber whose gross annual household income is at or below 175 percent of the federal poverty level for the year of subscription or who is certified as eligible for any federal, state, or local assistance program that limits participation to households whose income is at or below 175 percent of the federal poverty limit:[[1]](#footnote-1)
* Moderate Income: A subscriber whose gross annual household income is at or below 80 percent of the median income for Maryland for the year of subscription.[[2]](#footnote-2)

**Restrictions and Limitations:**

* Applicants selected for an award under this Program shall be required to submit an IRS W9 form to MEA prior to entering into a Grant Agreement. Instructions regarding W9 submission to MEA will be provided to successful applicants with the notice of grant award.
* To receive grant funding for a project, the successful applicant must enter into a Grant Agreement with MEA by June 15, 2018 unless an extension is given in writing by MEA.
* PV systems that may receive benefit from MEA grant funding must be installed by an installation contractor who employs at least one North American Board of Certified Energy Practitioners (NABCEP) PV Installation Certified person in the design and/or construction of the solar project.
* Project owners must be in good standing in the State of Maryland. For Certificate of Status information please see the Maryland State Department of Assessments and Taxation webpage.
* An authorized representative of the subscription organization must sign the application and is responsible for submitting all program invoices and reporting.
* Only one grant may be awarded per project.
* The subscriber organization must provide sufficient guarantees that the agreed upon terms of the LMI agreement will not be changed in a manner that would disadvantage the LMI subscriber over the 20-year period covered by this grant. These term limitations and subscription limitations must be included as mandatory requirements in contracts to sell the array or move operational control to another subscription organization.
* The subscription must be structured in a PPA model (little to no up-front cost to the subscriber: the subscriber pays the subscriber organization for energy credits credited to his/her electric bill on a $/kWh basis).
* Projects must produce creditable power by June 1, 2019. (Creditable power is power provided to the electric utility which is used to compute the subscriber’s monthly energy bill).
* A count of LMI subscribers must be provided by the Subscription Organization to the Maryland Energy Administration no later than June 1, 2019. The Subscription Organization must provide a detailed explanation of how LMI subscribers were certified to their LMI category. If a third party provided the certification, the subscriber organization will provide a detailed explanation of how the 3rd party conducted the verification.
* Projects must be part of the Community Solar Pilot Program; Subscriber Organizations must have a subscriber number issued by the Maryland Public Service Commission.
* The project 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.
* The project must meet requirements of the Maryland Historic Trust.

**Grant Process:**

* A Community Solar Subscriber Organization with an eligible project submits an application for the Community Solar LMI-PPA Grant. The application consists an application spreadsheet with the contract terms and subscription rates for the next 20 years.
* After reviewing eligibility of the Subscriber Organization and the project, MEA will review the application and negotiate assurances regarding the protection of the terms to the LMI community over the next 20 years. In the unexpected event the program appears to be oversubscribed, MEA may limit the total maximum size of the grant to ensure all eligible grants can be paid from the available funds. (Any Community Solar LMI project that fails to apply AND complete the Grant Agreement by June 15, 2018 may be deemed ineligible for funding from FY 18 funding. There is no guarantee of FY 19 funding.).
* MEA will then forward the subscriber organization a grant agreement for their review and signature.
* Upon receipt of the signed grant agreement, MEA will encumber (set aside) funds.
* Grants will be paid after the project is online, producing creditable power to subscribers. The Subscriber Organization will submit a completion Certificate, which will act as an invoice. Upon receipt of a complete and accurate invoice, MEA will pay the grant based upon the ACTUAL subscribed LMI capacity. As such, if the grant agreement is for 40% of a 2 MW array (i.e. 800 kW), but only 600 kW of the LMI capacity is subscribed at the time of the invoice, MEA would only pay two thirds (3/4) of the agreed upon grant amount. As such, the Subscriber Organization may wish to delay the date of invoice submittal until the LMI capacity is filled, but in no condition later than June 1, 2019. Grant payments may only be used to support the LMI portion of the project.
* Subscriber Organizations will cooperate with State contracted 3rd party energy advisors/advocates to ensure subscribers understand the contents of the Subscriber Agreement PRIOR to signing the contract.

# Timeline

* Notice of Grant Availability Posted – April 18, 2018
* Grant Application Deadline – May 15, 2018
* Grant Agreement Execution Deadline – June 15, 2018
* Construction and Commissioning Deadline – As determined by the PSC and the utility, but no later than June 1, 2019
  + - * Final Inspection and Document Submission Deadline – Within 10 days of project commissioning, but no later than June 1, 2019

**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')](http://www.nabcep.org/) 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. For information concerning SREC registration, consult the PJM EIS website at <https://www.pjm-eis.com/>

**Calculations**

*Community Solar for the LMI Community* (available on the MEA Community Solar LMI-PPA website) discusses the needs of the LMI community and describes how the Term and the Subscription incentives are designed to address this need.

**Program Changes**

This is the first year of the Community Solar Pilot Program and the first year of the Community Solar LMI-PPA Grant Program. MEA reserves the right to modify or change the grant program and/or incentive as needed for legal, financial or programmatic reasons.

**Contact**

For more information or assistance, please contact:

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1. Code of Maryland Regulations 20.62.01.02.B (12) [↑](#footnote-ref-1)
2. Code of Maryland Regulations 20.62.01.02. B (13) [↑](#footnote-ref-2)