



Funding Opportunity Announcement

Fiscal Year 2026 Maryland Ground Source Heat Pump Advantage Pilot Program

Updated: 1/16/2026

Program Purpose

The Maryland Energy Administration (MEA) presents the Fiscal Year 2026 **Maryland Ground Source Heat Pump Advantage Pilot Program** (“MD GAP” or “Program”). The adoption of ground source heat pumps (GSHPs) aligns closely with MEA’s mission and represents a promising pathway to help meet clean energy and heat goals under Maryland’s [Climate Solutions Now Act of 2022](#). By leveraging the consistent temperature of the ground to provide highly efficient heating and cooling, GSHPs reduce reliance on fossil fuels, mitigate peak demand events, and enhance grid stability. For residents with these systems in their homes, GSHPs offer lower operating and maintenance costs, longer equipment lifespans, and greater insulation from fluctuations in utility energy prices. The Program aims to lower the upfront cost barriers associated with GSHP installation and support market transformation with an emphasis on affordable housing within qualifying low-to-moderate income (LMI) and Overburdened census tracts.

Type of Grant Program: Competitive

Application Deadline: March 15, 2026, 3PM EST

Application URL: <https://form.jotform.com/marylandenergy/MDGAP>

Anticipated Funding

A total of \$2,000,000 is anticipated to be available for the Program in FY26. The final funding amount may vary based on the number and quality of applications received and MEA’s available resources. MEA anticipates funding between one and three proposals, with a focus on GSHP deployments at scale.

Program Description

The Program incentivizes the installation of GSHP systems at scale in residential new construction developments. MEA will provide a \$12,000 per GSHP installation incentive to residential builders, developers, housing authorities, or other business entities that install GSHP systems in qualifying new construction residential developments. This Program is a pilot initiative; continuation or expansion beyond FY26 is not guaranteed and will be contingent on available funding, program performance, and other factors.

Eligible Applicants

The following types of entities are eligible to receive funding:

- Residential new construction builders and developers
- Housing authorities **and equivalent government agencies**
- Business entities and nonprofit organizations partnering with an eligible builder, developer, housing authority **or equivalent government agency** (e.g., geothermal system designers/installers, community land trusts, construction consultants, etc.)

Grant Period

The Program grant period is 48 months, beginning with the effective date of the executed grant

agreement. MEA may provide a grantee with up to two one-year extensions if the grantee demonstrates good cause and submits written documentation justifying the need for an extension. MEA reserves the right to grant extensions on a case-by-case basis, at the sole discretion of MEA.

Geographic Requirements

Developments must be located in LMI and/or Overburdened census tracts as defined in [Chapter 98 of the 2023 Laws of Maryland \(HB550\)](#). A map of qualifying census tracts is available [here](#). The [MDEnviroScreen](#) tool may also be used to identify Overburdened communities.

Minimum Eligibility Requirements

The following criteria must be met for GSHP system installations to qualify for program incentives. All Minimum Eligibility Requirements should be addressed in the proposal Narrative (see *Required Application Documents* section of this FOA).

General Requirements	<ul style="list-style-type: none">• Projects must meet a minimum deployment scale of at least 15 GSHP installations.• GSHP installations must be in new construction residential developments.• GSHP installations must be in single-family detached homes or attached townhomes.• Incentivized units must be entirely electric, with no fossil fuel systems or appliances.• Incentivized units must be located in qualifying census tracts.• All participating developments must be designed, permitted, and constructed in compliance with all applicable federal, state, and local building, zoning, and land use codes and requirements.
GSHP System Requirements	<ul style="list-style-type: none">• Systems must be electrically powered ground source heat pumps, inclusive of all necessary HVAC equipment and ground loops.• Systems must be the primary heating and cooling system for each unit. Backup electric resistance heating is permitted.• Systems must be fully installed, have received all required permits, passed all inspections by applicable authorities, and be fully operational.
Commissioning and Maintenance Requirements	<ul style="list-style-type: none">• Final eligibility for the full per-unit incentive is contingent upon completion of system commissioning and submission of required documentation, consistent with the <i>Reporting & Reimbursement</i> section of this FOA.• Residents must be provided with system training and written documentation covering system operations, maintenance, and warranty information.
Geothermal Leasing Homeowner Disclosure Requirements (if applicable)	<ul style="list-style-type: none">• Projects proposing geothermal system leasing models are permitted under this Program. For such projects, applicants must ensure that homeowners receive clear, written disclosures describing the ownership and financing structure of the GSHP system. At a minimum, disclosures provided to homeowners must include:<ul style="list-style-type: none">○ Identification of the GSHP system owner○ Description of any lease payments, service fees, or other ongoing charges associated with the GSHP system

	<ul style="list-style-type: none"> ○ Duration of any lease or service agreement, including renewal or buyout options, if applicable ○ Ownership of the GSHP system at the end of the lease term ○ Status of the lease upon sale of the unit (e.g., transferability, payoff requirements) ○ Distribution of geothermal renewable energy credits and other tax credits (e.g., who retains and how they are applied) ○ Maintenance and service responsibilities, including which party is responsible for routine maintenance, repairs, and replacement of system components, and whether maintenance is included in any lease payment or service fee.
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Competitive Evaluation Criteria

Each complete application is competitively evaluated based on the following criteria. All Competitive Evaluation Criteria should be addressed in the proposal Narrative (see *Required Application Documents* section of this FOA).

Project Feasibility and Scope (0-3 points)	<ul style="list-style-type: none"> ● Narrative describes the project and scope and demonstrates a feasible approach to accomplish the work. ● Technical and engineering assumptions are accurate and viable. ● Implementation timeline is realistic, attainable, and aligns with the grant period.
Qualifications and Experience (0-3 points)	<ul style="list-style-type: none"> ● Applicant describes prior relevant experience. ● Applicant demonstrates capacity to complete project within the performance period. ● Applicant provides evidence of project readiness (permitting, site planning, financing, etc.).
Budget and Return on Investment (0-3 points)	<ul style="list-style-type: none"> ● Project budget is competitive in scale relative to proposed outcomes. ● Project budget includes breakdown of intended use of grant funds. ● Applicant justifies the proposed expenses in the project budget. ● Applicant details leveraged funds, if applicable.
Dwelling Unit Affordability (0-5 points)	<ul style="list-style-type: none"> ● Applicants are strongly encouraged to include affordable dwelling units in proposed developments and to make meaningful commitments towards overall development affordability relative to the applicable jurisdiction, consistent with the following definitions: <ul style="list-style-type: none"> ○ <u>Affordable</u>: housing costs do not exceed 30% of household income. ○ <u>Affordable dwelling unit</u>: affordable to households earning 60% or less of the Area Median Income (AMI), adjusted for jurisdiction and household size. ● Proposals that include greater numbers of affordable dwelling units and demonstrate stronger development-wide affordability commitments will be scored more favorably.
Emissions, Energy, and Grid Benefits	<ul style="list-style-type: none"> ● Applicant provides realistic estimates of:

(0-4 points)	<ul style="list-style-type: none"> ○ Greenhouse gas emissions reductions per participating household relative to fossil fuel systems – annually and over the anticipated GSHP system lifetime. ○ Financial savings per participating household relative to fossil fuel systems, air source heat pumps (ASHPs), and electric resistance heating systems – annually and over the anticipated GSHP system lifetime. ○ Energy use savings per participating household relative to fossil fuel systems, ASHPs, and electric resistance heating systems – annually and over the anticipated GSHP system lifetime. ○ Peak demand mitigation and grid stability benefits (quantified where feasible).
Renewables and Clean Energy (0-3 points)	<ul style="list-style-type: none"> ● Proposals that incorporate additional clean energy technologies that complement GSHP deployment (e.g., solar photovoltaic systems, electric vehicle charging infrastructure, battery storage, and other on-site renewables) will be scored more favorably under this criterion. ● These complementary technologies are not eligible for funding under this program and must be supported through other funding sources.
High Performance Building Measures (0-3 points)	<ul style="list-style-type: none"> ● Applicants are encouraged to exceed current building energy code requirements through high-performance construction practices and efficiency standards. Examples include: <ul style="list-style-type: none"> ○ ENERGY STAR ○ Meeting specified HERS Index performance levels ○ Implementing other advanced envelope, air sealing, or ventilation measures that reduce building loads and enhance GSHP performance ● Proposals demonstrating greater high-performance building measure commitments will be scored more favorably.
Community Impact (0-3 points)	<ul style="list-style-type: none"> ● Applicants are encouraged to: <ul style="list-style-type: none"> ○ Participate in complementary federal, state, or local housing programs (e.g., programs serving veterans, seniors, people with disabilities, etc.). ○ Integrate additional community benefits (local hiring, workforce development, partnership with nonprofits and community-based organizations, etc.) into proposals. ● Proposals with greater community impact commitments will be scored more favorably.
Letters of Support (0-3 points)	<ul style="list-style-type: none"> ● Applicants should provide letters of support from project partners, such as businesses, nonprofits, community organizations, faith-based institutions, or government agencies. At least two letters of support are recommended.

Ineligible Activities

The Program will not fund:

- GSHP installations in multifamily buildings
- GSHP installations in units with fossil fuel systems or appliances

- GSHP installations with fossil fuel backup systems (dual-fuel systems)
- Retrofit or fuel switching projects in completed units
- Projects located outside qualifying census tracts
- Projects proposing deployment of fewer than 15 GSHP units
- Proposals for community-scale networked geothermal systems

Additional Evaluation Factors

While applications will be evaluated and scored based on the Competitive Criteria outlined in this FOA, MEA may consider additional programmatic factors in order to maximize program impact when making final awards determinations, including but not limited to:

- The scale of GSHP deployments proposed
- The distribution of available funding across projects
- Project portfolio balance and geographic diversity

As part of award determinations, MEA may modify the final per-unit GSHP installation incentive amount on a project-by-project basis based on available program funding, any applicable state or federal funding caps, and other factors. MEA reserves the right to make partial awards or to make no awards if submitted proposals do not sufficiently meet the Minimum Eligibility Requirements and Competitive Evaluation Criteria.

Timeline

The Program application and evaluation process will follow the timeline outlined below. This timeline is provided for program planning purposes. MEA will attempt to meet this timeline; however, delays may occur, and grant award decisions may be delayed accordingly.

- **FOA issued:** January 15, 2026
- **Applications due:** March 15, 2026, 3PM EST
- **Grant agreements executed:** June 2026

Review Process

Each application package will be evaluated competitively by an Evaluation Team composed of MEA staff with relevant experience. The evaluation includes three review steps that are detailed below:

1. **Program Manager Eligibility Review:** The applicable MEA Program Manager reviews the application for eligibility according to the Minimum Eligibility Requirements listed in this FOA. An application that does not meet the Minimum Eligibility Requirements will be rejected from funding consideration and the applicant will be notified.
2. **Team Member Individual Review:** Each member of the Team reviews and scores each complete application according to the Competitive Evaluation Criteria established in this FOA.
3. **Team Group Review and Award Recommendation:** The Team convenes for a group review of their findings and scores. A Team member is permitted to modify their score for a complete application considering new information discovered during the Group Review discussion. The final score for each complete application is determined by taking the average of the individual Team member scores for that application. The Team will finalize all scores and make an award recommendation for each application that has been selected for funding.

Submission Instructions

Applications are due by March 15, 2026, 3PM EST. Applications must be submitted using the [application Jotform](#) (online application required). An applicant must not disclose any sensitive or otherwise confidential information to MEA in the application without prior approval. If sensitive or confidential information must be provided to MEA, the applicant shall first contact MEA to determine the most secure way to transmit this information.

Required Application Documents

For a complete application, the application package must include the following attachments:

1. **Narrative:** The Narrative should provide a comprehensive overview of the proposed project that addresses each of the Minimum Eligibility Requirements and Competitive Evaluation Criteria.
2. **Budget:** The application must include a separate Budget attachment, Excel or a PDF of an Excel or other spreadsheet, that details all budget items listed in the Competitive Evaluation Criteria.
3. **IRS Form W-9:** All applicants must provide a U.S. Internal Revenue Service (IRS) Form W-9 for the applicant organization. The applicant organization name and address provided on the IRS Form W-9 must match the applicant organization name and address provided in the Application Form submitted through the online application portal. An IRS Form W-9 can be requested from the IRS.
4. **Evidence of Good Standing:** All applicants must provide evidence that the applicant is in good standing with the State of Maryland. Acceptable documentation includes a PDF of the organization's result from Maryland Department of Assessments and Taxation (SDAT) [Business Entity Search](#) that indicates Good Standing, or a Certificate of Status from SDAT that indicates Good Standing. Instructions on how to obtain a Certificate of Good Status are available on SDAT's website [here](#).
5. **Letters of Support:** An applicant should provide letters of support from project partners, such as local businesses, nonprofits, community organizations, faith-based institutions, or government agencies.

Administrative and Indirect Costs

MEA will allow a grantee to claim up to 15% of the total Grant Amount for Administrative Costs and reimbursable Indirect Costs combined, in keeping with the following definitions:

- **Administrative Costs:** Salaries and wages for personnel managing the project and/or supplies purchased to administer the grant.
- **Indirect Costs:** Organizational costs that support this grant and other organizational activities, and that cannot be readily assigned to a single cost objective.

Grantees will be required to provide MEA with documentation, such as timesheets or other records, to justify the amount of Administrative Costs and Indirect Costs being requested for reimbursement under a grant.

Reporting and Reimbursement

Pursuant to the grant agreement, grant funds will be paid in arrears over the course of the grant period for the performance of eligible, approved activities. Reimbursement will be tied to demonstrated project progress and completion of approved milestones. The grant agreement will also include reporting requirements, which if not met, may result in a delay in reimbursement, disallowance of expense, or suspension of the grant.

Reimbursement requests may be submitted upon completion of one or more project milestones, subject to MEA approval. Eligible milestones may include, but are not limited to:

- Completion of ground loop installation (including drilling or trenching)
- Completion of GSHP equipment installation
- Final system commissioning, including completion of all required inspections

MEA may retain up to 25% of the total awarded grant amount until all incentivized GSHP systems are fully installed, commissioned, and operational, and all required documentation has been submitted and approved by MEA. Reimbursement requests should be submitted for multiple GSHP installations on a batched basis, rather than on a unit-by-unit basis.

Grant Program General Provisions

MEA grant programs are covered by general provisions that apply to all of its grant programs, the most current version of these General Provisions is [General Provisions v3 2.11.22](#). The latest approved version of this document will be incorporated into all FY26 grant agreements issued by 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. 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 determined after review of all proposals received and is subject to funding availability for the Program and any relevant legal requirement applicable at that time.

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