

EFFICIENCY MAINE

COMMERCIAL & INDUSTRIAL PRESCRIPTIVE PROGRAM

FUNDING OPPORTUNITY NOTICE (FON)

Hospitality Retrofits

FON-016-2024

Opening: March 27, 2024

Application Deadline: November 30, 2024

Or until funds have been exhausted

Project Completion Deadline: November 30, 2025



CONTENTS:

Section 1: Funding Opportunity Notice Information and Instructions

Section 2: Project Eligibility

Section 3: Application Requirements

Section 4: Submittal Instructions

Section 5: Project Approval and Incentive Offer Process

Section 6: Project Completion Process

APPLICATION DOCUMENTS:

- 1) Attachment A: FON Project Application and Commitment Form**
- 2) Attachment B: HVAC Project Application**
- 3) Qualified Partner Material Price Quote**

APPENDIX A: Sample Documents

- Scope of Work Sample**
- Project Acceptance Form Sample**

SECTION 1: FUNDING OPPORTUNITY NOTICE INFORMATION AND INSTRUCTIONS

1.1 Purpose

Through this Funding Opportunity Notice (FON or “opportunity”) Efficiency Maine is seeking applications for energy efficiency electrification projects involving whole-building heating, ventilation, and air conditioning (HVAC) projects in Maine hospitality businesses. This initiative falls under Efficiency Maine’s Commercial and Industrial Prescriptive Initiatives (CIPI). The program will refer to this opportunity as the Hospitality Retrofits Funding Opportunity Notice (or Hospitality Retrofits FON). This initiative offers higher incentives than typically provided under the CIPI, with the intent to accelerate the conversion to whole-building high-efficiency air-source heat pump HVAC equipment in motels with fewer than 100 beds.

1.2 Funding Description

This FON provides enhanced incentives for qualifying projects to upgrade HVAC systems in Maine hospitality businesses. See the charts below for incentive information on the qualifying equipment and see section 2.8 for a description of the criteria that will be used to determine which equipment (or “measures”) qualifies for these incentives. HVAC measures below are intended to serve the whole building or whole heating zone.

Single- or Multi-Zone Heat Pumps			
Zone(s)	Min. HSPF	Min. HSPF2	FON Incentive
1	12.5	9.5 ductless/8.1 ducted	\$1,800/unit
2	10.0	8.5	\$2,200/unit
3			\$2,600/unit
Heat pump retrofit projects must be sized and configured, informed by the current heating system capacity or a Manual J calculation. The heat pump must be configured as the primary heating system. Buildings that heat with natural gas are not eligible. Incentives are capped at 85% of invoiced project cost.			

Energy Recovery Ventilators (ERV)		
Measure Code	Sensible Heat Recovery	FON Incentive
ERV	≥ 55% to < 65%	\$2.25/CFM
	≥ 65% to < 75%	\$2.50/CFM
	≥ 75% to < 85%	\$2.75/CFM
	≥ 85%	\$3.00/CFM
CFM is Cubic Feet Per Minute. Incentives are capped at 90% of total material costs (without labor).		

Package Terminal Heat Pumps		
Measure Code	Heating Capacity Btu/hr	FON Incentive
PTHP	< 7,000	\$690
	≥ 7,000 and ≤ 15,000	\$720
	> 15,000	\$770
Incentives are capped at 90% of total material costs (without labor).		

Vertical Packaged Terminal Heat Pumps		
Measure Code	Heating Capacity Btu/hr	FON Incentive
VPTHP	< 7,000	\$1,100
	≥ 7,000 and ≤ 15,000	\$1,350
	> 15,000	\$1,600
Incentives are capped at 90% of total material costs (without labor).		

Hospitality Retrofits
CIP FON-016-2024

Heat Pump Rooftop Units (Ventilation)			
Heating Section of Existing System (MBh)	Required Heat Pump RTU* Heating Capacity (MBh)	Minimum Required Efficiency Criteria (Heating)	Incentive per Unit
60-80	24	8.5 HSPF or 7.2 HSPF2	\$5,000
81-120	36		\$8,000
121-160	48	2.0 COP	\$10,000
161-200	60		\$15,000
201-300	90		\$20,000
301-400	120		\$25,000
401-450	132		\$25,000
Heat Pump Rooftop Units must be sized and configured to serve the whole building, or whole zone. *Heating Capacity at 17°F. RTU must be all electric including supplemental heat. Incentives are capped at 85% of invoice project cost.			

Variable Refrigerant Flow (VRF) Systems				
Measure	Measure	Cooling Capacity (Btu per Hour)	Criteria (SEER, IEER or HSPF)	Incentive
VRF	Single-Phase VRF Air-Cooled Heat Pump	< 65,000	≥ 10 HSPF or 9 HSPF2	\$12.00/sq.ft.
	VRF Air-Cooled Heat Pump <u>without</u> Heat Recovery	≥ 65,000 and < 135,000	≥ 2.3 COP	\$15.00/sq.ft.
		≥ 135,000 and < 240,000	≥ 2.1 COP	
		≥ 240,000	≥ 2.1 COP	
	VRF Air-Cooled Heat Pump <u>with</u> Heat Recovery	≥ 65,000 and < 135,000	≥ 2.3 COP	\$18.00/sq.ft.
		≥ 135,000 and < 240,000	≥ 2.1 COP	
		≥ 240,000	≥ 2.1 COP	
VRF system must be configured as the primary heating system and will meet the required building heating load. Incentives are capped at 90% invoiced of project costs.				

Heat Pump Water Heater Systems*		
HPWH Integrated Storage - Gallons	Minimum Qualifying Efficiency Criteria	Incentive
80	ENERGY STAR®	\$2,800
120	ENERGY STAR®	\$4,000
Split-system with 80 gallon minimum	ENERGY STAR®	\$4,000
*For eligible lodging facilities only. Incentives are capped at 90% of total material costs (without labor).		

Hospitality Retrofits

CIP FON-016-2024

1.3 FON Schedule

Efficiency Maine will accept applications for the Hospitality Retrofits FON from March 27, 2024, through November 30, 2024, ***or until funding has been exhausted***. The CIPI team will review the applications and issue incentive offers in the form of a pre-approval offer email to applicants who meet the criteria within this FON, and as funding allows.

FON Schedule	
FON Issue Date:	March 27, 2024
Rolling Application Period:	March 27, 2024 – November 30, 2024
Project Completion Deadline:	November 30, 2025

1.4 FON Informational Webinars

Efficiency Maine will conduct three webinar presentations to inform interested parties on the specifics of this FON. It is not mandatory but recommended that the applicant attend. The webinar schedule appears below and to participate in a webinar presentation, register using the link attached to your desired date.

- Tuesday April 9, 2024, at 8:00 AM - [TO REGISTER, CLICK HERE](#)
- Thursday April 11, 2024, at 12:00 PM - [TO REGISTER, CLICK HERE](#)
- Wednesday April 17, 2024, at 10:00 AM - [TO REGISTER, CLICK HERE](#)

1.5 Project Development

Efficiency Maine offers a virtual building consultation service if you're not sure what energy efficiency solutions may exist in your building. If you wish to take advantage of this no-cost, no obligation service, [click here](#) and we will contact you to set up a time to discussion solutions best suit for your building.

1.6 Design Guidance for Air-Source Heat Pump (ASHP) Systems

Efficiency Maine requires all new ASHP systems to meet the whole-building heat load requirements and the building must be heated throughout the heating season. For facilities that are closed during the “off season” maybe eligible provided they heat to at least 40 degrees during the heating season. The following guidance is provided to assist in properly designing ASHP systems to ensure building occupants

are comfortable through Maine's heating season. HVAC retrofit projects can also replace a whole heating zone.

Step One: Calculate the Manual J heating requirement for each building/zone OR determine the current heating system heating capacity. The whole building must be part of this calculation.

Step Two: Use the output of the Manual J or the current heating system heating capacity to design the new heat pump system:

- Single zone without Manual J: Must be a 1:1 zonal replacement designed at a heating capacity that matches 60% to 100% of the current heating system capacity.
- Single zone with Manual J: Use Manual J output to design a system at a heating capacity for single zones with 80% to 120% of Manual J design load.
- Multizone: Use Manual J output to design a system at a heating capacity for single zones with 80% to 120% of Manual J design load.
- For all configurations, data from the manufacturer's specification sheet will be used when comparing the proposed design load to the existing heating capacity or Manual J output. The manufacturer's specification sheets must show the heating capacity of the proposed system at 5 degrees F or at design temperature.

Step Three: Once you've determined an ASHP design that matches rated capacity to the capacity percent ranges, select ASHP equipment that meets the efficiency criteria as described in Section 2.8.

SECTION 2: PROJECT ELIGIBILITY

2.1 Building and Business Eligibility

For this FON, eligible businesses and building types will be limited to:

- Motels: defined as having lodging room main entry directly from outside, not a hallway access, that
 - have fewer than 50 beds,
 - located in Maine, and
 - are not franchisees of, or owned by, a national or international chain.
- Inns that meet the same requirements as motels,
- Bed & Breakfast establishments.

Other businesses such as hotels, defined as lodging facilities with room entry from an interior hallway, rental homes, Airbnb, camps, cabins, cottages, and non-permanent structures are not eligible through this opportunity but may qualify for other incentives offered through Efficiency Maine. See efficiencymaine.com for more information.

2.2 Eligible High-Performance Heat Pump Projects

An eligible heat pump retrofit project is limited to the heat pump solutions listed in section 2.8. Heat pumps must meet the specified energy efficiency criteria, which an Efficiency Maine Qualified Partner

(QP) can determine. Efficiency Maine will confirm eligibility during a review of an application. The heat pumps must be installed and configured as the primary heating system and the existing system may stay in place if there is a control strategy that will ensure it remains backup. Projects must be completed by a QP. A Qualified Partner can be found by using the locator at efficiencymaine.com/at-work/qualified-partners/. To use the locator simply enter your ZIP code and desired radius before selecting “Heat Pumps and Cooling Solutions” in the “Services” menu.

2.3 Eligible Variable Refrigerant Flow (VRF) System Projects

An eligible VRF system retrofit project is limited to one of the systems listed in section 2.8. VRF projects must meet the specified energy efficiency criteria, which a QP can determine. Efficiency Maine will confirm eligibility during a review of an application. The installed VRF system must be installed and configured as the primary heating system and the existing system may stay in place if there is a control strategy that will ensure it remains backup. Projects must be completed by a QP. A Qualified Partner can be found by using the locator at efficiencymaine.com/at-work/qualified-partners/. To use the locator simply enter your ZIP code and desired radius before selecting “Heat Pumps and Cooling Solutions” in the “Services” menu.

2.4 Eligible Heat Pump Rooftop Units (RTUs)

An eligible RTU system retrofit project is limited to one of the systems listed in section 2.8. Replacing existing rooftop units (RTUs) with heat pump systems can significantly lower energy consumption while providing building ventilation, heating, air conditioning, and dehumidification. The replacement RTU must be all electric including the RTUs back-up heat. In addition, projects must be completed by a QP. A Qualified Partner can be found by using the locator at efficiencymaine.com/at-work/qualified-partners/. To use the locator simply enter your ZIP code and desired radius before selecting “Heat Pumps and Cooling Solutions” in the “Services” menu.

2.5 Eligible Packaged Terminal Heat Pump (PTHP) and Vertical Packaged Terminal Heat Pump (VPTHP) Projects

An eligible PTHP and VPTHP retrofit project includes the heat pump solutions listed in section 2.8. These heat pumps must meet the energy efficiency criteria, which an Efficiency Maine Qualified Partner (QP) can determine, and Efficiency Maine will confirm during a review of an application. In addition, projects must be completed by an Efficiency Maine Qualified Partner (QP). A Qualified Partner can be found by using the QP locator at efficiencymaine.com/at-work/qualified-partners/. To use the locator simply enter your ZIP code and desired radius before selecting “Heat Pumps and Cooling Solutions” in the “Services” menu.

2.6 Eligible Energy Recovery Ventilator (ERV) Projects


ERVs are often used to condition outside air that ventilates into a building, taking the load off a heating or cooling system and making them more efficient. For this FON, an eligible project is limited to the ERV solution and criteria listed in section 2.8. ERV projects must meet the specified energy efficiency criteria,

which a QP can determine. Efficiency Maine will confirm eligibility during a review of an application. In addition, projects must be completed by a QP. A Qualified Partner can be found by using the locator at <https://www.efficiencymaine.com/at-work/qualified-partners/>. To use the locator simply enter your ZIP code and desired radius before selecting “Heat Pumps and Cooling Solutions” in the “Services” menu.


2.7 Eligible Heat Pump Water Heating Projects


An eligible heat pump water heater retrofit project is limited to the systems listed in section 2.8. Replacing existing hot water heaters with heat pump systems can significantly lower energy consumption while providing domestic hot water needs. Projects must be completed by a QP. A Qualified Partner can be found by using the locator at <https://www.efficiencymaine.com/at-work/qualified-partners/>. To use the locator simply enter your ZIP code and desired radius before selecting “Heat Pump Water Heaters” in the “Services” menu.

2.8 Eligible Measures


Single or Multi-Zone Heat Pumps			
Zone(s)	Minimum HSPF/HSPF2	Description	Example Image
1 to 3 Indoor Units	12.5/9.5 ductless and 8.1 ducted for single-zone 10.0/8.5 for multi-zone	High-Performance Mini-Split Heat Pump System <ul style="list-style-type: none"> Incentives are capped at 85% invoiced of the project cost. System must serve as the primary heating and cooling system. Heat pump retrofits must be sized and configured as a whole building system or be used in conjunction with a VRF system. Heat pumps used as single space heating systems are not eligible for incentives. 	A mini-split heat pump outdoor unit. 


Heat pump retrofit projects must be configured as the primary heating and cooling system, informed by the current heating system capacity or a Manual J calculation. Buildings that heat with natural gas are not eligible. Incentives are capped at 85% of invoiced project cost.


Energy Recovery Ventilators	
Sensible Heat Recovery	Example Image
≥ 55%	
Incentives are capped at 90% of total material costs (without labor).	

Packaged Terminal Heat Pumps				
Measure Code	Cooling Capacity	Minimum Cooling Criteria* (EER)**	Minimum Criteria* Heating (COP)**	Example Image
PTHP	< 7,000	13.0	3.3	A PTHP unit.
	≥ 7,000 and ≤ 15,000	11.5		
	> 15,000	10.8		
	*Retrofit only. Must replace existing packaged terminal air conditioners (PTACs). PTHP systems must have active (reverse cycle) defrost or be able to run in heat pump mode below freezing temperatures. **EER is Energy Efficiency Ratio. COP is the heating Coefficient of Performance.			
Incentives are capped at 90% of total material costs of the units (without labor).				

Vertical Packaged Terminal Heat Pumps				
Measure Code	Cooling Capacity	Minimum Cooling Criteria* (EER)**	Minimum Heating Criteria* (COP)**	Example Image
VPTHP	< 7,000	11.0	3.3	A VPTHP unit.
	≥ 7,000 and ≤ 15,000			
	> 15,000			
	*Retrofit only. VPTHP systems must have active (reverse cycle) defrost or be able to run in heat pump mode below freezing temperatures. **EER is Energy Efficiency Ratio. COP is the heating Coefficient of Performance.			
Incentives are capped at 90% of total material costs of the units (without labor).				

Heat Pump Rooftop Units (Ventilation)				
Heating Section of Existing System (MBh)	Required Heat Pump RTU* Heating Capacity (MBh)	Minimum HSPF/Heating COP at 17°F	Minimum Required Efficiency Criteria (Cooling)	Example Image
60-80	24	8.5 HSPF/7.2 HSPF2	15 SEER	A heat pump RTU outdoor unit. 
81-120	36		15 SEER	
121-160	48	2.0 COP	12 EER	
161-200	60		12 EER	
201-300	90		11 EER	
301-400	120		11 EER	
401-450	132		11 EER	
HSPF is Heating Seasonal Performance Factor, COP is the Coefficient of Performance. Incentives are capped at 85% of project cost.				

Variable Refrigerant Flow Systems				
Measure Code	Measure	Heating Capacity Btu per Hour	Criteria (SEER, IEER or HSPF)	Example Image
VRF	Single-Phase VRF Air-Cooled Heat Pump with or <u>without</u> Heat Recovery	< 65,000	≥ 10 HSPF or 9 HSPF2	A VRF outdoor unit. 
	VRF Air-Cooled Heat Pump <u>without</u> Heat Recovery	≥ 65,000 and < 135,000	≥ 2.3 COP	
		≥ 135,000 and < 240,000	≥ 2.1 COP	
		≥ 240,000	≥ 2.1 COP	
	VRF Air-Cooled Heat Pump <u>with</u> Heat Recovery	≥ 65,000 and < 135,000	≥ 2.3 COP	
		≥ 135,000 and < 240,000	≥ 2.1 COP	
		≥ 240,000	≥ 2.1 COP	
VRF system must be used as the primary heating system and provide heat to the whole building, or a whole heating zone. Incentives are capped at 90% of invoiced project cost.				

Heat Pump Water Heater Systems			
Details	HPWH Integrated Storage	Minimum Qualifying Efficiency Criteria	Example Image
Must be a retrofit project. Must be installed outside the thermal envelope of the buildings. Retrofit project baseline must be electric resistance, propane, or oil-fired water heater. Projects with a natural gas baseline or existing heat pump hot water heater are not eligible. Incentives are capped at 90% of total material costs (without labor).	80 gallons	ENERGY STAR®	A heat pump water heater. 
	120 gallons	ENERGY STAR®	
	Split-system with 80 gallon minimum	ENERGY STAR®	

SECTION 3: APPLICATION REQUIREMENTS

Each applicant must submit the documentation listed below to be considered for incentives under this opportunity. Note that this documentation must include a material price quote obtained by the applicant from a Qualified Partner. Material quotes must include the make and model of each product used in the energy efficiency solution, the quantity of each and represent the costs to the customer. If multiple buildings within a business wish to participate in the FON, each building will be considered a separate project and therefore each building would require its own application and be subject to these requirements. The list of required documentation follows:

HVAC Projects:

- ☐ Attachment A: FON Project Application and Commitment Form
- ☐ Attachment B: HVAC Project Application
- ☐ Qualified Partner Material Price Quote to Customer
- ☐ [Heat Pump/VRF Project Pre-approval Checklist](#)

Additional documents for Heat Pump and VRF project applications:

- ☐ Installation design and proposed HVAC system layout
- ☐ Building layout or floor plan documentation with square footage
- ☐ Selection report (for ERV projects)
- ☐ Piping diagram or selection report (for VRF application)

**Efficiency Maine reserves the right to request additional information as needed prior to project approval.*

Applications that are incomplete will not be accepted by Efficiency Maine and will be returned to the applicant via email.

SECTION 4: SUBMITTAL INSTRUCTIONS

Project applications must include all materials (appropriate attachments) as requested in Section 3 and are to be emailed to CIP@efficiencymaine.com by the program applicant. The email subject line must include "CIPI FON-016-2024".

For questions throughout the process, applicants are encouraged to speak with a Qualified Partner (using the locator tool described in Section 2) or to contact the Program Team at (207) 213-6247 or CIP@efficiencymaine.com.

SECTION 5: PROJECT APPROVAL AND INCENTIVE OFFER PROCESS

The process to apply for a project incentive starts with obtaining pre-approval. This must be done prior to ordering, procuring, or installing any equipment or materials. By applying, the applicant is making a representation to Efficiency Maine that all information provided in connection with the application is complete and accurate at the time of submission. The intentional provision of any false or misleading information, or the intentional omission of material information, will result in the application being deemed ineligible. Efficiency Maine recognizes that, depending on the nature of a proposed project, third-party vendor, installer, or energy service companies (ESCOs) may assist in the preparation, submittal, and processing of an application on behalf of a customer. Notwithstanding the participation of a third-party vendor, installer or ESCO, Efficiency Maine considers the customer to be the FONs Applicant and requires the customer to be a direct party to the application. Efficiency Maine requires direct communication with the customer as necessary for review and evaluation of an application.

Because no project approval or incentive award is guaranteed, no third-party vendor, installer or ESCO should make any firm commitment of incentive award funds in advance of a final notice of award to the customer.

For applications received and accepted by the deadline listed in section 1.3, Efficiency Maine will review the data submitted to ensure accuracy. Incomplete applications will not be accepted and will be returned to the applicant prior to any review. Efficiency Maine reserves the right to conduct pre-inspections at project sites and/or to request additional information during the review process. A representative from Efficiency Maine may schedule site inspection visits through the point of contact listed in the FON Project Application and Commitment Form (Attachment A), during the pre-approval period.

Once Efficiency Maine completes its review, it will make a formal incentive pre-approval offer through an "Approved Scope of Work" emailed to the applicant and the installer. The Approved Scope of Work and Terms and Conditions will be sent to the applicant and will indicate the approved scope of work and project financials including costs and estimated payback and the approved project incentive pending project completion. Incentives received by the applicant may be taxable by the federal, state, and local government. A W9 will be sent with the Approved Scope of Work to ensure correct tax information of the applicant. If the applicant wishes to accept this incentive offer, the applicant, and the installer (QP)

must sign the Approved Scope of Work and Terms and Conditions and return them with the completed W9 for the applicant via email to the contact listed in Section 4.

Efficiency Maine will confirm receipt of an applicant's acceptance of the pre-approval incentive offer via email to the contacts listed on Project Application and Commitment Form (Attachment A) and include the Customer Project Acceptance Form detailing the scope of work. Only at this point may the applicant proceed with material ordering/purchasing and installation in accordance with the Approved Scope of Work.

SECTION 6: PROJECT COMPLETION PROCESS

Upon completion of all work as outlined in the Approved Scope of Work (see section 1.3 for project completion deadline), the applicant and the installing contractor must sign and return the Customer Project Acceptance Form along with any material invoices to the email address listed in Section 4. Efficiency Maine will conduct a final project review and process the applicant's incentive(s). Once the final project review has been completed, payment will be processed to the customer. Efficiency Maine reserves the right to conduct a post-installation inspection during the final project review. A representative from Efficiency Maine will schedule site inspection visits through the point of contact listed in the FON Project Application and Commitment Form (Attachment A). Efficiency Maine will conclude all approved incentive payments by December 31, 2025.