

### *Leading by Example to Accelerate the Transition to Electrification and Clean Energy*

Efficiency Maine is administering an initiative to help government building managers meet Maine's carbon reduction goals. The Lead by Example (LBE) Initiative provides agencies of the State of Maine (State) with technical and financial assistance for completion of projects that demonstrate a path towards net zero carbon buildings.<sup>1</sup> The initial priority of the Initiative is replacing propane- and oil-based heating systems with heat pump systems – so-called “**beneficial electrification**.” Other efficiency measures that qualify for Efficiency Maine’s traditional programs will also be supported, such as weatherization (air sealing and insulation), LED lighting retrofits, energy recovery ventilation (ERV), and distributed generation (solar PV).

## Overview of What the Initiative Offers

- **Technical Support**
  - Efficiency Maine may conduct a site visit to buildings that show strong potential for qualifying projects and prepare a summary analysis of the opportunities.
  - Projects that are deemed by Efficiency Maine to have a reasonable likelihood of meeting the Initiative eligibility requirements and being installed may receive further analysis of the project economics, feasibility, and design.
  - Efficiency Maine will offer retrofit projects help in developing a competitive bid solicitation.
- **Financial Incentives**
  - Eligible beneficial electrification projects at existing buildings will receive a cash incentive for 60% of the project costs.
  - Efficiency Maine will also help identify and facilitate standard incentives from Efficiency Maine’s current program offerings for other qualifying efficiency measures. These may include but are not limited to, LED lighting retrofits, energy recovery ventilation, HVAC controls, and beneficial electrification projects at new or renovated buildings.
- **Technical Assistance Funding**
  - The Trust may provide technical assistance in the form of a 50% cost share for development of bid solicitation documents by architectural or engineering firms
- **No Money Down Financing for Beneficial Electrification**
  - If the building is leased by the State under a long-term lease, Efficiency Maine may offer the landlord a low-interest loan for the balance of the HVAC upgrade cost such that no upfront capital expenditure is required by the landlord.

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<sup>1</sup> This initiative implements a recommendation of the Maine Climate Council for state government to “lead by example” in decarbonizing the heating and cooling of public buildings.

## Eligibility

Eligible facilities are existing buildings owned or leased by Maine State agencies<sup>2</sup> and, for the first phase of this initiative, using oil or propane fired heating systems.

Additionally, selected projects must:

- Achieve a savings to investment ratio (SIR) greater than 1.0 when comparing the net present value of the project's financial savings to its financial costs (which costs shall include any financial incentive from Efficiency Maine) when calculated over the useful life of the measures, as determined by Efficiency Maine.
- Heat pump systems must be installed as the primary heat source, capable of heating the whole building or nearly the whole building, with existing systems to be removed entirely or left in place to serve as emergency backup.

## Financial Support

The Initiative will initially focus on beneficial electrification retrofit projects and will offer both incentives and financing for selected projects. Other applicable incentive opportunities from Efficiency Maine's existing programs will also be available.

There is an annual limit of \$1,000,000 in total funding awards per facility under the terms of this initiative. Final incentive amounts may be adjusted by Efficiency Maine at project completion, as necessary, to reflect as-built conditions and to maintain established incentive award funding limitations.

## Beneficial Electrification Incentives at Existing Buildings

The amount of the incentives granted for beneficial electrification retrofit projects through the Initiative will be 60% of eligible project costs including equipment, installation, and decommissioning of existing fossil fuel systems.

Please note, this special incentive offer is not available for other measures nor to beneficial electrification projects at new buildings.

## Technical Assistance

The Trust may provide technical assistance (up to \$20,000 per agency) in the form of a 50% cost share for development of bid solicitation documents by architectural or engineering firms at its discretion. Bid solicitations should be coordinated with the Bureau of General Services BGS and after the Trust (or its representatives) perform an initial assessment of the host facility for eligibility of beneficial electrification and SIR.

## Other Incentive Opportunities

Additionally, Efficiency Maine will assist in identifying Prescriptive and Custom Program incentive opportunities and facilitate approvals where eligible. Prescriptive incentives are available for heat pumps at new buildings, LED lighting retrofits, and ERVs, while distributed generation (solar PV), air sealing and insulation incentives will be facilitated through the custom program. Full descriptions and details of available incentives are on Efficiency Maine's website.<sup>3</sup>

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<sup>2</sup> <https://www.maine.gov/portal/government/state-agencies/>

<sup>3</sup> Prescriptive incentives: <https://www.energymaine.com/at-work/ci-incentive-program/>

Custom incentives: <https://www.energymaine.com/at-work/commercial-industrial-custom-program/>

## Financing

Beneficial electrification projects that receive approval and an incentive may have the option to arrange financing for the balance of the project cost. This means the project may proceed quickly and without the need to make a down-payment. The agency or department will not be required to provide any of the initial funding to purchase and install the equipment. Project costs directly associated with other qualifying efficiency measures that are installed contemporaneously with the beneficial electrification may be included in the financing at the Trusts discretion and as funding allows. Details of financing arrangements will be provided separately.

## Application Process

- Step 1: Applicant submits an emailed notice of interest to EMT Initiative point of contact.
- Step 2: Efficiency Maine coordinates a site visit or meeting to evaluate eligibility and potential opportunities. Applicant will be required to submit 1 year of historical energy use and costs as well as describe building operational characteristics.
- Step 3: Applicant invited to apply for eligible opportunities through written notice from Efficiency Maine. Potential incentives will be outlined as well as maximum cost per square foot that can be supported by the Initiative for beneficial electrification retrofits.
- Step 4: EMT coordinates meeting with Applicant and Bureau of General Services (BGS) to discuss likelihood of project meeting SIR requirements, agency budget restrictions, and scope of work.
- Step 5: Applicant submits project to BGS.
- Step 6: Applicant contracts with consultant to develop project bid solicitation(s) for eligible opportunities in coordination with BGS. Efficiency Maine provides support as needed to draft, edit, and distribute to interested vendors.
- Step 7: Efficiency Maine completes review of project and incentive eligibility based on bid solicitation specifications and costs.
- Step 8: Applicant receives bids and submits bid selection to Efficiency Maine, who will be available to help review and analyze.
- Step 9: Efficiency Maine completes final review of energy savings, SIR, incentive award and resulting financing options.
- Step 10: Applicant awards contract to winning bidder to implement project and executes contract with EMT for incentives, and any loan or lease repayment terms.
- Step 11: BGS approves construction contract.
- Step 12: EMT distributes incentives and financing awards.

## Award Criteria

Efficiency Maine will prioritize those projects that are likely to be the most cost effective provided that they also reduce greenhouse gas emissions. Additionally, Efficiency Maine will prioritize projects where:

- There is a demonstrated need for financial support for a beneficial electrification project to proceed; and
- The host facility has internal preapprovals or other demonstrated commitment to proceed.

Beneficial electrification retrofit projects meeting the eligibility requirements will be reviewed and selected on a rolling basis until the funding is exhausted.<sup>4</sup>

Following the application review process, incentive award decisions will be made by Efficiency Maine and communicated to the applicant in writing via email. Notwithstanding any statement or prior course of conduct to the contrary, no application shall be deemed approved, and no incentive shall be deemed awarded in the absence of a specific written notice of award from Efficiency Maine.

## To Get Started

Efficiency Maine encourages any interested parties to contact:

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## Background

On November 26, 2019, Governor Mills signed Executive Order 13 establishing a new initiative of state government to “Lead by Example” in efforts to lower the carbon footprint of its operations. The stated policy goal of the Executive Order was for:

Maine state government [to] lead by example in investing in energy efficiency, renewable energy, and emissions reductions; promoting health and sustainability in the workplace; and building resilient infrastructure. State government operations will strive to equal or exceed Maine’s emissions reduction targets and seek cost efficiencies. State facilities will be designed with greater resilience to new climate conditions. These efforts aim to reduce waste, promote employee health and increase operational efficiency.<sup>5</sup>

Per a December 29, 2020 Memorandum of Understanding (MOU) between Efficiency Maine and the Office of the Attorney General for the State of Maine, Efficiency Maine received

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<sup>4</sup> In the event Efficiency Maine has insufficient funds to satisfy all qualifying bids, bids having the highest SIR will be awarded.

<sup>5</sup> Executive Order 13 of FY19-20, An Order for State Agencies to Lead By Example and Reduce Costs through Energy Efficiency, Renewable Energy and Sustainability Measures, 11/26/2019.

\$3,667,157.43 in VW settlement funds to support a program to promote the increased installation and use of clean, cost-effective energy measures at State properties.

The resulting Initiative seeks to go above and beyond Efficiency Maine’s existing energy efficiency offerings available to State properties through its “Custom and Prescriptive Programs.” It focuses squarely on the beneficial electrification of fossil-fuel fired heating systems — a key strategy of the State’s Climate Action Plan.

Beneficial electrification is an approach to greenhouse gas (GHG) mitigation that involves transitioning energy end uses from fossil fuels to cleaner electricity; as the trend toward a decarbonized electricity supply continues, supporting more end uses with electricity means powering more of our energy needs with renewables.

The goal is to target projects with high GHG-reductions per dollar, high savings-to-investment ratios, and high replicability.

## **Limitations**

This solicitation does not commit Efficiency Maine to make an award, to pay any costs incurred in preparing an application or provide oral or written clarification of its contents, or to procure or contract for services or supplies.

Efficiency Maine reserves the right to reject any application that in its sole determination does not meet the requirements and specifications of the LBE Initiative, Efficiency Maine's rules, Maine law, or generally accepted business practices, or which contains inaccurate or incomplete information. Efficiency Maine may seek clarifications and supplementation of applications as it may deem reasonable.