

EFFICIENCY MAINE

COMMERCIAL & INDUSTRIAL PRESCRIPTIVE INITIATIVES

FUNDING OPPORTUNITY NOTICE (FON)

**Municipal Electrification Retrofits
CIPI FON-019-2025**

Opening: October 1, 2024

Application Deadline: ~~March 31, 2025~~ June 30, 2025 (extended)

Project Completion Deadline: November 30, 2025



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APPLICATION DOCUMENTS:

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

APPENDIX A: Sample Documents

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

SECTION 1: OVERVIEW 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) systems in Maine municipalities and tribal governments with a population of less than 10,000 residents. This opportunity is intended to target municipal buildings currently heated with oil, kerosene, propane, or electricity. 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 Maine municipal buildings.

1.2 Funding Description

This FON provides enhanced incentives for qualifying projects to install whole-building HVAC systems in municipal buildings. 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. The Nature Conservancy (TNC) in Maine is providing \$1,000 towards the first 100 pre-approved mini-split single-zone heat pump installations. This enhanced incentive is being provided through a \$100,000 contribution from TNC. Final approved incentives from Efficiency Maine and TNC will be paid out separately. Towns that have already submitted a project application may not resubmit that application due to changes in incentive amounts.

Single-Zone Heat Pumps			
Zone	Min. HSPF	Min. HSPF2	FON Incentive
1	12.5	9.5 ductless/8.1 ducted	\$1,800/unit \$2,800/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	≥ 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).		

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/7.2 HSPF2/2.0 COP	\$7,000
81-120	36		\$10,000
121-160	48	2.0 COP	\$12,000
161-200	60		\$17,000
201-300	90		\$22,000
301-400	120		\$27,000
401-450	132		\$27,000
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 invoiced project cost.			

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Variable Refrigerant Flow (VRF) Systems					
Measure Code	Measure	Cooling Capacity Btu per Hour	Criteria (SEER, IEER or HSPF)	Incentive	
VRF	Single-Phase VRF Air-Cooled Heat Pump with or without heat recovery	< 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	≥ 2.25 COP	\$15.00/sq.ft.	
		≥ 135,000 and < 240,000	≥ 2.1 COP		
		≥ 240,000	≥ 2.05 COP		
	VRF Air-Cooled Heat Pump <u>with</u> Heat Recovery	≥ 65,000 and < 135,000	≥ 2.25 COP	\$18.00/sq.ft.	
		≥ 135,000 and < 240,000	≥ 2.1 COP		
		≥ 240,000	≥ 2.05 COP		
	VRF system must be configured as the primary heating system and will meet the required building heating load. Incentives are capped at 90% of invoiced 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
Incentives are capped at 90% of total material costs (without labor).		

Single Package Heat Pumps (Splitless)		
Measure	Heating Capacity (Btu/h)	FON Incentive
SPHP	≥ 7,000 and ≤ 9,500	\$3,700
Incentives are capped at 90% of total material costs (without labor).		

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1.3 FON Schedule

Efficiency Maine will accept applications for the Municipal Electrification Retrofits FON from October 1, 2024, through ~~March 31, 2025~~ **June 30, 2025 (extended), or until funding has been exhausted**. The CIPI initiative 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:	October 1, 2024
Rolling Application Period:	October 1, 2024 to March 31, 2025 June 30, 2025 (extended)
Project Completion Deadline:	November 30, 2025

*Or until funding has been exhausted

1.4 FON Informational Webinars

Efficiency Maine will conduct four 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 and time.

- Tuesday October 29, 2024, at 9:00 AM - [TO REGISTER, CLICK HERE](#)
- Wednesday October 30, 2024, 1:00 PM - [TO REGISTER, CLICK HERE](#)

1.5 Project Scoping Assistance

Efficiency Maine offers a virtual building consultation service if you are 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 discuss solutions best suited for your building and how to get started.

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. The following guidance is provided to assist in properly designing ASHP systems to ensure building occupants are comfortable through Maine’s heating season.

Step One: Calculate the Manual J heating requirement for each building/space OR determine the current heating system heating capacity. The whole building must be part of this calculation. A retrofit of a heating zone must serve a minimum of at least 50% of the building’s calculated

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heat load or 50% of the existing system's current heating capacity. This applies to all heat pump and VRF systems.

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

- If using the current heating system heating capacity, the proposed ASHP design heating capacity at 5°F must be within 60% to 100% of the current heating system heating capacity.
 - If 5°F is not available, the heating capacity at 17°F shall be used
- If using a Manual J calculation, the proposed design heating capacity at 5°F must be within 80% to 120% of the Manual J design load.
 - If 5°F is not available, the heating capacity at 17°F shall be used

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 2.9.

1.7 Municipal Financing

The Municipal Lease from Efficiency Maine Green Bank is designed to help municipalities and schools afford the remaining project cost after an Efficiency Maine rebate. Participants can finance these co-pays through a non-debt finance vehicle known as a "municipal lease." The Efficiency Maine Green Bank pairs Efficiency Maine program participants with private, Maine-based lenders that provide this type of financing.

A municipal lease is an effective alternative to traditional debt financing (bonds, loans, etc.) because it allows a public organization to pay for energy upgrades by using money that is already set aside in its annual utility budget. Essentially, the lessee uses utility bill savings to pay for the financing costs. For more information on municipal leases, please [click here](#).

SECTION 2: PROJECT ELIGIBILITY

2.1 Eligible Municipalities

2.1.1 Eligible municipalities will be limited to those with a population less than 10,000 residents. 2020 census data will be used to determine municipal populations for the purposes of this FON. Maine tribal governments are eligible for this opportunity. Municipalities that have more than 10,000 residents are not eligible through this FON but may qualify for incentives offered through Efficiency Maine Prescriptive Initiatives. See efficiencymaine.com/at-work/municipal/ for more information.

2.1.2 Eligible building types include:

- Community center
- Fire station
- Police station
- Public safety buildings (combined fire and police services)
- Public works facility (office, garages, bus garages)

- Town hall
- Town libraries

2.1.3 Ineligible building types include:

- Outbuildings - (i.e. sport, storage, playground)
- Schools
- Pump stations
- Modular (non-permanent) structures
- Water treatment plants
- Wastewater treatment plant

2.1.4 Projects with previous preapproval that have not begun installation and would like to reapply with an expanded project scope under this FON must comply with all requirements of this FON and final determination of eligibility to reapply lies with Efficiency Maine.

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 for high-efficiency heat pumps. 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 be configured for supplemental heating, if necessary. Projects must be completed by a QP. A Qualified Partner can be found by using the locator at <https://www.energymaine.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 for the whole building or a qualifying heating zone. A retrofit of a heating zone must serve a minimum of at least 50% of the building’s calculated heat load or 50% of the existing system’s current heating capacity. This applies to all heat pump and VRF systems.** Project incentives for this category will cover a portion of the project cost. Projects must be completed by a QP. A Qualified Partner can be found by using the locator at <https://www.energymaine.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. Project incentives for this

category will cover a portion of the equipment cost. 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 <https://www.energymaine.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 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.energymaine.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 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. Project incentives for this category will cover a portion of the equipment cost. Projects must be completed by a QP. A Qualified Partner can be found by using the locator at <https://www.energymaine.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.


2.7 Eligible Single-Packaged Heat Pump (Splitless) Projects

An eligible single-packaged heat pump (splitless) 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 [energymaine.com/at-work/qualified-partners/](https://www.energymaine.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.


2.8 Eligible Solutions


Single-Zone Heat Pumps			
Zone(s)	Minimum HSPF/HSPF2	Description	Example Image
1 Indoor Unit	12.5/9.5 ductless and 8.1 ducted for single-zone	<p>High-Performance Mini-Split Single-Zone Heat Pump System</p> <ul style="list-style-type: none"> • Incentives are capped at 85% of the invoiced 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. 	<p>Mini-split heat pump outdoor unit.</p> 

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
<p>≥ 55%</p>	
<p>Sensible heat recovery unit transfers heat from exhaust to new supply coming in (heat needed to raise temperature). Incentives are capped at 90% of total material costs (without labor).</p>	


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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	Example Image
60-80	24	8.5 HSPF/7.2 HSPF2/2.0 COP	
81-120	36	8.5 HSPF/7.2 HSPF2	
121-160	48	2.0 COP	
161-200	60	2.0 COP	
201-300	90	2.0 COP	
301-400	120	2.0 COP	
401-450	132	2.0 COP	
HSPF is Heating Seasonal Performance Factor, COP is the Coefficient of Performance. Incentives are capped at 85% of invoiced 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			
	VRF Air-Cooled Heat Pump <u>without</u> Heat Recovery	≥ 65,000 and < 135,000	≥ 2.25 COP			
		≥ 135,000 and < 240,000	≥ 2.1 COP			
		≥ 240,000	≥ 2.05 COP			
	VRF Air-Cooled Heat Pump <u>with</u> Heat Recovery	≥ 65,000 and < 135,000	≥ 2.25 COP			
		≥ 135,000 and < 240,000	≥ 2.1 COP			
		≥ 240,000	≥ 2.05 COP			
	VRF system must be used as the primary heating system and provide heat to the whole building. Incentives are capped at 90% of invoiced project cost.					

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Single-Packaged Heat Pumps (Splitless)			
Measure Code	Cooling Capacity	Criteria Heating HSPF/COP	Example Image
SPHP	≥ 7,000 and ≤ 9,500	6.3 HSPF/3.3 COP	
	HSPF is Heating Seasonal Performance Factor. COP is the Coefficient of Performance at 47 deg F.		
Incentives are capped at 90% of total material costs of the units (without labor).			

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®	
	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 municipal buildings within a municipality 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 and Water Heating Projects:

- Attachment A: FON Project Application and Commitment Form
- Qualified Partner Material Price Quote to Customer

Additional documents for HVAC 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)

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**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-019-2025".

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. 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

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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.