



**EFFICIENCY MAINE TRUST
PROGRAM OPPORTUNITY NOTICE**

**COMMERCIAL AND INDUSTRIAL CUSTOM PROGRAM
MANUFACTURER THERMAL EFFICIENCY PROJECTS**

PON EM-004-2024 v2

Opening: July 1, 2023

Closing: June 30, 2024

CONTENTS

SECTION 1: PON INFORMATION AND INSTRUCTIONS..... 3

SECTION 2: PROJECT ELIGIBILITY 4

SECTION 3: AWARD CRITERIA..... 6

SECTION 4: APPLICATION REQUIREMENTS 8

SECTION 5: SUBMITTAL INSTRUCTIONS11

SECTION 6: INCENTIVE AWARD.....11

Section 1: PON INFORMATION AND INSTRUCTIONS

1.1 Purpose of This Application Request

Through this competitive Program Opportunity Notice (PON), the Efficiency Maine Trust (the Trust or “EMT”) is seeking applications for projects that reduce fuel use through the installation of more efficient equipment by manufacturing customers within the State of Maine. The Trust will refer to this as the “Manufacturer PON.” Projects awarded through this PON will be supported with American Rescue Plan Act (“ARPA”) Coronavirus State and Local Fiscal Recovery Funds allocated to the Trust through the Maine Jobs & Recovery Plan.

1.2 Program Overview

The Trust is seeking applications for efficiency projects that reduce fuel use at Maine manufacturing businesses through the installation of more efficient equipment.

Incentive awards are anticipated to range from \$5,000 to \$1,500,000 per project per fiscal year.¹

For incentive award consideration, applicants must submit a timely and complete application that satisfies the criteria and requirements set forth in this PON.

1.3 Contact Person

The Trust encourages any applicant who has interest in or questions around this PON to contact the Trust. The Trust’s sole designated contact for this PON is as follows:

Jesse Remillard, Senior Program Manager
Efficiency Maine Trust
168 Capitol Street, Suite 1
Augusta, ME 04330-6856
jesse.remillard@efficiencymaine.com
207-368-2558

1.4 Program Term

The Trust will accept applications to the Custom Manufacturing PON starting on July 1, 2023 and ending on June 30, 2024. The Trust will review these applications periodically and make awards to applicants who meet the criteria within this PON, as funding allows.

1.5 Efficiency Maine Trust Rules

Notwithstanding anything to the contrary in this PON, all applications submitted in response to this PON, and any project award and Incentive Agreement resulting from this PON, shall be subject to all applicable rules and regulations of the Efficiency Maine Trust. *See State of Maine Rules Chapters for Independent Agencies, 95-648* Efficiency Maine Trust.

¹ Efficiency Maine operates on a fiscal year from July 1 to June 30.

Section 2: PROJECT ELIGIBILITY

The Trust has budgeted a total of approximately \$2.5 million to be awarded to projects submitted under this PON.

2.1 Award Amounts and Limitations

There is an annual limit of \$1,500,000 in total funding awards per participating entity under the terms of this PON. The limit applies to single entities or multiple entities that are part of an affiliated group of companies under common ownership or control. The limit will be applied to all projects awarded by the Trust under this PON during the Trust’s fiscal year (July 1, 2023 through June 30, 2024). Awards from the Trust made to the participating entity through the Custom Electric PON-EM-001-2024, the Custom Thermal PON-EM-002-2024, the Custom Distributed Generation PON-EM-003-2024, or through the Trust’s Commercial and Industrial (C&I) Prescriptive Initiatives for other projects will not be counted toward this cap.

PON Award Limitation: The incentive award for eligible projects will be capped at the lesser of the following limitations. Note that a bonus “cost share” from the Trust will be available for beneficial electrification or heat recovery projects with sufficient energy savings²:

Parameter	Retrofit	New Construction (NC) or Equipment at End of Useful Life (EUL)
Base Incentive Rate	\$100 per MMBtu of annual fuel savings	
Standard EMT Cost Share	60% of net cost	80% of the net <u>incremental</u> cost
Bonus EMT Cost Share (Beneficial Electrification or Heat Recovery)	70% of net cost	90% of the net <u>incremental</u> cost
Fiscal Year Incentive Limit	\$1,500,000	
Simple Payback	1.0 year based on full project cost	1.0 year based on incremental cost

For retrofits of existing equipment, applicants must provide a minimum 40% cost share for the project. The project cost is the net cost to the applicant (i.e., any tax credits and/or grants are deducted from the total cost to derive the net cost).

For new construction or projects that are deemed a ‘lost opportunity’ by the Trust, such as replacement of a piece of equipment that is at or near the end of its useful life, applicants must provide a minimum

² Beneficial electrification will include any project that displaces fuel with electric energy and that improves net energy efficiency (reduces net energy use). Heat recovery projects will include any project that recovers waste heat to offset fuel use. The Trust will be the final arbiter of what qualifies as beneficial electrification and heat recovery for the bonus cost share.

of 20% of the incremental cost³ as measured between the efficient alternative and the industry standard equipment as determined by the Trust. Again, this incremental cost is the net cost differential to the applicant after any tax credits or grants.

Final incentive amounts may be adjusted by the Trust at project completion as necessary to reflect as-built conditions and to maintain established incentive award funding limitations. Incentive awards may be adjusted to account for any tax credits and/or third-party grant funding awarded to or received by the applicant.

The minimum size award that will be eligible and considered for funding through this this PON is \$10,000, except that if the facility employs less than 50 employees, the minimum award eligible through this PON will be \$5,000.

2.2 Eligible Projects

An eligible project is a measure or set of measures at a manufacturing facility that increases production thermal efficiency (reduced fuel use per widget produced) as calculated consistent with the provisions of Section 3.1. Also:

- Incentives awarded under this PON are intended to influence the implementation of projects that the applicant could not implement in the foreseeable future if not for the incentive.
- Projects must achieve a benefit-cost ratio greater than 1.0 using the benefit-cost test administered by the Trust.

For the purposes of this PON, a manufacturing facility is defined as those meeting North American Industry Classification System⁴ codes 31 through 33. These are broadly defined as *establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products*, and include categories such as food, beverage, textile, wood products, plastics, chemical, metal, and computer products manufacturing.

The Trust reserves the right to assign an equipment measure life for the cost-benefit analysis based on its assessment of the measure life of the proposed system or equipment. The assigned measure life may vary from the measure lives contained in the Trust's Technical Reference Manuals.⁵

Bundling of measures within the same building or across multiple buildings or campuses is allowed only when all associated locations are the property of one entity with a single tax ID. Measures can only be bundled at the technology or measure-type level. For example, rooftop units can be bundled with rooftop units, and envelope measures can be bundled with envelope measures, but rooftop units cannot be bundled with envelope measures. Each individual measure must satisfy the Trust's cost-effectiveness screening on its own. Only cost-effective measures will be included in the final tally of bundled project costs and savings. Measures with strong benefit-cost ratios (>1.0) are not allowed to support measures with low benefit-cost ratios (<1.0) for the purpose of eligibility. Note, individual cost-effective measures do not have to meet the minimum program savings and cost requirements on their

³ Incremental cost is defined as the cost difference between the proposed project and the baseline or industry standard practice project cost. The baseline may also be defined as the equipment or system that the Applicant would pursue in the absence of an incentive.

⁴ <https://www.census.gov/naics/>

⁵ For the most recent versions of the Technical Reference Manuals, please visit <https://www.energymaine.com/about/library/policies/>

own, provided that the final bundle of cost-effective measures meets or exceeds those thresholds.

2.3 Ineligible Projects

The following projects are not eligible for funding under this incentive program:

- Measures required by state or federal law or local building or energy codes, or measures that are deemed by the Trust to represent standard industry practice;
- Projects for which the customer (or its affiliate) has made binding commitments to proceed, or paid for any portion of the project cost, prior to the official award of funding under this PON;
- Measures that rely solely on human behavior changes or facility maintenance;
- Seed money for projects to be completed and funded subsequently;

Additional limitations include:

- Incentive funds cannot be used to offset costs associated with developing the project application;
- All costs associated with the warranty are the responsibility of the applicant or their contractor/vendor; and,
- The Trust reserves the right to deny applications that include refurbished or used equipment.

2.4 Other Efficiency Maine Programs

A project that is awarded an incentive through this PON cannot receive any additional incentives from Efficiency Maine's C&I incentive programs. Notwithstanding the foregoing, to the extent a single project described in an application under this PON may realize savings across different energy classifications or program categories, the Trust may make an award based on the primary savings source category along with program funds from the secondary savings category as the Trust may determine to be appropriate in the circumstance. In no event will an award for an application under this PON exceed the limitations set forth in Section 2.1 regardless of individual or aggregated program funding sources.

Section 3: AWARD CRITERIA

Successful applications for an incentive award will demonstrate the project's ability to meet or exceed the criteria related to thermal efficiency projects and overall project readiness described in this section.

3.1 Thermal Efficiency

The Trust will consider the following factors when determining the magnitude of the MMBtu savings.

1. The reductions must be measurable.
2. The equipment must be located within the State of Maine.
3. For the replacement of existing equipment that does not meet the criteria set forth in number four of this section, MMBtu reductions will be measured by the increases in efficiencies directly attributable to the new equipment.
4. For new facilities, facility expansions, or projects that are deemed a 'lost opportunity' by the Trust, such as replacement of a piece of equipment that is at or near the end of its useful life, the reductions will be the difference between the MMBtus that would be consumed with industry standard equipment or processes and the MMBtus that will be consumed in the proposed project.

5. Efficiency projects that involve switching from one fuel to another fuel will be treated as new construction and the MMBtu reduction will be measured as the difference between the energy that would be consumed through the use of industry standard equipment burning the new fuel and the energy that will be consumed in the proposed new energy-efficient equipment.

All applications will be subject to an engineering review by an independent firm retained by the Trust to assist in the validation of projected energy savings. The Trust reserves the right to request more information and/or to modify applicant claims of MMBtu reductions based on the independent engineering analysis before making an award. The Trust and its contractors make no guarantees on the claimed energy savings.

The Trust reserves the right to reject applications that do not fundamentally advance the goals of reducing thermal energy use or do not have a benefit-to-cost ratio greater than one using the benefit-cost test administered by the Trust.

3.2 Management and Resource Adequacy and Readiness

Applications will also be evaluated on the basis of the resources and management in place to execute and maintain projects, as well as an overall assessment of project readiness, including commitments for match funding. Please refer to Section 4 for application requirements.

The Trust will consider evidence that the following factors are in place when making decisions related to management and resource adequacy and readiness:

- **Project Approvals**, including evidence that all necessary internal approvals to proceed with the proposed measures are in place should the project receive an award;
- **Costs and Financing**, including evidence of applicant's ability to fund the project costs, net of the Trust's incentive and as required in section 2.1, through internal sources, third-party financing agreements, project partners, or other commitments;
- **Project Budget and Schedule**, including the reasonableness of the applicant's budget and schedule and the ability of the project to reach completion within one year of the award date or another agreed-upon time frame;
- **Permitting**, including the need for and status of all necessary permitting, including the ability of the applicant to secure the equipment on-site within the project schedule, and suitability of the selected equipment to the project;
- **Project Management Organization and Qualifications**, including the relevant corporate qualifications as well as key relevant personnel experience and qualifications; and
- **Risk Management**, including the strategies in place to limit exposure to uncertain future events that, if they materialize, will impact the ability of the project to deliver the claimed MMBtu reductions detailed in section 3.1.
- **Business and Financial Condition**: The applicant must be a business in good standing in the State of Maine. In addition to requiring evidence of management and resource adequacy and readiness to construct and operate the project, the Trust may consider other relevant information regarding the applicant's business and financial condition, as well as general industry conditions relevant to the applicant and the proposed project.

The Trust reserves the right to disqualify an application that fails to demonstrate sufficient experience, planning, resources, and risk management needed to execute a successful project within a reasonable

timeframe.

The Trust reserves the right to reject an application in whole or in part if it determines, in its reasonable discretion, that project costs, expenses, or charges are unreasonable.

3.3 Third-Party Vendors and Energy Service Companies

The Trust recognizes that, depending on the nature of a proposed project, third-party vendors or energy service companies (ESCOs) may assist in the preparation, submittal and processing of an application on behalf of a customer – the property owner or tenant of the manufacturing facility that is receiving the energy improvements. Notwithstanding the participation of a third-party vendor or ESCO, the Trust considers the customer to be the program participant and requires the customer to be a direct party to the application. The Trust requires direct communication with the customer as necessary for review and evaluation of an application and proposed project. Customer and its third-party vendor or ESCO must consult with Trust staff regarding proposed project timing, scope, and any necessary pre-approval review. Because no project approval or incentive award is guaranteed, no third-party vendor or ESCO should make any firm commitment of incentive award funds in advance of a final notice of award to the customer.

Section 4: APPLICATION REQUIREMENTS

Applications must present a concise and complete description of the proposed project and the applicant's capabilities for satisfying the requirements outlined in this PON. Applicants must adhere to the following outline and page limitations where specified:

4.1 Project Application Cover Sheet

Please submit a signed copy of the [application cover sheet](#) by email.

4.2 Non-Confidential Project Overview (Not to exceed One Page)

Please provide a brief non-confidential project overview for the Trust to circulate to the public in the event that the applicant's proposed project is awarded funding.

4.3 Project Overview (Not to Exceed One Page)

Please provide a brief project overview including measure description, project management team, and an overview of the project's financial backing.

4.4 Technical Proposal

The project application should focus on the Technical Proposal.

Applicants should expect that the Trust's review staff will have questions about the proposed equipment and existing/baseline equipment operation. Additionally, the Trust reserves the right to require additional information about the equipment or facility operation in order to validate energy impacts. At a minimum, a complete application includes:

1. Proposals or quotes for project:
 - The proposals or quotes should include a list of equipment and components to be installed, including model numbers where appropriate, and identify any subcontractors involved.

- If proposals or quotes do not identify the breakdown of equipment and labor costs, this information may be requested from the vendor.
 - For new construction or end of useful life scenarios, a proposal or quote for both the baseline and high efficiency system will be needed. Alternatively, the quote may identify the high efficiency system as an option to a baseline proposal.⁶
2. A description of existing or baseline equipment and operation, including:
 - Technical details about operational parameters including metered data for the equipment or process to the extent it is available.
 - Hours of operation for the process or equipment.
 - Make and model numbers and specification sheets if available.
 3. Existing facility energy usage and cost records, including:
 - At least one year of electrical usage and cost data if impacted by the measure.
 - At least one year of fuel usage and cost data.
 4. Energy savings analysis
 - Incentive awards cannot be made until a detailed and defensible energy savings analysis is completed. It is expected that applicants with the appropriate resources will submit an analysis of estimated energy savings, which the Trust's delivery contractor will review. Applications submitted without a savings analysis or with a rudimentary savings analysis may require additional time for review.
 - The analysis must make use of metered or historical performance data to the greatest extent possible. Where this data is not available or practical to obtain, inputs and assumptions used in the analysis must be project-specific, with clear explanation of how they are derived.

Where appropriate, please include an electronic Excel file with your application submission to document submitted savings estimates and/or operating parameters. Energy savings calculations submitted in a PDF format will not be accepted. Address any major assumptions or operating parameters in the project summary or existing equipment description.

The Trust reserves the right to do a pre-award inspection and to review and adjust savings or cost calculations. In all cases, the Trust's determinations about costs and savings and other technical or operational items will be final.

4.5 Management and Resource Adequacy and Readiness (Not to exceed Two Pages)

Please provide a description of the resources and planning in place and documentation of project readiness. Relevant information may include:

⁶ Baseline proposals should be based on industry standard practice or what would be installed in the absence of an incentive.

1. **Project Approvals:** Applicants should provide a description of their approval process for the project.
2. **Statement of Incentive Need to Proceed:** Applications should include a discussion of the need for the incentive, and an attestation from the participant documenting the influence of the incentive on the decision to proceed with the project.
3. **Return on Investment Requirements and Cost Share:** Please state the typical desired simple payback for energy efficiency projects at your business as well as a description of how the applicant's cost share will be paid.
4. **Project Budget and Schedule:** Provide an estimated project schedule, including project milestones such as:
 - Significant budget items
 - Any pending internal or external approvals that are necessary for the project to move forward and a date certain for obtaining them
 - Planned equipment purchases, installation, and testing
 - Risk management strategies
5. **Permitting:** If applicable, provide an explanation of any permits needed for the project to proceed
6. **Project Management Organization and Qualifications:** Provide a brief description of the major roles and assignees for the project.
7. **Business and Financial Condition:** The Applicant must be a business in good standing in the State of Maine. In addition to requiring evidence of management and resource adequacy and readiness to construct and operate the project, the Trust may consider other relevant information regarding the Applicant's business and financial condition, as well as general industry conditions relevant to the applicant and the proposed project.

4.6 Milestones and Funding Schedule (Not to Exceed One Page)

For incentives less than \$200,000, the award will be disbursed after the project has been completed, all supporting invoices are provided, a satisfactory post installation inspection has been completed, and the final incentive amount has been determined. For incentives greater than \$200,000, award funding will be disbursed at project milestones as established in the contract. The final milestone payment (at least 10% of the incentive award) will not be awarded until the project is complete, supporting documentation is provided and a satisfactory final post-installation inspection has been conducted. Should a large custom award be made (<\$200,000), please outline the major milestones of your project and a proposed payment schedule. The Trust will look to the funding schedule to confirm whether applicants have shared project risk with the Trust.

4.7 Additional Requirements – Third-Party Vendors and Energy Service Companies

Proposals involving projects to be administered by a third-party vendor or ESCO are often comprehensive and may include work and measures that are unrelated to energy efficiency measures that come within the scope of this PON. As such, it can be difficult for the Trust to break out costs and savings associated with a particular measure and to accurately apply required criteria for proposal screening, cost effectiveness, and other elements of required review. The Trust reserves the right to

require additional information as necessary to assess an application submitted or supported by a third-party vendor or ESCO to ensure compliance with statutory and regulatory requirements and Trust criteria, including, without limitation:

1. Site-specific analysis and derivation of individual measure performance and projected savings, including energy consumption and costs records, and all data, assumptions and analysis supporting the predicted energy impacts;
2. Documented derivation of measure cost, including vendor proposals to program participant for equipment, materials, labor, overhead and contingencies;
3. Contract documents between the third-party vendor or ESCO and the program participant clearly describing project scope and costs.
4. For project close out and final disbursement of incentive award amounts, detailed documentation of as-built individual measure costs, including vendor invoices reflecting as-built equipment and labor costs.

In reviewing applications submitted in response to this PON, the Trust reserves the right to waive immaterial irregularities, formalities, and technicalities.

Section 5: SUBMITTAL INSTRUCTIONS

Applicants are highly encouraged to contact the Trust as they are developing their projects.

5.1 Submittal Format

Applications must include the information requested in Section 4. Submit a completed application with all supporting documentation referencing:

PON-004-2024 v2
PROGRAM OPPORTUNITY NOTICE FOR
CUSTOM MANUFACTURING EFFICIENCY PROJECTS

Applications must be submitted by email to the PON contact in section 1.3 or Custom@efficiencymaine.com.

5.2 Accurate and Complete Information

By submitting an application or proposal, the Applicant is making a representation to the Trust that all information provided in connection with the application or proposal 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 or proposal being deemed ineligible and may result in the Applicant's suspension or debarment from participation in Efficiency Maine Trust programs.

Section 6: INCENTIVE AWARD

6.1 Contract

Incentive award recipients will be required to enter into a contract with the Trust governing the disbursement and use of the incentive award funds. For any project with an incentive over \$200,000, award recipients will be required to enter into an Efficiency Maine Trust Incentive Agreement. For any project with an incentive under \$200,000, award recipients will be required to acknowledge and agree to the Efficiency Maine Trust Project Award Notification Letter and incorporated C&I Custom Program

Terms and Conditions. Note, all awards through this PON will be paid directly to the incentive award recipient and cannot be assigned to a vendor.

Incentive funds awarded through this PON will be supported with American Rescue Plan Act (“ARPA”) Coronavirus State and Local Fiscal Recovery Funds allocated to the Trust through the Maine Jobs & Recovery Plan. As such, the contract and Terms and Conditions will include certain provisions required for the award of federal funds.

All incentive awards are subject to the recipient’s compliance with this PON and the Trust’s Program rules.

If the Trust does not come to agreement with the recipient within 60 days from the Review Team’s decision, it reserves the right to rescind the award and reallocate funds.

The Trust reserves the right to adjust the final incentive award amount based on as-built savings and costs and otherwise as necessary to maintain the program incentive award limitations set forth in Section 2.1 of this PON and to account for any third-party grant funding awarded to or received by the applicant for the project.

The Trust may impose any reasonable requirement or condition in the contract documents that it deems necessary or prudent to secure the performance and operation of the project, including requiring the grant of a security interest in the equipment funded by the incentive award or such other security as the Trust may determine in its discretion.

6.2 Award Decisions

Following the evaluation process, award decisions will be made by the Trust 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 the Trust. Applicants should not commit award funds or begin any project in reliance on an incentive award absent a specific written notice of award from the Trust.

6.3 Measurement and Verification (M&V) Requirements

All recipients must agree to independent, third-party verification of project completion and thermal reductions under terms that will be established by the Trust for each approved project. Actual award of an incentive will be conditioned on applicant acceptance of these M&V requirements.

6.4 Limitations

This solicitation does not commit the Trust 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.

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

This PON is a competitive solicitation. The Trust reserves the right to select project applications for award in its discretion, consistent with the Trust’s rules, that most fully satisfy the criteria and objectives of this PON. The Trust will award funds for approved applications only if sufficient funding is available in the C&I Custom Program budget when the application is reviewed. If funding is limited, the Trust may

select certain project applications for award over others notwithstanding that multiple competitive, compliant PON applications are under review. The Trust may elect not to award all of the available funds through this PON and may issue another PON for the remaining funds. Additionally, the Trust reserves the right to award less than the amount requested by an applicant. The Trust reserves the right to reject applications that do not fundamentally advance the goals of this PON and have a benefit-to-cost ratio greater than one.

6.5 Publicity of Applicant’s Participation

Efficiency Maine Trust reserves the right to disclose certain information about the applicant’s participation in the program, including, but not necessarily limited to, the applicant’s name, the incentive amount, and projected MMBtu savings. Applicants may seek to have certain energy consumption and business sensitive information treated as confidential pursuant to Title 35-A MRSA §10106.

6.6 Reservation of Rights

Efficiency Maine Trust reserves the right to cancel or extend the PON term at any time. Efficiency Maine Trust also reserves the right to reject any and all submissions in response to this PON and to waive formalities if doing so is in the best interests of Efficiency Maine Trust.

6.7 Request for Reconsideration

An aggrieved person may request a hearing for reconsideration of an award decision by filing a written petition with the Executive Director of Efficiency Maine Trust within 14 calendar days of the notification of the contract award. Each petition to reconsider must meet the requirements specified in Efficiency Maine Trust Rule Chapter 1, Contracting Process for Service Providers and Grant Recipients, Section 5(B), which can be found on the Efficiency Maine Trust website in the Policies section of the Library:

<http://www.efficiencymaine.com/docs/Chapter-1-Contracting-Process-for-Service-Providers-and-Grant-Recipients.pdf>