



**EFFICIENCY MAINE TRUST  
PROGRAM OPPORTUNITY NOTICE**

**LEAD BY EXAMPLE INITIATIVE: MOVING TOWARD NET ZERO CARBON  
IN MAINE STATE GOVERNMENT BUILDINGS**

PON EM-006-2024 v2

PON closed to new applicants as of September 1, 2023

**Opening: July 1, 2023**

**Closing: June 30, 2024**

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## 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) is seeking applications for beneficial electrification projects at properties leased or owned by the State of Maine (State Properties). These projects must involve the replacement of oil- or propane-fired heating systems with electric heat pump technology. The Trust will refer to this as the Lead by Example PON. Projects awarded through this PON may be supported by the Volkswagen (VW) Settlement Funds.

### 1.2 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.<sup>1</sup> 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.

On December 1, 2020, Governor Mills welcomed the release of *Maine Won’t Wait*, the four-year Climate Action Plan by the Maine Climate Council.<sup>2</sup> This plan puts Maine on a trajectory to meet its statutory targets to reduce greenhouse gas (GHG) emissions by 45% by 2030 and 80% by 2050.<sup>3</sup> Among the many strategies outlined in the plan is a recommendation for the State to “Lead by Example” in publicly funded buildings. The Governor’s Office of Policy Innovation and the Future and the Governor’s Energy Office subsequently released the State of Maine Lead by Example Report, adopting ambitious Lead by Example targets for state government based on the strategies set forth in the Climate Action Plan.<sup>4</sup> The report presents a baseline of energy use and GHG emissions from state operations and lays out a plan for meeting the goals of the Executive Order.

Per a December 29, 2020 Memorandum of Understanding (MOU) between the Trust and the Office of the Attorney General for the State of Maine, the Trust received \$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 Lead by Example (LBE) Initiative seeks to go above and beyond the Trust’s existing energy efficiency and distributed generation offerings available to State properties through its standard programs (including the Commercial and Industrial (C&I) Custom Program and the C&I Prescriptive Program). It focuses squarely on the beneficial electrification of fossil-fuel fired heating systems – a key strategy of the Climate Action Plan. Beneficial electrification is an approach to GHG mitigation that involves transitioning energy end uses from fossil fuels to cleaner electricity; as the trend toward a

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<sup>1</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.

<sup>2</sup> [Maine Won’t Wait: A Four-Year Plan for Climate Action](#), Maine Climate Council, December 2020.

<sup>3</sup> 38 M.R.S. § 576-A

<sup>4</sup> [State of Maine Lead by Example Report](#), Governor’s Office of Policy Innovation and the Future and the Governor’s Energy Office, 2021.

decarbonized electricity supply continues, supporting more end uses with electricity means powering more of our energy needs with renewables.

### 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, 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 Lead by Example PON starting on July 1, 2023 and ending on June 30, 2024.

The Lead by Example PON is closed to new applications and will not be making any further invites to apply. Projects that have completed a preliminary assessment and received an invite to apply prior to September 1, 2023 are still eligible for funding.

### 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.

## Section 2: ELIGIBILITY AND INCENTIVES

### 2.1 Eligible Applicants

Eligible applicants include all Maine State Agencies listed on the Maine website here:

<https://www.maine.gov/portal/government/state-agencies/>. Municipal, tribal, and county governments as well as community colleges and universities are not eligible.<sup>5</sup>

### 2.2 Eligible Projects

Eligible projects are those that will replace existing oil- or propane-fired heating systems with electric heat pump technology. A facility undertaking heat pump retrofits will also be eligible for heating, ventilation and air conditioning (HVAC) controls and weatherization (insulation and air sealing) improvements.

Additionally, eligible projects must:

1. Be installed at existing buildings leased or owned by the State of Maine;
2. Achieve a savings to investment ratio (SIR) greater than 1.0 when comparing the net present value

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<sup>5</sup> Note, these customers are eligible for the Trust's C&I Prescriptive and Custom Programs.

of the project's financial savings to its financial costs (which costs shall include any financial incentive from the Trust) when calculated over the useful life of the measures to be installed on the project.<sup>6</sup>

3. 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.

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.

### **2.3 Scoping Audits and Technical Assistance**

The Trust will provide free scoping audits at facilities where there is a clear potential for an eligible project. This scoping audit might consist of a preliminary phone screening, a utility bill review, and a site visit.

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 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.

Technical assistance will be capped at \$20,000 per agency, per fiscal year (July 1 through June 30).

### **2.4 Award Amounts and Limitations**

The Trust has budgeted approximately \$3.0 million to be awarded to projects submitted under this PON. There is a limit of \$1,000,000 in total funding awards per facility under the terms of this PON. Funds received through the Trust's Commercial and Industrial (C&I) Custom Electric PON-001-2024, Custom Program Thermal PON EM-002-2024, Custom Distributed Generation PON EM-003-2024, or through the Trust's C&I Prescriptive Initiatives for other projects at a facility will not be considered toward this cap. A project awarded under the LBE Initiative cannot also receive funding through any of EMT's other programs.

The amount of the incentives granted for beneficial electrification, HVAC controls and weatherization projects at existing buildings through the LBE Initiative will be 60% of eligible projects costs as determined by EMT.<sup>7</sup> Eligible project costs may include but are not limited to: equipment, installation, and decommissioning of existing fossil fuel heating systems.

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.

## **Section 3: AWARD CRITERIA**

Successful applications for an incentive award will demonstrate the project's ability to meet the eligibility requirements. In the event that the Trust has insufficient funds to satisfy all qualifying project applications, projects having the highest SIR will be awarded. Additionally, the Trust will prioritize those projects deemed to have the most impact on Maine taxpayer costs over the useful life of the project, as

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<sup>6</sup> An SIR greater than 1.0 indicates that the project will generate cost savings over the expected life of the equipment compared to the baseline system.

<sup>7</sup> In order for a facility to be eligible for HVAC controls and weatherization incentives, it must also be undertaking a beneficial electrification (i.e., heat pump retrofit) project.

dictated by the MOU.

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 reserves the right to reject applications that do not fundamentally advance the goals of the LBE Initiative or do not have a savings to investment ratio greater than one.

## **Section 4: APPLICATION PROCESS**

Applicants must follow the steps below in order to receive funding through the LBE Initiative.

### **4.1 Notice of Interest**

Interested applicants should email a notice of interest to the LBE Initiative contact person in section 1.3. One year of fuel and electric billing data will need to be submitted so that the Trust can perform an initial assessment of eligibility.

### **4.2 Kickoff Meeting**

A kickoff meeting will be held to discuss the proposed scope of work and initial eligibility assessment results

### **4.3 Invite to Apply**

The Trust, or its representatives, will email an official invite to apply outlining potential incentives as well as the maximum cost per square foot that can be supported by the LBE Initiative for beneficial electrification based on the preliminary SIR analysis.

### **4.4 Bid Solicitation Meeting with BGS**

Most agencies must work with BGS to issue a bid solicitation for capital projects. A meeting with BGS will be held to discuss likelihood of project meeting the LBE Initiative SIR requirements, agency budget restrictions, scope of work and BGS bid solicitation process.

### **4.5 Project Submittal to BGS**

Once a scope of work is agreed upon, the agency must submit the project to BGS according to their bid solicitation process. This will require issuing a request for qualifications (RFQ) for architectural and engineering firms to develop the bid solicitation document.

### **4.6 Develop Bid Solicitation Package**

Applicant contracts with consultant to develop project bid solicitation(s) for eligible opportunities in coordination with BGS. The Trust provides support as needed to draft, edit, and distribute to interested vendors.

### **4.7 Updated Eligibility Assessment**

The Trust will update the initial assessment of eligibility based on the bid solicitation package and communicate results to the applicant and BGS

#### **4.8 Project Bids**

The applicant should plan to share bids received with BGS and the Trust. The applicant should identify which is their preferred bid.

#### **4.9 Final SIR and Incentive Review**

The Trust will complete a final review of the project economics, SIR, and resulting incentive. The results will be emailed to the applicant, and BGS.

#### **4.10 Project Contracting**

A contract will need to be executed with the Trust for incentives, and any loan or lease repayment terms. The applicant will also need to execute a contract with the winning contractor bidder to implement the project.

#### **4.11 Construction Contract**

Before implementing, BGS will review and approve the construction contract for the project.

#### **4.12 Incentive Disbursement and Project Implementation**

The Trust will disburse the incentive award and the applicant will work with the selected bidder to install the project.

### **Section 5: INCENTIVE AWARD CONDITIONS AND LIMITATIONS**

The incentive award will be subject to the following conditions.

#### **5.1 Contract**

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

If the Trust does not come to agreement with the recipient within 60 days from the award 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 2.4 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.

#### **5.2 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.

### **5.3 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.

### **5.4 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 LBE Initiative 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.

### **5.5 Publicity of Applicant's Participation**

The 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, projected energy savings, and projected greenhouse gas emissions reductions. Applicants may seek to have certain energy consumption and business sensitive information treated as confidential pursuant to Title 35-A MRSA §10106.

### **5.6 Reservation of Rights**

The Trust reserves the right to cancel or extend the PON term at any time. The 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 the Trust.

### **5.7 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>



