



Wes Moore, Governor
Aruna Miller, Lt. Governor
Paul G. Pinsky, Director

05/09/2025

City of Rockville, Maryland
111 Maryland Avenue Rockville, MD 20850
52-6001573
Jeff Mihelich, City Manager

FY25 Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program
Grant No. 2025-12-528S1
Grant amount: \$160,000.00 (not to exceed)
Anticipated Grant End Date: May 2027
Grant Project Description: Purchase of 2 Single Unit Short-Haul Trucks

Re: Award Notification and Commitment of Funds for Fiscal Year 2025

Dear Jeff Mihelich,

The Maryland Energy Administration (“MEA”) through this letter (“Award Letter”) notifies you that the City of Rockville, Maryland (“Applicant”) has been awarded a grant in the amount not to exceed \$160,000.00 (“Award”) for the proposal submitted in the application dated 1/31/2025 to the FY25 Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program Area of Interest 1 - On Road (“Program”), subject to the conditions described below. MEA may rescind this Award if the Applicant does not agree to comply with all Program requirements set forth in the Funding Opportunity Announcement (FOA), the Grant Agreement General Provisions, and the Additional Terms and Conditions stated below. In addition, the Award is conditioned on the execution of a Grant Agreement between MEA and the Applicant within the time frame MEA will specify.

Prior to execution of the Grant Agreement, grant funds are subject to change in amount and availability. Additionally, for situations where the scope of work is not part of the Funding Opportunity Announcement, the Applicant and MEA must develop a scope of work, which will be incorporated into the Grant Agreement. Unless MEA agrees otherwise in writing, MEA will not reimburse the Applicant for any costs incurred prior to execution of the Grant Agreement.

The following constitute Additional Terms and Conditions of this Award:

1. Deadline for Execution of Award Letter

The Applicant shall return this fully executed Award Letter to MEA **no later than 30 days after the date of this award letter** unless MEA extends this deadline.

2. Assignment

This Award is not assignable or transferable. Any change to the Applicant's name, federal tax identification number, or mailing address may invalidate this Award.

3. Merger

No statements, agreements, or representations, oral or written, that have been made to the Applicant or to any employee or agent of the Applicant, either by MEA or by an employee or agent acting on behalf of MEA, with respect to the Program or this Award, shall be of any force or effect, except to the extent stated in this Award Letter. This Award may not be changed except by written agreement signed by MEA.

4. Governing Law

(a) This Award shall be governed by and construed under the laws of the State of Maryland.

(b) If any term, covenant, or condition of this Award is held to be invalid, illegal, or unenforceable in any respect, this Award shall be construed without such provision to the fullest extent possible and shall remain in full force and effect.

5. Survival of obligations

The obligations the Applicant agrees to in executing this Award Letter shall survive the execution of the Grant Agreement. In the event of any conflict between this Award Letter and the Grant Agreement, the Grant Agreement shall prevail.

Natalie Buscemi serves as the grant manager for this Program and will contact you soon to execute the Grant Agreement. Natalie can be reached via email at transportation.mea@maryland.gov.

Congratulations to your organization on its successful proposal.

NOTE: THIS IS A BINDING LEGAL DOCUMENT. IF YOU HAVE QUESTIONS CONCERNING ANY OF ITS PROVISIONS, YOU SHOULD CONSULT YOUR LEGAL COUNSEL BEFORE EXECUTING THIS DOCUMENT.

[Signature Page to Follow]

Sincerely,

Signed by:

F87964DDCC67498...
Jenn Aiosa

Chief of Staff

MARYLAND ENERGY ADMINISTRATION

ACCEPTED:

Name: Jeff Mihelich

Position: City Manager

City of Rockville, Maryland

Attachments:

1. Attachment A: Grant Agreement General Provisions Version 3 for Fiscal Year 2025
2. Attachment B: FY25 Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program Funding Opportunity Announcement

cc: Diego Lopez, Section Chief, Clean Transportation and Innovation

Natalie Buscemi, Transportation Program Manager

ATTACHMENT A

General Provisions

1. Definitions

- A. “Grant Agreement” means a written agreement between MEA and a grantee with respect to a grant.
- B. “Grantee” means a recipient of a grant under an MEA grant program.
- C. “Environmental Standards” means all applicable environmental laws, rules, or regulations set by federal, state, or local jurisdictions that are applicable to a Project and related directly to the performance of the Grantee’s obligations pursuant to a Grant Agreement.
- D. “MEA Program Manager” means the individual specified in writing as the MEA representative for a Program or other person designated in writing by MEA to act on behalf of MEA regarding the Grant Agreement.
- E. “Program” means an MEA grant program identified and detailed on the MEA website.
- F. “Project” means an activity or undertaking that is consistent with the requirements of an MEA Program and for which a Grant has been awarded. A project includes all activities specified in the Scope of Work and all reporting required in the Grant Agreement except for submitting invoices.
- G. “Project Site” means the location of a Project or a portion of a Project.

2. MEA Grant Timeframes

- A. Unless the MEA Program Manager approves an extension in writing, a Grant Agreement executed by the Grantee(s) shall be received by MEA no later than ten business days from the date MEA electronically transmits the Grant Agreement to the Grantee for execution. If the properly executed Grant Agreement is not received by MEA within the required time as indicated above, the Grant Award will automatically be revoked.
- B. The Effective Date of a Grant Agreement is the date that the fully executed Grant Agreement is received by MEA, as determined by the official MEA date stamp on the first page of the Grant Agreement.
- C. To be eligible for reimbursement, all reimbursement requests for Project costs pursuant to a Grant Agreement must be received no later than 60 days after the completion of the Project, unless the MEA Program Manager approves an extension in writing.

3. Extensions

An extension may be requested in writing by the Grantee in advance of a deadline but is not guaranteed. The MEA Program Manager may extend a deadline in writing up to 60 days, for good cause shown, such as circumstances outside of the Grantee's control.

4. Retention of documents

The Grantee shall retain bills of sale or other satisfactory evidence of the acquisition of any real or personal property, as well as reports, activity logs, timelines, estimated energy savings and/or generation, supporting documentation for any other expenses that are covered in whole or in part by any Grant funds, and any other information related to Grant activities for at least three years from the date that the Grantee receives final reimbursement from MEA. MEA, MEA's representatives, the Department of Budget and Management, the State Comptroller, and the Legislative Auditor may examine and audit this evidence on request, at any reasonable time within the retention period. In addition, the Grantee shall also make the worksite available to MEA or its representatives, upon request at any reasonable time, for at least three years from the date that the Grantee receives final reimbursement from MEA.

5. Communications with MEA; Updating IRS W-9 form

A. The Grantee shall submit to MEA all reimbursement requests and other documentation required under the Grant Agreement at the MEA email address specified in the Grant Agreement, unless MEA has received as part of the application process notification that the Grantee has opted out of electronic communications. If the Grantee has opted out of electronic communications, the Grantee shall submit all reimbursement requests and other documentation required under the Grant Agreement by mail or hand-delivery to the applicable program at MEA.

B. The Grantee shall promptly provide MEA with an updated IRS W-9 form when information on a prior IRS W-9 form has changed.

6. Subject to Funding Availability

Prior to execution of the Grant Agreement, Grant funds are subject to change in amount and availability.

7. Location within Maryland

A Project must be located in Maryland or undertaken for the direct benefit of a Maryland resident, business, community, campus, or facility located entirely within the State of Maryland.

8. Payment of Grant Funds

A. After review of the reports, requests for reimbursement, and any supporting documents or information requested by MEA, MEA shall make a final determination whether the Grantee has

met all Program requirements, terms, and conditions, and shall process the Grant Award for payment as promptly as possible, if warranted.

B. MEA payments to Grantee are not assignable and all grant funds will be disbursed to the Grantee consistent with the Grant Agreement.

9. Non-payment of Grant Funds; Disallowance of Grant Funds for Violation of Grant Agreement; Reconsideration of Non-payment or Disallowance of Grant Funds

A. Unless otherwise specified in the Grant Agreement, MEA will not disburse grant funds for work that has yet to be performed; costs that have yet to be incurred or are not sufficiently documented; or costs that are inconsistent with the purpose, terms, and conditions of the Grant, as determined by MEA.

B. Any expenditure of Grant funds that is not consistent with the purposes of the Program, or that violates any requirement, term, or condition of a Program or the Grant Agreement, may, in the sole judgment of MEA, be disallowed. If MEA determines any expenditure to be ineligible after MEA has disbursed funds to the Grantee, the State may require repayment to MEA for reimbursement of the Strategic Energy Investment Fund, an offset from any State grant to the Grantee in the current or succeeding fiscal year, or other appropriate action. The Grantee shall immediately repay to the State any part of the Grant that is not used for the purposes of the Program.

C. If MEA withholds or disallows payment of Grant funds, MEA shall provide Grantee with its determination in writing and set forth a summary of the reasons for its determination. A Grantee may request reconsideration of a determination by MEA to withhold or disallow payment of Grant funds within 15 business days of the date of the written determination notifying the Grantee of the decision.

10. Nondiscrimination Provision

The Grantee may not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, or any other characteristic forbidden as a basis for discrimination by applicable laws, and certifies that its Constitution, by-laws, or policies prohibit discrimination consistent with the Governor's Code of Fair Employment Practices.

11. Compliance with Relevant Certifications, Licenses, And Requirements

A. The Grantee shall be responsible for compliance with the following:

(1) All work performed on behalf of the Grantee pursuant to a Grant Agreement shall be carried out by the Grantee's staff and contractors holding all necessary Maryland certifications and licenses.

(2) Any business or non-profit organization operating in Maryland with which the Grantee contracts or partners to carry out the purposes of the Grant shall be registered and in good standing with the Maryland State Department of Assessments and Taxation, if applicable.

(3) All work performed pursuant to a Grant shall comply with all applicable local, State, and federal building codes and other applicable laws and regulations.

B. If MEA determines that any activity undertaken under the Grant Agreement is inconsistent with subsection A of this section, MEA may rescind the Grant or take any other appropriate action, as determined by MEA.

12. False Statement or Report

A person may not knowingly make or cause to be made any false statement or report in any document required to be furnished by MEA in relation to the Program. For a SEIF-funded Grant, any violation of this provision is a misdemeanor and on conviction is subject to a fine not exceeding \$50,000.00 or imprisonment not exceeding 1 year or both, as specified in State Government Article §9-20B-11 of the Annotated Code of Maryland.

13. Historic Preservation Review

For each project being funded in whole or in part through a Grant Agreement, a historic preservation review must first be completed by the Maryland Historical Trust (MHT) or MEA's historic preservation expert. This review ensures that no historic property is "adversely affected" through building improvements, equipment installations, and related property modifications proposed for Projects funded wholly or in-part by a Program. Prior to starting construction, the Grantee shall ensure that MEA has received documentation from MHT or MEA's historic preservation expert indicating that the Project will have no adverse effect on a historic property.

14. Maryland Saved Harmless

To the extent allowed by Maryland law, and subject to appropriations if applicable, the Grantee agrees to defend, indemnify, and hold MEA harmless from and against any and all damages, claims, lawsuits, actions, and reasonable out-of-pocket costs and expenses, in whatever form, arising from or related to the Grant. MEA expressly reserves the right of any immunity MEA or its employees may possess under State or federal law. If the Grantee is a Maryland State agency or local government, then each party shall be responsible for its own liability associated with the Grant, and neither party waives any applicable immunities.

15. Environmental Standards and Liability

A. As relevant to the Project, the Grantee shall ascertain and comply with all applicable Environmental Standards, monitor compliance, and immediately halt and correct any incident of non-compliance. The Grantee is solely responsible for all steps in obtaining any required permits including, but not limited to, those related to air quality requirements, as applicable.

B. In the event of any incident of non-compliance with Environmental Standards, the Grantee shall:

- (1) Immediately notify the MEA Program Manager or designee of the incident, providing as much detail as possible;
- (2) If requested by MEA, submit a written report to MEA, identifying the source or cause of the non-compliance and the method or action required to correct the problem; and
- (3) Cooperate with MEA and its designated representatives or contractors with respect to investigation of the incident.

C. Subject to Section 14 and to the limits allowed by Maryland law, the Grantee shall be liable for:

- (1) All environmental losses, including but not limited to, costs, expenses, losses, damages, actions, claims, penalties, fines and remedial or cleanup obligations arising from its failure to comply with Environmental Standards; and
- (2) Any hazardous material located or placed in the Project and any requirements imposed by any governmental authority with respect to hazardous materials, arising in connection with the Grant or the Project.

16. Liability Insurance

A. For all work performed by the Grantee that is to be funded in whole or in part with grant funds provided by MEA, the Grantee shall purchase and maintain comprehensive third-party legal liability insurance or its equivalent, with minimum coverage of \$1,000,000 per occurrence. The Grantee shall also maintain other such insurance as is appropriate for the work to be performed. For a self-insured entity, such as a Maryland State or local government entity, a document detailing the basis for self-insurance, including when applicable, the statutory basis, may be accepted by MEA as an equivalent form of insurance under this paragraph.

B. The State shall be listed as an additional insured on the faces of the certificates associated with the coverages listed above, including umbrella policies, excluding Workers' Compensation Insurance and professional liability. The Grantee shall maintain insurance documentation in a Grantee-owned facility and shall provide to MEA, upon demand, a certificate or other documentation deemed appropriate by MEA, evidencing MEA's status as an additional insured.

(1) Insurance requirements may be waived or modified by MEA in writing, for good cause shown. Any such written waiver or modification shall be signed by the parties and incorporated as part of the Grant Agreement.

(2) The Grantee shall include in all of its contracts for work that is to be funded in whole or in part with grant funds provided by MEA a provision or provisions requiring all contractors to

purchase and maintain comprehensive third-party legal liability insurance and other such insurance as is appropriate for the work to be performed, with minimum coverage of \$1,000,000 per occurrence. All insurance provided by the contractor must name MEA as an additional insured.

(3) The Grantee shall maintain insurance documentation in a Grantee-owned facility and shall provide to MEA, upon demand, a certificate or other documentation deemed appropriate by MEA, evidencing MEA's status as an additional insured. Insurance requirements may be waived by MEA in writing, for good cause shown. Any such written waiver or modification shall be signed by the parties and incorporated into the Grant Agreement.

17. Monitoring and Evaluation

For monitoring and evaluation purposes, the Grantee shall make available to MEA or its representatives, during regular business hours, all applicable reports, activities logs, timelines, estimated energy savings and generated energy, operating hours, projected system efficiencies and other technical and engineering specifications, and other information related to the Grant.

18. MEA Access to Project Site

A. If a Project Site is controlled by the Grantee:

(1) Upon reasonable notice, the Grantee shall allow MEA employees or representatives access to the Project Site to monitor the Project and provide technical assistance to verify that Project requirements are fully satisfied.

(2) Except as provided in paragraph (5) of this subsection, the Grantee shall allow MEA employees or representatives access to the Project Site to take photographs or video of the Project for MEA use, upon request by MEA.

(3) Upon reasonable notice from MEA, the Grantee shall assist MEA in any efforts to remotely monitor and inspect the Project, including but not limited to supplying MEA with any relevant photograph or document.

(4) Except as provided in paragraph (5) of this subsection, the Grantee shall participate in recorded remote monitoring of the Project to verify that Project requirements are fully satisfied, upon request by MEA.

(5) MEA may in its sole discretion modify the requirements in paragraphs (2) and (4) of this subsection if the Grantee provides a written request due to concerns, including but not limited to security concerns.

B. If a Project Site is controlled by a third party at any time during the Grant period:

The Grantee shall be responsible for obtaining written permission from the third party to allow MEA access to the Project Site for all purposes described in the Grant Agreement. Unless the Grantee provides good cause, to be determined solely by MEA, MEA shall not provide any further reimbursement of funds under the Grant Agreement until the Grantee provides the required written permission.

19. Participation in Marketing and Public Events; Signage

A. To the extent possible, and as requested by MEA, the Grantee shall participate in MEA-organized press events and host State government officials for visits and tours of the Project Site. MEA shall provide reasonable notice to the Grantee and coordinate with the Grantee prior to scheduling a press event or official visit.

B. The Grantee shall invite MEA in writing, which can include email, to any Grantee-organized media event regarding the Project.

C. The Grantee shall notify MEA prior to any media coverage regarding the Project including but not limited to press releases and announcements; and, unless otherwise specified in the Grant Agreement, shall reference MEA grant funds under the Grant Agreement in any such media coverage.

D. Within 90 days following the effective date of the Grant Agreement, the Grantee shall consult with MEA regarding the feasibility of displaying signage indicating MEA sponsorship of the Project. Based upon this consultation, MEA may require the Grantee to place signage indicating MEA's role in the Project in a prominent location and, if applicable, near the Project. If applicable, MEA may provide the official MEA logo for incorporation on existing Grantee-produced project signage and may elect to provide any required signage.

20. Maryland Public Information Act; Use of Project Information

A. All information submitted to MEA is subject to the Maryland Public Information Act, Md. Code Ann., General Provisions §§ 4-101 to 4-601, ("PIA"). If a grantee believes information is confidential and therefore should be exempt from disclosure under the PIA, the grantee should clearly mark this information and identify it by page and section or line number. Upon request for information from a third party, MEA is required to make an independent determination whether the information must be disclosed under the PIA. Designating information as confidential does not guarantee that it will be exempt from disclosure.

B. The Grantee understands and agrees that MEA may use information about the Project for reporting and marketing purposes, including but not limited to the project description, building type, energy measures, project costs, leveraged funds, energy and financial savings, and pictures and videos of the premises. MEA shall provide the Grantee an opportunity to review and consult

with MEA to ensure that a written case study, photo, or video taken of its facility will not disclose confidential personal and/or business information.

21. Project Location Workforce Requirement

The Grant shall comply with State Government Article § 9-20B-05, Annotated of Maryland, which requires that at least 80 percent of workers participating in a project or program that receives money from the SEIF must reside within 50 miles of the project or program. As the Program is a statewide program, MEA will determine compliance based on whether at least 80 percent of worksite workers reside in Maryland, or within 50 miles of Maryland's borders.

22. American Manufactured Goods

If the Grantee is a unit of State or local government, the Grant must comply with State Finance and Procurement Article §§ 14-416 and 17-303, Annotated Code of Maryland.

23. Maryland Law Prevails

The internal laws of Maryland shall govern the interpretation and enforcement of the Grant Agreement, except for any choice of law provisions utilized by Maryland.

24. Grant Agreement Binding on Successors and Assigns

The Grant Agreement shall bind the respective successors and assigns of the parties.

25. Transfer of Grant Agreement

The Grantee may not sell, transfer, or delegate any of its obligations under the Grant Agreement to another entity without prior written consent of MEA. Consent is not guaranteed and is at the sole discretion of MEA. Examples of factors that might lead to a denial of consent include a change in the Grantee's federal tax identification number, or a requested modification that is inconsistent with the requirements of the Program.

26. Amendments to the Grant Agreement

Other than an extension of up to 60 days approved pursuant to Section 3 of these General Provisions, no amendment to the Grant Agreement is binding unless it is in writing and signed by both parties.

27. Merger

The Grant Agreement and any terms and conditions expressly incorporated by reference herein embodies the whole agreement of the parties. There are no promises, terms, conditions, or

obligations referring to the subject matter, other than those contained herein or incorporated herein by reference.

28. Non-waiver of Rights; Remedies

No failure on the part of the State or MEA to exercise, and no delay in exercising, any right under the Grant Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude the State or MEA from further exercising that or any other right. The remedies provided under the Grant Agreement are cumulative and not exclusive of any remedies provided by law.

29. Attestations

A person executing an Agreement on behalf of the Grantee certifies, to the best of that person's knowledge and belief, that:

- A. The person is authorized to sign the Agreement on behalf of the Grantee and to commit the Grantee to the obligations set forth in the Agreement;
- B. Neither the Grantee, nor any of its officers or directors, nor any employee of the Grantee involved in obtaining contracts with or grants from the State or any subdivision of the State, has engaged in collusion with respect to the Grantee's application for the Grant or this Agreement or has been convicted of bribery, attempted bribery, or conspiracy to bribe under the laws of any state or the United States;
- C. Neither the Grantee, nor any of its officers or directors, nor any employee of the Grantee has engaged in any practice regarding this Grant that is inconsistent with General Provisions Article § 5-502, Annotated Code of Maryland;
- D. The Grantee has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or agent working for the Grantee, to solicit or secure the Grant or the Agreement, and the Grantee has not paid or agreed to pay any such entity any fee or other consideration contingent on the making of the Grant or the Agreement;
- E. The Grantee, if a health or social welfare organization as defined by State Finance and Procurement Article § 7-403, Annotated Code of Maryland, shall keep financial records in accordance with uniform accounting standards, as more fully described in Section 7-403;
- F. Neither the Grantee, nor any of its officers or directors, nor any person substantially involved in the contracting or fund-raising activities of the Grantee, is currently suspended or debarred from contracting with the State or any other public entity or subject to debarment under Regulation 21.08.04.04 of the Code of Maryland Regulations; and
- G. The Grantee is not in default on any financial obligation to the State or MEA.

Funding Opportunity Announcement

FY25 Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program

Program Description:

- The State Fiscal Year 2025 (FY25) Medium-Duty and Heavy-Duty Zero Emission Vehicle Grant Program (MHD ZEV) is established through [§9–2011 of Md. Code, State Government article](#). The Program provides financial assistance for the purchase of qualified, newly manufactured medium-duty or heavy-duty zero-emission fleet vehicles, as well as qualified zero-emission heavy equipment property, for commercial or industrial use.

Type of Grant Program:

- Competitive statewide

Program Budget:

- The program has an anticipated budget of up to \$10,000,000 for FY25. However, the actual amount awarded may vary, depending on the quantity and quality of applications received and MEA's available resources within the fiscal year. Of the \$10M budget:
 - \$8.75M is available for eligible on-road vehicles under Area of Interest 1 (AOI 1); and,
 - \$1,250,000 is available for eligible off-road heavy equipment property under Area of Interest 2 (AOI 2).
- The source of the program funding is the Strategic Energy Investment Fund (SEIF).
- AOI 1 (i.e., on-road vehicles) and AOI 2 (i.e., off-road heavy equipment property) applications will be evaluated separately. If insufficient eligible applications are received, MEA at its discretion may shift funds between AOIs based upon demand, application quality, and funding availability.

Application Deadline:

- The program application period closes on **January 31st 2025 at 5:00PM EDT. February 14th 2025 at 5:00PM EDT**
 - Applications must be received at MEA by **5:00 PM EDT, January 31st 2025. February 14th 2025 at 5:00PM EDT** Confirmation will be sent to each applicant verifying receipt of application from transportation.mea@maryland.gov within two business days of receipt. If an applicant does not receive a confirmation of receipt within this time frame, it is the applicant's responsibility to contact MEA to confirm that the application was successfully transmitted from the applicant's email system to MEA.

Eligible Applicants:

- In accordance with §9–2011, a person or a unit of local government may apply for a grant under

the Program. “Person” means an individual, receiver, trustee, guardian, personal representative, fiduciary, or representative of any kind and any partnership, firm, association, corporation, or other entity.¹

- Ineligible applicants include but are not limited to: state and federal agencies and individuals seeking funding for vehicles used for individual or personal activities.
- To be eligible, an applicant must have at least three (3) vehicles in their existing fleet, or in their fleet after purchase of the ZEV vehicles being submitted for consideration under the MHD ZEV Program. These vehicles must be domiciled at a non-residential place of business.
- Applications may only include vehicles directly owned or leased by the applicant.
- Applicants must conform with the program requirements and definitions outlined in [§9–2011 of Md. Code, State Government article](#).
- Applicants must be in good standing with the Maryland State Department of Assessments and Taxation.
- Vehicles being purchased for resale are ineligible for an award under this Program.
- Applicants are ineligible for program funding for vehicles that have previously been awarded or are expecting to be awarded funding through the State’s VW Environmental Mitigation Trust Fund program(s) or other State funding programs.
- If an applicant is applying to a federal program or non-State program and receives an award incentivizing a vehicle for which the applicant also applies and receives a MHD ZEV award, the amount of the MHD ZEV award shall not exceed the applicant’s contribution to the project.
- MEA strongly encourages applications that will benefit underserved or overburdened communities, as defined in [§1-701 of Maryland Code, Environment article](#).

Eligible Projects and Requirements:

- This Grant Program is only available for vehicles and equipment being deployed for commercial or industrial use.
- To be eligible, a vehicle must be a Class 3 through 8 on-road battery electric vehicle (BEV) or hydrogen fuel cell electric vehicle (FCEV), or an off-road BEV or FCEV.
- All vehicles (on-road and off-road) shall be rated at more than 10,000 pounds gross vehicle weight to be eligible in FY25.
- Personal passenger, non-fleet vehicles, parallel plug-in hybrid electric vehicles, neighborhood electric vehicles² (NEVs), and low-speed vehicles³ (LSVs) are ineligible for program funding.
- **For emergency vehicles associated with life safety activities only**, a Range Extended Electric Vehicle (REEV) is eligible. A Range Extended Electric Vehicle has an all-electric drivetrain and equipment with a diesel energy backup system to ensure delivery of emergency services. The electric motor drives the wheels almost all of the time, but the vehicle can switch to work like a parallel hybrid at highway speeds when the battery is depleted.
- Zero-emission heavy equipment property⁴ means construction, earthmoving, or industrial heavy equipment (including any attachment for the equipment) that must be mobile and does not use an

¹ §1–101 of Md. Code, State Government article.

² The U.S. Department of Energy defines a NEV as “any four-wheel electric vehicle capable of achieving a top speed between 20 and 25 miles per hour (mph) and complies with the federal equipment and safety standards in Title 49 of the [U.S. Code of Federal Regulations](#), section 571.500.” Source: <https://afdc.energy.gov/laws/5768>.

³ A low-speed vehicle is defined by the U.S. Department of Energy as a “four-wheeled motor vehicle, other than an all-terrain vehicle, that is capable of reaching speeds of at least 20 miles per hour (mph) but not greater than 25 mph, has a gross vehicle weight rating of less than 3,000 pounds, and meets the safety standards in Title 49 of the U.S. Code of Federal Regulations, section 571.500.” Source:

<https://afdc.energy.gov/laws/5954#:~:text=A%20low%2Dspeed%20vehicle%20is,49%20of%20the%20U.S.%20Code>

⁴ See [§9–2011\(a\)\(7\)](#) of Maryland Code, State Government article.

internal combustion engine.

- Eligible zero-emission heavy equipment property include:
 1. a self-propelled vehicle that is not designed to be driven on the highway; and,
 2. industrial electrical generation equipment, industrial lift equipment, industrial material handling equipment, or other similar industrial equipment.
- Vehicles must be purchased new (i.e., retrofits are NOT eligible) and cannot be funded with this MHD grant if they have already been awarded funding through another state grant for the same vehicles.
- Repowered vehicles are not eligible for program funding. Repowered vehicles are used vehicles that have had the existing diesel/gasoline engine replaced with a new engine, motor, drivetrain, battery, and/or other alternative fuel vehicle drive and fuel storage component.
- **Any vehicle or equipment that was ordered, purchased, delivered, or for which a deposit was paid before Oct 31st, 2024, is not eligible for a grant.**⁵
 - Any applicant who starts a project and incurs costs before executing a grant agreement with MEA under this Program does so at its own risk.
- Vehicles must be registered in Maryland to the applicant.
- Vehicles shall be domiciled and primarily operated within the State for no less than three (3) years from the vehicle(s) delivery (dates).
 - Should a grantee decide to redeploy out of state, sell, or otherwise take out of service a vehicle funded through the Program before the end of the three year period, the grantee may be required to repay the grant.
- If the vehicle is being hosted at a site owned by another entity other than the applicant to this MHD ZEV program, MEA will require a signed letter of commitment from the site host for the application of grant funds. The signature of the site host will also be required in the Grant Agreement (two signatures in total, one from applicant and one from site host).
- Vehicles are not required to replace an existing conventional vehicle in the applicant's fleet, nor is there any scrappage requirement. However, vehicles associated with the replacement or retirement of existing gas/diesel vehicles will be viewed more favorably during the application review process.
- Projects must be completed, and reporting and reimbursement materials submitted to MEA within 24 months of the grant agreement execution date.
- Medium-duty or heavy-duty zero-emission vehicle supply equipment is not eligible for the FY24 MDH ZEV Program.
- Public schools should refer to the School Bus Grant Funding Opportunity Announcement.

Evaluation Criteria:

- MEA will evaluate MHD ZEV applications on the following criteria:
 - Minimum criterion for participation in the MHD ZEV Program: Qualified medium-duty or heavy-duty zero-emission vehicles and zero-emission heavy equipment property shall be domiciled in Maryland and operated or used primarily within the State.
 - The estimated amount of petroleum fuel or other fossil fuel to be displaced. This will be calculated by MEA using the [AFLEET tool](#) and the anticipated annual mileage to estimate the difference in fuel usage between purchasing a diesel, gasoline, or other fossil fuel vehicle and purchasing a new ZEV vehicle.
 - Whether the purchased ZEV will replace an existing petroleum-powered vehicle within the fleet.
 - Applications involving a qualified ZEV replacing an existing petroleum-powered vehicle and the existing petroleum-powered vehicle is then retired will be evaluated more favorably than applications involving the purchase of a new ZEV

⁵ July 1, 2023 is the first day of fiscal year 2024.

where an existing petroleum-powered vehicle is not retired.

- Cost Effectiveness (estimated GHG reduction per vehicle per year per MHD ZEV eligible incentive). The GHG reduction estimate will be determined using the [AFLEET tool](#).
- Level of fleet commitment. Cohesive plan for incorporating ZEVs into the fleet, especially for applicants who are new to ZEVs (e.g., charging/fueling plan, maintenance, etc.).
- MEA will also give preference to qualified medium-duty or heavy-duty zero-emission vehicles that are to be owned or operated by an entity engaged in business activity that impacts public health, the environment, or infrastructure in an overburdened or underserved community⁶, as defined in § 1-701 of Md. Code, Environment article. Instructions on how to identify overburdened and underserved communities can be found in the Excel workbook application, on the Project Narrative tab question #10.
- For AOI 1 only, applications that incorporate additional vehicle road safety features will be evaluated more favorably than vehicles without additional safety features. Additional safety features may include: automatic emergency braking, advanced driver assistance systems like lane assist and blind spot monitoring, intelligent speed adapters, and strong rear and side underride guards.
- MEA may request supplemental information from an applicant to assist with application evaluation.

Review Process

- The MEA Clean Transportation Program Manager will assemble a review team of at least three (3) qualified energy professionals. Individuals from outside MEA may be included at the Clean Transportation Program Manager's discretion. All team members will review each application using the program evaluation criteria outlined in this FOA.
- Projects will then be ranked from highest to lowest by the review team as a group, based on the evaluation criteria. The review team will also determine if any applications do not meet the eligibility requirements for the Program.
- The Program Manager will summarize the recommendations of the award team to the MEA Energy Programs Division Director or the designee of the Energy Programs Division Director, incorporating input from the Review Team, based on the funding available. Award recommendations are not finalized until approved by the MEA Agency Director, or the MEA Agency Director's authorized designee.
- The review team may recommend additional projects (in order of ranking) for funding if additional funding becomes available before the end of the fiscal year.

Award Formula:

- The grant provided by MEA for applications selected for award will be up to 75% of the incremental cost of the qualified medium-duty or heavy-duty zero-emission vehicle, or zero-emission heavy equipment property.
 - A qualified medium-duty or heavy-duty zero-emission vehicle⁷ means a motor vehicle that is rated at more than 10,000 pounds gross vehicle weight and is powered by electricity stored in a battery or produced by a hydrogen fuel cell.
 - Zero-emission heavy equipment property⁸ means construction, earthmoving, or industrial equipment, including any attachment for the equipment that is mobile, and does not use an internal combustion engine. Zero-emission heavy equipment property includes a self-propelled vehicle that is not designed to be driven on a highway, and industrial

⁶ Pursuant to §9-2011(b)(3) of Md. Code, State Government article.

⁷ Pursuant to §9-2011(a)(5) of Md. Code, State Government article.

⁸ Pursuant to §9-2011(a)(7) of Md. Code, State Government article.

electrical generation equipment, industrial lift equipment, industrial material handling equipment, or other similar equipment.

- For the MDH ZEV program in FY24, zero-emission heavy equipment property must be rated at more than 10,000 pounds.

For AOI 1 (On-Road Medium- and Heavy-Duty ZEV Vehicles)

- For AOI 1, grants will be awarded based on up to 75% of the incremental costs between the qualified ZEV and the comparable petroleum-fueled vehicle using the values outlined in the Alternative Fuel Life-Cycle Environmental and Economic Transportation (AFLEET) tool.

Formula for calculating the grant by vehicle type using AFLEET

Maximum Grant Award = (ZEV vehicle price in AFLEET - Base vehicle price in AFLEET (e.g., diesel)) * 0.75

Example for an electric school bus replacement using AFLEET values (where the base vehicle is diesel)

Maximum Grant Award = (\$300,000 - \$100,000) * 0.75 = \$200,000 * 0.75

Maximum Grant Award = \$150,000 (electric school bus)

- Table 1 below shows the calculated grant amounts, by vehicle type, using the purchase prices included in the AFLEET Tool for diesel to electric conversions, as well as diesel to hydrogen vehicle conversions.

Table 1: FY24 Medium-Heavy Duty Grant Program Incentives for Zero Emission On-Road Vehicles (Diesel to Electric and Diesel to Hydrogen) *For more information on Vehicle Type see Table 2.*

Zero Emission Type	Vehicle Type	ZEV Costs	Diesel Costs	Incremental Cost (ZEV minus diesel vehicle costs)	% of Incremental Cost Eligible for Grant Request	Maximum Up to Grant Award (per new vehicle)
Battery Electric (BEV)	Single Unit Short-Haul Truck	\$150,000	\$70,000	\$80,000	Up to 75%	\$60,000 \$80,000
	Single Unit Long-Haul Truck	\$185,000	\$75,000	\$110,000	Up to 75%	\$82,500 \$92,500
	Refuse Truck	\$500,000	\$300,000	\$200,000	Up to 75%	\$150,000 \$250,000
	Combination Short-Haul Truck	\$480,000	\$130,000	\$350,000	Up to 75%	\$262,500
	Transit Bus	\$900,000	\$500,000	\$400,000	Up to 75%	\$300,000
	Combination Long-Haul Truck	\$850,000	\$150,000	\$700,000	Up to 75%	\$525,000

Hydrogen (FCEV)	Combination Short-Haul Truck	\$360,000	\$130,000	\$230,000	Up to 75%	\$172,500
	Combination Long-Haul Truck	\$400,000	\$150,000	\$250,000	Up to 75%	\$187,500
	Transit Bus	\$1,125,000	\$500,000	\$625,000	Up to 75%	\$468,750

Projects involving fossil fuel vehicles other than diesel (e.g., liquid propane, compressed natural gas (CNG), liquified natural gas (LNG) to electric, as well as fossil fuel vehicles other than diesel to hydrogen, are also eligible for a possible award. The maximum allowable grant, if the proposed project is selected for award, will be calculated using the incremental cost for these vehicles, based on the estimated vehicle prices from AFLEET, using the formula outlined in this FOA (i.e., (ZEV vehicle cost - fossil fuel vehicle cost)*0.75). To confirm the maximum possible grant amount by vehicle type, please reach out to the MEA Transportation Program Manager listed below.

For AOI 1, the maximum amount of FY25 MHD ZEV grant funding will not exceed \$1.5 million per applicant.

For AOI 2 (Zero-Emission Heavy Equipment Property)

- Zero-emission heavy equipment property is construction, earthmoving, or industrial heavy equipment, including any attachment for the equipment, that is mobile and does not use an internal combustion engine. Zero-emission heavy equipment property includes self-propelled vehicles that are not designed to be driven on a highway, and includes industrial electrical generation equipment, industrial lift equipment, industrial material handling equipment.
- For each heavy equipment property, an applicant to AOI 2 will be eligible to receive up to 75% of the incremental cost, or difference in price, between comparable conventional heavy equipment property and zero-emission heavy equipment property that is directly attributable to the functional features of the equipment.
- An applicant to AOI 2 is required to provide third-party cost information for the conventional fossil-fuel powered version of the heavy equipment property, as well as a third-party price estimate for the comparable zero-emission heavy equipment property.
 - To comply with the statutory requirements of the Program, MEA may exclude any costs deemed not directly attributable to the functional features of the equipment from the incremental cost calculation.

For AOI 2, the maximum amount of FY25 MHD ZEV grant funding will not exceed \$375,000 per applicant.

Partial Awards:

- Partial awards are possible under the Program. If insufficient funds are available to fully fund a project (e.g., instances of exceptional demand, limited budget resources etc.), an applicant may be offered a proportionally reduced, partial award with the remaining budgeted funding. If the applicant accepts, then the project will be funded at a level that is less than 75% of the incremental costs between the conventional vehicle and the ZEV.
- If the applicant does not accept a partial award, an award will be offered to the next approved project in rank order until all funding has been expended or all remaining projects have rejected the offer.

Required Application Documents:

- The required application forms (in an Excel workbook) can be obtained on the Program Website at <https://energy.maryland.gov/transportation/Pages/MediumandHeavyDutyGrant.aspx>.
- A complete application package consists of a complete, signed application (i.e., the Excel workbook with all tabs completed) and the supporting documentation outlined below.
- Application Package
 - A completed, signed application form (Excel workbook). After reviewing the tab entitled “Instructions”, the applicant must complete the following additional workbook tabs:
 - Project Narrative
 - General Information
 - Zero Emission Vehicle Summary Table
 - Attachment Checklist
 - Applicant Signature
 - Attachments (as applicable)
 - Vendor documentation of technical specifications
 - Vehicle Lease Documentation
 - Letter of commitment for site host, if applicable
 - A complete and signed IRS Form W-9⁹ (Request for Taxpayer Identification Number and Certification) for the applicant
 - **If the federal tax identification number is a social security number, do NOT submit this information via non-encrypted email. Contact MEA for alternative submission instructions.**

Submission Instructions:

- MEA encourages the use of electronic communication, including applications, to streamline processing and reduce environmental impacts. If you choose to “opt out” of electronic communications for this program, please contact MEA no later than five (5) days prior to the application deadline to work on an alternative method to apply.
- **Applications should be submitted electronically to MEA via email to: transportation.mea@maryland.gov.**
- Email subject line should follow the naming convention: “*Fleet Name- MEA FY25 MHD ZEV Application Package*”.
- Application form should be saved as an Excel file using the following naming convention: “*Fleet Name- MEA FY25 MHD ZEV Application Form*”. Please do not re-save and submit the file as a PDF.
- Attach supporting documents as separate files. Do not combine each piece of supporting documentation into one file attachment.

Grant Program General Provisions:

- MEA grant programs are covered by general grant provisions that apply to all energy programs. A copy of the General Provisions document is available on MEA’s website at <https://energy.maryland.gov/SiteAssets/Pages/all-incentives/General%20Provisions%20v3%202.11.22.pdf>; this document will be incorporated into all FY24 grant agreements issued by MEA.

Grant Process:

⁹ A blank copy of an IRS Form W9 can be downloaded from the IRS website at: <https://www.irs.gov/forms-pubs/about-form-w-9>.

- The Applicant must be willing and able to enter into a grant agreement with MEA if selected for an award.
- The name and federal tax identification number on the IRS W9 form must match the name of the grantee on the grant agreement. Upon execution of the FY24 grant agreement, MEA is unable to change the federal tax identification number of the grantee.
- Grants are paid in arrears.
- Participation in MEA grant programs is voluntary. If selected for award and to ensure the secure transmission of grant funds, grantee recipients of MEA funding are generally required to receive electronic payments from the State of Maryland. Electronic payments will be set up through the State of Maryland's Comptroller's Office.

Reporting Requirements:

- Prior to vehicle delivery, all grantees shall provide progress updates as requested by MEA.
- Once vehicle(s) have been delivered, all grantees will be required to submit quarterly operation reports for three years beginning the first quarter after project completion/vehicle delivery. Data requested includes but is not limited to vehicle miles traveled, energy use, project bids, VINs, license plate numbers, and any other information deemed necessary by the state.

Relevant Programs/Resources:

- For general information on additional incentives available for ZEVs and supporting fueling/charging infrastructure, please consult the [US DOE Alternative Fuels Data Center \(AFDC\) website](#).

Program Changes:

- Any update (e.g., extension of a deadline) or clarification about the Program and any corrections to inadvertent errors in the Program information will be available on the Program webpage. In addition, MEA will communicate clarifications and updates made after the application deadline directly to applicants or grantees, as applicable, by letter and/or email. The final grant amount for each Grantee will be made after review of all proposals received and is subject to funding availability for the Program and any relevant statutory requirement applicable at that time.

Questions may be directed to:

Natalie Buscemi, Transportation Program Manager at transportation.mea@maryland.gov or 410-537-4071.

Table 2. Vehicle type with class, weight and examples

Vehicle Type	Class	Weight (lbs)	Example
Single-Unit Short-Haul Truck	3-6	10,001 - 26,000	Box trucks (e.g., Ford F-650)
Single-Unit Long-Haul Truck	7-8	26,001+	Delivery trucks (e.g., Freightliner M2 106)
Refuse Truck	7-8	26,001+	Mack LR Electric, Peterbilt 520
Combination Short-Haul Truck (-250 miles)	7-8	33,001+	Day cabs (e.g., Freightliner Cascadia)
Transit Bus	7-8	33,001+	New Flyer Xcelsior
Hydrogen (FCEV) Combination Long-Haul Truck	8	33,001+	Nikola Tre FCEV
Combination Long-Haul Truck (+250 miles)	8	33,001+	Sleeper cabs (e.g., Volvo VNL 860)