

NTRD SOLICITATION 582-11-10758
Questions and Answers of General Interest to Applicants

All questions about NTRD Grant Solicitation 582-11-10758 that the TCEQ receives during the grant solicitation period, including all those from the workshop, will be detailed in this document.

This document will be regularly updated throughout the solicitation period.

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General Questions about Solicitation

How much money is available?

Approximately \$8.5 million in State of Texas Fiscal Year 2011 grant funds are available under this RFGA.

Is the funding available under the RFGA guaranteed or is it contingent on federal approval or other sources?

The NTRD program is entirely funded by State of Texas funds and does not require any federal funds. As stated in Section 1.14 of the RFGA, The total amount to be awarded under this RFGA will depend upon the amount of revenue received into the TERP account. At this time the TCEQ feels confident that revenues received should at least match the above amounts.

Is there a cap on the total award amount?

There is not a cap on single award amounts. Past awards under the NTRD program have ranged from less than \$200,000 to over \$1 million. The TCEQ is also required to award a balanced mix of grants among the eligible grant types.

When will awards be made? How long do contract negotiations usually take after award?

We are accepting applications until **5:00 pm (Central time), Monday, November 22, 2010**. Depending on the number of applications received, review should take anywhere between two and three months. Awards will be announced after review and agency management approval. We will work to have all awards made around February 2011 or sooner. Contract negotiations generally take two to four months before a contract is executed, so we hope to have all contracts executed by June 2011.

Is it necessary to attend the Grant Workshop?

Attendance at the Grant Workshop is option but helpful, particularly for first time applicants who are unfamiliar with the NTRD program.

I cannot attend the Grant Workshop at TCEQ on October 25, 2010. Will the workshop be available via webcast or webinar?

The TCEQ is not able to webcast the workshop. However, the workshop presentation and documentation of all questions and answers from the workshop will be posted to the NTRD webpage shortly afterwards. All questions about the solicitation that the TCEQ receives during the grant solicitation period, including all those from the workshop, will be included in this document. This document will be regularly updated throughout the solicitation period.

What does the Grant Workshop generally cover?

The workshop presentation gives an overview of the NTRD program and its priorities then reviews the RFGA document, application, and application process. The presentation also provides some general tips for strengthening applications. After the presentation staff is available to answer questions about the RFGA and application materials. The presentation and

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all questions and answers will be posted on the NTRD webpage within a couple days after the workshop.

Can I meet with the TCEQ about my technology or my application?

During the application solicitation and review period the TCEQ cannot meet with potential applicants. During the application solicitation period potential applicants can ask questions by contacting NTRD staff directly or at 512-239-4950 or ntrd@tceq.state.tx.us. Once the application period closes applicants may not contact the TCEQ during the application review period unless it is in response to a reviewer's request for additional information.

Between application rounds the TCEQ is happy to meet with those interested in the program. Once awards have been made under this RFGA the TCEQ will be pleased to arrange meetings with those interested in the program. To arrange such a meeting please contact NTRD staff directly or at 512-239-4950 or ntrd@tceq.state.tx.us after notification of awards are posted on the TERP webpage.

I applied under the last round but was not selected for funding. Can I meet with the TCEQ about my previous application in order to improve it for resubmission under this round?

The TCEQ is happy to meet with applicants who did not receive funding in order to review their applications and improve them for resubmission. Applicants under the previous FY10 solicitation who were not selected for funding received information about how to request such a meeting in their rejection notification letter. However, we are only able to conduct such application review meetings between grant solicitations. To avoid potentially providing an unfair advantage to individual applicants, the TCEQ cannot meet with any potential applicant during a solicitation or during the application review period.

Between application rounds the TCEQ is happy to meet with those previous or potential applicants to the program. Once awards have been made under this RFGA the TCEQ will be pleased to arrange such meetings. To arrange such a meeting please contact NTRD staff directly or at 512-239-4950 or ntrd@tceq.state.tx.us after notification of awards are posted on the TERP webpage.

What types of projects have been funded in past grant rounds?

Information on projects that were funded by the TCEQ in past grant rounds can be found at: www.tceq.state.tx.us/implementation/air/terp/ntrd_2005projects

Information on projects funded by the Texas Environmental Research Consortium under its management of the NTRD program can be found at:

www.tercairquality.org/NewTechnologyResearchDevelopmentNTRD/ResearchProjects/tabid/546/Default.aspx

When reviewing these projects, keep in mind that the program's statutory authority under which these projects were awarded, including eligible project types, may have varied from the current program authority.

Does the NTRD program advance a portion of grant funds to grantees?

Grants awarded under this solicitation will be reimbursement only. No advances will be made.

Application Submission

Are there any formatting requirements for the application or attachments?

Applicants must use the required application forms but any attached information, including Part B (Form 20560) Section 2 of the application, may be in any reasonable format as long as the required information is included. Applicants may use as much space as necessary to answer each of the essay-style questions in Sections 1 and 3 of Part B (Form 20560). Submission of the Proposed Project Budget, Part B (Form 20560) Section 4 in MS Excel format is preferred, but PDF is fine as well.

When I enter information in the MS Word version of the application it appears red/blue/underlined. Why is this?

MS Word is using the Track Changes feature to track the changes you are making to the document. You can simply turn off this feature. Submitting an application with information in colored or underlined print will not negatively affect the application's review in any way, however.

Will the TCEQ accept and include any application materials submitted and received after the deadline for applications (November 22, 2010, 5 pm Central)?

No, the TCEQ will only review application materials received before the deadline for applications. Additionally, TCEQ strongly prefers that all application materials be mailed or delivered as one package.

Can I personally deliver my application on or before the due date of November 22nd?

Yes, in person deliveries are acceptable. The TERP and NTRD program is located on the 2nd floor of Bldg F in the TCEQ's complex at 12100 Park 35 Circle in Austin, Texas. Security on the first floor of Bldg F can direct you to the TERP program area where you can leave the application at the receptionist's desk. Regardless of how the application is delivered, however, all applications must be received by the program by 5 pm (Central) on Monday November 22, 2010.

Will the TCEQ be able to take delivery of applications on Saturday?

No, the TCEQ mailroom does not operate on weekends. Mail attempted to deliver on Saturday will presumably be delivered on the following Monday, but applicants may wish to check with their express delivery service to confirm that.

My company is located outside of Texas/the United States. Can I apply for a grant?

While the NTRD program is focused on technologies that will be commercially available inside the state of Texas, we do not require applicants to be located in Texas or even in the United States. Most of our previous grantees have been located and/or incorporated outside of Texas and a few have been located outside the United States.

My company is a startup. Can I apply for a grant?

Startup companies are certainly eligible to receive NTRD grants, and several have received grants in the past. Based on our experience with such grants the TCEQ recognizes that grants to start up or small companies have some inherent risk, however. We encourage applicants who are startups or small businesses to provide information in the application and attachments to address this risk and allay any concerns about it. Information on the qualifications of the main employees and any key partners, as well as letters of support from such partners, can be useful.

How much information about subcontractors should be included in the application?

The greater the role of a subcontractor in the process the more information the TCEQ will likely need to see about the qualifications, budget, and involvement of the subcontractor. Applicants are encouraged to use the Supplemental Budget form to document proposed expenses for subcontractors who will be doing a large portion or most of the grant work. This will help ensure that such subcontractors are not planning on ineligible expenses that the TCEQ would deny reimbursement for. Applicants are encouraged to submit information on the qualifications and letters of support from subcontractors who are considered “partners” in the project or technology development. If an applicant receives a grant award, the TCEQ may also request this and other documentation as part of the contract negotiation process.

General Application, Project Type, and Stage Questions

I have multiple technologies or projects that I would like to apply for. Is that allowed?

Yes, applicants can submit as many proposals as they would like. In fact, different technologies and projects must be submitted under separate applications.

My technology X reduces NO_x and other emissions by doing Y. What is the most appropriate category for me to apply under?

Please review the category descriptions in Sections 1.0 and 1.5 of the RFGA for details about the category types and what projects are eligible under each. Based on these descriptions, select the category that you think your technology best fits and describe in Part B (Form 20560) of the application how your technology fits that category.

You can also get a better idea of what is included in each project category by reviewing both:

- the description of each category’s scoring criteria as detailed in Section 3.1 of the RFGA and
- Section 1 of the version of Part B (Form 20560) appropriate for each category.

Keep in mind that the statutory limitations of the NTRD program restrict us to funding the technology and project types described in Section 1.0 of the RFGA, so if you do not see a category that fits your technology or project then it is likely not eligible for funding under the NTRD program. Applications for technologies or projects that do not fit the eligible categories will not be scored or considered for award.

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Are alternative fuel technologies eligible for NTRD funding?

NTRD has funded alternative fuel technologies in the past. Please review the answer to the previous question for more information about determining whether your technology is likely eligible for NTRD funds.

I think my technology and project could fall under more than one eligible project category. How should I apply?

See answer to previous question on selecting the appropriate project category. If a project could fit more than one category applicants should pick the most appropriate category and complete the application for that project type. Applicants may explain in Part B (Form 20560) of the application if they think the project could fit more than one category.

My technology X reduces NO_x by doing Y and I want to apply for a project to do A. Is this an eligible project under the RFGA?

We cannot predetermine whether a project is eligible or not under the NTRD authorizing statute or the RFGA. The details of an application are often key in such determinations; therefore we need a complete application before we can evaluate project eligibility. If after reviewing the RFGA and application materials you think your technology and project are a good fit with the NTRD program and are eligible under this solicitation then we encourage you to submit an application.

I am not sure what stage my project fits under.

Please review the stage descriptions in the instructions for Part A (Form 20559) Section 4, Supplemental Instructions. Be sure to select only the earliest stage proposed for funding.

I have a project in mind that will include several stages of development. How do I do that?

As stated in Section 1.5 of the RFGA, under this solicitation only one stage is allowed per project or application. If you submit an application with multiple stages proposed then we will only score and consider an award for the earliest proposed stage. For example, in the case of a project that proposes to build and test a prototype unit, complete a demonstration project using that prototype, and then complete verification testing with that prototype, we would only consider the first stage – building and testing the prototype – for scoring and possible award.

You are welcome to describe your plans for future work in the application, and in fact will likely need to do so when describing your commercialization plan in Part B (Form 20560). However, your proposal for the project considered for funding under this application (particularly in the scope of work and timeline in Part B (Form 20560) Section 2 and the budget in Part B (Form 20560) Section 4) should clearly focus on only the next stage in those plans as proposed for funding.

If we open up further solicitations in the future you are welcome to reapply at that time for any subsequent work, although due to the competitive nature of each round we cannot promise that such applications will be funded.

My company A is working with company B to develop technology X. Which of us should apply?

As stated in Section 1.5 of the RFGA, for all categories except Field Validation, the applicant must be the primary technology holder for the technology to be developed. The primary technology holder's partners in the development or commercialization processes may be included in the proposal as subcontractors to the applicant. These may include primary technology holders for technologies used in the final product, device, or vehicle, but not developed as part of the proposed project. Letters of support or intent from these partners may be attached to the application. The TCEQ encourages applicants who have some ambiguity about the primary technology holder qualifications to explain their qualifications clearly in the application and submit any useful supporting documentation (e.g. patent, etc).

For Field Validation projects, the applicant may be the primary technology holder or the site at which the field validation will occur.

Company X is interested in partnering with us for the development or commercialization of our technology. Will the TCEQ take this into account?

We are happy to consider current and potential development or commercialization partners in applications. Letters of interest or support from such parties can be attached to the application. However, please keep in mind the eligibility requirements for each category. As detailed in Section 1.5 of the RFGA, eligible applicants under most categories must be the primary technology holder; the exception to this is the Field Validation category for which the proposed demonstration site is also an eligible applicant.

I have concerns about some of the sample/shell contract language. Can I get clarification of the purpose of that language or agreement from TCEQ to modify that language?

Applicants who have concerns about any of the terms in the sample/shell contract agreement should identify the terms and their concerns in answering Question 6 of Part B (Form 20560) Section 3. The TCEQ does not typically modify the NTRD shell contract terms, however, and may award the agreement based upon the sample agreement.

Will the TCEQ be using "fixed price" or "cost plus" contracting for NTRD grants?

"Cost plus" contracting is prohibited by the Uniform Grant Management Standards (as adopted June 2004), see (Part III. State Uniform Administrative Requirements For Grants and Cooperative Agreements: Subpart C—Post-Award Requirements). Cost plus proposals serve as estimates, which the final billed amount may or may not exceed. "Fixed price" is the contracting method used for NTRD grants; this type of proposal requires that the grantee or subcontractor provide services at the exact price stated in the proposal.

In Part A (Form 20559) Section 4, the cell for the item "Brief description of the proposed project" does not wrap text properly. Can this be fixed?

This appears to be an issue with MS Word 2007 compatibility. Please try one of the following options to accommodate this problem:

- 1) Cut and paste properly formatted text into the cell. This may or may not fix the problem.

- 2) Type "See Attached" or some such language in the cell and then attach a separate sheet with the description. Please keep this description brief, approximately 250 words or less.

Questions Specific to Project Types

What does "TERP Eligible" mean?

The Texas Emissions Reduction Plan (TERP) was established by the 77th Texas Legislature in 2001, through enactment of Senate Bill 5. The TERP includes a number of voluntary financial incentive programs, as well as other assistance programs, to help improve the air quality in Texas. For more information about the TERP please visit:

www.tceq.state.tx.us/implementation/air/terp/program_info.html

To be "TERP Eligible" under the New Technology Research and Development (NTRD) program, a project must target the existing fleet of vehicles and/or engines that are eligible for funding under one of the many programs that, together, make up TERP. Since many of the TERP programs focus exclusively on the purchase of new equipment and vehicles, for the NTRD program "TERP Eligible" effectively refers to the Emission Reduction Incentive Grants (ERIG) program that can fund modifications to existing equipment (e.g. retrofits and repowers).

Does the 25% minimum NO_x reduction required for TERP Eligible projects apply to the other four project category types as well?

No, there is no specific minimum NO_x reduction required for the Advanced Technologies, Stationary Source Technologies, Field Validation, or Qualifying Fuel Technologies categories. Applications under all five categories will receive higher scores for greater NO_x reductions however.

For projects proposing certification or verification testing, is completion of such testing with either the EPA or the CARB acceptable or must applicants pursue certification/verification with both agencies simultaneously?

Certification or verification through either the EPA or the CARB is acceptable; both are not necessary. Generally the EPA and the CARB will work as part of the certification/verification process to ensure that the final certification/verification will be accepted by the other entity. However this reciprocity is not required by NTRD.

Does the TCEQ have a preference between the EPA or CARB certification or verification processes?

No, the TCEQ does not have a preference between either process. Each process has its benefits and challenges. Applicants should explain why they are electing to use one process over another. Whichever process is pursued, testing must be completed during the period that grant funds are available, approximately 2 years from contracting.

Does the TCEQ have a list of approved or preferred testing labs?

The TCEQ does not have a list of approved or preferred testing labs for NTRD grant funded testing. To ensure quality test results all testing must be done at a qualified and independent test facility and while both EPA and CARB maintain lists of such facilities they are not

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comprehensive. If an applicant is proposing to pursue certification or verification with the EPA or the CARB then the test facility must meet the requirements of the certifying or verifying authority.

What if any work must be done in Texas?

The demonstration portion of Field Validation projects must be done in Texas, preferably in the non-attainment or near-nonattainment areas of the state. Other emissions testing, laboratory or development work can be done at a qualified facility regardless of whether it is located in Texas or not.

In the description of the preferred areas in Texas for Field Validation projects, what is meant by the term “near-nonattainment areas”?

Near-nonattainment areas are those areas in Texas that have been identified as approaching the upper limits for attainment of federal air quality standards, particularly for NO_x. This term does not refer to areas adjacent to non-attainment areas.

The current non-attainment areas in Texas are Houston-Galveston-Brazoria, Dallas-Fort Worth, and Beaumont-Port Arthur. The near-nonattainment areas in Texas include the Early Action Compact areas of Austin-San Marcos, San Antonio, and Northeast Texas, as well as Corpus Christi and Victoria. For more information about what counties are included in these areas please see the TCEQ web site at: www.tceq.state.tx.us/implementation/air/sip/siptexas.html.

For the Qualifying Fuels category, what is the difference between thermal efficiency and energy efficiency?

In general, applicants should provide answers only to the parts of a question that are applicable to their particular project. For thermal efficiency, which is part of question 11 on Part B (Form 20560e) for Qualifying Fuels, we want to know about the energy content of the fuel in terms of "btu/gallon" or in other equivalent terms. For energy efficiency, which is part of question 7 on Part B (Form 20560e), we want to know about whether the same amount of work, or more, could be done using the proprietary fuel while also resulting in less emissions when compared to a chosen baseline fuel. As with all questions, please provide the details of the calculations and the assumptions that went into them.

My company develops and sells emissions testing equipment. Is that eligible under this RFGA?

The NTRD program can only fund projects focused on the development and testing of *emission reduction* technologies. The development or demonstration of new *emission testing* equipment is not eligible under the NTRD program.

However, the use and, in certain cases, purchase of emissions testing equipment may be funded under NTRD projects (e.g. onboard emission testing equipment). Funding for the use of such equipment is only eligible as a proven tool to complete the proposed work, not as the technology to be developed and commercialized in the project. For more information about the eligibility of emission testing equipment please review Section 1.9 of the RFGA.

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In addition, emission or engine monitoring and control equipment developed and used in conjunction with emission reduction equipment may be eligible.

Is the focus of the NTRD program on NO_x reducing technologies or only diesel focused technologies?

The NTRD program can fund a variety of NO_x reducing technologies as described in detail in Section 1.5 of the RFGA. The history of the NTRD program is rooted in encouraging the development of retrofit and add-on technologies to reduce NO_x from existing diesel vehicles and engines, i.e. the TERP Eligible category. However, from the beginning of the program there have been a variety of other types of NO_x reduction technologies eligible for funding. The TCEQ has made and plans to continue to make awards with a balanced mix among all eligible grant categories.

My proposal will include testing following standard Federal Test Procedures. Do I need to include a copy of those procedures in the application or is a reference to the specific procedures adequate?

A specific reference for standardized test procedures is adequate.

Emission Reduction and Cost Effectiveness Calculations

How should the estimated NO_x reduction from commercialization of a technology be calculated?

However this number is calculated, be sure to document and explain your methods, sources, and calculations. Calculations for this number usually take into account:

- the technology's expected NO_x reduction,
- an analysis of the technology's target market in Texas and its current emissions inventory, and
- an estimate of the likely market penetration of the technology once commercialized.

As stated on page 19 of the RFGA, TCEQ's emission inventory data can be found at www.tceq.state.tx.us/nav/eq/eq_airdata_sources.html. As stated in the instructions for Form 20559 (Part A), information on how to estimate emission reductions for TERP eligible technologies can be found in the technical supplements or appendixes to the TERP Guidelines, available at www.terpgrants.org.

If you have further questions about the TCEQ's emissions inventory data please contact:

<i>Onroad Mobile</i>	Chris Kite	512-239-1959	ckite@tceq.state.tx.us
<i>Nonroad Mobile</i>	Amy Muttoni	512-239-6351	amuttoni@tceq.state.tx.us
<i>Point Sources</i>	Danielle Nesvacil	512-239-2102	dnesvaci@tceq.state.tx.us
<i>Area Sources</i>	Greg Lauderdale	512-239-1433	glauderd@tceq.state.tx.us

Must a technology have been originally designed to reduce NO_x emissions to be eligible for funding?

No. Technologies originally designed for other purposes, e.g. fuel economy, that have also been shown to reduce NO_x are eligible, as long as the emission reductions are measurable and preferably have been demonstrated with previous emission testing of some type.

Can fuel economy savings be used to infer NO_x reductions?

Since there is not a direct correlation between fuel economy savings and NO_x reductions, fuel economy savings alone are not sufficient to prove NO_x reductions. Emissions testing is the only way to prove actual emissions reductions. Applicants should submit test reports for any completed emissions testing to support emissions reduction claims. If no emissions testing has been completed for a technology then the applicant must explain what the expected emissions reductions are and the method used to developing those estimates; such applications should also include emissions testing to verify these estimates as part of the proposed project.

Is credit given in the scoring for fuel economy improvements?

Yes. Please see Section 3.1 of the RFGA for details of the scoring metric for each category type.

What emissions testing information should I include in my application? Is any particular type of testing required?

The TCEQ strongly encourages applicants to include the results of any relevant emissions testing, including a summary of the results in the application and attachment of any testing reports. Results are more useful if the applicant includes sufficient information for reviewers to understand the parameters of the testing. As a result, complete test reports are preferred.

The TCEQ does not set specific requirements for what testing must be completed before applying for NTRD grant funds. Testing under controlled, independent laboratory circumstances that shows clear NO_x emission reductions are likely to strengthen an application. In addition, the amount of testing done to date often influences what stage a technology is considered to be at, with more testing expected to already have been done for applications for later stages, where as earlier stage technologies are more likely to only have simulation testing to date.

Is the cost-effectiveness estimate required in Part A (Form 20559) Section 5 and Part B (Form 20560) Section 1 intended to assess the cost-effectiveness of the proposed project or of the commercialized technology?

The cost-effectiveness estimate required in Part A (Form 20559) Section 5 and Part B (Form 20560) Section 1 is intended to assess the cost-effectiveness of the commercialized technology not the proposed project.

Are projects that indirectly reduce emissions (e.g. by avoiding use of vehicles/equipment) eligible?

In general projects that do not directly reduce the emissions from emission sources (e.g. retrofits, cleaner burning engines, cleaner burning fuels, etc) or replace those emission sources with zero emission technologies (e.g. fuel cells) are not usually eligible. However, if after

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Questions and Answers of General Interest to Applicants (*continued*)

reviewing the eligible project categories as described in both Sections 1.0 and 1.5 of the RFGA you believe that your technology and project do fit within one of the eligible categories then we encourage you to submit an application under that category and explain in Part B (Form 20560) of the application why you believe the project is eligible.

Does the NTRD program consider electric vehicles/equipment to be zero emission or does the NTRD program consider the source vs. site emissions?

NTRD generally focuses on the site emissions for vehicles and equipment. As a result, for the purposes of NTRD applications, electric vehicles and equipment are considered to be zero emissions.

Budget and Matching Funds

Regarding the 25% cost share/matching funds requirement, what exactly is the 25% of?

As stated in Section 1.14 of the RFGA, the 25% matching funds requirement must be 25% of the total project cost. So for a project proposing total expenses of \$100,000, for example, at least \$25,000 would need to be matching funds while the TCEQ funded portion could be up to \$75,000. Previous work done on the technology by the applicant or their partners/subcontractors is not eligible as part of the project cost share. Just as reimbursable expenses may not occur before a contract is signed and the TCEQ issues a Notice to Proceed (see Section 1.9 of the RFGA), eligible matching expenses may not occur before the Notice to Proceed either.

What is meant by the exception to the 25% matching requirement for certification or verification testing?

The TCEQ will waive the matching requirement for ONLY the testing fees for certification or verification testing. Any other expenses related to the certification or verification testing, including the applicant's salaries and travel to prepare for testing as well as the cost of the prototype, are still subject to the 25% matching requirement.

So, for example, it is possible for the TCEQ to award a grant that would pay for all proposed project costs with no matching funds required, but only if: 1) the budget of the proposed project is limited to verification or certification test fees, and 2) no other expenses are present in the budget of the proposed project.

What support documentation is required for cost share/matching expenses?

During contract negotiations the TCEQ often requires documentation to support the actual and reasonable nature of items included in the cost share/matching portion of the budget. Once a contract is signed and a grantee is submitting reimbursement reports, the TCEQ only requires that grantees report an itemized list of the cost share/matching expenses in each period. We do not require the same level of support documentation for cost share/matching expenses as what is required for expenses that will be reimbursed (e.g. receipts, cancelled checks, etc). Grantees should maintain records regarding all cost share/matching expenses, however, in case there is an audit of such expenses.

Can salaries be used as matching funds?

In general all eligible expenses can be used as matching funds unless prohibited by the RFGA or UGMS.

Can federal funds (including grants) be used as cost share/matching funds?

Yes, grant funds from any source other than the State of Texas may be used as matching funds.

May inventory items be used for cost share/matching?

As stated in the application Part B (Form 20560) Section 4, reimbursement of costs that do not involve an arms length transaction (e.g. use of inventory without a specific proof of purchase) may not be paid with grant funds although such costs may be included as matching funds. Such expenses must still be eligible under UGMS, or applicable OMB Circular, to be used as matching funds; please review Article 13 of the General Conditions of the draft contract for detailed information about expense eligibility. In order to establish the fair market value of the match grantees must be able to document the actual costs of the equipment or supplies. In addition, as stated in Article 17.27 of the General Conditions of the draft contract, the grantee must maintain accurate and detailed documentation to support all matching funds, must provide such documentation on request, and must maintain it for at least two years after the end of the grant contract.

May internal testing costs be used for cost share/matching?

It is very difficult for NTRD to allow costs for testing not done by a third party through an arms-length transaction such as a contract or work order. Allowing such "internal" testing costs as matching may be possible, but the only if the grantee can document that the costs are both actual and reasonable. The reasonableness of the costs would have to be supported with some sort of cost analysis, i.e. comparable quotes received from other external/third-party test facilities. The grantee would also need to show that the costs are actual costs and not just the rate that would be charged to an outside customer. Documenting both of these factors for internal testing costs is difficult and time consuming. It is much easier for NTRD to reimburse for or allow credit as matching/cost share for testing done by a 3rd-party/independent test facility.

For for-profit applicants, are payments for overhead costs between sub-sections of the applying entity an eligible expense for reimbursement?

No. Overhead costs of any type are not an eligible expense for for-profit entities.

May the cost business development or commercialization (e.g. promotion, advertising, etc) be use as either a reimbursable cost or as cost share/matching?

No. Such expenses are not eligible for reimbursement or as cost share/matching for NTRD grants.

May academic institutions and governmental agencies get credit as cost share/matching for the portion of their audited or approved indirect rate greater than the reimbursable 15%?

As stated in Section 1.13 of the RFGA, yes.

How will cost share/matching commitments beyond the required 25% minimum affect scoring of applications?

Section 3.1 of the RFGA details the scoring metric for each project category and this factor is the same for all project categories: "Additional funding through other sources - Up to 5 points may be given for matching or in kind contributions above the required 25%".

Section 1.9 of the RFGA references TAC and the TCEQ Allowable Cost Principles. Where can I find these?

TAC is the Texas Administrative Code, which can be found here:

[info.sos.state.tx.us/pls/pub/readtac\\$ext.ViewTAC?](http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?)

The TCEQ Allowable Cost Principles document is available on the TERP website, www.terpgrants.org, under "TERP Documents needed to administer your grant": www.tceq.state.tx.us/assets/public/implementation/air/terp/allowexp.pdf.

Does the 15% cap on indirect rates and the prohibition against reimbursing profit apply to subcontractors?

No, although all subcontractor costs – including indirect and fair profits – must be reasonable. Under the grant contracts all grantees are required to follow the cost principles set out in the applicable governing provisions, either OMB Circulars or UGMS. In both of these the focus is on whether the subcontracting costs are reasonable. Reasonableness is generally shown by selecting the subcontractor through a competitive process. If the subcontractor is not selected competitively then the grantee would have to be able to show that the costs are reasonable through a cost or price analysis. Even in the case of a cost or price analysis the focus would be on the reasonableness of the overall costs which may include indirect costs and fair profit; however, most important is whether the total costs are reasonable not merely the amount of the indirect costs or fair profit.

Should the Salaries used in the Proposed Budget be loaded salaries or hourly rates charged to other entities for those employees?

The TCEQ can reimburse for the actual Salaries and Fringe paid to employees by the grantee.

Regarding Equipment that will be built as part of the proposed project (e.g vehicles or prototypes), should such items be included as single line items in the Proposed Budget or itemized?

Such Equipment may be included in the Proposed Budget as a single line item but in such cases the TCEQ encourages applicants to attach an itemized list of the parts and components that will be assembled into the finished unit. Alternatively, applicants may include such items in the Proposed Budget as the major components or groups of components (e.g. Engine, battery rack, etc.) Applicants should also be prepared to provide the TCEQ a detailed breakout of such costs as part of the contracting process if they receive an award.

Is the purchase of emissions testing equipment eligible for reimbursement under this solicitation?

As stated in Section 1.9 of the RFGA and in the application Part B (Form 20560) Section, the purchase of testing equipment with a useful life greater than the grant contract term will not be funded through this program. The TCEQ may consider allowing such expenses as a matching cost, but it is unlikely to be approved. Reimbursement of laboratory testing fees or rental costs for use of such equipment are eligible costs.

Is the purchase of a test engine to be used in testing eligible for reimbursement under this solicitation?

Yes, purchase of a test engine is usually an eligible cost. Most test facilities have at least a few common engines on hand for use in testing so applicants are encouraged to explore this option rather than purchasing an engine specifically for this project. However, test engine purchases are generally an eligible expense.

For matching funds, does the bulk need to come from the applying entity?

No. The matching funds may come all or in part from the applicant or any of the project partners.

Can in-kind contributions, counted as matching for an awarded project, such as the use of vehicles or other equipment be used as matching in subsequent applications?

No. First, anything counted towards matching for one project may not be counted towards matching for a later project, i.e. no double-counting. Second, in order to be counted towards matching for a proposed project, the in-kind contribution or the purchased items must be used during the TCEQ-funded stage of the project. So, if the items would be used prior to the start of the TCEQ-funded stage of the proposed project or after the close of the TCEQ-funded stage of the proposed project, then those items would not be counted towards matching funds for the proposed project.

I need to add additional rows to the proposed project budget but the document is locked.

Please contact Kate Williams at kawillia@tceq.state.tx.us and we will be happy to modify the budget spreadsheet to accommodate your needs.

I found an error in the budget document but I can't fix it because the document is locked.

One error in the originally posted document has been found and a corrected version of the budget document has been posted on the NTRD webpage. Applicants will not be penalized for using the budget document version with the error. Applicants who find additional errors in the budget document should contact Kate Williams at kawillia@tceq.state.tx.us as soon as possible so that we may address the problem.

Commercialization Plans

Must NTRD funded technologies be commercialized in Texas?

Yes, all NTRD funded technologies should be commercialized in Texas. Sometimes a promising technology that receives NTRD grant funds is proven in testing to not result in the projected emission reductions or to not be technically feasible or safe. The TCEQ considers such projects a “technical failure” and will post the test reports on the webpage as it does with all other projects, but there will not be penalties for the grantee. Failure to commercialize a technology that is not a technical failure may result in the TCEQ requiring the grantee to return the grant funds.

Can the TCEQ recommend or suggest any potential commercialization partners for my technology?

No, the TCEQ cannot recommend potential commercialization partners or customers. It is up to the applicant to collect data on the likely market in Texas. Such information is necessary for the commercialization plan as well as for many emission reduction estimates required in the application.

Can the TCEQ guide applicants in selecting a market segment to target in the application?

No, the TCEQ cannot recommend appropriate markets for applicants’ technologies. Applicants are responsible for doing sufficient market research and analysis to select an appropriate initial market for their technologies. Applicants are required to describe their proposed market, as well as its size and the expected market penetration for the technology, in both Part B (Form 20560) Section 1 of the application , particularly related to the commercialization plan and estimated emission reductions.

Contracting and Grant Management Questions

How much flexibility does the TCEQ have in altering the proposed project as part of the award and contracting processes? Can the award amount or the scope of work be changed?

The TCEQ has significant flexibility in reducing the scope of the proposed project, including the budget, as part of the grant award and contracting processes. Refinements to the proposed scope of work and budget are very common as part of the initial contract negotiations. The TCEQ may also make awards contingent on narrowing the proposed scope or removal of ineligible expenses.

Major changes to the proposed work of a project may require re-evaluation of the original project scoring to ensure that the proposed changes would not have changed the original grant award decision. Such changes may result in retraction of a grant award offer.

The TCEQ cannot increase the budget or overall objective of the project, either in the initial award process or as part of subsequent contract negotiations and revisions.

If the applicant committed in the application to complete interim work before beginning the proposed grant work but a grant contract is ready for signature earlier than expected can the Scope of Work and Budget be modified to include this interim work?

Work that is proposed in the application to be completed before the proposed grant work must be completed before the grant funded work and cannot be included in the final grant contract.

Who reviews the NTRD applications? Who manages the NTRD grants once awarded?

During FY10-FY11, TCEQ employees review all applications and will manage NTRD grants made during this period.

What reporting will the TCEQ require after the end of a grant contract?

There are two issues about which the TCEQ may require grantees to report quarterly for as much as 5 years after the end of a contract: disposition of grant funded equipment and ongoing commercialization efforts.

Regarding disposition reporting, please see Section 4 of Part B (Form 20560) of the application for specific details about what qualifies as “equipment”. In general, if any equipment is bought or constructed with grant funds then the TCEQ plans to allow the grantee to retain ownership of such equipment as long as the grantee continues to use the equipment for purposes similar to the grant contract and as long as the grantee reports to the TCEQ quarterly on the status of the equipment. The TCEQ will make specific arrangements for the disposition of grant funded equipment in consultation with the grantee at the end of each contract.

Regarding commercialization reporting, grantees with technologies that are not clearly commercialized in Texas by the end of the grant contract will be required to report to the TCEQ quarterly on their continuing efforts to commercialize the technology. Please see Article 1 of the Special Conditions of the draft contract for information about commercialization requirements, including reporting. (Note: In general, for certification and verification projects, the TCEQ accepts the designation of “verified” or “certified”, by EPA or CARB, as meeting the commercialization requirement). At the end of each contract the TCEQ will consider the status of the grantee’s commercialization efforts and notify the grantee of what commercialization reporting will be required. Since the TCEQ is funding technologies with the intent to see them commercialized in Texas, any grantees that choose to no longer pursue commercialization of grant funded technologies must notify the TCEQ and explain their reasons for this decision. If the TCEQ is not satisfied with the reason for not pursuing commercialization then it may require the grantee to return the grant funds; however, failure of a technology to get the projected emission reductions is not necessarily a reason for such a request.