

**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ)
TEXAS EMISSIONS REDUCTION PLAN (TERP)
TEXAS CLEAN FLEET PROGRAM**

**Request for Grant Applications
Fiscal Year (FY) 2012**

**Grants for Projects to
Reduce Emissions of Oxides of Nitrogen (NO_x)
Through Replacement of Diesel Vehicles with Alternative Fuel or Hybrid
Vehicles**

Solicitation No. 582-12-20716

Eligible Counties

Austin Area: Bastrop, Caldwell, Hays, Travis, and Williamson Counties.

Beaumont-Port Arthur Area: Hardin, Jefferson, and Orange Counties.

Corpus Christi Area: Nueces and San Patricio Counties.

Dallas-Fort Worth Area: Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties.

Houston-Galveston-Brazoria Area: Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.

San Antonio Area: Bexar, Comal, Guadalupe, and Wilson Counties.

Tyler-Longview Area: Gregg, Harrison, Rusk, Smith, and Upshur Counties.

Victoria Area: Victoria County.

**May 30, 2012
Texas Commission on Environmental Quality (TCEQ)
Air Quality Division
Implementation Grants Section, MC-204
P.O. Box 13087
Austin, Texas 78711-3087**

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Applications will be accepted for consideration during this grant period only if received at the front desk, Rm. 2202, 2nd floor of Building F on the premises of the TCEQ (12100 Park 35 Circle, Austin, TX 78753) by no later than 5:00 p.m. Central Time, August 29, 2012.

Applications received in the TCEQ mail room on this date are not guaranteed to be delivered to Rm. 2202 by the required deadline, so applicants are encouraged to plan their submissions accordingly.

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**Texas Commission on Environmental Quality (TCEQ)
Texas Emissions Reduction Plan (TERP)
TEXAS CLEAN FLEET PROGRAM**

**Request for Grant Applications (RFGA)
Fiscal Year (FY) 2012**

**Grants for Projects to
Reduce Emissions of Oxides of Nitrogen (NO_x)
Through Replacement of Diesel Vehicles with Alternative Fuel or Hybrid
Vehicles**

1.0 INVITATION

The TCEQ invites applications from entities that currently operate at least 75 on-road light-duty or heavy-duty motor vehicles in Texas and are interested in replacing at least 20 diesel-powered vehicles with alternative fuel or hybrid vehicles. Incentive funding is available for activities that will reduce the emissions of oxides of nitrogen (NO_x) in designated eligible counties in Texas. Eligibility is limited to entities that own, lease, or otherwise commercially finance the vehicles to be replaced.

1.1 PURPOSE

The Texas Clean Fleet Program (TCFP) is established in Texas Health and Safety Code (THSC), Chapter 392. The TCEQ adopted rules to implement this program under 30 Texas Administrative Code (TAC) Chapter 114, Subchapter K, Division 5, Texas Clean Fleet Program (TCFP rules).

The TCFP is established to encourage an entity that operates a large fleet of on-road light-duty or heavy-duty vehicles to replace vehicles powered by a diesel engine with alternative fuel or hybrid vehicles. The replacement activities must result in at least a 25% reduction in the emissions of nitrogen oxides (NO_x) compared to the baseline emissions of the vehicles being replaced. NO_x is usually a byproduct of high-temperature combustion. Everyday functions, like driving a motor vehicle or operating heavy equipment, contribute to the creation of NO_x. It reacts with volatile organic compounds (VOCs) in the presence of sunlight to form harmful ground-level ozone, or smog.

For this grant application period, the funding is focused on projects that will reduce NO_x emissions in eligible counties in areas designated as nonattainment for ground-level ozone under the federal Clean Air Act, as well as other areas where ground-level ozone is of concern.

1.2 STATUTORY AND REGULATORY AUTHORITY

The TCEQ's statutory authority to implement this program is based on the following statutory provisions:

- a) Texas Water Code (TWC), §5.102, which provides the commission general powers to carry out its duties;

- b) TWC, §5.103, which authorizes the commission to adopt any rules necessary to carry out the powers and duties under the provisions of the Texas Water Code and other laws of this state;
- c) TWC, §5.105, which authorizes the commission by rule to establish and approve all general policy of the commission;
- d) THSC, §382.017, which authorizes the commission to adopt rules consistent with the policy and purposes of the Texas Clean Air Act;
- e) THSC, §382.011, which authorizes the commission to establish the level of quality to be maintained in the state's air and to control the quality of the state's air;
- f) THSC, §382.012, which authorizes the commission to prepare and develop a general, comprehensive plan for the control of the state's air;
- g) THSC, Chapter 386, which establishes the Texas Emissions Reduction Plan (TERP); and
- h) THSC, Chapter 392, as amended by House Bill 3399, 82nd Texas Legislature, 2011, Regular Session, which establishes the TCFP.

The program requirements are established by rule in 30 TAC Chapter 114, Subchapter K, Division 5, Texas Clean Fleet Program.

Additional requirements regarding purchases and compliance with state laws and regulations may be included in the grant contract.

1.3 DEFINITIONS

The definitions set forth in the TCFP rules (30 TAC §114.650) apply to this program. Key definitions from the rules are restated below.

- a) Alternative Fuel – A fuel, other than gasoline or diesel fuel. For purposes of this program, this definition is limited to the following: electricity, compressed natural gas (CNG), liquefied natural gas (LNG), hydrogen, propane (LPG), or a mixture of fuels containing at least 85% methanol by volume (M85).
- b) Golf cart – A motor vehicle designed by the manufacturer primarily for transporting persons on a golf course.
- c) Heavy-duty vehicle – A motor vehicle with a gross vehicle weight rating (GVWR) greater than 8,500 pounds and containing an engine certified to the United States Environmental Protection Agency's (EPA) heavy-duty engine standards.
- d) Hybrid vehicle – A motor vehicle with at least two different energy converters and two different energy storage systems on board the vehicle for the purpose of propelling the vehicle.
- e) Light-duty motor vehicle – A motor vehicle with a GVWR of less than 10,000 pounds and certified to the EPA's light-duty vehicle emission standards.
- f) Motor vehicle – A self-propelled device designed for transporting persons or property on a public highway that is required to be registered under Texas Transportation Code, Chapter 502.
- g) Neighborhood electric vehicle – A motor vehicle that:

- 1) is originally manufactured to meet, and does meet, the equipment requirements and safety standards established for “low-speed vehicles” in Federal Motor Vehicle Safety Standard No. 500 (49 Code of Federal Regulations §571.500);
- 2) is a slow-moving vehicle, as defined by Texas Transportation Code, §547.001, that is able to attain a speed of more than 20 miles per hour but not more than 25 miles per hour in one mile on a paved, level surface;
- 3) is a four-wheeled motor vehicle;
- 4) is powered by electricity or alternative power sources;
- 5) has a GVWR of less than 3,000 pounds; and
- 6) is not a golf cart.

2.0 PROJECT CRITERIA

2.1 ELIGIBLE APPLICANTS

Eligibility requirements are included in the TCFP rules. In accordance with TCFP rules, an eligible entity is a person or entity that owns, leases, or commercially finances a fleet of 75 or more on-road vehicles that are currently registered in Texas that includes at least 20 on-road diesel vehicles that are eligible for replacement under the TCFP. Additional eligibility information is outlined below.

- a) Eligible applicants include individuals, corporations, organizations, governments or governmental subdivisions or agencies, school districts, business trusts, partnerships, associations, or any other legal entity. This may include a corporation headquartered outside of the state of Texas that operates an eligible fleet in Texas.
- b) Businesses or other entities in which a TCEQ employee, spouse, or family member of a TCEQ employee has a direct or indirect interest, financial or otherwise, may be prohibited from receiving a grant, depending upon the nature of the interest. Any questions regarding the eligibility of an entity to apply for a grant should be referred to the TERP staff early in the application process.
- c) Eligible applicants do not include entities intending to serve as a third party for the funding, whereby the grant funding and/or cost savings resulting from the funding will be passed through to the owners or operators of the vehicles or equipment.

2.2 ELIGIBLE COUNTIES

- a) For this RFGA, the eligible counties (grouped by area) include:
 - **Austin Area:** Bastrop, Caldwell, Hays Travis, and Williamson Counties.
 - **Beaumont-Port Arthur Area:** Hardin, Jefferson, and Orange Counties.
 - **Corpus Christi Area:** Nueces and San Patricio Counties.
 - **Dallas-Fort Worth Area:** Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties.

- **Houston-Galveston-Brazoria Area:** Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.
 - **San Antonio Area:** Bexar, Comal, Guadalupe, and Wilson Counties.
 - **Tyler-Longview Area:** Gregg, Harrison, Rusk, Smith, and Upshur Counties.
 - **Victoria Area:** Victoria County.
- b) For this RFGA, during the five-year or 400,000 mile activity life, whichever occurs first, at least 25% of the annual mileage of the replacement vehicle purchased under this program must occur in one or more of the eligible counties. The applicant must indicate in the application a commitment to operate the vehicles at least 25%, 50%, or 75% of the annual mileage in the eligible counties. Regardless of the usage percentage committed to by the applicant, the vehicle must also be operated at least 75% of the annual mileage in Texas.

2.3 ELIGIBLE ACTIVITIES

Applications may be submitted to replace existing diesel motor vehicles with qualifying hybrid or alternative fuel vehicles. Applications must include the replacement of at least 20 vehicles, but may include the replacement of a greater number of vehicles. Although an applicant must submit at least 20 vehicles for replacement, the TCEQ may reduce the number of vehicles eligible for funding. In these instances, the TCEQ may award a grant to replace fewer than 20 vehicles.

2.4 QUALIFYING VEHICLES

- a) The vehicle and engine being purchased must be new and certified to the current federal emissions standards applicable to that vehicle and/or engine.

The grant may only pay for the purchase of the qualifying vehicle and is not available to pay for the costs of converting a vehicle to operate on alternative fuels after purchase by the applicant.

For light-duty vehicles, the vehicle and engine are certified as a unit, while for heavy-duty vehicles the engine receives the certification. The dealer should be able to provide information on the engine and/or vehicle emissions certification. Also, Appendix A of this RFGA includes the weight classifications and emissions certification standards for light-duty vehicles and heavy-duty engines. An emissions certification label is usually found under the hood of a light-duty vehicle and on the engine itself for heavy-duty vehicles. That label will indicate the emissions certification model year of the vehicle and/or engine.

- b) The vehicle being purchased must be replacing a diesel-powered vehicle of the same weight classification and use. Weight classifications for light-duty and heavy-duty on-road vehicles are listed in Appendix A. In general, the replacement vehicle should be of the same type, within the same weight classification, and the same body and axle configuration as the vehicle being replaced. The replacement vehicle must be configured and intended for use in the same application or vocation (for example, regional delivery) as the vehicle being replaced. The TCEQ may accept, case-by-case, vehicles of a

different type and/or body and axle configuration to account for the latest technology used for a specific vocation.

- c) For light-duty vehicles, the vehicle being purchased must be certified to emit at least 25% less NO_x than the vehicle being replaced, based on either the certified emissions of the vehicle or a baseline emission level set by the TCEQ. Emissions standards and baseline NO_x emission levels are listed in Appendix A.
- d) For heavy-duty vehicles, the engine on the vehicle being purchased must be certified to emit at least 25% less NO_x than the engine on the vehicle being replaced based on either the certified emissions of the engine or a baseline emission level set by the TCEQ. Emissions standards and baseline NO_x emission levels are listed in Appendix A.
- e) The vehicle being purchased must be a hybrid vehicle or fueled by an alternative fuel. The following are the types of Alternative Fuels that can be used with the replacement vehicle:
 - 1) Electricity
 - 2) Compressed Natural Gas (CNG)
 - 3) Liquefied Natural Gas (LNG)
 - 4) Hydrogen
 - 5) Propane (LPG)
 - 6) Methanol, 85% by Volume (M85)

If the vehicle being purchased uses a bi-fuel or multi-fuel engine, capable of operating independently on gasoline or diesel fuel in addition to the alternative fuel, the applicant must commit to operating the vehicle using the alternative fuel for an average of at least 75% of the annual operation of the vehicle. This requirement also applies to flex-fuel engines capable of operating on an alternative fuel, a blend of the alternative fuel and gasoline/diesel, and gasoline/diesel without the alternative-fuel blend. Grant recipients will need to maintain fueling records to verify that this requirement is met and to certify compliance in reports submitted to the TCEQ. Those records must also be made available to the TCEQ upon request, including review by monitoring staff during site visits.

Unless otherwise required by the TCEQ to address unique types of vehicles and engines, the fuel use tracking and verification requirements will not apply to hybrid vehicles, vehicles with engines dedicated to using only the alternative fuel, or dual-fuel engines that use a combination of gasoline or diesel fuel and the alternative fuel in regular operation of the engine, such as when diesel fuel is used as an ignition source for operation using the alternative fuel.

- f) A neighborhood electric vehicle does not qualify for purchase under this program. Also, golf carts and similar vehicles that do not meet the definition of a motor vehicle do not qualify for purchase under this program.

- g) A vehicle may not have been used as a qualifying vehicle to qualify for a previous TCFP grant or a grant from another entity. Also, the vehicle may not have been used to qualify for a similar grant or tax credit in another jurisdiction.

Subject to the above provisions, applicants may combine funding under this program with new funding provided from other financial incentive programs and/or tax credits for the purchase of the grant-funded vehicle. The other funding or tax credits must be listed in the application and the combined assistance may not exceed the incremental cost to the applicant for the purchase of the vehicle. This includes tax credits that the applicant intends to take for the purchase of the vehicle.

Unless otherwise approved by the TCEQ, funding from other TERP grant programs may not be combined with this program for the purchase of a qualifying vehicle. This includes funding from the TERP Emissions Reduction Incentive Grants Program, Rebate Grants Program, Texas Natural Gas Vehicle Grant Program, Third-Party Grants Program (including sub-grants issued by third-party grant recipients), and Texas Clean School Bus Program.

In addition, emissions reductions achieved by the TCFP must be assigned to the TCEQ and any marketable emissions reduction credits must be retired. Therefore, if another incentive program requires that emissions reductions achieved by the project be assigned for use by that program, funding from that program may not be combined with a TCFP grant for the purchase of a qualifying vehicle.

2.5 VEHICLES BEING REPLACED

- a) The vehicle being replaced must be a diesel-powered on-road motor vehicle. Unless a waiver of the requirements is granted by the TCEQ, the vehicle must have been owned, leased, or otherwise commercially financed; registered; and operated by the applicant in Texas for at least the two years immediately preceding the submission of a grant application. Applicants must certify compliance with these requirements in the application. Waivers to these requirements must be requested in accordance with the procedures explained in Appendix C. Any waiver request must be submitted to the TCEQ prior to or with the submission of the application. The TCEQ is not obligated to consider a waiver request submitted after the application is received by the TCEQ.
- b) An apportioned registration issued in another state, even if that registration includes Texas in the list of apportioned states for operation of the vehicle, will not satisfy the requirement that the vehicle has been registered in Texas for the preceding two years. An apportioned registration issued by the State of Texas may satisfy the registration requirement, if the applicant can certify that the vehicle was operated primarily in Texas over the preceding two years. Unregistered vehicles, including vehicles used exclusively for non-road purposes, are not eligible for replacement under this program.
- c) The vehicle being replaced must be in good operating condition with at least two years remaining useful life. To verify compliance with this requirement, the vehicle must have a current safety inspection sticker, if a safety

inspection is required for that type of vehicle. The application must include a signed certification of the vehicle condition by an independent service agent. The service agent may not be an employee or consultant of the applicant and must be qualified through professional license or certification to assess the condition of the vehicle.

- d) The TCEQ may accept, case-by-case, vehicles for replacement that were taken out of service and disposed of prior to the submission of the application, if those vehicles were removed from service as a direct result of the purchase of the new vehicle to be funded under the grant, the purchase of which may not have been completed more than 90 days prior to the opening of this grant application period. All disposition requirements must have been met and the vehicle must have had a current registration and safety inspection sticker at the time it was taken out of service. If, under this alternative, the vehicle was disposed of prior to inspection by an independent service agent, then the applicant must provide documentation, as may be requested by the TCEQ, to verify that the vehicle was in good operating condition and had at least two years of remaining useful life at the time of disposition.
- e) To be eligible for replacement, vehicles and engines imported into the United States from another country must have been legally imported and met all applicable emissions certification requirements for importation.
- f) Applicants must also have the legal authority to dispose of the vehicle being replaced in accordance with the grant requirements at the time of application. Applicants must certify compliance with these requirements in the application.

2.6 PICTURES AND OTHER DOCUMENTATION MATERIALS

- a) In accordance with statutory requirements, the applicant will not be required to submit pictures and copies of titles, lease agreements, and registration documents with the initial application. If the application is approved and tentatively selected to receive a grant, the applicant will be notified and requested to submit pictures and documentation materials. Applicants will be given a 30-day period to provide the additional materials. Any tentative grant selection may be canceled if those materials are not submitted in the time specified or if the materials submitted do not adequately show compliance with the requirements for receiving a grant. These materials may include, but are not limited to the items outlined in this Section.
- b) To verify ownership of the vehicle being replaced over the preceding two years, the applicant may be required to submit copies of title documents, listing the applicant as the owner on the front of the title, covering the preceding two years.
- c) To verify the lease of the vehicle being replaced over the preceding two years, the applicant may be required to submit copies of the lease agreement(s) for the preceding two years listing the applicant as the lessee.
- d) To verify the current registration and operation of the vehicle in Texas over the preceding two years, the applicant may be required to submit copies of current and past registration documents over the preceding two years, listing the applicant as the registrant.

- e) To verify the operational condition of the vehicle, the applicant may be required to submit pictures of a current vehicle inspection sticker and pictures of the vehicle showing sides, tires, and the engine.
- f) To verify that the applicant has the authority to dispose of the vehicle being replaced, the applicant may be required to submit a copy of a current title listing the applicant as the owner of the vehicle on the front of the title or, if the vehicle is leased and the ownership has not been transferred, a binding written agreement with the lessor and owner of the vehicle that the applicant has authority to dispose of the vehicle in accordance with the grant requirements. Regardless of any documentation provided that indicates the applicant has the authority to dispose of the vehicle, failure to comply with the disposition requirements will result in a grant recipient being required to return the grant reimbursements in accordance with the provisions of the grant contract.
- g) The TCEQ may require additional pictures and other documentation, information not submitted with the application, or other materials and information necessary to verify compliance with the requirements for awarding a grant, prior to the issuance of a grant contract.

2.7 DISPOSITION OF VEHICLE AND ENGINE BEING REPLACED

- a) The grant contract will include the requirements for disposition of the vehicle and engine being replaced. In general, unless an alternative disposition method is approved by the TCEQ, the old vehicle and engine must be rendered permanently inoperable within 90 days of receiving financial reimbursement by completely crushing the vehicle and engine or drilling a 3” hole or larger in the engine block on both sides (or otherwise destroying it) and cutting both frame rails in half (or perform other structural damage to the equipment) rendering it inoperable. A certification of the disposition of the old vehicle and engine must be provided on forms provided by the TCEQ. The grant contract will include specific provisions for scrapping the vehicles and engines and for submitting disposition verification information to the TCEQ.
- b) Grant applicants may request authorization of an alternative method for rendering the vehicle and engine permanently inoperable. The proposed alternative disposition method should be explained in the application. If approved, the alternative disposition method will be included in the special conditions of the grant contract. If the alternative method is not approved, the disposition requirements outlined in the grant contract, as explained in general above, will need to be followed.

2.8 ELIGIBLE COSTS

- a) The grant recipient may be eligible for reimbursement of a percentage of the incremental cost of purchasing the qualifying vehicle to replace an existing vehicle. The incremental cost is the actual, reasonable, and necessary cost of the vehicle minus the scrap value of the vehicle being replaced. The TCEQ may establish a default scrap value for the vehicle being replaced. For this RFGA, a default scrap value of \$1,000 will be set for heavy-duty vehicles and \$500 for light-duty vehicles. The incremental cost may include the invoice cost for the purchase of the vehicle, including taxes, duty, protective in-transit

insurance, freight charges, and other costs and fees normally included in a vehicle purchase.

- b) Price quotes and invoices must list standard features and costs and include optional features and costs as separate line items. Optional features included in the purchase costs must be necessary for the normal operation and vocation of that vehicle. The TCEQ may, at its discretion, exclude optional features from the approved incremental costs used to determine the grant amount, if the options are determined not to be reasonable and necessary (see Appendix D).
- c) The application forms may require submission of comparison price quotes and/or other information to show that the price of the vehicle is reasonable (see Appendix D).
- d) The costs to purchase and install a Global Positioning System (GPS) to track and log the location and use of the vehicle may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS system must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.
- e) Finance fees and charges may not be included in the incremental costs.
- f) Administrative costs of the applicant may not be included in the incremental costs, including the costs for a third-party to prepare and submit the application documents.
- g) Applicants must list in the application all other financial incentives and tax credits received and/or expected to be received for the vehicle purchase. The combined total of the TCFP grant and other financial incentives or assistance, including tax credits received or expected to be received, may not exceed the incremental costs to the applicant.

2.9 USE OF CONSULTANTS

- a) Private consultants may be available to assist an applicant to complete and submit an application. Those consultants do not represent the TCEQ and the TCEQ neither encourages nor discourages the use of a consultant to assist with the application process. The TCEQ has no agreement with any consultant that applications submitted by a particular consultant will receive more favorable treatment than other applications. Any fees charged by a consultant are the responsibility of the applicant or the vendor and may not be charged to the grant, either directly or as an addition to the cost basis of the grant-funded vehicle. It is generally considered acceptable for an applicant to accept assistance from a vendor or an agent of a vendor in preparing an application, as long as any decision by the applicant to purchase the grant-funded vehicle from the vendor is made independently and meets the other reasonableness provisions in the grant contract. However, if the consultant is paid directly by the applicant to complete the application documents and to act as the applicant's agent for the grants process, purchases of grant-funded vehicles from a company in which the consultant has an interest would not normally be considered appropriate by the TCEQ under the reasonableness requirements of the grant contract.

Contact the TCEQ staff with any questions.

- b) The applicant must indicate in the application if the application was prepared by a third party. If a third party prepares the application, the third-party preparer must also sign the application and certify that the information provided is correct.

2.10 ADDITIONAL REQUIREMENTS

Additional criteria that apply to activities funded under this RFGA are explained below.

- a) Applications must include a minimum of 20 replacement activities. There is no maximum number of activities that may be included, although applicants should consider the deadlines for completing the grant-funded purchases when determining the number of vehicles to include in the project.
- b) Unless otherwise accepted by the TCEQ, an applicant may not simultaneously apply for the same project under this RFGA and a separate TERP grant program. If an eligible application for a project is not selected for funding under one TERP grant program, the applicant may then submit an application under a different TERP grant program.
- c) The applicant must commit in the application to a percentage of annual use of each grant-funded vehicle as measured by annual mileage that will occur in the eligible counties. The options available in the application are 25%, 50%, or 75% of annual mileage. The percentage of annual mileage committed to by the applicant during the five-year or 400,000 mile Activity Life must take place within the eligible counties marked in the application. In addition, regardless of the percentage of annual use that will occur in the eligible counties, at least 75% of the annual mileage must occur within Texas.
- d) Emissions reductions attributable to projects funded under this RFGA will be used by the TCEQ. Therefore, funding may not be combined with other incentive programs that also require use of the emissions reductions. In addition, any activity involving a new emissions reduction measure that would otherwise generate marketable credits under state or federal emissions reduction credit averaging, banking, or trading programs is not eligible for funding under this program unless:
 - the activity includes the transfer of the reductions that would otherwise be marketable credits to the TCEQ; and
 - the reductions are permanently retired.
- e) Per the TCFP rules (30 TAC §114.652), the vehicle being purchased may not have been used to qualify for a grant under this program for a previous grant period or by another entity. Also, the vehicle may not have qualified for a similar grant or tax credit in another jurisdiction.
- f) Applicants must agree to monitor the use of the grant-funded vehicle and to report at least annually to the TCEQ for the life of each grant-funded activity, which will extend for five years or 400,000 miles of usage after the TCEQ reimburses the eligible cost of the vehicle and engine being replaced.
- g) Applicants must agree to notify the TCEQ of any termination of use, change

in use, sale, transfer, or accidental or intentional destruction of grant-funded vehicles during the life of each activity.

- h) All applications for funding must be completed according to the application instructions listed in Appendix D and submitted within the required deadline.
- i) Unless otherwise accepted by TCEQ, the vehicle being purchased may not have been purchased prior to 90 days before the opening date of the grant application period under this RFGA. Under this provision, the vehicle may have been ordered, but the expenses may not have been paid to finalize the purchase prior to the 90-day limit. Also, the TCEQ provides no assurances that a project will be awarded a grant and the TCEQ has no liability for expenses incurred by an applicant prior to the execution of a grant contract and issuance of a Notice to Proceed.
- j) Applicants selected to receive grant funding will be required to execute a contract with the TCEQ. All services or work carried out under a contract awarded as a result of this RFGA must be completed within the scope, time frames, and funding limitations specified in the contract. A copy of the contract shell is available on the TERP Web site at www.terpgrants.org.
- k) Administrative costs and other internal costs of the grant recipient, including but not limited to personnel expenses, internal salaries, indirect costs, and travel, will not be eligible. This restriction also applies to situations where the grant recipient acts as a transportation provider for delivery of the grant-funded vehicle before or after acceptance of the vehicle.
- l) Fees for a third-party consultant hired by the grant recipient to manage and administer the grant-funded activities, including coordination of the work and submission of reports and paperwork to the TCEQ for the grant recipient, will not be eligible.
- m) If the costs for the purchase and installation of a TCEQ-approved Global Positioning System (GPS) are included in the grant, the grant recipient must agree to pay for any required ongoing operational costs of using the GPS, including the reporting system provided by the vendor, for the Activity Life. Failure to maintain and use the GPS may result in a requirement to return any grant funds used to pay for all or part of the purchase and installation of the GPS.
- n) If the grant recipient installs a GPS from the TCEQ-authorized GPS contractor, either as part of the grant or with other funds, the TCEQ may accept the reports available from the GPS service provider in lieu of the grant recipient submitting annual usage reports. The grant contract will contain specific requirements for using this reporting option. In particular, the grant recipient must agree to periodically verify the information being reported and to pay for the ongoing costs associated with obtaining the reports from the GPS provider.
- o) Under Texas Family Code §231.006, a child support obligor who is more than 30 days delinquent in paying child support and a business entity in which the obligor is a sole proprietor, partner, shareholder, or owner with an ownership interest of at least 25% is not eligible to receive a state-funded grant or loan. All business entities applying for a grant under this RFGA must include in the application the name and social security number of the individual or sole

proprietor and each partner, shareholder, or owner with an ownership interest of at least 25% of the business entity submitting the application. The certifying official submitting the application must also certify in the application that the individual or business entity named in the application is not ineligible to receive the grant and acknowledges that the grant contract may be terminated and payment may be withheld if the certification is inaccurate.

- p) The grant contract will require grant recipients to maintain the grant-funded vehicles in proper operating condition and to obtain sufficient replacement insurance to repair or replace the vehicles if they are damaged or destroyed during the commitment to the TCEQ.
- q) The grant contract will include provisions for the return of all or a pro-rata share of the grant funds for failure of the grant recipient to meet the conditions for maintaining and operating the vehicles in the eligible counties for the percentage of use required over the Activity Life.
- r) Applicants must submit a W-9 Form (Request for Taxpayer Identification Number and Certification Form) when submitting the application.
- s) If applying as an individual or sole proprietor, a photocopy of a state or federal identification card must be included in the application (i.e., driver's license).

2.11 MAXIMUM ELIGIBLE GRANT AMOUNTS

The maximum eligible grant amounts are established in the TCFP rules, as outlined below.

- a) The maximum eligible grant amount for the replacement of a heavy-duty diesel vehicle is determined as follows:
 - 1) up to 80% of the cost for replacement of a vehicle with an engine manufactured prior to 1988 and certified to meet the federal emissions standards, if any, applicable to the year of manufacture;
 - 2) up to 70% of the cost for replacement of a vehicle with an engine manufactured after 1987 and before 1998 and certified to meet the federal emissions standards applicable to the year of manufacture;
 - 3) up to 60% of the cost for replacement of a vehicle with an engine manufactured after 1997 and before 2004 and certified to meet the federal emissions standards applicable to the year of manufacture; and
 - 4) up to 50% of the cost for replacement of a vehicle with an engine manufactured after 2003 and certified to meet the federal emissions standards applicable to the year of manufacture.
- b) The eligible grant amount for the replacement of a light-duty diesel vehicle is determined as follows:
 - 1) up to 80% of the cost for replacement of a light-duty diesel vehicle of a model year prior to 1994 and certified to meet the federal emissions standards, if any, applicable to the model year of the vehicle;
 - 2) up to 70% of the cost for replacement of a light-duty diesel vehicle of a model year after 1993 and before 2004 and certified to meet the federal

emissions standards applicable to the model year of the vehicle; and

- 3) up to 60% of the cost for replacement of a light-duty diesel vehicle of a model year after 2003 and certified to meet the federal emissions standards applicable to the model year of the vehicle.
- c) Applicants may request less than the eligible amount. If an applicant requests less than the eligible amount, the requested amount will be used by the TCEQ to determine the grant award. If the applicant requests more than the eligible amount, the TCEQ will only consider for award up to the maximum eligible grant amount.
- d) Vehicles that have a GVWR of 10,000 pounds (lbs) or less and were certified to the federal light-duty vehicle emission standards will be considered light-duty vehicles. Vehicles greater than 8,500 lb GVWR and that contain an engine that is certified to the federal heavy-duty on-road diesel engine emission standards will be considered heavy-duty vehicles.
 - 1) Vehicles may have also been certified to California emissions standards by the California Air Resources Board (CARB). However, for purposes of determining the eligible grant amount, the federal vehicle category for the vehicle being replaced applies.
 - 2) The GVWR is the total allowable or recommended vehicle weight, including the loaded weight of the vehicle, driver, passengers, and cargo. The rated weight is usually found on a label affixed to the inside of the door or other area of the vehicle and listed in the owner's manual. The GVWR and vehicle model year should also be listed on the vehicle title.
 - 3) The emissions label, located under the hood (for light-duty vehicles) or on the engine (for heavy-duty engines), will state if the vehicle or engine was certified to either the federal emissions standards for a passenger vehicle or light-duty truck, or the standards for a heavy-duty on-road diesel engine. The emissions label will also state the emissions model year to which the vehicle or engine was certified. A very old vehicle or engine may not have an emissions label. In those instances, applicants should still be able to determine the model year of the vehicle or engine and the GVWR of the vehicle, in order to determine the eligible percentage of costs.
 - 4) Also, beginning in 2004, the EPA began to certify vehicles between 8,500 lb and 10,000 lb GVWR as medium-duty passenger vehicles (MDPV) if those vehicles were designed to carry passengers. This change was to account for the much greater production of large sport utility vehicles (SUVs) and vans intended for passenger use. Prior to 2004, vehicles over 8,500 lb GVWR would have been certified under the federal heavy-duty on-road engine emissions standards. After the new category was in place, vehicles between 8,500 lb and 10,000 lb GVWR may have been certified under either the federal light-duty vehicle emission standards as a MDPV or under the heavy-duty engine emission standards, depending upon whether the vehicle was designed for passenger use (excluding buses).
 - 5) For purposes of determining the eligible percentage of costs that may be covered by the grant, the federal emissions certification of the vehicle

being replaced applies. If the applicant is replacing a pre-2004 vehicle between 8,501 and 10,000 lb GVWR with a new vehicle certified to the federal standards for a MDPV, the classification of the old vehicle under the heavy-duty engine standards will apply and applicants should use the percentages applicable for replacement of a heavy-duty vehicle, even if the vehicle being purchased is certified to the standards applicable to a MDPV.

3.0 GRANT ADMINISTRATION

3.1 REIMBURSEMENT OF EXPENSES

- a) In order to ensure that all revenue received is used under this program, the TCEQ may select projects and award contracts that may ultimately exceed the amount of revenue received. Grant contracts will include a Notice to Proceed clause and will specify that reimbursements are contingent upon the TCEQ receiving sufficient revenue to cover the grant. The TCEQ will provide a written notice to the grant recipient when/if revenue is available to cover the grant. Any expenses incurred by the grant recipient prior to receiving the notice will be at the grant recipient's own risk.
- b) Except as provided for under Section c below, payments will be made on a reimbursement basis for eligible expenses incurred and paid by the grant recipient. A cost may not be considered incurred until the grant-funded goods and services have been received and accepted by the grant recipient. Requests for reimbursement may be submitted to the TCEQ no more frequently than monthly. Grant recipients will be required to provide documentation to show that equipment or services have been received and the expenses have been incurred and paid by the grant recipient before reimbursement is provided by the TCEQ.
- c) Subject to approval by the TCEQ, the grant recipient may assign the payments due from the TCEQ directly to the supplier, subcontractor, or finance company, or other entity from which the goods or services were procured or financed by the grant recipient. A properly completed Texas Application for Payee Identification Number and Notice of Assignment must be completed and submitted with or prior to submission of the Request for Reimbursement form. Under this option, the goods and services included under a cost must have been received and accepted by the grant recipient, and the grant recipient must have an obligation to pay the expense.
- d) Financial information will be required with each request for reimbursement, listing the status of all expenses and budget items. Reporting forms will be provided by the TCEQ.
- e) For replacement projects, the scrap value is considered a cost of performing the Grant Activities and as such must be reasonable. By reasonable, the value received for the vehicle or equipment being replaced must be the result of arms-length bargaining with the entity taking the old vehicle or equipment. The remuneration received and reported to the TCEQ must reflect the actual reasonable scrap value of the old vehicle or equipment. A grant recipient may be required to list on the financial reporting forms any money or in-kind value received in exchange for the scrapped vehicle including, but not limited

to, cash, goods, services (including the services provided by a consultant to assist in preparing and/or submitting a grant application), gifts, intangibles, discounts, or any other items of value. For on-road vehicle replacement projects, the TCEQ may use a default scrap value of \$1,000 for heavy-duty vehicles and \$500 for light-duty vehicles, in lieu of the grant recipient reporting the actual remuneration received.

- f) Unless otherwise approved by the TCEQ, all project costs must have been incurred and grant funded vehicles received before the end of the Period of Funds Availability indicated in Article 4 of the contract. All final requests for reimbursement will need to be submitted within 45 days after this date.
- g) Grants will be for the purchase of qualifying vehicles. Vehicle leases are not eligible under this program. However, a finance lease used to purchase the vehicle may be allowed if it includes a binding commitment for the grant recipient to take ownership and title to the vehicle. An option to buy at the end of the lease term will not be sufficient to consider the agreement a finance lease.
- h) Reimbursement will not be authorized for pre-payment of future periodic finance payments. A grant recipient will need to either ensure that sufficient payments will be made prior to the end of the grant contract term to use the grant amount or structure the financing agreement to allow for an up-front payment.

3.2 MONITORING AND REPORTING

- a) The grant recipient must agree to monitor the use of grant-funded equipment for the five-year or 400,000 mile Activity Life which will begin after the reimbursement process for each activity has been completed.
- b) The beginning and ending dates for the life of each grant-funded activity will be established by the TCEQ. The beginning of the Activity Life will normally be set on the date that the reimbursement has been processed. At that time, the grant recipient will be notified in writing of the beginning and end date of the Activity Life.
- c) Annual reports on the use of the grant-funded vehicles will be required, using forms to be provided by the TCEQ.
- d) Grant recipients must agree to place an identifying mark or label to be provided by the TCEQ on the grant-funded vehicles if requested to do so by the TCEQ.
- e) The grant recipient must agree to install and use a device for tracking the location of grant-funded vehicles and equipment if requested to do so by the TCEQ.

3.3 PERFORMANCE EVALUATION

The TCEQ will prepare written evaluations of the performance of the grant recipient upon completion of all reimbursements and also upon the completion of the life of the project or more frequently, as deemed necessary by the TCEQ. The criteria used to evaluate performance will be included in the grant contract. The performance rating on contractor evaluations for a past grant may be considered by the TCEQ in

evaluating an application from the grant recipient for additional funding under this program. A rating of marginal or unsatisfactory performance may be used as a basis to lower or otherwise change the priority and ranking of a future application.

3.4 FUNDING

- a) The total amount to be awarded under this grant program will depend upon the amount of revenue received into the TERP account. The TCEQ will not be obligated to select project proposals to cover the full amount of expected or available funding.
- b) The TCEQ may select parts of a proposal for funding and may offer to fund less than the dollar amount requested in a proposal.

4.0 APPLICATION PROCESS

- a. **Required Forms.** Application forms and complete guidelines and criteria on the activities eligible for funding under this program may be viewed and downloaded from the TERP Web site at www.terpgrants.org. Applications may also be obtained by calling the TERP toll free number at 800- 919-TERP (8377).
- b. **Application Submission.** To apply for funding, applicants must complete and submit two copies of the grant application. Instructions for completing the grant application can be found in Appendix D.
- c. **Deadline for Submission.** Proposals will be accepted for consideration during this grant period only if received at the front desk, Rm. 2202, 2nd floor of Building F on the premises of the TCEQ by no later than 5:00 p.m. Central Time, August 29, 2012 . Applications received in the TCEQ mail room on this date are not guaranteed to be delivered to Rm. 2202 by the required deadline, so applicants are encouraged to plan their submission accordingly. Applicants are encouraged to submit an application as early as possible.
- d. **Application Processing.** TCEQ staff will review all grant applications. The applicant will be notified if any additional information is needed or if there are any discrepancies in the application. Applications will be scored and ranked according to the process listed in the RFGA. The TCFP is a reimbursement program and applications are considered in a competitive manner. Submission of an application does not guarantee grant funding.
- e. **Additional Program Information.** Individuals desiring further information are encouraged to call the TERP staff at 1-800-919-TERP (8377).
- f. **Public Information.** Upon submission, all proposals become the property of the State of Texas and as such become subject to the Texas Open Records Act, V.T.C.S. art. 6252-17a.

5.0 SELECTION CRITERIA

5.1 SCORING

Applications will be selected for funding on a competitive basis, using the criteria explained below. The final point system to assign to each factor may be adjusted prior to the assessment and scoring process to account for the range in the cost-

effectiveness of the applications received and to ensure that the scoring process fairly compares the projects.

a) **Cost per ton of NO_x projected to be reduced (up to 70 points).**

Applications will be scored according to the cost per ton of NO_x reduced by the project. The cost per ton is determined by dividing the grant amount by the projected tons of reduction in NO_x emissions to be achieved over the life of the project. For this RFGA, only the NO_x emissions reductions that will occur in the eligible counties will be considered in the cost per ton calculations.

b) **Long-term commitment to reduce emissions (up to 10 points)**

In order to ensure that the funding will result in permanent reductions in vehicle emissions, the applicant will be asked to provide information concerning the applicant's long-term commitment to reducing vehicle emissions in Texas.

- Existing policy documents are in place documenting an institutional commitment to reduce emissions – up to 5 points
- Significant actions have been taken to date by the applicant to reduce emissions in Texas and/or the applicant has plans in place and commits to update, replace, or otherwise modify additional vehicles to reduce emissions in Texas, beyond those included in the grant application – up to 5 points

c) **Availability of fueling infrastructure and fuel sources, including electric charging systems for electric vehicles (up to 10 points)**

The use of alternative fuel vehicles is dependent on the availability of fuel and fueling infrastructure, including charging systems for electric vehicles. Applicants will be asked to demonstrate in the application the current and/or expected availability of fuel and fueling infrastructure for use by the grant-funded vehicles.

- Hybrid vehicles (no fueling infrastructure needed) – up to 10 points
- A fuel source and any needed fueling infrastructure are currently available or under construction – up to 10 points
- Plans for new fueling infrastructure and/or a fuel source have been approved, financing or funding vehicles are ready to place in service – up to 5 points
- The availability of fuel and/or fueling infrastructure is still not certain and may be subject to other factors – 0 points

5.2 OTHER SELECTION FACTORS

In addition to the selection criteria explained above, and regardless of the scores and ranking assigned to a project, the TCEQ may consider the additional criteria explained below when selecting applications for grant funding.

- a) Regardless of the scores and ranking assigned, the TCEQ may base funding decisions on other factors associated with best achieving the goals of the program and the TCEQ is not obligated to select a project for funding. As part of this consideration, the TCEQ may give priority to projects in certain areas and/or for certain emission sources.

- b) The TCEQ may make selection for funding contingent upon agreement by the applicant with additional conditions or changes to the project pertaining to equipment, logistical considerations, expenses, and other program elements.
- c) The TCEQ may select parts of a proposal for funding and may offer to fund fewer vehicles, less than the eligible grant amounts, and/or a smaller percentage of the eligible costs than requested in the application.
- d) Based on the number and types of applications received, the TCEQ may establish a cut-off level for grant selections that is less than the available funding, and projects may be offered a smaller amount of funding or may be held until a later date.
- e) The TCEQ is not obligated to fund a proposal from an applicant that has demonstrated marginal or unsatisfactory performance on previous grants and contracts with the TCEQ and other state agencies. A rating of marginal or unsatisfactory performance on past contracts may be used as a basis to lower or otherwise change the priority and ranking of an application.
- f) The TCEQ is not obligated to fund a proposal from an applicant or for a project based on a determination of the risks associated with the applicant and/or project, including the financial condition of the applicant and other risk factors as may be determined by the TCEQ. The TCEQ may also include additional controls in a grant contract to address the risks that may be involved with providing a grant to an applicant considered to be high risk.
- g) The TCEQ is not obligated to fund a proposal from an applicant that is under federal, state, or local enforcement action for violation of environmental laws or permit conditions.
- h) The TCEQ is not obligated to fund a proposal from an applicant with an overall compliance history classification of Poor (45.01 or greater) on the TCEQ's Compliance History Database, for applicants that are subject to the rating.
- i) The TCEQ is not obligated to fund a proposal where the emissions reductions are speculative in nature and which pose a higher risk of not being achieved. Regardless of the score assigned to these types of projects, the TCEQ may place such projects at a lower priority for funding or choose not to fund such a project, based on the risks that the project will not achieve the projected emissions reductions.

5.3 CALCULATION OF NO_x EMISSIONS REDUCTIONS

For this RFGA a primary selection factor will be the amount of NO_x emissions reductions projected to be achieved by the project in the eligible counties.

- a) Default annual mileage rates will be used for each weight classification of vehicle. The calculations will be based on operation of the grant-funded vehicles for 25%, 50%, or 75% of the annual mileage in the eligible counties, as marked in the application.
- b) Baseline NO_x emission rates for the vehicles being replaced will be the NO_x emissions standard to which the vehicle or engine is certified, based on the standards applicable to that classification and model year of vehicle or engine. The NO_x emissions of the vehicle being purchased will be based on

the certified NO_x emissions rate of that vehicle and/or engine.

- c) The methodology and information that the TCEQ will use to calculate the NO_x emissions reductions for each project are provided in Appendix A. Directions are provided to assist applicants in calculating the NO_x emissions reductions. However, applicants are not required to perform the calculations in order to apply for a grant.

6.0 APPLICATION REVIEW AND SELECTION PROCESS

6.1 APPLICATION REVIEW

The TCEQ will review the applications and, to the extent time allows, will notify applicants of any needed changes or additional information. However, the TCEQ is not obligated to wait for additional information or needed changes to be provided before making the grant selection decisions.

6.2 PROJECT SELECTION

- a) Properly completed applications for eligible projects will be evaluated, scored, and ranked.
- b) The TCEQ will work with applicants, to the extent possible, to correct problems with applications and to obtain all necessary information and documentation in order to consider the application complete. However, the amount of time available for correction of applications will be limited, and the TCEQ is not obligated to wait for all corrections to be completed before making the grant selections.

6.3 TENTATIVE GRANT SELECTION

Applicants tentatively selected to receive a grant will be notified and informed of documentation materials that must be submitted to complete the approval process. These materials may include, but are not limited to the items outlined in Section 2.6.

- a) Applicants will need to submit the materials within the requested time period or the tentative selection may be canceled.
- b) The TCEQ will review the pictures and additional documentation materials submitted by the applicant. If these materials meet the requirements and verify compliance with the eligibility requirements, the TCEQ will proceed with the contracting process.
- c) If the pictures and documentation materials do not adequately show compliance with the requirements for receiving a grant the TCEQ may cancel the tentative selection of the application.

6.4 GRANT AWARD AND CONTRACTING

An example contract shell will be made available on the TERP web site. Successful applicants will be notified by phone or other means of their selection and the amount of grant funds that may be awarded. At that time, the applicant will need to confirm to the TCEQ if the applicant intends to accept the grant. A grant contract will be developed and provided to the applicant to sign and return to the TCEQ. Upon

signature and execution of the contract by the TCEQ, a copy of the signed contract will be returned to the applicant, at which time the grant will be considered awarded.

6.5 TAXES

Grant recipients are responsible for complying with all U.S. Internal Revenue Service (IRS) laws and rules regarding the taxable status of grants. The grant payments are Form 1099 reportable.

6.6 NOTICE TO PROCEED

- a) The execution of a contract will not be the final commitment by TCEQ to provide the funds. A subsequent Notice to Proceed (NTP) will be issued to the grant recipient when sufficient funds become available, and any eligible expenses incurred prior to receipt of the notice will be at the grant recipient's own risk. The NTP may also include authorization for a lesser reimbursement amount than originally approved in the contract, based on the amount of funds available.
- b) The TCEQ may also make issuance of a NTP contingent upon receiving any additional documentation and information that may be needed from the applicant, including inspection by TCEQ of a vehicle and engine to be replaced under the grant to verify information and the condition of the vehicle or engine.

7.0 CONSIDERATION OF APPLICATION IN FUTURE GRANT ROUNDS

The TCEQ may, at its discretion, retain applications not selected for funding under this RFGA for consideration under a new RFGA issued for a future grant round. Applicants will be notified by the TCEQ if their application is retained for consideration under a future grant round and will be given the option of withdrawing their application from consideration.

APPENDIX A: TECHNICAL SUPPLEMENT

Summary

This appendix contains instructions for determining the emissions of nitrogen oxides (NO_x) and calculating the NO_x emissions reductions for the replacement of on-road light-duty or heavy-duty diesel motor vehicles under the Texas Clean Fleet Program (TCFP).

Applicants are not required to calculate the NO_x emissions reductions and cost per ton of NO_x reduced. However, it is recommended that applicants perform these calculations to have an idea of the score the project may be assigned in the selection process.

The steps in this appendix are generally the same steps that will be used by the TCEQ to determine the NO_x emissions reductions and the cost per ton of the project. However, where more specific information on emissions and emissions rates are available, the TCEQ may use that information regardless of the standards listed in this appendix.

The calculations are divided into the five main steps listed below.

- a) Step 1: Determine the baseline and reduced NO_x emission factors.
- b) Step 2: Determine if the activity meets a 25% NO_x emissions reduction requirement.
- c) Step 3: Convert to grams per mile (g/mile)
- d) Step 4: Calculate the NO_x emissions reductions.
- e) Step 5: Calculate the Cost Per Ton.

These steps are explained in the following instructions. Use the worksheet provided at the end of this appendix (TCFP-1) and the following instructions to complete each step.

Step 1: Determine the baseline and reduced NO_x emissions.

The emissions standards are established according to weight classifications, with California using a different classification system for medium-duty vehicles. The federal light-duty classifications established by the U.S. Environmental Protection Agency (EPA) are presented in Table A.1. The EPA heavy-duty vehicle classifications are presented in Table A.2. The California medium-duty classifications used by the California Air Resources Board (CARB) are presented in Table A.3.

TABLE A.1 EPA LIGHT-DUTY VEHICLE CLASSIFICATIONS

LDV	Light-Duty Vehicle	Passenger Car
LDT1	Light-Duty Truck 1	Truck up to 6000 pounds GVWR and 3750 pounds LVW
LDT2	Light-Duty Truck 2	Truck up to 6000 pounds GVWR, and between 3751 and 5750 pounds LVW
LDT3	Light-Duty Truck 3	Truck between 6001 and 8500 pounds GVWR, and between 3751 and 5750 pounds ALVW
LDT4	Light-Duty Truck 4	Truck between 6001 and 8500 pounds GVWR, and over 5750 pounds ALVW
Revised EPA light truck categories for 2004 and later vehicles		
LLDT	Light Light-Duty Truck	Truck up to 6000 pounds GVWR; includes LDT1 and LDT2
HLDT	Heavy Light-Duty Truck	Truck between 6001 and 8500 pounds GVWR; includes LDT3 and LDT4
MDPV	Medium-Duty Passenger Vehicle	Vehicle between 8501 and 10,000 lbs GVWR used primarily for passengers

TABLE A.2 EPA HEAVY-DUTY VEHICLE CLASSIFICATIONS

HDDV2b	Heavy-Duty Diesel Vehicle 2b	Vehicle between 8501 and 10,000 lbs GVWR
HDDV3	Heavy-Duty Diesel Vehicle 3	Vehicle between 10,001 and 14,000 lbs GVWR
HDDV4	Heavy-Duty Diesel Vehicle 4	Vehicle between 14,001 and 16,000 lbs GVWR
HDDV5	Heavy-Duty Diesel Vehicle 5	Vehicle between 16,001 and 19,500 lbs GVWR
HDDV6	Heavy-Duty Diesel Vehicle 6	Vehicle between 19,501 and 26,000 lbs GVWR
HDDV7	Heavy-Duty Diesel Vehicle 7	Vehicle between 26,001 and 33,000 lbs GVWR
HDDV8a	Heavy-Duty Diesel Vehicle 8a	Vehicle between 33,001 and 60,000 lbs GVWR
HDDV8b	Heavy-Duty Diesel Vehicle 8b	Vehicle between Greater than 60,000 lbs GVWR
HDDBT	Heavy-Duty Diesel Vehicle	Diesel Transit or Urban Buses
HDDBS	Heavy-Duty Diesel Vehicle	Diesel School Buses

TABLE A.3 CALIFORNIA MEDIUM-DUTY VEHICLE CLASSIFICATIONS

MDV1	Medium-Duty Vehicle 1	For California standards, an MDV up to 3750 pounds ALVW
MDV2	Medium-Duty Vehicle 2	For California standards, an MDV between 3751 and 5750 pounds ALVW
MDV3	Medium-Duty Vehicle 3	For California standards, an MDV between 5751 and 8500 pounds ALVW
MDV4	Medium-Duty Vehicle 4	For California standards, an MDV between 8501 and 10,000 pounds ALVW
MDV5	Medium-Duty Vehicle 5	For California standards, an MDV between 10,001 and 14,000 pounds ALVW

The EPA and California light-duty and medium-duty NO_x emission standards are presented in Tables A.4-A.8 in grams per mile (g/mile).

The EPA's light-duty vehicle emission standards are numerical limits for the various air pollutants allowed by the standards. The EPA emission standards fall into three Tier levels: Tier 0, Tier 1, and Tier 2. Vehicles of model year 2004 and later will also be certified according to an emission standard category, or Bin, as listed in Table A.4.

California light-duty vehicle emission standards are similar to the EPA light-duty vehicle emission standards but are not exactly the same. These standards were established under Low Emission Vehicle (LEV) levels known as LEV I and LEV II. For the 2008 model year, the following northeastern states have also adopted the California LEV II emission standards: NY, ME, MA, PA, RI, CT, VT. Under California LEV I and LEV II standards, vehicles are certified according to vehicle emissions standard categories, as listed in Tables A.7 and A.8.

TABLE A.4 EPA TIER 2 LIGHT-DUTY VEHICLE EMISSION STANDARDS

Emission Standard Category	Model Year	Vehicle Classification	NO _x (g/mile)
Bin 1	2004+	LDV, LLDT, HLDT, MDPV	0.00
Bin 2	2004+	LDV, LLDT, HLDT, MDPV	0.02
Bin 3	2004+	LDV, LLDT, HLDT, MDPV	0.03
Bin 4	2004+	LDV, LLDT, HLDT, MDPV	0.04
Bin 5	2004+	LDV, LLDT, HLDT, MDPV	0.07
Bin 6	2004+	LDV, LLDT, HLDT, MDPV	0.10
Bin 7	2004+	LDV, LLDT, HLDT, MDPV	0.15
Bin 8a	2004+	LDV, LLDT, HLDT, MDPV	0.20
Bin 8b	2004-2008	HLDT, MDPV	0.20
Bin 9a	2004-2006	LDV, LLDT	0.30
Bin 9b	2004-2006	LDT2	0.30
Bin 9c	2004-2008	HLDT, MDPV	0.30
Bin 10a	2004-2006	LDV, LLDT	0.60
Bin 10b	2004-2008	HLDT, MDPV	0.60
Bin 10c	2004-2008	LDT4, MDPV	0.60
Bin 11	2004-2008	MDPV	0.90

TABLE A.5 EPA TIER 1 LIGHT-DUTY VEHICLE EMISSION STANDARDS

Model Year	Vehicle Classification	NO _x (g/mile)
1994-2003	LDV	0.6
1994-2003	LDT1	0.6
1994-2003	LDV diesel	1.25
1994-2003	LDT1 diesel	1.25
1994-2003	LDT2	0.97
1994-2003	LDT3	0.98
1994-2003	LDT4	1.53

TABLE A.6 EPA TIER 0 AND HISTORICAL LIGHT-DUTY VEHICLE EMISSION STANDARDS

Cars		
Model Year	Vehicle Classification	NO _x (g/mile)
1987-1993	LDV	1.0
1985-1986	LDV	1.0
1984	LDV	1.0
1983	LDV	1.0
1982	LDV	1.0
1981	LDV	1.0
1980	LDV	2.0
1978-1979	LDV	2.0
1977	LDV	2.0
1975-1976	LDV	3.1
1973-1974	LDV	3.0
pre-1968	LDV	3.5
Trucks		
1988-1993	LDT1	1.2
1988-1993	LDT2-4	1.7
1987	LDT	2.3
1984-1986	LDT	2.3
1982-1983	LDT	2.3
1981	LDT	2.3
1979-1980	LDT	2.3
1978	LDT	3.1
1975-1977	LDT	3.1
1973-1974	LDT	3.0
pre-1968	LDT	3.6

TABLE A.7 CALIFORNIA LEV II LIGHT-DUTY AND MEDIUM-DUTY VEHICLE EMISSION STANDARDS

Emission Standard Category	Model Year	Vehicle Classification	NO _x (g/mile)
ZEV	2004+	LDV, LDT	0.00
PZEV*	2004+	LDV, LDT	0.02
SULEV II	2004+	LDV, LDT	0.02
ULEV II	2004+	LDV, LDT	0.07
LEV II	2004+	LDV, LDT	0.07
LEV II option 1	2004+	LDV, LDT	0.10
SULEV II	2004+	MDV4	0.10
ULEV II	2004+	MDV4	0.20
LEV II	2004+	MDV4	0.20
SULEV II	2004+	MDV5	0.20
ULEV II	2004+	MDV5	0.40
LEV II	2004+	MDV5	0.40

TABLE A.8 CALIFORNIA LEV I LIGHT-DUTY VEHICLE EMISSION STANDARDS

Emission Standard Category	Model Year	Vehicles	NO _x (g/mile)
ULEV I diesel	2001-2006	LDV, LDT1	0.30
ULEV I	2001-2006	LDV, LDT1	0.30
SULEV I	2001-2006	MDV2	0.30
LEV I diesel	2001-2006	LDV, LDT1	0.30
LEV I	2001-2006	LDV, LDT1	0.30
ILEV		LDV, LDT1	0.30
ULEV I	2001-2006	MDV2	0.30
LEV I	2001-2006	LDV, LDT1	0.30
SULEV I	2001-2006	MDV3	0.45
ULEV I diesel	2001-2006	MDV2	0.50
ULEV I	2001-2006	MDV2	0.50
SULEV I	2001-2006	MDV4	0.50
ILEV		LDT2	0.50
LEV I diesel	2001-2006	LDT2	0.50
LEV I	2001-2006	LDT2	0.50
ULEV I	2001-2006	MDV2	0.60
TLEV I diesel	2001-2003	LDV, LDT1	0.60
TLEV I	2001-2003	LDV, LDT1	0.60
LEV I	2001-2006	MDV2	0.60
SULEV I	2001-2006	MDV5	0.70
ULEV I	2001-2006	MDV3	0.90
TLEV I diesel	2001-2006	LDT2	0.90
TLEV I	2001-2006	LDT2	0.90
LEV I	2001-2006	MDV3	0.90
ULEV I	2001-2006	MDV4	1.00
LEV I	2001-2006	MDV4	1.00
ULEV I	2001-2006	MDV5	1.50
LEV I	2001-2006	MDV5	1.50

The EPA NO_x emission standards for heavy-duty diesel engines are presented in Table A.9 in grams per brake horsepower-hour (g/bhp-hr).

TABLE A.9 EPA HEAVY-DUTY DIESEL ENGINE NO_x EMISSION STANDARDS BY MODEL YEAR

Year of Manufacture	Diesel Engines Emission Standard	
	NO _x Only (g/bhp-hr)	NO _x +NMHC (g/bhp-hr)
1989 and earlier	10.7	
1990	6.0	
1991-1997	5.0	
1998-2001	4.0	
2002	4.0	
2003*	4.0	
2004 -2006	2.375	2.5
2007-2009**	2.375 - 0.2	
2010+	0.2	

**Some manufacturers were producing 2003 engines that met the more stringent 2.375 g/bhp-hr standard, as a result of a consent decree with the EPA.*

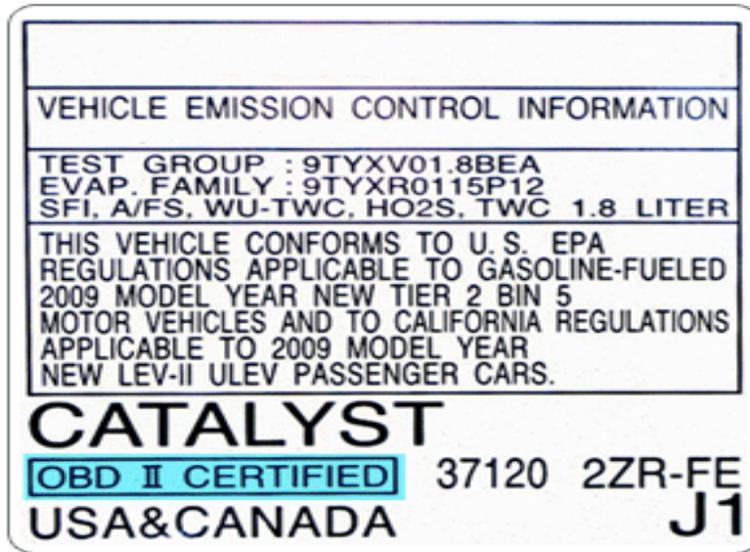
***The NO_x emission standard for heavy-duty diesel engines was reduced to 0.20 g/bhp-hr under a phase-in approach between 2007 and 2010. Manufacturers were allowed to phase in their compliance with this new standard over a three-year period.*

The current (2010+) NO_x emissions standard for alternative fuel heavy-duty vehicle engines is also 0.2 g/bhp-hr.

For some model years, the EPA used a combined NO_x + NMHC (non-methane hydrocarbons) standard. For the standards listed in NO_x + NMHC, the TCEQ will use a NO_x fraction of 0.95 for diesel engines to determine the NO_x-only emissions based on the combined standard.

To determine the applicable NO_x emissions factor for the vehicle being replaced, applicants should look on the vehicle or engine emissions label to determine the emissions model year and the standards to which the vehicle or engine was certified. Many light-duty vehicles will refer to both the EPA and California certification standards and, where applicable, the emission standard category. Where those standards differ, the lowest NO_x emissions rate will apply and should be listed in the application. In most cases where the standards differ, the California standards will be lower. A picture of the emissions label on the vehicle/engine being replaced should also be provided with the application.

An example of a light-duty vehicle emission label



Vehicle : LDV

Engine model year: 2009

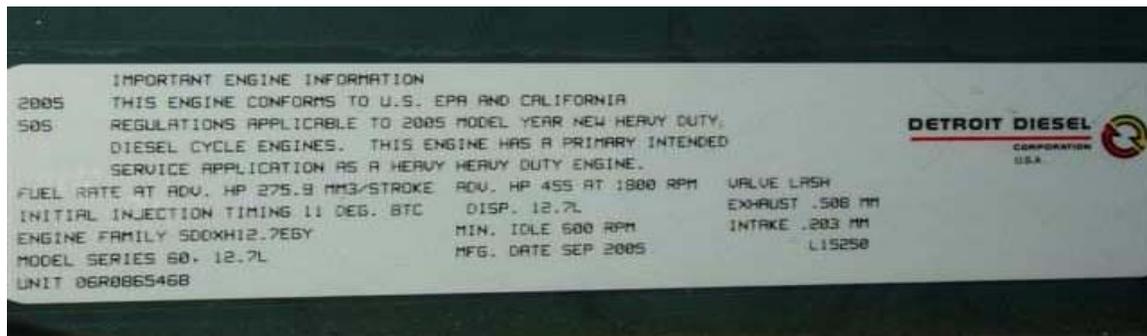
Test group: 9TYXV01.8BEA

US EPA Federal light-duty vehicle emission certification standards: Tier 2 Bin 5

California light-duty vehicle exhaust emission standards: LEVII

Certified NO_x emission standard: 0.07 g/mile

An example of a heavy-duty diesel engine emission label



Engine: Heavy-duty diesel engine

Engine model year: 2005

Engine family: 5DDXH12.7EGY

Certified NO_x emission standard: 2.375 g/bhp-hr

Determining the emissions of the vehicle being replaced

For the NO_x emissions of the vehicle or engine being replaced, the standard listed in the tables above for that category of vehicle may be used in the calculations. If a particular vehicle is certified under both the EPA and California standards, the lower of the two standards should be used.

Also, some vehicles or engines may be certified to a different emissions rate than the standard applicable to the model year of the vehicle or engine. Those vehicles or engines will be assigned a Family Emissions Limit (FEL). The certified FEL emissions level may be listed on the emissions label. The FEL emissions rate should be used for the calculations.

A twelve-digit vehicle test group number (light-duty vehicle) or engine family code (heavy-duty engine) is assigned to the vehicle or engine. The vehicle test group or engine family is printed on the engine emissions label. This number is assigned by EPA and CARB when testing and certifying the emission of a light-duty vehicle model or heavy-duty engine family. The test group or engine family code should be entered into the application.

Applicants may also use this number to look up the information at the EPA and/or CARB engine certification web sites to confirm the emissions certification and whether the vehicles or engines were certified to an alternative FEL:

- a. EPA - www.epa.gov/otaq/hwy.htm
- b. CARB - www.arb.ca.gov/msprog/onroad/cert/cert.php

However, the information on these sites is not easily accessible. Unless the TCEQ determines that the vehicle is certified to a FEL, the applicable emissions standards will be used for the baseline emission rate for the calculation of emissions reductions.

Determining the emissions of the new vehicle

Applicants should obtain emissions certification information from the dealer for the new vehicle and engine being purchased.

For light-duty alternative fuel and hybrid vehicles, the vehicle must be certified to one of the EPA Tier 2 bin levels listed in Table A.4. In addition, if the vehicle is also certified by CARB, it should have a CARB LEV II certification. The engine may also be certified to a Family Emissions Limit (FEL) lower than the current standard, but not higher. The lower of the certified emission rates in g/mile should be used for the calculations.

For heavy-duty engines, the engine must be certified to the current federal NO_x emissions standard or less.

All-electric vehicles and some hydrogen-powered vehicles and engines may have zero NO_x emissions.

In reviewing the grant applications, the TCEQ will confirm the applicable emissions rate, based on the test group number or engine family code.

Step 2: Determine if the activity meets the 25 % NOX emissions reduction requirement

The replacement vehicle/engine must be certified to a NO_x emission rate that is at least a 25 % less than the certified NO_x emissions rate of the vehicle/engine being replaced. Use Worksheet TCFP-1 to determine if your activity meets the minimum emission reduction requirements. Provided below are examples of the calculations used to determine if an activity meets a 25 % reduction in NO_x emissions.

$$\frac{(\text{Baseline Engine} - \text{Reduced Engine})}{\text{Baseline Engine}} \times 100 = \text{Baseline Emission Rate Reduction (\%)}$$

Example calculation for determining 25% baseline emission rate reduction for replacements

Activity: Replacement of a 1987 heavy-duty vehicle with a 2010 CNG model.

Original engine emission standard: 10.7 g/bhp-hr

Replacement engine emission standard: .2 g/bhp-hr

Calculation of baseline emission rate reduction:

$$[(10.7 \text{ g/bhp-hr} - 0.2 \text{ g/bhp-hr}) \div 10.7 \text{ g/bhp-hr}] \times 100 = 98.13 \text{ \% baseline emission rate reduction}$$

Note: This activity would meet the 25% baseline emission rate reduction.

Example calculation for determining 25% baseline emission rate reduction for replacements

Activity: Replacement of a 1981 light-duty truck with a 2005 Tier 2 Bin 3 model.

Original engine emission standard: 2.3 g/mile

Replacement engine emission standard: 0.03 g/mile

Calculation of baseline emission rate reduction:

$$[(2.3 \text{ g/mile} - 0.03 \text{ g/mile}) \div 2.3 \text{ g/mile}] \times 100 = 98.7 \text{ \% baseline emission rate reduction}$$

Note: This activity would meet the 25% baseline emission rate reduction.

Step 3: Convert to grams per mile (g/mile)

For light-duty vehicles, the NO_x emissions are certified in grams per mile (g/mile). This is the factor used in the calculations of emissions reductions, based on the annual number of miles traveled.

However, the NO_x emissions of heavy-duty engines are certified in grams per brake horsepower-hour (g/bhp-hr). In order to perform the emissions reduction calculations, the emissions rate in g/bhp-hr must be converted to g/mile. Conversion factors in bhp-hr/mile are provided in Table 4.1, by model year. If the certification is in g/bhp-hr, the NO_x emission rate must be multiplied by this factor to convert to g/mile.

TABLE A.10 CONVERSION FACTORS BY MODEL YEAR

Vehicle Class – MDPV, MDV4, and HDD2b Medium/Heavy-Duty Diesel Vehicles (8,501-10,000 lbs GVWR)		Vehicle Class – MDV5 and HDDV3 Medium/Heavy-Duty Diesel Vehicles (10,001-14,000 lbs GVWR)		Vehicle Class – HDDV4 Heavy-Duty Diesel Vehicles (14,001-16,000 lbs GVWR)		Vehicle Class – HDDV5 Heavy-Duty Diesel Vehicles (16,001-19,500 lbs GVWR)	
Model Year	Conversion Factor (bhp-hr/mi)	Model Year	Conversion Factor (bhp-hr/mi)	Model Year	Conversion Factor (bhp-hr/mi)	Model Year	Conversion Factor (bhp-hr/mi)
2012	1.09	2012	1.25	2012	1.46	2012	1.57
2011	1.09	2011	1.25	2011	1.46	2011	1.57
2010	1.09	2010	1.25	2010	1.46	2010	1.57
2009	1.09	2009	1.25	2009	1.46	2009	1.57
2008	1.09	2008	1.25	2008	1.46	2008	1.57
2007	1.09	2007	1.25	2007	1.46	2007	1.57
2006	1.09	2006	1.25	2006	1.46	2006	1.57
2005	1.09	2005	1.25	2005	1.46	2005	1.57
2004	1.09	2004	1.25	2004	1.46	2004	1.57
2003	1.09	2003	1.25	2003	1.46	2003	1.57
2002	1.09	2002	1.25	2002	1.46	2002	1.57
2001	1.09	2001	1.25	2001	1.46	2001	1.57
2000	1.09	2000	1.25	2000	1.46	2000	1.57
1999	1.09	1999	1.25	1999	1.46	1999	1.57
1998	1.09	1998	1.25	1998	1.46	1998	1.57
1997	1.09	1997	1.25	1997	1.46	1997	1.57
1996	1.09	1996	1.25	1996	1.46	1996	1.57
1995	1.09	1995	1.25	1995	1.46	1995	1.59
1994	1.09	1994	1.25	1994	1.47	1994	1.60
1993	1.09	1993	1.25	1993	1.47	1993	1.61
1992	1.10	1992	1.25	1992	1.48	1992	1.62
1991	1.10	1991	1.25	1991	1.48	1991	1.64
1990	1.10	1990	1.25	1990	1.49	1990	1.65
1989	1.10	1989	1.25	1989	1.49	1989	1.66
1988	1.10	1988	1.25	1988	1.50	1988	1.68
1987	0.92	1987	1.76	1987	1.76	1987	1.76
1986	0.92	1986	1.76	1986	1.76	1986	1.76
1985	0.92	1985	1.76	1985	1.76	1985	1.76
1984	0.92	1984	1.76	1984	1.76	1984	1.76
1983	0.92	1983	1.76	1983	1.76	1983	1.76
1982	0.92	1982	1.76	1982	1.76	1982	1.76
1981	0.94	1981	1.76	1981	1.76	1981	1.76
1980	0.94	1980	1.76	1980	1.76	1980	1.76

TABLE A.10 (CONTINUED)

Vehicle Class – HDDV6 Heavy-Duty Diesel Vehicles (19,501-26,000 lbs GVWR)		Vehicle Class – HDDV7 Heavy-Duty Diesel Vehicles (26,001-33,000 lbs GVWR)		Vehicle Class – HDDV8a Heavy-Duty Diesel Vehicles (33,001-60,000 lbs GVWR)		Vehicle Class – HDDV8b Heavy-Duty Diesel Vehicles (Greater than 60,000 lbs GVWR)	
Model Year	Conversion Factor (bhp-hr/mi)	Model Year	Conversion Factor (bhp-hr/mi)	Model Year	Conversion Factor (bhp-hr/mi)	Model Year	Conversion Factor (bhp-hr/mi)
2012	1.94	2012	2.41	2012	2.76	2012	3.03
2011	1.94	2011	2.41	2011	2.76	2011	3.03
2010	1.94	2010	2.41	2010	2.76	2010	3.03
2009	1.94	2009	2.41	2009	2.76	2009	3.03
2008	1.94	2008	2.41	2008	2.76	2008	3.03
2007	1.94	2007	2.41	2007	2.76	2007	3.03
2006	1.94	2006	2.41	2006	2.76	2006	3.03
2005	1.94	2005	2.41	2005	2.76	2005	3.03
2004	1.94	2004	2.41	2004	2.76	2004	3.03
2003	1.94	2003	2.41	2003	2.76	2003	3.03
2002	1.94	2002	2.41	2002	2.76	2002	3.03
2001	1.94	2001	2.41	2001	2.76	2001	3.03
2000	1.94	2000	2.41	2000	2.76	2000	3.03
1999	1.94	1999	2.41	1999	2.76	1999	3.03
1998	1.94	1998	2.41	1998	2.76	1998	3.03
1997	1.94	1997	2.41	1997	2.76	1997	3.03
1996	1.94	1996	2.41	1996	2.76	1996	3.03
1995	1.95	1995	2.41	1995	2.78	1995	3.06
1994	1.95	1994	2.41	1994	2.81	1994	3.09
1993	1.96	1993	2.40	1993	2.83	1993	3.11
1992	1.96	1992	2.40	1992	2.85	1992	3.14
1991	1.96	1991	2.40	1991	2.87	1991	3.17
1990	1.97	1990	2.40	1990	2.90	1990	3.20
1989	1.97	1989	2.39	1989	2.92	1989	3.23
1988	1.98	1988	2.39	1988	2.95	1988	3.26
1987	1.87	1987	2.13	1987	2.99	1987	3.13
1986	1.87	1986	2.13	1986	2.99	1986	3.13
1985	1.88	1985	2.14	1985	3.01	1985	3.14
1984	1.89	1984	2.16	1984	3.04	1984	3.14
1983	1.91	1983	2.18	1983	3.06	1983	3.15
1982	1.93	1982	2.19	1982	3.09	1982	3.15
1981	1.99	1981	2.23	1981	3.11	1981	3.26
1980	2.06	1980	2.25	1980	3.06	1980	3.33

TABLE A.10 (CONTINUED)

Vehicle Class - HDDBT Heavy-Duty Diesel Vehicles (Diesel Transit or Urban Bus)		Vehicle Class - HDDBS Heavy-Duty Diesel Vehicles (Diesel School Buses)	
Model Year	Conversion Factor (bhp-hr/mi)	Model Year	Conversion Factor (bhp-hr/mi)
2012	4.03	2012	2.99
2011	4.03	2011	2.99
2010	4.03	2010	2.99
2009	4.03	2009	2.99
2008	4.03	2008	2.99
2007	4.03	2007	2.99
2006	4.03	2006	2.99
2005	4.03	2005	2.99
2004	4.03	2004	2.99
2003	4.03	2003	2.99
2002	4.03	2002	2.99
2001	4.03	2001	2.99
2000	4.03	2000	2.99
1999	4.03	1999	2.99
1998	4.03	1998	2.99
1997	4.03	1997	2.99
1996	4.03	1996	2.99
1995	4.02	1995	2.93
1994	4.02	1994	2.88
1993	4.02	1993	2.82
1992	4.01	1992	2.77
1991	4.01	1991	2.71
1990	4.01	1990	2.70
1989	4.01	1989	2.69
1988	4.01	1988	2.67
1987	3.07	1987	1.62
1986	3.07	1986	1.62
1985	3.07	1985	1.62
1984	3.07	1984	1.62
1983	3.07	1983	1.62
1982	3.07	1982	1.62
1981	3.01	1981	1.61
1980	2.91	1980	1.60

Provided below are examples of the calculations used to convert g/bhp-hr to g/mile.

Example calculation for converting g/bhp-hr to g/mile.

Activity: Replacement of a 1987 heavy-duty vehicle with a 2010 CNG model.

Vehicle weight rating: 80,000 lbs.

Original engine emission standard: 10.7 g/bhp-hr

Replacement engine emission standard: 0.2 g/bhp-hr

Original engine conversion factor: 3.13 bhp-hr/mi

Replacement engine conversion factor: 3.03 bhp-hr/mi

Baseline NO_x Emission Factor converted to g/mile

$10.7 \text{ g/bhp-hr} \times 3.13 \text{ bhp-hr/mi} = 33.491 \text{ g/mile}$

Reduced NO_x Emission Factor g/mile

$0.2 \text{ g/bhp-hr} \times 3.03 \text{ bhp-hr/mi} = 0.606 \text{ g/mile}$

Example calculation for converting g/bhp-hr to g/mile.

Activity: Replacement of a 1985 heavy-duty vehicle with a 2010 MDPV model.

Vehicle weight rating: 9,000 lbs.

Original engine emission standard: 10.7 g/bhp-hr

Replacement vehicle emission standard: 0.07 g/mile

Original engine conversion factor: 0.92 bhp-hr/mi

Baseline NO_x Emission Factor converted to g/mile

$10.7 \text{ g/bhp-hr} \times 0.92 \text{ bhp-hr/mi} = 9.844 \text{ g/mile}$

Reduced NO_x Emission Factor g/mile

0.07 g/mile

Note: Since the reduced NO_x emission factor was already in g/mile, a conversion calculation did not need to be performed.

Step 4: Calculate the NO_x emissions reductions

The calculation of the NO_x emissions reductions and cost per ton of NO_x reduced is dependent upon the miles of operation of the vehicle. The TCEQ will use default annual mileage for each class of vehicle to perform the calculations. The default mileage is presented in Table A.11.

TABLE A.11 DEFAULT MILEAGE

Vehicle Class	Default Miles
LDV	9,536
LDT 1, 2, 3, and 4	14,017
MDPV, MDV4, and HDV2b (8,501-10,000 lb GVWR)	14,171
MDV5 and HDV3 (10,001-14,000 lb GVWR)	15,063
HDV4 (14,001-16,000 lb GVWR)	19,164
HDV5 (16,001-19,500 lb GVWR)	19,897
HDV6 (19,501-26,000 lb GVWR)	20,074
HDV7 (26,001-33,000 lb GVWR)	19,523
HDV8a (33,001-60,000 lb GVWR)	37,461
HDV8b (Greater than 60,000 lb GVWR)	58,278
HDBT (Transit or Urban Bus)	34,841
HDBS (School Bus)	9,939

Also, for diesel vehicles and engines, a correction factor must be included in the calculation to account for the use of Texas Low Emission Diesel (TxLED) in the eligible counties. The TxLED correction factor for on-road vehicles is 0.943.

Step 5: Calculate the Cost Per Ton

The cost per ton for an activity is then determined by dividing the requested grant amount for that activity by the total NO_x emission reductions for that activity. Use Worksheet TCFP-1 to calculate the cost per ton. Provided below is an example of the calculation used to calculate the cost per ton.

Example calculation for NO_x emission reductions and cost per ton.

Activity: Replacement of a 1987 heavy-duty vehicle with a 2010 CNG model.

Requested grant amount: \$40,000

Vehicle weight rating: 80,000 lbs.

Baseline NO_x emission factor: 33.491 g/mile

Reduced NO_x emission factor: 0.606 g/mile

TxLED Correction factor: 0.943

Default mileage: 58,278

Percent time in eligible counties: 75%

$(33.491 \text{ g/mile} \times 0.943) - 0.606 \text{ g/mile} = 30.976 \text{ g/mile}$

$30.976 \text{ g/mile} \times 58,278 \text{ miles} = 1,805,219.3 \text{ grams}$

$1,805,219.3 \text{ grams} \times 0.75 = 1,353,914.5 \text{ g/yr}$

$1,353,914.5 \text{ g/yr} \div 907,200 \text{ g/tons} = 1.4924 \text{ ton/yr}$

$1.4924 \text{ ton/yr} \times 5 \text{ years} = 7.4621 \text{ tons}$

$\$40,000 \div 7.4621 \text{ tons} = 5,360.42 \text{ \$/ton}$

For multi-activity projects, the cost per ton of the complete project is determined by dividing the requested grant amount for the entire project by the total NO_x emission reductions for all of the activities included in that project.

$$\text{Requested Grant Amount} \div \text{Total NO}_x \text{ Emission Reductions} = \text{Cost Per Ton of NO}_x \text{ Reduced}$$

Texas Clean Fleet Program

Worksheet TCFP-1

This Excel worksheet is provided to assist applicants to determine the NO_x emissions reductions and cost per ton of NO_x reduced by each activity.

Activity Information

What is the default mileage for your vehicle	
What is the percent of usage in the eligible counties (totals must equal 25%, 50%, or 75%)?	
What is the requested grant amount for the activity?	

Baseline (old) Engine Information

Model Year:	
Gross Vehicle Weight Rating (GVWR):	
Certified Baseline Emission Rate (g/mile) or (g/bhp-hr):	
Conversion Factor (bhp-hr/mi):	
Note: If the vehicle certification is in g/mile then a conversion factor is not needed	

Reduced (new) Emission Engine Information

Model Year:	
Gross Vehicle Weight Rating (GVWR):	
Certified Reduced Emission Rate (g/mile) or (g/bhp-hr):	
Conversion Factor (bhp-hr/mi):	
Note: If the vehicle certification is in g/mile then a conversion factor is not needed	

Does this project meet the 25% NO_x baseline (old/new) emission rate reduction requirements?

Baseline Engine Emissions (g/mile) or (g/bhp-hr):	
- Reduced Engine Emissions (g/mile) or (g/bhp-hr):	
= Difference (g/mile) or (g/bhp-hr):	
÷) Baseline Engine Emissions (g/mile) or (g/bhp-hr)	
x:	100
= Emission Rate Reduction (%):	

Determine Baseline (old) NO_x Emission Factor (g/mile)

baseline engine NO _x emission standard (g/bhp-hr):	
x TxLED correction factor:	0.943
= corrected NO _x emission factor (g/bhp-hr):	
x conversion factor (bhp-hr/mi):	
= baseline NO _x emission factor (g/mile):	

Determine Reduced (new) NO_x Emission Factor (g/mile)

reduced engine NO _x emissions standard (g/bhp-hr):	
x conversion factor (bhp-hr/mi):	
= reduced NO _x emission factor (g/mile):	

Calculate the NO_x emissions reductions.

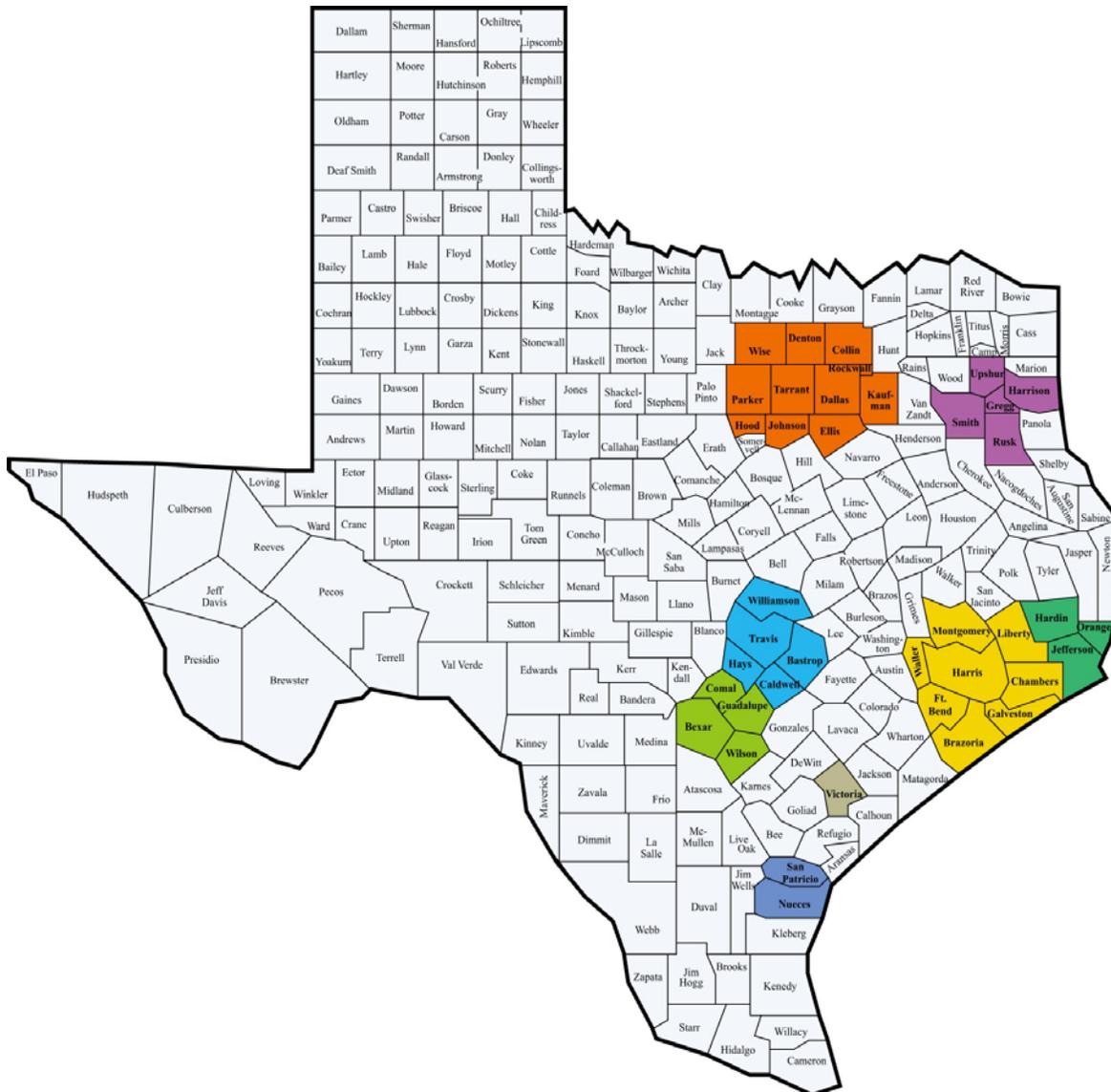
baseline NO _x emission factor (g/mile):	
- reduced NO _x emission factor (g/mile):	
= grams per mile reduced (g/mile):	
x annual miles of operation:	
x percent within eligible counties (%):	
= grams per year reduced (g/yr):	
÷ 907,200 grams per ton	907200
= estimated annual NO _x emission reduction (tons/yr):	
x activity life (years):	5
= estimated activity life NO _x emission reduction (tons):	

Calculate the cost per ton

requested grant amount activity (\$):	
÷ NO _x emissions reductions (tons):	
= cost per ton (\$/ton):	

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APPENDIX B: TEXAS CLEAN FLEET PROGRAM (TCFP): MAP OF ELIGIBLE COUNTIES



ELIGIBLE COUNTIES:

Austin Area: Williamson, Travis, Bastrop, Caldwell, and Hays Counties.

Beaumont-Port Arthur Area: Hardin, Orange, and Jefferson Counties.

Corpus Christi Area: Nueces and San Patricio Counties.

Dallas-Fort Worth Area: Denton, Collin, Tarrant, Dallas, Rockwall, Kaufman, Ellis, Johnson, Wise, Hood, and Parker Counties.

Houston-Galveston-Brazoria Area: Brazoria, Fort Bend, Waller, Montgomery, Liberty, Chambers, Galveston, and Harris Counties

San Antonio Area: Comal, Guadalupe, Wilson, and Bexar Counties.

Tyler-Longview Area: Upshur, Gregg, Rusk, Smith, and Harrison Counties.

Victoria Area: Victoria County.

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APPENDIX C: WAIVER OF OWNERSHIP, REGISTRATION, AND USE REQUIREMENTS

1.0 PURPOSE

Section 2.5 of this RFGA lists the requirements that a vehicle to be replaced under the TCFP must have been owned, leased, or commercially financed, registered, and operated by the applicant in Texas for at least the two years immediately preceding the submission of the grant application. Under Texas Health and Safety Code (THSC), §392.005(i), the TCEQ is to consider a request to waive one or more of these requirements based on a finding of good cause, which may include short lapses in registration or operation due to economic conditions, seasonal work, or other circumstances.

Accordingly, this appendix contains the procedures an applicant must use to request a waiver to one or more of the ownership, registration, and use requirements of Section 2.10 of this RFGA. The process that will be used by the TCEQ in considering a waiver request is also explained in this appendix.

2.0 BASIS FOR A DETERMINATION OF GOOD CAUSE

As stated in Section 2.10 of this RFGA, and as required under THSC, §392.005(b)(1), the use of the vehicle and engine funded under the TCFP must be projected to result in a reduction in nitrogen oxides (NO_x) emissions of at least 25%. The basis for the ownership, registration, and use requirements under the TCFP and other TERP grant programs is, in part, a way to validate that a project will result in reductions in NO_x emissions and other pollutants, when compared with what would have happened if the grant were not awarded.

In order for projections of emissions reductions attributable to a project to be valid, there must be reasonable assurance that, absent the grant, the applicant would have continued to use the vehicle being replaced or repowered for the same purposes and amount of use, and in the same area of use, for the period over which the emissions reductions are being considered.

Funding that only assists with regular fleet turnover or to replace vehicles that have already been taken out of service or put into limited service does not meet these criteria. Similarly, without requirements on past ownership and use, there is a risk that an applicant could purchase an old vehicle or otherwise transfer a vehicle from out-of-state solely for the purpose of obtaining a grant.

The TCEQ's determination of whether there is good cause to grant a waiver will be based on an evaluation of the factors explained above. Applicants are required in a request for a waiver to explain how there is good cause to grant a waiver and justification for determining that, with the waiver, the requirement that a project will result in at least a 25% reduction in NO_x emissions will still be met.

3.0 STANDARD SITUATIONS

All waiver requests will be considered on a case-by-case basis, with no assurance that a waiver will be granted. However, there are several standard situations where a determination of good cause may be easier to make. Some of these situations are

outlined below. The two-year ownership or lease requirement might be waived when the ownership of the company applying for a grant has changed, the assets of the company have been purchased by another company, or the company has changed names or incorporation status. In any case, the vehicle should have been owned or leased under either the current company name or the previous company name and registered and operated in Texas for the preceding two years.

Regardless of the past ownership or lease, the applicant must have authority to destroy a vehicle being replaced, which normally will require that the applicant be listed as the owner on the current title.

For uses other than seasonal use, short lapses in registration and/or use of two months or less over a one year period might constitute good cause as long as the owner or lease holder of the vehicle did not change. The reasons provided in the waiver request for the lapse in registration and/or use should clearly show that the vehicle would continue to be used by the applicant and that the lapse in registration or use was not a permanent situation.

For vehicles used in seasonal work, good cause might be considered for lapses in registration and/or use during the non-seasonal period. Under this situation, lapses in registration or use for longer than six months over a one year period would be more difficult to justify. An explanation of the type of use and the normal season(s) for that use will need to be provided.

Other situations, including longer lapses in ownership, registration, or use, may also be considered, case-by-case. The burden is on the applicant to fully explain why a waiver should be granted and to justify that there is good cause to grant the waiver request.

4.0 INSTRUCTIONS FOR COMPLETING AND SUBMITTING A WAIVER REQUEST

Requests for a waiver to the ownership or lease, and registration and use requirements of Section 2.10 must be submitted in writing, with an original signature of the authorized official or project representative of the applicant.

- a) Applicants should follow the example format provided in Attachment 1 to this appendix to prepare the written waiver request(s). As shown on the example format, the request should include a cover letter signed by the authorizing official and attesting to the accuracy of the information provided. Required waiver information should be completed for each vehicle included in the request and enclosed with the cover letter.
- b) Multiple vehicles that will be included on a single grant application may be included with one waiver request. However, in order to ensure that waiver requests and approvals can be associated with a particular application, separate waiver requests should be submitted for vehicles that will be included in separate applications.
- c) The written waiver request must be submitted prior submission of the application or included with the application documents. The TCEQ may determine an application incomplete if the waiver request is not received with the application materials, and is not obligated to consider a waiver request submitted after the application is received by the TCEQ.

4.1 WAIVER REQUEST REVIEW AND APPROVAL/DISAPPROVAL PROCEDURES

a) Waiver Requests Submitted prior to the Application Submittal

Waiver requests submitted to TERP prior to the submittal of the application will be assigned a control number and routed for review and consideration. Upon submitting the application, the applicant needs to make reference to the control number assigned to the waiver request (See Form 3 of TCEQ Form 20556 Project Application Form).

b) Waiver Requests Submitted with An Application

Waiver requests will be considered, along with the application.

Applicants will be notified of the decision on the waiver request at the same time or before notification of a decision on approval or disapproval of the application.

c) Incorporation of Approvals into the Contract Conditions

If a waiver request is approved, the conditions under which the waiver was granted may be included in the grant contract and agreement documents.

By signing the contract, the applicant will be attesting to the validity of the conditions under which the waiver was granted.

d) Waiver Disapproval Appeal Procedures

An applicant or potential applicant that is not satisfied with a decision of the TCEQ to disapprove a waiver request may file an appeal of that decision with the TCEQ.

An appeal must be submitted by mail, fax, or scanned document through electronic mail, to the Manager of the Implementation Grants Section, Air Quality Division, of the TCEQ within seven days after the applicant or potential applicant received, or should have received, official notification by TCEQ that a waiver request was denied. The TCEQ has the discretion to allow an appeal filed after seven days if the applicant shows good cause for the late filing or if the applicant raises an issue significant to the general policies or procedures of the waiver request process.

An appeal must be in writing and identified as an appeal of the TCEQ's decision on the specific waiver request in question, and must contain the following:

- 1) A description to verify that the entity submitting the appeal is the applicant or potential applicant that submitted the waiver request
- 2) The issue(s) being disputed and the requested remedy
- 3) The arguments supporting the appeal, including a statement of relevant facts and applicable law or requirement, specifying the statutes, rules, grant requirements, or other legal authority alleged to not have been followed and why good cause should be determined to grant the waiver request
- 4) The applicant's affirmation that facts set forth in the appeal are true

An application that does not otherwise meet the conditions and requirements for approval of a grant, regardless of the decision on a waiver request, will not be reconsidered just because an appeal is received regarding the waiver request

decision.

The Executive Director of the TCEQ or authorized designee will review the appeal and make a decision. The Executive Director or designee may solicit additional information from the applicant and other appropriate parties and may offer the protestant the opportunity to meet to discuss the waiver request and appeal.

The decision of the Executive Director or authorized designee on the appeal and the waiver request, as communicated in writing or other appropriate means, shall be final.

ATTACHMENT 1: FORMAT FOR WAIVER REQUESTS

Cover Letter

Send to:

Signed by the authorized official or project representative

Waiver Request Example Format – Enclose with the letter

Legal name of applicant or potential applicant

Project Representative Name

Address

Contact E-Mail

Contact Phone Number

Name of Participating Dealer (if applicable)

Vehicle Information

VIN

Make/Model/Year

List the requirement(s) for which a waiver is requested.

For each requirement, explain in detail how the ownership or lease, registration, and/or use of the vehicle does not meet the requirement(s) and why.

Provide a detailed explanation of why there is good cause to grant the waiver. Refer to the instructions for examples of situations where good cause may be determined.

Attach documentation to support the waiver request, such as title documents, lease and sales agreements, registration receipts, ownership agreements, etc.

For vehicles used in seasonal work, provide a detailed explanation of the type of work performed, the normal season for use of the vehicle, and why the vehicle is only registered and used over that seasonal period.

As explained in the instructions, the justification provided for granting the waiver must clearly demonstrate that the situation in question was not permanent and that the vehicle could be expected to otherwise continue to be owned or leased and operated by the applicant in Texas if the grant is not awarded.

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APPENDIX D: INSTRUCTIONS FOR COMPLETING THE APPLICATION FORMS AND PRICE QUOTE GUIDELINES

1.0 APPLICATION COMPLETION AND SUBMISSION

Use the TCEQ-20556 application form and the appropriate Supplemental Activity Form (TCEQ-20556a and/or TCEQ-20556b) when submitting a Texas Clean Fleet Program (TCFP) application. Before completing the application forms, you should read the RFGA and Terms and Conditions. The authorized official must sign the application forms, and forms submitted must contain original signatures.

We believe this to be a taxable grant. Please consult with your tax advisor.

1.1 HOW TO APPLY

- a. An entity must apply to replace at least 20 vehicles in one application.
- b. Photocopies, faxes, scanned copies, or other copies of required signature will not be accepted.
- c. Application forms that are altered will not be accepted. Do NOT staple or put the applications into binders. Please rubber band or paperclip applications. If applying as an individual or sole proprietor, you must provide a photocopy of a state or federal identification card (i.e., driver's license).
- d. Grant applicants must complete the W-9 Forms and submit with the application. Forms can be downloaded on the Internal Revenue Service (IRS) Web site at www.irs.gov.

PLEASE NOTE:

Grant applicants may not apply simultaneously for the same project under other TERP Grant Programs. Applications will not be accepted for an activity that was previously awarded a TERP grant and that was subsequently canceled by the grant recipient after the date of issuance of this RFGA.

1.2 HOW TO SUBMIT AN APPLICATION

- a. Please place multiple applications in different folders or envelopes, so that it is clear that more than one application is being submitted by the grant applicant.
- b. Submit two copies (at least one copy must have an original signature) of the completed application to:

Regular Mail

Texas Commission on Environmental Quality
Air Quality Division
Texas Natural Gas Vehicle Grant Program
Implementation Grants MC-204
P O Box 13087
Austin TX 78711-3087

Express Mail

Texas Commission on Environmental Quality
Air Quality Division
Texas Natural Gas Vehicle Grant Program

Implementation Grants MC-204
12100 Park 35 Circle, Bldg. F
Austin TX 78753

EXCEL INSTRUCTIONS:

Each of the forms is on an individual Excel worksheet within a Workbook. Use the tabs located at the bottom of the worksheet to access each form.

PRINTING FROM EXCEL:

In order to print all the pages located in the workbook, please follow these directions: (1) Click on "File" (2) Click on "Print" (3) Under the "Print What" section, select "Entire Workbook"

1.3 HOW TO COMPLETE AN APPLICATION

a. TCEQ Form 20556 – Project Application Form

1) Form 1 – Signature Page

- a) Section 1 - The legal name of the grant applicant (business entity or person) should match the name on Supplemental Form 3: Payee Information.
- b) Section 2 - Check at least one area where the vehicles will be operating for the life of the project.
- c) Before submitting the application, make sure the signature page has been signed by the authorized official.

2) Form 2 – Third Party Preparer Signature Page

Indicate on this form whether the application has been prepared with the assistance of a third party, including a consultant, dealer, or other person not employed by the applicant. If so, the third-party preparer must fill out the form and sign it.

3) Form 3 – Supplemental Activity Information

- a) Section 1 – Mark whether you are replacing heavy-duty vehicles, light-duty vehicles, or both.

Vehicles that have a GVWR of 10,000 pounds (lbs) or less and were certified to the federal light-duty vehicle emission standards will be considered light-duty vehicles. Vehicles greater than 8,500 lb GVWR and that contain an engine that is certified to the federal heavy-duty on-road diesel engine emission standards will be considered heavy-duty vehicles.

- b) Section 2 - Write in the total of activities (vehicles) you are replacing.
- c) Section 3 - Project Grant Amount

- Total Incremental Cost of the Project.

Add the Incremental Costs for all vehicles to obtain the total incremental cost for the project. See Form 3.1 through 3.4 of TCEQ-20556a or Form 5.1 through 5.4 of TCEQ-20556b.

- Total Grant Amount Requested.

Add the grant amounts requested for all vehicles to obtain the total grant amount requested for the project. See Form 3.1 through 3.4 of TCEQ-20556a or Form 5.1 through 5.4 of TCEQ-20556b.

d) Section 4 - Waivers.

- If you submitted a request to waive the use and ownership requirements prior to submitting the application, and received a waiver control number from the TCEQ, please provide that number.
- If you are submitting a request to waive the use and ownership requirements with the application, mark with an X under the appropriate box and attach a written waiver request according to the instructions in Appendix C.

4) Form 4 – Contact Information

a) Section 1 – Authorized Official.

Provide the name, title, and address for the Authorized Official. The Authorized Official is the applicant or person authorized by the applicant to apply for the grant.

b) Section 2 – Designated Project Representative.

Provide the name and address of the Designated Project Representative. The designated project representative is the applicant or an employee of the applicant who will serve as the grant contact and will be responsible for receiving and submitting grant documents, including annual usage reports. This person may not be a consultant, dealer, or subcontractor.

If the Authorized Official and the Designated Project Representative of the grant applicant is the same person, you do not have to repeat the information and instead you can mark an “X” in the designated box.

c) Section 3 – Designated Location for Records Access and Review.

Provide the physical address where the records for the vehicle will be kept.

5) Form 5 – Commitment to Reducing Emissions

Mark the appropriate box to indicate whether the applicant has an existing policy and/or plan in place that documents a commitment to reduce emissions. Explain any significant actions or plans to reduce emissions in Texas. Attach additional sheets as necessary.

6) Form 6 – Fueling Infrastructure

Complete a separate Form 6 for each of the types of alternative fuels to be used by the vehicles being purchased under the project. Mark the appropriate response and provide an explanation regarding the availability of fuel infrastructure and a fuel source. Attach additional sheets as necessary.

7) Supplemental Form 1 – Program Specific Certifications

The Authorized Official of the grant applicant must sign and date this form.

8) Supplemental Form 2 – General Certifications

The Authorized Official of the grant applicant must sign and date this form.

9) Supplemental Form 3 – Payee Information

Complete the form and mark with an X in the appropriate boxes. Provide all information that applies to your company. The name that appears on Line 1, Applicant/Company Legal Name, will be used for contracting purposes and should match the name established with Secretary of State's Office registration records.

a) Section 1- Grant applicant/Company Legal Name

Enter the name as registered with the United States Social Security Administration if applying as an individual, or the name as it is registered under the applicant's Federal Employer's Identification (FEI) Number if applying as a company or other entity.

b) Section 2- Payee Identification Number

- Social Security Number (complete if applying as an individual)
- Federal Employer's Identification (FEI) Number (complete if applying as a company or other entity)

c) Section 3- Texas Tax

- Mark the box with an "X" if you currently report any Texas tax to the Comptroller's Office
- Enter the assigned Texas taxpayer number

d) Section 4- Assigning Grant Payments

Mark the box with an "X" if you plan to assign your grant payments to a third party.

e) Section 5- Ownership Codes

Mark the ownership type that applies to this application (only mark one)

f) Section 6- Business Type

Describe the business type in the field provided (i.e., Gravel Hauling, Delivery, Cement)

10) Supplemental Form 4 – Child Support Certification

All individuals or business entities, including sole proprietors must complete this form, regardless if child support obligations apply to the grant applicant. Mark the box that applies to the grant applicant.

11) Required Attachments

Indicate on this form those attachments included in the application. A copy of the completed IRS Form W-9 is required of all applicants.

b. TCEQ Form 20556a – Supplemental Activity Application Form

If applying to replace heavy-duty vehicles you must complete and submit this form with the Project Application Form (TCEQ - 20556). Vehicles greater than 8,500 lb GVWR and that contain engines that are certified to the federal heavy-duty on-road

diesel engine emission standards will be considered heavy-duty vehicles.

1) Form 1 – Disposition and Travel Description

- a) Section 1- If the vehicle purchases have already been completed, mark the appropriate box and supply the date of purchase. If the vehicles have not been purchased, please supply the number of months it will take to complete the purchase.
- b) Sections 2 & 3 – If you are proposing a method of destruction of the old vehicles which differs from the destruction options listed in the RFGA, state this proposed alternative disposition method on this form. If the proposed alternative disposition method only applies to some of the activities included in this application, indicate that as well.
- c) Section 4 - Provide a brief travel description of the typical routes that the grant funded equipment will be driven.

2) Forms 2a.1 through 2a.4 – Old Vehicle Information

- a) Enter the activity number beginning with activity 1 on the top row.
- b) Refer to Appendix A of the RFGA for information on determining the certified NO_x emissions for the vehicle being replaced.
- c) If you are replacing more than 20 vehicles, use this form as many times as necessary.

3) Forms 2b.1 through 2b.4 – New Vehicle Information

- a) Enter the activity number beginning with activity 1 on the top row.
- b) Refer to Appendix A of the RFGA for information on determining the certified NO_x emissions for the vehicle being purchased.
- c) If you are replacing more than 20 vehicles, use this form as many times as necessary.
 - Types of Alternative Fuel include: Compressed Natural Gas (CNG); Liquefied Natural Gas (LNG); Propane (LPG); Methanol, 85% by Volume (M85); Electric; Hydrogen; Hybrid-diesel; and Hybrid-gasoline.
 - Types of Fuel System include: Single Dedicated Fuel System; Bi-Fuel (BF), mixture of fuels used together; Duel-Fuel, multiple fuels used alternately; and Hybrid.

4) Forms 2c.1 through 2c.4 – Activity Area

You must identify the percentage of use in the eligible areas that apply to each activity. The total annual usage for each activity may not be less than 75% in the eligible areas. If you are replacing more than 20 vehicles under the project, use this form as many times as necessary.

5) Forms 3.1 through 3.4- Vehicle Financial Data

The Excel version of this form has formulas built-in that will perform calculations as you enter the data. Provide all the financial data for each vehicle. If you are replacing more than 20 vehicles under the project, use this form as many times as necessary.

- a) Section 1 - Incremental Cost / Cost to Applicant Calculation
 - 1) Capital Cost - Refer to the price quote or the invoice of the new vehicle to obtain the capital cost of the activity.
 - 2) Global Positioning System (GPS) – You may add the cost of a GPS system to the capital cost, providing the GPS system is purchased through the TCEQ approved GPS provider. Refer to our website www.terpgrants.org to obtain the latest price information and contact information for the TCEQ approved GPS provider.
 - 3) Scrappage Value – The default scrappage value for heavy-duty vehicles is \$1,000.
- b) Section 2 – Maximum Grant Amount Calculation
 - 1) Enter the Incremental Cost / Cost to Applicant calculated in section 1.
 - 2) The eligible grant award for each activity will be based on a percentage of the incremental cost. The maximum percentage is determined by the vehicle you are replacing. Refer to Section 2.11 of this RFGA to determine the maximum %.
- c) Section 3 - Other Financial Incentives and Tax Credits.
 - 1) Enter the Incremental Cost / Cost to Applicant calculated in Section 1.
 - 2) If the applicant has or expects to receive financial incentives and tax credits, enter that dollar amount.
- d) Section 4 - Maximum Eligible Grant Amount for this Activity.
 - 1) The eligible grant amount is determined by selecting the lesser of the “Maximum Grant Amount Calculation” (F) from Section 2 and the “Incremental Cost minus the Tax Credits” (H) from Section 3.
 - 2) Enter the Grant Amount Requested for each activity. This amount must be equal to or less than the eligible grant amount.
- 6) Form 4 – Vehicle Certification

This form must be completed, signed, and dated by a certified mechanic qualified to assess the condition of the old vehicle. The certified mechanic may not be a consultant or employee of the applicant, unless otherwise approved by the TCEQ.

c. TCEQ Form 20556b – Supplemental Activity Application Form

If applying to replace light-duty vehicles you must complete and submit this form with the Project Application Form (TCEQ - 20556). Vehicles that have a GVWR of 10,000 lb or less and were certified to the federal light-duty vehicle emission standards will be considered light-duty vehicles.

- 1) Form 1 – Disposition and Travel Description
 - a) Section 1- If the vehicle purchases have already been completed, mark the appropriate box and supply the date of purchase. If the vehicles have not been purchased, please supply the number of months it will take to complete the purchase.
 - b) Sections 2 & 3 – If you are proposing a method of destruction of the old vehicles which differs from the destruction options listed in the RFGA, state this proposed alternative disposition method on this form. If the proposed alternative disposition method only applies to some of the activities included in this application, indicate that as well.
 - c) Section 4 - Provide a brief travel description of the typical routes that the grant funded equipment will be driven.
- 2) Forms 2.1 through 2.4 – Vehicle Weight Classification
 - a) Complete this form for both the vehicles being replaced and the vehicles being purchased. Enter the activity number beginning with activity 1 on the top row.
 - b) As explained in Section 2.4 of this RFGA, the emissions standards are established according to the weight classification of the light-duty vehicle. Tables A.4 thru A.8, in Appendix A, lists the various classifications used by the U.S. Environmental Protection Agency (EPA) and California Air Resources Board (CARB) to classify light-duty vehicles for purposes of applying the federal and California emission standards. The vehicle emissions label will include information on the vehicle emissions standards to which to the vehicle is certified, both under the federal requirements and, if applicable, the CARB requirements.
 - c) If you are replacing more than 20 vehicles, use this form as many times as necessary.
- 3) Forms 3.1 through 3.4 – Certified NO_x Emissions Worksheet
 - a) Complete this form for both the vehicles being replaced and the vehicles being purchased. Enter the activity number beginning with activity 1 on the top row.
 - b) Applicants should use the information on the emissions label to determine the NO_x emissions standard to which the vehicle being replaced was certified. The emissions label will show the vehicle emissions test group and should also list the emissions standard category to which the vehicle is certified, if applicable (i.e., bin 8, LEV II, ULEV, etc.). For more information please refer to Tables A.4 thru A.8 in Appendix A of this RFGA.
 - c) If you are replacing more than 20 vehicles, use this form as many times as necessary.
- 4) Form 4a.1 through 4a.4 – Old Vehicle Information
 - a) Enter the activity number beginning with activity 1 on the top row.
 - b) Refer to Appendix A of the RFGA for information on determining the certified NO_x emissions for the vehicle being replaced.

- c) If you are replacing more than 20 vehicles, use this form as many times as necessary.
- 5) Forms 4b.1 through 4b.4 – New Vehicle Information
- a) Enter the activity number beginning with activity 1 on the top row.
 - b) Refer to Appendix A of the RFGA for information on determining the certified NO_x emissions for the vehicle being purchased.
 - c) If you are replacing more than 20 vehicles, use this form as many times as necessary.
 - Types of Alternative Fuel include: Compressed Natural Gas (CNG); Liquefied Natural Gas (LNG); Propane (LPG); Methanol, 85% by Volume (M85); Electric; Hydrogen; Hybrid-diesel; and Hybrid-gasoline.
 - Types of Fuel System include: Single Dedicated Fuel System; Bi-Fuel (BF), mixture of fuels used together; Dual-Fuel, multiple fuels used alternately; and Hybrid.
- 6) Forms 4c.1 through 4c.4 – Activity Area
- You must identify the percentage of use in the eligible areas that apply to each activity. The total annual usage for each activity may not be less than 75% in the eligible areas. If you are replacing more than 20 vehicles under the project, use this form as many times as necessary.
- 7) Forms 5.1 through 5.4 – Vehicle Financial Data
- The Excel version of this form has formulas built-in that will perform calculations as you enter the data. Provide all the financial data for each vehicle. If you are replacing more than 20 vehicles under the project, use this form as many times as necessary.
- Section 1 - Incremental Cost / Cost to Applicant Calculation
- 1) Capital Cost - Refer to the price quote or the invoice of the new vehicle to obtain the capital cost of the activity.
 - 2) Global Positioning System (GPS) – You may add the cost of a GPS system to the capital cost providing the GPS system is purchased through the TCEQ approved GPS provider. Refer to our website www.terpgrants.org to obtain the latest price information and contact information for the TCEQ approved GPS provider.
 - 3) Scrappage Value – The default scrappage value for light-duty vehicles is \$500.
- d) Section 2 – Maximum Grant Amount Calculation
- 1) Enter the Incremental Cost / Cost to Applicant calculated in Section 1.
 - 2) The eligible grant award for each activity will be based on a percentage of the incremental cost. The maximum percentage is determined by the vehicle you are replacing. Refer to Section 2.11 of this RFGA to determine the maximum %.

- e) Section 3 - Other Financial Incentives and Tax Credits.
 - 1) Enter the Incremental Cost / Cost to Applicant calculated in section 1.
 - 2) If the applicant has or expects to receive financial incentives and tax credits, enter that dollar amount.
- f) Section 4 - Maximum Eligible Grant Amount for this Activity.
 - 1) The eligible grant amount is determined by selecting the lesser of the "Maximum Calculated grant amount" (F) from section 2 and the "Incremental Cost minus the Tax Credits" (H) from section 3.
 - 2) Enter the Grant Amount Requested for each activity. This amount must be equal to or less than the eligible grant amount.
- 8) Form 6 – Vehicle Certification

This form must be completed, signed, and dated by a certified mechanic qualified to assess the condition of the old vehicle. The certified mechanic may not be a consultant or employee of the applicant, unless otherwise approved by the TCEQ.

2.0 PRICE QUOTE GUIDELINES

- Price quotes must be submitted with the application and should follow the instructions outlined below.
- When requesting a price quote, applicants should provide these guidelines to the dealer to ensure that price quotes are prepared in accordance with the instructions.
- The replacement vehicle must be new.
- Failure to provide price quotes meeting these requirements may result in denial of the application.
- The TCEQ may exclude portions of the costs from consideration based on a determination that those costs are not reasonable or necessary.

2.1 INSTRUCTIONS FOR OBTAINING PRICE QUOTES

- a. Price quotes must be original and must have the applicant's name on the quote.
- b. The dealer should sign and date the quote and provide contact information. In general, the price quote should be dated no more than three months prior to the application date.
- c. The price quote should include specifications and prices for the standard vehicle options and additional equipment and options, to include, as applicable:

- 1) Specifications of the vehicle
- 2) Base price for standard feature vehicle
- 3) Itemized list and prices for factory-installed optional features
- 4) Itemized list of and price for add-on equipment to be sold and installed by the dealer (i.e., dump bed, wet kit, etc.). Extra equipment sold and installed by a third party should not be included in the incremental cost. Also, non-permanent optional attachments, not directly required for the primary function of the vehicle, should not be included in the incremental cost.
- 5) Any optional items included in the purchase price must be reasonable and necessary to the normal operation and vocation of the vehicle. Optional upgrades to increase fuel economy and reduce emissions, such as features recommended under the U.S. Environmental Protection Agency's Smartways Program, may be included, subject to acceptance by the TCEQ. The TCEQ may, at its discretion, exclude the cost of optional features from the approved incremental cost used to determine the grant amount if the options are determined not to be reasonable and necessary.
- 6) Additional fees and charges.
- 7) Taxes

2.2 PURCHASE DOCUMENTS

If the vehicle has already been purchased, the purchase or financing agreement and/or invoice showing the price paid must be submitted.

2.3 PRICE ANALYSIS

- a. The price of the vehicle must be reasonable, as determined by whether the price exceeds the price normally charged for that type of vehicle or absent the availability of a grant.
- b. You must provide an original price quote for the vehicle to be purchased, or if the purchase has already been made a copy of the invoice or purchase order.
- c. You must select the applicable option below and provide the price comparison information required for that option. Governmental entities must follow competitive purchasing laws applicable to that entity in making a grant-funded purchase. The replacement vehicle must be new.

1) **No Price Comparison Information required.**

If you select one of the following options, only one primary price quote must be provided.

- a) ***The purchase has already been made.*** A copy of the invoice or purchase order should be provided. No additional price comparison information is required unless requested by the TCEQ

- b) ***The applicant is a governmental entity and will use competitive purchasing procedures or purchase from a cooperative purchasing program.*** Price information from a cooperative purchasing list or a written price quote must be provided to show the expected cost.
- c) ***The requested grant amount listed in the application does not exceed 60% of the vehicle cost.*** Only a primary price quote is required.

2) **Price Comparison Information required.**

If you did not select one of the options above, you must provide price comparison information as requested under at least one of the options listed below. Select the applicable option and provide the requested information **in addition** to one primary price quote.

- a) Two or more additional original price quotes for the same make, model, and model year of vehicle from unrelated dealers.
 - b) Price information from a current government-approved price/bid list or cooperative purchasing price/bid list for the same make, model, and model year of vehicle.
 - c) Price information from a current published/advertised price list available to the general public for the same make, model, and model year of vehicle.
 - d) Two additional price comparisons showing current advertised price information from internet marketing sites or other public advertisements for the same make, model, and model year of vehicle.
 - e) Documentation of prices charged for at least two recent sales to non-TERP customers by the dealer for the same make, model, and model year of vehicle. This information may include invoices or purchase orders with the identifying customer information blacked out or other written documentation (sales report, sales list, etc.) from the dealer.
 - f) Price comparison information is not available. You must explain in detail the reason why comparison information is not available and why the price should be considered reasonable.
- d. The TCEQ is not obligated to accept a price quote if the price does not appear to be reasonable.
- 1) If the price on the primary price quote is higher than the price comparison information provided above, you must provide an explanation of why the price should be considered reasonable.
 - 2) If no price comparison information is available (option f), you must explain why the information is not available and why the price being charged should be considered reasonable.
- e. The TCEQ is not obligated to accept the price listed and may deny an application where the price is determined unreasonable or may use a lower amount for determining the incremental cost for the grant.
- f. The TCEQ may use published national pricing/value guides and comparison with prices charged for other grants to determine if the price is reasonable.