

**Texas Commission on Environmental Quality (TCEQ)
Texas Natural Gas Vehicle Grant Program (TNGVGP)
TNGVGP Information Request Forms (TCEQ 20609)
Instructions for Completion and Submission
*January 30, 2012***

1. Purpose

The Texas Commission on Environmental Quality (TCEQ) is requesting assistance from engine and vehicle manufacturers as part of the implementation of the Texas Natural Gas Vehicle Grant Program (TNGVGP). The TNGVGP will provide grants to eligible projects to replace or repower baseline vehicles or engines with natural gas vehicles or engines.

For purposes of this request, a respondent must be listed as the manufacturer on the U.S. Environmental Protection Agency (EPA) Certificate of Conformity certifying compliance with federal emissions standards. Entities not listed as the manufacturer on the EPA certificate should not complete the forms. However, as explained in the instructions, the respondent completing the forms should work with other applicable entities, as needed, to compile the average incremental cost information requested in the forms.

Senate Bill (SB) 385, 82nd Texas Legislature, 2011, Regular Session, established the TNGVGP under Texas Health and Safety Code (THSC), Chapter 394, to be administered by the TCEQ. This Information Request is to help the TCEQ implement the TNGVGP.

Under the program, the TCEQ is to provide grants for eligible heavy-duty and medium-duty vehicles to offset the incremental cost for an entity to repower or replace their existing baseline vehicle with a vehicle and/or engine powered by natural gas. To be eligible for funding, the engine in the natural gas vehicle must receive at least 75% of its power from compressed or liquefied natural gas.

In order to implement the program, the TCEQ is required to compile a list of preapproved vehicles and/or engines eligible for grant funding. In addition, the TCEQ is required to develop predetermined grant amounts for eligible grant projects. The grant amounts are based, in part, on a percentage of the incremental cost of purchasing a natural gas vehicle or repowering a vehicle with a natural gas engine, when compared with an equivalent new gasoline or diesel vehicle or engine.

The TCEQ expects to implement the first round of grant funding in June 2012. For more information about the program requirements and timing for the grants, please

visit the program web site at <www.terpgrants.org>, or contact Mr. Colin Donovan of the grants staff at (800) 919-TERP (8377).

1.1. Natural Gas Vehicle List

The TCEQ must compile and regularly update a list of preapproved natural gas vehicles for the TNGVGP. Only the vehicles and/or engines included on the preapproved list will be eligible for funding under the program. To compile the list, the TCEQ is asking Original Equipment Manufacturers (OEM) of the natural gas vehicles, engines, or conversion systems to complete and submit the TNGVGP Information Request forms to the TCEQ for eligible models. **For purposes of this request, the OEM is the entity named as the manufacturer on the EPA Certificate of Conformity for the vehicle or engine.**

Although THSC, §394.008 (b)(1), states that the list is composed of natural gas vehicles, eligibility is determined by the EPA emissions certification. Under the certification requirements, heavy-duty engines are certified to the emissions standard, rather than the vehicles on which those engines may be installed. Therefore, the list compiled by the TCEQ will include vehicles or engines, depending upon the EPA certification. Under the general criteria, vehicles and engines that may be eligible include:

- heavy-duty natural gas engines that are certified by the EPA to either a Family Emissions Limit (FEL) or the federal emission standard of 0.2 grams of nitrogen oxides (NO_x) per brake horsepower-hour (bhp-hr);
- heavy-duty natural gas vehicles between 8,501 pounds (lbs) and 14,000 lbs Gross Vehicle Weight Rating (GVWR) that are alternatively chassis-certified by the EPA to current heavy-duty vehicle emission standards;
- natural gas vehicles classified under EPA standards as a Medium Duty Passenger Vehicle (8,501 – 10,000 lbs GVWR) that are chassis-certified to the EPA's Bin 5 or lower light-duty vehicle emission standards;
- natural gas conversion systems for vehicles classified as Medium Duty Passenger Vehicles that are chassis-certified to the EPA's Bin 5 or lower light-duty vehicle emission standards; and
- natural gas conversion systems for heavy-duty vehicles between 8,501 lbs and 14,000 lbs GVWR that are alternatively chassis-certified by the EPA to current heavy-duty vehicle emission standards.

In order for a natural gas vehicle, engine, or conversion system to be included on the list, the TCEQ is asking OEMs to submit the EPA Certificate of Conformity

along with the completed TNGVGP Information Request forms for eligible models. The TCEQ will make the final determination for the models to be included on the list. Additionally, the TCEQ may also include on the list any models that the TCEQ has separately identified as eligible with an EPA Certificate of Conformity.

1.2. Incremental Costs for Grant Award Table

The predetermined grant amounts developed by the TCEQ will take into account the incremental costs of the purchase or repower project. Grants awarded during the TNGVGP grant solicitation will pay for 60% to 90% of the incremental cost. Incremental cost is defined by THSC, Chapter 394, as the difference between the baseline cost of a diesel or gasoline model and the cost of the purchase, lease, commercial financing of a purchase or lease, or repower of the natural gas model.

The TCEQ intends to determine “average” incremental cost ranges according to vehicle GVWR categories and fuel system capacity categories. Under this approach, the predetermined grant amounts may be generic across vehicle categories, and may not be unique to each individual vehicle and/or engine model.

To complete this information on the forms, please identify the appropriate baseline cost and subtract from that the cost of the natural gas vehicle, engine, or conversion system in order to calculate the incremental cost. In those cases where the OEM does not manufacture and sell the final completed vehicle, it is recommended that the OEM contact the applicable entities for information on costs for fueling systems and vehicle bodies and to use that information to determine an average incremental cost or cost range.

Recognizing that the incremental cost or cost differential between natural gas vehicles, engines, and conversion systems and baseline vehicles and engines is influenced significantly by the fueling system, and specifically the capacity of the natural gas storage tanks, the information request forms ask for estimates of average incremental costs based on the size of the fueling system, as measured in diesel gallons equivalent (DGE).

2.0 Eligible Models for the List

In order to be eligible to be included in the preapproved list, vehicles and/or engines must meet certain eligibility requirements, as outlined below.

2.1 Eligible Chassis-Certified Vehicles

An eligible vehicle must:

- weigh 8,501 lbs or more;
- be a new on-road, motor vehicle that receives not less than 75% of its power from compressed natural gas (CNG) or liquefied natural gas (LNG); and
- be certified by the EPA to meet or exceed the EPA standards for alternatively chassis-certified heavy-duty vehicles, or meet or exceed the EPA's Bin 5 standard for light-duty vehicles.

2.2 Eligible Heavy-Duty Engines

An eligible heavy-duty engine must:

- be installed on vehicles weighing 8,501 lbs or more;
- receive not less than 75% of its power from CNG or LNG; and
- be a new heavy-duty engine certified by the EPA to emit not more than 0.2 grams of NO_x per bhp-hr.

The TCEQ considers heavy-duty engines converted to run on natural gas and with an EPA Certificate of Conformity that is separate from the certificate of the original engine, to be *new* natural gas engines, and not conversion systems. For purposes of this request, the term "conversion system" is used to refer to engines converted to run on natural gas and that are chassis-certified by the EPA, either to the light-duty vehicle standards or to the alternative heavy-duty chassis certified standards. Respondents should note this distinction before submitting forms to the TCEQ, or should contact the TCEQ for further clarification before submission if necessary.

2.3 Eligible Chassis-Certified Conversion Systems

An eligible conversion system must:

- be installed on vehicles weighing 8,501 lbs or more;
- receive not less than 75% of its power from CNG or LNG;
- include with the forms submitted to the TCEQ the EPA Certificate of Conformity of both the original engine/vehicle and the conversion system, which should show that there is at least a 25% reduction in NO_x between the original and the converted vehicle; and

- be certified by the EPA to meet or exceed the emission standards for alternatively chassis-certified heavy-duty vehicle conversion systems, or meet or exceed the EPA's Bin 5 standard for light-duty vehicle conversion systems.

The TCEQ will not accept systems that solely convert an engine or vehicle to natural gas operation without reducing NO_x emissions by at least 25%. To be eligible, the conversion system must be certified by the EPA to result in a 25% reduction in NO_x when compared to the original engine and vehicle, so please ensure that the system meets the minimum standards in this section before submitting any forms to the TCEQ.

3. Form Instructions

Only the OEM of natural gas vehicles, engines, or conversion systems may submit the TNGVGP Information Request forms to the TCEQ, which can be downloaded from our website, <www.terpgrants.org>, and filled out electronically. Entities not listed as the manufacturer on the EPA Certificate of Conformity should not complete the forms. However, as explained in the instructions, the respondent completing the forms should work with other applicable entities, as needed, to compile the average incremental cost information requested in the forms.

All respondents must complete and sign Form 1, and fill out as many copies as necessary of Forms 2, 3, or 4 for all of the eligible models manufactured by the OEM.

If desired, you may include a summary sheet outlining the costs used for comparison between the baseline and the natural gas engine or vehicle project to determine the average incremental costs.

If you need more space for any of the forms or need any clarification, please contact the TCEQ before submitting the forms. You may submit forms for the various models in one mail package as opposed to a separate package for each model, but be sure that you bind together the relevant forms for each model. You may also fax or scan and email the forms to the TCEQ.

3.1 Submission

Each separate mail package, fax, or email must include its own completed and signed Form 1.

Mail to:

Regular Mail:

Colin Donovan

Texas Commission on Environmental Quality

Air Quality Division
Implementation Grants Section (TERP Grants), MC-204
Texas Natural Gas Vehicle Grant Program
P.O. Box 13087
Austin, TX 78711-3087

Express Mail:

Colin Donovan
Texas Commission on Environmental Quality
Air Quality Planning Division
Implementation Grants Section (TERP Grants), MC-204
Texas Natural Gas Vehicle Grant Program
12100 Park 35 Circle
Austin, TX 78753

Fax to:

Please use a cover sheet and send to **512/239-0077**, Attn: TNGVGP Info Request.

E-mail to:

Please include the phrase "TNGVGP Info Request" in the subject line and send to Colin.Donovan@tceq.texas.gov.

3.2 Submission Deadlines

The TCEQ will accept submissions over the year, as vehicles, engines, or conversion systems are certified by the EPA. **However, submissions for the initial eligibility list will need to be received by March 30, 2012, in order to ensure that those vehicles, engines, and conversion systems can be included on the list prior to the opening of the first TNGVGP grant round, currently anticipated for June 2012.**

3.3. Form 1 – Contact Information

All entities submitting information to the TCEQ should complete Form 1. Identify a contact person for the response and all the information contained within, and provide background information on your company or entity.

3.4. Form 2 – Chassis-Certified Vehicles

Only the OEM of chassis-certified natural gas vehicles should complete and submit Form 2 to the TCEQ. Chassis-certified vehicles include vehicles classified as Medium Duty Passenger Vehicles under EPA requirements, between 8,501 and 10,000 lbs GVWR, and heavy-duty vehicles between 8,501 and 14,000 lbs GVWR that are alternatively chassis-certified by the EPA. The chassis-certified vehicles included on Form 2 should be newly-manufactured. Conversion systems should be listed on Form 3.

In Form 2, Item 1 (Certificate of Conformity), provide the test group name/code from the EPA Certificate of Conformity. The EPA Certificate of Conformity for a chassis-certified natural gas vehicle may include multiple vehicle models in the test group. OEMs may submit one Form 2 covering all of the vehicle models in the test group. The OEM must include a copy of the EPA Certificate of Conformity.

In Form 2, Item 2 (Vehicle Models), please identify the available GVWR classes and fuel capacity options, in DGE, for the vehicle models in the test group. Also, provide estimates of incremental costs for the available fuel capacity options. These estimates may be presented as a single amount or a range.

Please let the TCEQ know in your response if there are other fuel capacity options not covered.

In Form 2, Item 3 (Engine Information), please provide the requested information on the engine. It should be the same engine for all of the vehicle models in the test group.

3.5. Form 3 – Heavy-Duty Engines

Only the OEM of engine-certified natural gas engines should complete and submit Form 3 to the TCEQ.

In Form 3, Item 1 (Certificate of Conformity), provide the engine family name/code from the EPA Certificate of Conformity. The OEM must include a copy of the EPA Certificate of Conformity for each model requested to be on the list.

In Form 3, Item 2 (Vehicle Models), please identify the available GVWR classes that the natural gas engine may be installed on and the fuel capacity options, in DGE, available for that particular engine model. For vehicles used as tractor-trailer combinations (i.e., semi-trucks), select the applicable class that matches the Gross Combined Weight Rating (GCWR) of the tractor-trailer combination. Also, provide estimates of incremental costs for the available fuel capacity

options. These estimates may be presented as a single amount or a range. If the natural gas engine can operate on CNG or LNG and the incremental costs substantially differ by fuel type, then please submit two separate copies of Form 3 for the same engine family name/code, one for CNG and one for the LNG option.

Also, if a heavy-duty engine will be marketed for repower projects meeting the grant criteria, and the OEM has determined that the incremental cost for a repower project is substantially different from the incremental cost of a vehicle replacement project, you may list the incremental cost estimates for both options in Form 3. You may also include supplemental information on the repower incremental costs, such as a summary sheet comparing the specific costs for the baseline and the natural gas engine repowers. Note that under the statutory criteria, the incremental cost for a repower project should be based on the difference between repowering the vehicle with a new baseline gasoline or diesel engine, compared with repowering the vehicle with the natural gas engine. Under this criteria, the cost to remanufacture the existing engine would not be appropriate to use as the baseline cost for comparison with the cost of the natural gas engine repower project.

In Form 3, Item 3 (Engine Information), please provide the requested information on the engine.

3.6. Form 4 – Chassis-Certified Conversion Systems

Only the OEM of chassis-certified conversion systems should complete and submit Form 4 to the TCEQ. The chassis-certified conversion systems listed on Form 4 should be aftermarket systems used to convert existing diesel or gasoline vehicle models to natural gas operation.

In Form 4, Item 1 (Certificate of Conformity), provide the test group name/code from the EPA Certificate of Conformity. The OEM must also provide the test group number from the EPA Certificate of Conformity for the original equipment. The OEM must include a copy of the EPA Certificate of Conformity for each model requested to be included on the Natural Gas Vehicle List, as well as the EPA Certificate of Conformity for the original vehicle. The TCEQ is asking for the EPA Certificate of Conformity for the original vehicle to confirm that the conversion system results in a 25% reduction in NO_x, according to the EPA emission standards to which the system is certified.

The EPA Certificate of Conformity for a chassis-certified conversion system may include multiple vehicle models in the test group. OEMs may submit one Form 4 covering all of the vehicle models in the test group.

In Form 4, Item 2 (Vehicle Models), please identify the available GVWR classes and fuel capacity options, in DGE, for the vehicle models in the test group. Also

provide estimates of incremental costs for the available fuel capacity options. These estimates may be presented as a single amount or a range.

In Form 4, Item 3, please provide the requested information on the engine platform used for the conversion system. It should be the same engine for all of the vehicle models in the test group.