

**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ)
TEXAS EMISSIONS REDUCTION PLAN (TERP)
TEXAS NATURAL GAS VEHICLE GRANT PROGRAM (TNGVGP)**

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

Solicitation No. 582-12-22614

**Texas Commission on Environmental Quality (TCEQ)
Air Quality Division
Implementation Grants Section, MC-204
P.O. Box 13087
Austin, Texas 78753**

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The Participating Dealers will assist grant applicants in completing and submitting applications and documentation to the TCEQ. Applications will be accepted for consideration during this grant period on a first-come, first-served basis at the front desk, Rm. 2202, 2nd floor of Building F on the premises of the TCEQ (12100 Park 35 Circle) by no later than 5:00 p.m., Central Time, May 31, 2013. Applications received in the TCEQ mail room on that date are not guaranteed to be delivered to Room 2202 by the required deadline, so grant applicants are encouraged to plan their submission date accordingly. In addition, the award of a grant is dependent upon the availability of funding and the TCEQ may suspend acceptance of applications prior to this closing date.

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1.0 INVITATION.....	6
1.1 PURPOSE	6
1.2 PARTICIPATING DEALERS.....	6
1.3 ELIGIBLE APPLICANTS AND AREAS.....	6
1.4 ELIGIBLE PROJECTS, VEHICLES, AND ENGINES	7
1.4.1 LIST OF NATURAL GAS VEHICLES AND ENGINES THAT MEET APPLICABLE FEDERAL EMISSION STANDARDS.....	8
1.4.2 ELIGIBLE COSTS.....	9
1.5 CERTIFIED EMISSIONS	10
1.6 REQUIREMENTS AND PROCEDURES	11
1.6.1 OTHER SELECTION CRITERIA	13
1.7 DISPOSITION REQUIREMENTS	13
1.8 GRANT ADMINISTRATION AND REIMBURSEMENT OF EXPENSES	14
1.9 MONITORING AND REPORTING	15
1.10 PERFORMANCE EVALUATION	16
1.11 FUNDING.....	17
2.0 REQUEST TO WAIVE OWNERSHIP, REGISTRATION, AND USE REQUIREMENTS	17
3.0 APPLICATION PROCESS.....	17
3.1 APPLICATION SUBMISSION.....	18
3.2 APPLICATION REVIEW PROCESS AND CONTRACTING.....	18
4.0 CONSIDERATION OF APPLICATION IN FUTURE GRANT ROUNDS	19
5.0 CONTRACT DATES AND DEADLINES FOR PURCHASES	19
APPENDIX A: WAIVER OF OWNERSHIP, REGISTRATION, AND USE REQUIREMENTS ...	20
1.0 Purpose.....	20
2.0 Basis for a Determination of Good Cause	20
3.0 Standard Situations.....	20
4.0 Instructions for Completing and Submitting a Waiver Request.....	21
4.1 Waiver Request Review and Approval/Disapproval Procedures	22
Attachment 1 to Appendix A	24
APPENDIX B: ALTERNATIVE DISPOSITION REQUEST PROCEDURES	25
1.0 Purpose.....	25
1.1 Instructions for Completing and Submitting a Request.....	25
2.0 Review and Approval Procedures.....	26
APPENDIX C: MAP OF ELIGIBLE COUNTIES	27
APPENDIX D: DEFAULT USAGE RANGES	28
APPENDIX E: STANDARDIZED GRANT AWARD TABLES.....	30
APPENDIX F: PARTICIPATING DEALER INSTRUCTIONS FOR COMPLETING A TEXAS NATURAL GAS VEHICLE GRANT APPLICATION.....	33
1.0 HOW TO APPLY.....	33
2.0 HOW TO SUBMIT AN APPLICATION	34
3.0 PARTICIPATING DEALER INSTRUCTIONS FOR THE GRANT APPLICATION FORMS:	34

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Texas Commission on Environmental Quality (TCEQ)

Request for Grant Applications (RFGA) Texas Natural Gas Vehicle Grant Program Fiscal Year (FY) 2012

1.0 INVITATION

The Texas Commission on Environmental Quality (TCEQ) invites applications from entities that currently operate heavy-duty or medium-duty motor vehicles to repower the vehicles with a natural gas engine or replace the vehicle with a natural gas vehicle in Texas. 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 finance the vehicles to be replaced.

1.1 PURPOSE

The TCEQ has adopted rules to implement a portion of the Texas Natural Gas Vehicle Grant Program (TNGVGP) as authorized under Texas Health and Safety Code (THSC), Chapter 394, as established by Senate Bill 385, 82nd Texas Legislature, 2011, Regular Session.

1.2 PARTICIPATING DEALERS

The grant applicant must acquire the Grant Equipment from Participating Dealers.

The Participating Dealers will assist grant applicants in completing and submitting applications and documentation to the TCEQ. Participating Dealers will review documentation and materials provided by the grant applicant to confirm eligibility for a grant, and will send the documentation to the TCEQ. Participating Dealers will arrange for the inspection of the vehicle being replaced or repowered under the program. For eligible projects, Participating Dealers will also arrange for the destruction of the vehicle or engine being replaced or repowered.

The list of Participating Dealers is available for viewing or download on the TERP Web site at www.terpgrants.org or by calling the toll free number at 800-919-TERP (8377).

1.3 ELIGIBLE APPLICANTS AND AREAS

- a. Eligible Grant applicants
 - 1) An entity operating a heavy-duty or medium-duty vehicle in the state of Texas may apply for a grant through a Participating Dealer.
 - 2) Eligible grant applicants may include individuals, corporations, organizations, governments or governmental subdivisions or agencies, business trusts, partnerships, associations or any other legal entity. This may also include a corporation headquartered outside of the state of Texas, but which operates vehicles primarily in an eligible county in Texas.
 - 3) 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 period process.

- 4) This RFGA does not apply to 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.

b. Eligible Areas of Operation for the Grant-Funded Vehicles

For this program, the eligible counties (grouped by area) include:

- 1) **Austin Area:** Caldwell, Hays, Travis, and Williamson Counties
- 2) **Dallas-Fort Worth 8 Hour Ozone Nonattainment Area:** Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties
- 3) **El Paso Particulate Matter with Diameter 10 Micrometers or Smaller (PM10) Nonattainment Area:** El Paso County
- 4) **Houston-Galveston-Brazoria 8-Hour Ozone Nonattainment Area:** Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties
- 5) **San Antonio Area:** Bexar, Comal, and Guadalupe Counties
- 6) **Additional counties along Interstate Highway (IH 35):** Bell, Falls, Hill, and McLennan Counties
- 7) **Additional counties along IH 45:** Freestone, Leon, Madison, Navarro, and Walker Counties
- 8) **Additional counties along IH 10:** Austin, Colorado, Fayette, and Gonzales Counties

At least 75% of the annual operation of the grant-funded vehicle must occur in one or more of the eligible counties. The percentage of use listed by the grant applicant for each county in the grant application is for informational purposes only.

Annual use is measured by miles of operation for the grant-funded vehicle over a twelve-month annual reporting period.

1.4 ELIGIBLE PROJECTS, VEHICLES, AND ENGINES

a. Eligible Projects

The TCEQ will provide grants for eligible medium-duty and heavy-duty motor vehicles, offsetting the incremental cost to the entity for repowering or replacing with an engine or vehicle powered by natural gas. To be eligible for funding, the cost of a replacement or repower project may not have been incurred and paid prior to the opening date of the grant round.

- 1) The replacement of an on-road medium-duty or heavy-duty vehicle that runs on diesel or gasoline with a new natural gas vehicle is an eligible project under the TNGVGP.
- 2) The repowering of an on-road medium-duty or heavy-duty vehicle that runs on diesel or gasoline with a natural gas engine is an eligible project under the

TNGVGP. A repower is defined as a complete engine replacement, or the remanufacturing of an engine in an existing vehicle. Conversions that occur after the purchase of a vehicle may be considered repowers under this RFGA.

b. Eligible Vehicles

Natural gas vehicles must:

- 1) be a new natural gas vehicle;
- 2) have a gross vehicle weight rating (GVWR) of more than 8,500 pounds;
- 3) be powered by an engine that receives not less than 75% of its power from compressed or liquefied natural gas (vehicles capable of operating independently on either natural gas or another fuel will not be eligible under this program);
- 4) be powered by an engine certified by the EPA to the applicable federal emissions standard; and
- 5) be powered by an engine certified to a NO_x emissions rate at least 25% lower than the engine of the vehicle being replaced.

c. Eligible Engines

Natural gas engines must:

- 1) receive not less than 75% of its power from compressed or liquefied natural gas (engines capable of operating independently on either natural gas or another fuel will not be eligible under this program);
- 2) be certified to the applicable federal emissions standard; and
- 3) be certified to a NO_x emissions rate at least 25% lower than the engine being repowered.

1.4.1 LIST OF NATURAL GAS VEHICLES AND ENGINES THAT MEET APPLICABLE FEDERAL EMISSION STANDARDS

A natural gas vehicle or engine must be certified by the EPA to the applicable federal emissions standard to be eligible for funding. The TCEQ will regularly update a list of new vehicles and engines. Inclusion on the list does not guarantee that the natural gas vehicle or engine will be eligible for funding under a replacement or repower project. Eligibility will depend on whether a particular activity meets all of the requirements outlined in this RFGA. If a natural gas vehicle or engine is not part of the list, the grant applicant must submit an EPA Certificate of Conformity for the vehicle or engine with the application. If the certificate shows that the vehicle or engine meets the applicable federal emissions standard as determined by the TCEQ, it will be added to the list and considered for funding.

The list of eligible natural gas vehicles and engines is available for viewing or download on the TERP Web site at www.terpgrants.org or by calling the toll free number at 800-919-TERP (8377).

A vehicle or engine must meet one of the following standards to be included on the list:

- a. Heavy-duty engine standard of 0.2 grams per brake-horsepower-hour (g/bhp-hr) of NO_x.

- b. EPA's Bin 5 standard for light-duty vehicles (0.07 grams per mile of NO_x).
- c. Complete heavy-duty vehicles with a GVWR of 8,501-14,000 pounds must be certified to meet or exceed the complete heavy-duty vehicle emissions standard (0.2 grams per mile of NO_x for vehicles with a GVWR of 8,501-10,000 pounds; 0.4 grams per mile of NO_x for 10,000-14,000 pounds GVWR).
- d. Incomplete heavy-duty vehicles with a GVWR of 8,501-14,000 pounds must either be certified to the heavy-duty engine standard of 0.2 g/bhp-hr of NO_x, or to the complete heavy-duty vehicle emissions standard (0.2 grams per mile of NO_x for vehicles with a GVWR of 8,501-10,000 pounds; 0.4 grams per mile of NO_x for 10,000-14,000 pounds GVWR).

1.4.2 ELIGIBLE COSTS

Grants awards will provide reimbursement for the cost of replacement or repowering of an existing diesel or gasoline vehicle or engine with a natural gas vehicle or engine.

Grant applicants must list in the application all other financial incentives and tax credits received or for which they are eligible and expect to receive for the natural gas vehicle. The combined total of the TNGVGP grant and other financial incentives or assistance including tax credits received or expected to be received may not exceed the incremental costs to the grant applicant. A grant recipient must return the amount of a grant that when combined with any other grant, tax credit, or other governmental incentive received after the grant reimbursement exceeds the incremental cost of the vehicle or engine.

The grant recipients must certify in their annual reports that the entity has not received an additional incentive or if an incentive has been received include information on the incremental cost and the incentive amount in the report. If, as a result of the grant recipient receiving the additional incentive, the entity must return a portion of the grant funds, an invoice will be sent to the grant recipient for payment of the amount that must be returned.

Costs that may be included are listed below:

- a. **Purchase:** The grant may be used to reimburse a portion of the cost to purchase the new vehicle or repower the old vehicle, including taxes. Those costs must be documented by the actual purchase invoice from the Participating Dealer.
- b. **Leases:** The vehicle may be leased and the lease costs may be covered by the grant. The grant may not be used to cover future obligations for payments under the lease. Transaction fees and finance charges under a finance lease will not be eligible under the grant.

- **Capital/Finance Leases:** Must include a binding commitment to buy or extend for the activity life.

The portion of the costs reimbursed under the grant must be used for either payments made under the lease up to the date of the requested reimbursement, or an upfront payment to buy down the future lease payment amounts.

- **Operating/Regular Leases:** Must extend for the activity life.

The portion of the costs reimbursed under the grant must be used for either payments made under the lease up to the date of the requested reimbursement, or an upfront payment to buy down the future lease payment amounts.

- c. **Commercial Finance:** The vehicle purchase or repower may be financed. Transaction fees, finance charges, and other costs to obtain the financing will not be eligible under the grant. The grant may not be used to cover future, periodic payments under a finance agreement. The portion of the costs to be reimbursed under the grant must cover a down payment or other payment of principal for the purchase or repower of the vehicle.

In addition to the requirement outlined above, the costs for repowering the vehicle may only include those costs directly associated with replacing the existing engine with the natural gas engine or for converting the existing engine to run on natural gas. The purchase and installation of the natural gas fueling system and tanks may also be covered. The grant recipient may not use the grant to pay its own administrative expenses.

1.5 CERTIFIED EMISSIONS

a. New Vehicle and Engines

The definition of “certified emissions” is the applicable federal emissions standard to which an engine or vehicle is certified by the EPA. The TCEQ will accept the NO_x federal emissions standard to which the natural gas models on the list of eligible vehicles and engines are certified. However, if the vehicle or engine is certified to a new family emission limit (FEL) below the applicable NO_x federal emissions standard, the TCEQ will accept the lower NO_x level.

b. Vehicles and Engines Being Replaced or Repowered

The use of the natural gas vehicle and engine must be projected to result in a reduction of emission of at least 25% as compared to the engine of the vehicle being replaced or repowered, based on the:

- 1) baseline emission level for the engine of the vehicle being replaced or repowered; and
- 2) the certified NO_x emissions rate of the engine of the natural gas vehicle.

The TCEQ has established baseline NO_x emission levels for the vehicle and engines being replaced by using the emission certification for the engine or vehicle being replaced. The TCEQ will consider deterioration of the emission performance of the engine on the vehicle being replaced by using the EPA certification which already takes into account the deterioration rates for the engines over a period of time. The Participating Dealers will provide the emissions standard for the engine of the vehicle being replaced or repowered on the grant application forms.

For heavy-duty diesel vehicles manufactured after 2006, the emission standards were phased in from 2007 through 2010. Heavy-duty engines manufactured over this period may have been certified to a NO_x emissions rate between 2.385 g/bhp-hr and 0.2 g/bhp-hr. For these 2007 and later model year heavy-duty engines, the Participating Dealers will verify the NO_x emissions rate to which the engine of the vehicle being replaced or repowered was certified and list that NO_x emissions rate on the application forms.

Medium-duty vehicles with a model year of 2004 or later, and certified under the light-duty vehicle standards must be verified by the Participating Dealers. For these vehicles, the Participating Dealers will verify the emissions rate to which the old vehicle and engine were certified and must list that emissions rate on the application forms.

1.6 REQUIREMENTS AND PROCEDURES

Additional criteria that apply to activities funded under this program are discussed below.

- a. For at least the two years immediately preceding the submission of the grant application, the vehicle being replaced or repowered must have been owned, leased, or otherwise commercially financed by the grant applicant; continually registered in Texas; and operated within the State of Texas by the grant applicant.
- b. The vehicle or engine being replaced or repowered must be in operating condition and must have at least two years of remaining useful life as determined by a certified mechanic.
- c. The vehicle or engine being replaced or repowered must currently operate using diesel or gasoline.
- d. The grant applicant must certify the historical use over the previous two years of the vehicle being replaced or repowered.
- e. An entity may include up to twenty-five (25) activities of vehicles that are the same weight range, engine family or test group name/code, vehicle category, and vehicle description in a single application. Multiple activities included on a single application must be the same project type either replacement or repower. Entities may submit more than one application during this grant round.
- f. Grant applicants must identify natural gas fueling stations available to fuel the qualifying vehicle in the area of its use.
- g. The grant applicant's name must have been listed on the vehicle title or lease agreement for a minimum of two years immediately preceding the grant application unless a waiver has been granted in accordance with Section 2.0 of this RFGA.
- h. The vehicle must have a current safety inspection or proof that it complies with other equivalent safety requirements, and must have continuously had an up-to-date safety inspection over the two years immediately preceding the grant application unless a waiver has been granted in accordance with Section 2.0 of this RFGA.
- i. Applications will not be accepted for an activity that was included in a project previously awarded a TERP grant and subsequently canceled by the grant recipient after the date of issuance of this RFGA.
- j. If applying as an individual or sole proprietor, a photocopy of a state or federal identification card (i.e. driver's license) must be included in the application.
- k. Grant applicants must agree to monitor the use of the grant-funded vehicles and to annually report to the TCEQ for the life of each grant-funded activity.
- l. Grant applicants must also agree to notify the TCEQ of any termination of use, change in use, sale, transfer, or accidental or intentional destruction of grant-funded vehicles or equipment during the life of each activity.

- m. An activity is not eligible if it is required by any state or federal law, rule, regulation, memorandum of agreement, or other legally binding document. However, this restriction does not apply to an otherwise qualified activity — regardless of the fact that the state implementation plan assumes that the change in vehicles, or operations will occur — if on the date the grant is awarded the change is not required by any state or federal law, rule, regulation, memorandum of agreement, or other legally binding document. This restriction also does not apply to the purchase of vehicles or equipment that is required only by local law or regulation or by corporate or controlling board policy of a public or private entity. All applications for funding must be completed according to the application instructions and submitted within the required deadline. The complete instructions are included in this RFGA.
- n. Grant contracts will extend for the operational commitment period until the earlier of the fourth anniversary of the date of reimbursement of the grant-funded expenses or until the date the vehicle has been in operation for 400,000 miles after the date of reimbursement.
- o. All services or work carried out under a grant contract awarded as a result of the RFGA must be completed within the scope, time frames, and funding limitations specified in the grant contract.
- p. 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 for reimbursement. This restriction also applies to situations where the grant recipient acts as the freight/delivery provider for delivery of the grant-funded vehicle or equipment before or after acceptance of the vehicle.
- q. 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 be considered administrative costs and are not eligible for reimbursement. This determination is not intended to limit the ability of the vehicle or equipment vendor or engine installer to include reasonable and necessary costs for overseeing the work to be performed in the price of the vehicle, equipment, engine, and/or installation services.
- r. Under section 231.006, Texas Family Code, 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 that grant and acknowledges that the grant contract may be terminated and payment may be with held if the certification is inaccurate.
- s. Grant applicants must submit a W-9 Form (Request for Taxpayer Identification Number and Certification Form) when submitting the application.

- t. The grant-funded vehicle must be of the same category, description, and weight range or classification as the one being replaced, unless otherwise accepted by TCEQ. If the vehicle normally operates in combination with a trailer, such as a Class 8B tractor-trailer combination, the gross combined weight rating (GCWR) should be used for determining the weight range or category. However, if a trailer is attached occasionally, only the weight of the vehicle should be used.

1.6.1 OTHER SELECTION CRITERIA

- a. The TCEQ may make selection for funding contingent upon agreement by the grant applicant with additional conditions or changes to the project pertaining to equipment, logistical considerations, expenses, and other program elements.
- b. The TCEQ may select parts of a proposal for funding and may offer to fund less than the eligible grant amounts and/or a smaller amount than requested in the application.
- c. 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.
- d. The TCEQ is not obligated to fund a proposal from a grant applicant that has demonstrated marginal or unsatisfactory performance on current or previous grants and contracts with the TCEQ and other state agencies. A rating of marginal or unsatisfactory performance on current or past contracts may be used as a basis to lower or otherwise change the priority and ranking of an application.
- e. The TCEQ is not obligated to fund a proposal from a grant applicant who is currently not meeting their commitments under a TCEQ contract or who has been invoiced by the TCEQ for not meeting contract requirements.
- f. The TCEQ is not obligated to fund a proposal from a grant applicant or for a project based on a determination of the risks associated with the grant applicant and/or project, including the financial condition of the grant 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 a grant applicant considered to be high risk.
- g. The TCEQ is not obligated to fund a proposal from a grant 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 a grant applicant with an overall compliance history classification of Poor (45.01 or greater) on the TCEQ's Compliance History Database, for grant applicants that are subject to the rating.

1.7 DISPOSITION REQUIREMENTS

(Refer to Appendix B for Alternative Disposition Request Procedures and Instructions)

- a. Unless otherwise approved by the TCEQ, a grant applicant must agree to dispose of vehicles and engines replaced under this program by complete destruction or otherwise rendering permanently inoperable by crushing the vehicle and engine, or drilling a 3-inch or larger hole in the engine block on both sides and cutting both frame rails in half or other preapproved alternative.

- b. Destruction of the engine may also include sending the engine to a remanufacturing facility operated or authorized by the original engine manufacturer. The remanufacture of the engine must include removing all parts and using the old block to build a remanufactured engine with a new serial number.
- c. For destroyed vehicles, applicants must agree to submit a copy of a Texas Non-repairable Vehicle Title issued by the Texas Department of Motor Vehicles (TxDMV) for the vehicle(s) replaced under this RFGA. The Texas Non-repairable Vehicle Title must be submitted at the same time that the required disposition documentation is submitted to the TCEQ. This title is available by submitting a completed form VTR-441 along with the required fee to the TxDMV.
- d. Applicants may include in the application forms a request to the TCEQ for approval of an alternative method for rendering the vehicle and engine permanently inoperable. Requests included in the applicable section of the application form for approval of an alternative destruction method will be considered by TCEQ as part of the review of the application.
- e. For vehicle replacements, applicants may also request approval of an alternative disposition method that does not result in the vehicle and engine being rendered permanently inoperable. The proposed alternative disposition plan must result in “permanent” removal of the vehicle and engine from the state. Instructions for submitting a written request for approval of disposition method that results in permanent removal of the vehicle and engine from Texas, in lieu of destruction, are including in Appendix B.
- f. If the alternative destruction method is approved, that approval will be included in the grant contract. If the TCEQ approves the removal of a vehicle from Texas, in lieu of destruction, the grant applicant must agree to retain responsibility for the vehicle and engine never returning to Texas for the life of the vehicle and engine. The grant contract will include provisions for return of grant funds if the vehicle and/or engine are returned to operation in Texas.
- g. If the alternative destruction method is not approved, the grant applicant will need to adhere to the standard destruction methods in completing the disposition of the vehicle and/or engine.
- h. After a grant is awarded, a grant recipient will need to submit any request for an alternative destruction method in writing to the TCEQ and receive approval, either through amendment to the grant contract or by other official means, as determined by the TCEQ.
- i. The grant contract will include provisions for completing the disposition process within ninety days of reimbursement.

1.8 GRANT ADMINISTRATION AND REIMBURSEMENT OF EXPENSES

- a. Except as provided for in Section b 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 by the grant recipient. The grant recipient may submit a request for reimbursement as the purchases are completed. Grant recipients must provide documentation to show that equipment and services have been received and the

expenses have been incurred and paid by the grant recipient, before reimbursement is provided by the TCEQ.

- b. Subject to approval by the TCEQ, the grant recipient may only assign the payments due from the TCEQ directly to the Participating Dealer that submitted the application. A properly completed Texas Application for Payee Identification Number and Notice of Assignment must be completed and submitted with 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.
- c. A summary of all expenses and budget items must be submitted with the request for reimbursement. All reimbursement forms will be provided by the TCEQ. Forms are available on the TERP Web site at www.terpgrants.org or by calling the toll free TERP number at (800) 919-TERP (8377).
- d. 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.
- e. For any grant activity where the grant-funded vehicle will be acquired and used under a lease or lease-purchase agreement, the period of the lease agreement must extend for 4 years from the date of completion of the request for reimbursement for each Grant Activity or, if the lease terminates earlier, the lease agreement must contain a binding commitment for the grant recipient to pay any remaining costs and to take ownership of and title to the vehicle. An option to buy at the end of the lease term, without a binding commitment on the part of the grant recipient, will not be sufficient to satisfy this provision.

1.9 MONITORING AND REPORTING

The grant recipient must meet the following requirements:

- a. The Activity Life for Grant Activities performed under this agreement will be the earlier of the fourth anniversary of the date of reimbursement of each individual activity or until the date the activity has been in operation for 400,000 miles after the date of reimbursement for that vehicle.
- b. Annual reports on the use of the grant-funded vehicle or engine will be required, using forms to be provided by the TCEQ. If the grant recipient installs a global positioning system (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. In order to use this approach, the grant recipient must enter into a separate agreement with the TCEQ agreeing to periodically verify the information being reported and to pay for the ongoing costs associated with obtaining the reports from the GPS provider. This separate agreement form is available from the TCEQ.
- c. The TCEQ may provide the grant recipient with a label to place on grant-funded vehicles and engines to aid both the TCEQ and the grant recipient in tracking and identification of those vehicles and pieces of equipment. The grant recipient must agree to place the label on the grant-funded vehicles.

- d. The TCEQ has identified an approved vendor for a geographic positioning system (GPS) to electronically track the location and use of grant-funded vehicles and equipment. Initial installation of GPS is voluntary. However, during the activity life of the grant, the TCEQ may require installation of a GPS for grant recipients that are not meeting the grant requirements pertaining to usage or location of use, in lieu of requiring immediate return of grant funds. In those cases of non-compliance, the grant recipient must agree to install and use the approved GPS if required by the TCEQ, or the grant recipient may be required to return all or a portion of the grant funds.
- e. The TCEQ may require the return of all or a portion of the grant funds for noncompliance with the usage and percentage of usage requirements.

1.10 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.

In accordance with Chapter 2261, Texas Government Code, the TCEQ is required to monitor the PERFORMING PARTY's performance under this Agreement. The PERFORMING PARTY agrees that the standards and Contractor Evaluation criteria set forth in this RFGA are appropriate standards and measures for the PERFORMING PARTY's performance during the term of the grant agreement.

a. Standards:

- 1) Quality and Accuracy. PERFORMING PARTY's Grant Activities conform to the requirements of this Agreement.
- 2) Timeliness. PERFORMING PARTY's Grant Activities are completed on schedule.
- 3) Reports and Administrative and Financial Operations. PERFORMING PARTY's administrative and financial operations comply with all obligations in law and in this Agreement, including, but not limited to, record-keeping, reimbursement requests, audits, allowable costs, payments to subcontractors, and restricted expenditures.
- 4) Communication. PERFORMING PARTY's accessibility, responsiveness, and cooperativeness with respect to any contract-related concerns communicated by the TCEQ; and including the PERFORMING PARTY's demonstrated relationship with subcontractors.
- 5) Other. Other factors unique to the type of project, as determined by the TCEQ.

b. Measures:

The TCEQ will monitor the PERFORMING PARTY's performance and evaluate the level of compliance with the standards utilizing the performance measures set forth below:

- 1) Exceeds Expectations. PERFORMING PARTY fully complied with all the standards on a consistent basis.
- 2) Satisfactory Performance. PERFORMING PARTY's performance complied with all of the standards, with only typical errors, delays, or other problems that needed to be corrected.

- 3) Marginal Performance. PERFORMING PARTY's performance was acceptable, although a significant number of deficiencies had to be corrected before the contract requirements could be considered met.
- 4) Unsatisfactory Performance. PERFORMING PARTY's performance was not acceptable, even after attempts to correct deficiencies.

1.11 FUNDING

- a. The total amount to be award under this program is \$18 million for the 2012-2013 fiscal biennium.
- b. The TCEQ will award at least 60% of the total amount of the grants in the fiscal biennium to motor vehicles with a GVWR of at least 33,001 pounds, if sufficient applications are received.
- c. The TCEQ may suspend the first-come, first-served provisions and hold additional applications from a particular entity if that entity has been provisionally awarded a percentage of the funds to be determined by the TCEQ, to ensure a balanced mix of entities receiving funds.
- d. The TCEQ may suspend the first-come, first-served provisions and hold additional applications from a particular area if projects in that area have been provisionally awarded a percentage of the funds to be determined by the TCEQ, to ensure funding is provided across a balanced mix of areas.
- e. The TCEQ will not be obligated to select applications for funding, even if received within the application deadline.
- f. The TCEQ may select parts of proposal for funding and may offer to fund less than the dollar amount requested in the proposal.

2.0 REQUEST TO WAIVE OWNERSHIP, REGISTRATION, AND USE REQUIREMENTS

(Refer to Appendix A for Request for Waiver of Ownership, Registration, and Use Instructions)

The TCEQ's determination of whether there is good cause to grant a waiver will be based on an evaluation of the factors explained in the appendices below. Grant 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.

The grant applicant must submit a written request to the TCEQ for approval for waiver of ownership, registration, and use prior to submission of or with the grant application. The request must include an original signature of the authorized official of the grant applicant.

3.0 APPLICATION PROCESS

The application form is to be used to apply for a TGNVGP grant for on-road heavy-duty or medium-duty replacement or repower projects under the TCEQ's TERP program.

3.1 APPLICATION SUBMISSION

- a. **Required Forms.** Application forms and criteria on the activities eligible for funding under this program area may be viewed and downloaded from the TERP Web site at www.terpgrants.org. Copies of the forms may also be obtained by calling the TERP toll free number at 800-919-TERP (8377).
- b. **Application Submission.** To apply for funding, Participating Dealers will complete and submit a grant application which includes the required information described in the instructions included in this RFGA on behalf of the grant applicant. Instructions for completing the grant application can be found in Appendix F.
- c. **Application Deadline.** Applications will be accepted and considered on a first-come, first-served basis during this grant period. The TCEQ may suspend acceptance and/or processing of applications at any time during the application period with no obligation to continue processing an otherwise eligible application received within the deadline. Unless the acceptance of applications is suspended by the TCEQ prior to the application deadline, applications must be received at the front desk, Rm. 2202, 2nd floor of Building F on the premises of the TCEQ (12100 Park 35 Circle) by no later than 5:00 p.m., Central Time, May 31, 2013. Applications received in the TCEQ mail room on May 31, 2013, are not guaranteed to be delivered to Rm. 2202 by the required deadline, so grant applicants are encouraged to plan their submission date accordingly.
- d. **Additional Program Information.** Individuals desiring further information are encouraged to call the TERP staff at 1-800-919-TERP (8377).
- e. **Public Information.** Upon submission, all proposals become the property of the State of Texas and as such become subject to the Texas Public Information Act, Texas Government Code Chapter 552.
- f. **Personal Information Policy:** Individuals are entitled to request and review their personal information the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, contact the TCEQ TERP program at 1-800-919-TERP (8377).

3.2 APPLICATION REVIEW PROCESS AND CONTRACTING

- a. **Application Review.** The TCEQ will review the applications and will notify grant applicants of any needed changes or additional information. The TCEQ will work with grant 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.
- b. The TCEQ may also consider applications for selection pending receipt of all needed information or documentation and may include provisions in a grant contract making the issuance of a "Notice to Proceed" contingent upon receipt of the additional information.
- c. **Grant Award and Contracting.** An example contract shell will be made available on the TERP Web site. Upon approval of the application, a grant contract will be developed and provided to the grant applicant to sign and return to the TCEQ. Before signature, the grant applicant should review the contract for accuracy. Upon

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

- d. **Notice to Proceed.** 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.
- e. **Reimbursement.** The grant recipient may submit a request for reimbursement after the eligible expenses are incurred, but before the expiration of the Period of Funds Availability listed in the contract.

4.0 CONSIDERATION OF APPLICATION IN FUTURE GRANT ROUNDS

The TCEQ may, at its discretion, retain applications not selected for funding under this notice for consideration under a new notice issued for a future grant round. Grant 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.

5.0 CONTRACT DATES AND DEADLINES FOR PURCHASES

Contracts will extend for the operational period until the earlier of the fourth anniversary of the date of reimbursement of the grant-funded expenses or until the date the vehicle has been in operation for 400,000 miles after the date of reimbursement.

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

1.0 Purpose

Section 1.6 of this RFGA lists the requirements that a vehicle to be replaced or repowered under the TNGVGP must have been owned, leased, or commercially financed and registered, and operated by the grant applicant in Texas for at least the two years immediately preceding the submission of the grant application. Under THSC, §394.005(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 a grant applicant must use to request a waiver to one or more of the ownership, registration, and use requirements of Section 1.6 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 1.4 of this RFGA, and as required under THSC, §394.005(b)(1), the use of the natural gas vehicle and engine funded under the TNGVGP must be projected to result in a reduction in NO_x emissions of at least 25%. The basis for the ownership, registration, and use requirements under the TNGVGP and other TERP grant programs is, in part, as 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 grant 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 a grant 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. Grant 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.

- a. 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.
- b. Regardless of the past ownership or lease, the grant applicant must currently have authority to destroy a vehicle being replaced or to repower an existing vehicle, which normally will require that the grant applicant be listed as the owner on the current title.
- c. 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 ownership 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 grant applicant and that the lapse in registration or use was not a permanent situation.
- d. 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.
- e. Other situations, including longer lapses in ownership, registration, or use, may also be considered, case-by-case. The burden is on the grant 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

- a. Requests for a waiver to the ownership or lease, and registration and use requirements of Section 2.0 must be submitted in writing, with an original signature of the authorizing official of the grant applicant.
- b. Grant 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.
- c. 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.
- d. It is recommended, but not required, that any waiver requests be submitted prior to submission of the application, and that a grant applicant wait until it receives

notification of the TCEQ's decision regarding the request before submitting the application.

- e. However, if the written waiver request is not submitted prior to submission of the application, the request must be included with the application documents. The TCEQ may determine an application incomplete if the waiver request is not received either before the application or with the application materials, and the TCEQ may use the date and time that the late request is received to determine the application's place in line for consideration under the first-come, first-served process.
- f. Waiver request not submitted with an application should be sent to:

Regular Mail:

Texas Commission on Environmental Quality
Air Quality Division
Implementation Grants Section (TNGVGP), MC-204
P.O. Box 13087
Austin, TX 78711-3087

Express Mail:

Texas Commission on Environmental Quality
Air Quality Planning Division
Implementation Grants Section (TNGVGP), MC-204
12100 Park 35 Circle
Austin, TX 78753

4.1 Waiver Request Review and Approval/Disapproval Procedures

a. Waiver Requests Submitted Prior to Submission of an Application

The TCEQ will review waiver requests submitted before an application in the order the request is received.

The TCEQ will attempt to notify grant applicants of the decision on a waiver request within ten working days of receipt of the request. However, the time needed to act on a request may vary depending on the complexity of the issues involved.

Notification may be provided by electronic mail, letter, or fax, or a combination of one or more methods. If the grant applicant is already working with a Participating Dealer, a copy of the notification of decision may also be sent to the dealer. Where feasible, preliminary notification may also be provided by phone call to the grant applicant's representative and/or the Participating Dealer with which the grant applicant is working.

If the waiver request is approved, grant applicants should reference the waiver approval where noted in the application and include a copy of the notification documents with the application forms.

b. Waiver Requests Submitted with An Application

Waiver requests submitted with an application will be considered, along with the application, in the order the application is received.

Grant applicants and Participating Dealers 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 waivers were granted may be included in the grant contract and agreement documents.

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

d. Waiver Disapproval Appeal Procedures

A grant applicant that is not satisfied with a decision of the TCEQ to disapprove a waiver request either submitted prior to submission of an application or with the application, 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 ten calendar days after the grant applicant received, or should have received, official notification by TCEQ that a waiver request was denied. If denial is sent by mail, the grant applicant is deemed to have received the denial within three business days after the mailing date. If denial is sent electronically, the grant applicant is deemed to have received the denial on the date sent.

The TCEQ has the discretion to allow an appeal filed after ten calendar days if the protestant shows good cause for the late filing or if the protestant 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 protestant is the grant applicant that submitted the waiver request;
- 2) The issue(s) being disputed and the requested remedy;
- 3) The applicant's argument 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; and
- 4) The applicant's affirmation that facts set forth in the appeal are true.

Upon receipt of an appeal conforming to these requirements, the TCEQ may, at its discretion, hold the place for consideration under the first-come, first-served grant process of an application associated with the waiver request. A decision on whether to hold the place of the application in the process may be based on the impact of that decision on the ability of the program to successfully award the available funds in required time frames, as well as other factors associated with the needs of the program.

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 an authorized designee will review the appeal and make a decision. The Executive Director or designee may solicit additional information from the protestant 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 to Appendix A

- a. Format for Waiver Requests
 - 1) Cover Letter
 - 2) Waiver Request Enclosure(s)
 - 3) Legal name of grant applicant
 - 4) Project Representative Name
 - 5) Address
 - 6) Contact E-Mail
 - 7) Contact Phone Number
 - 8) Name of Participating Dealer (if applicable)
 - 9) Vehicle Information
 - 10) Vehicle identification number (VIN)
 - 11) Make/Model/Year
- b. List the requirement(s) for which waiver(s) is/are requested.
- c. 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.
- d. 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.
- e. Attach documentation to support the waiver request, such as title documents, lease and sales agreements, registration receipts, ownership agreements, etc.
- f. 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.
- g. 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 grant applicant in Texas for the next four years or 400,000 miles of operation, if the grant is not awarded.

APPENDIX B: ALTERNATIVE DISPOSITION REQUEST PROCEDURES

1.0 Purpose

Section 1.7 of this RFGA lists the requirements that a vehicle replaced under the TNGVGP must be rendered permanently inoperable. Requests for approval of an alternative method to destroy the vehicle and/or engine may be included in the applicable section of the application forms.

For vehicle replacements, applicants may also request approval of a plan to permanently remove the vehicle from the state, in lieu of destruction. This appendix explains the procedures a grant applicant must use to request approval of a plan to permanently remove the vehicle(s) from Texas.

1.1 Instructions for Completing and Submitting a Request

- a. Requests for approval of a plan to permanently remove the vehicle(s) from Texas must be submitted in writing, with an original signature of the person authorized to sign for the applicant.
- b. The request should list identifying information regarding the vehicle and engine, including:
 - 1) Vehicle Make and Model;
 - 2) Vehicle Identification Number;
 - 3) Engine Make and Model; and
 - 4) Engine Serial Number
- c. The request must explain the applicant's detailed plan for permanent removal of the vehicle and engine from Texas. The plans must include information on the proposed transfer location(s), any contact information for the transfer location(s), any proposed ownership changes, and other information to explain what will happen to the vehicle and engine. The plan must also include information on the steps the applicant will take to ensure that the vehicle and engine are not returned to Texas.
- d. Multiple vehicles that will be included on a single grant application may be included with one request. However, in order to ensure that requests and approvals can be associated with a particular application separate requests should be submitted for vehicles that will be included in separate applications.
- e. Applicants may submit a request for preliminary review prior to submission of the application. Regardless of whether the request was submitted for preliminary review, a copy of the request must be included with the application forms.
- f. Requests submitted for preliminary review prior to submission of an application should be sent to:

Regular Mail:

Texas Commission on Environmental Quality
Air Quality Division
Implementation Grants Section (TNGVGP), MC-204
P.O. Box 13087
Austin, TX 78711-3087

Express Mail:

Texas Commission on Environmental Quality
Air Quality Planning Division
Implementation Grants Section (TNGVGP), MC-204
12100 Park 35 Circle
Austin, TX 78753

2.0 Review and Approval Procedures

a. Requests Submitted for Preliminary Review Prior to Submission of An Application

The TCEQ will review requests submitted for preliminary review before an application in the order the request is received.

The TCEQ will attempt to notify grant applicants of the TCEQ's assessment of the request within ten calendar days of receipt of the request. However, the time needed to act on a request may vary depending on the complexity of the issues involved.

Notification may be provided by electronic mail, letter, or fax, or a combination of one or more methods. If the grant applicant is already working with a Participating Dealer, a copy of the notification may also be sent to the dealer. Where feasible, preliminary notification may also be provided by phone call to the grant applicant's representative and/or the Participating Dealer with which the grant applicant is working.

Grant applicants should still include the request and plan with the application, and include a copy of the notification documents from the TCEQ with the application forms.

b. Requests Submitted with an Application

Requests submitted with an application will be considered, along with the application, in the order the application is received.

Grant applicants and Participating Dealers will be notified of the decision on the request at the same time or before notification of a decision on approval or disapproval of the application.

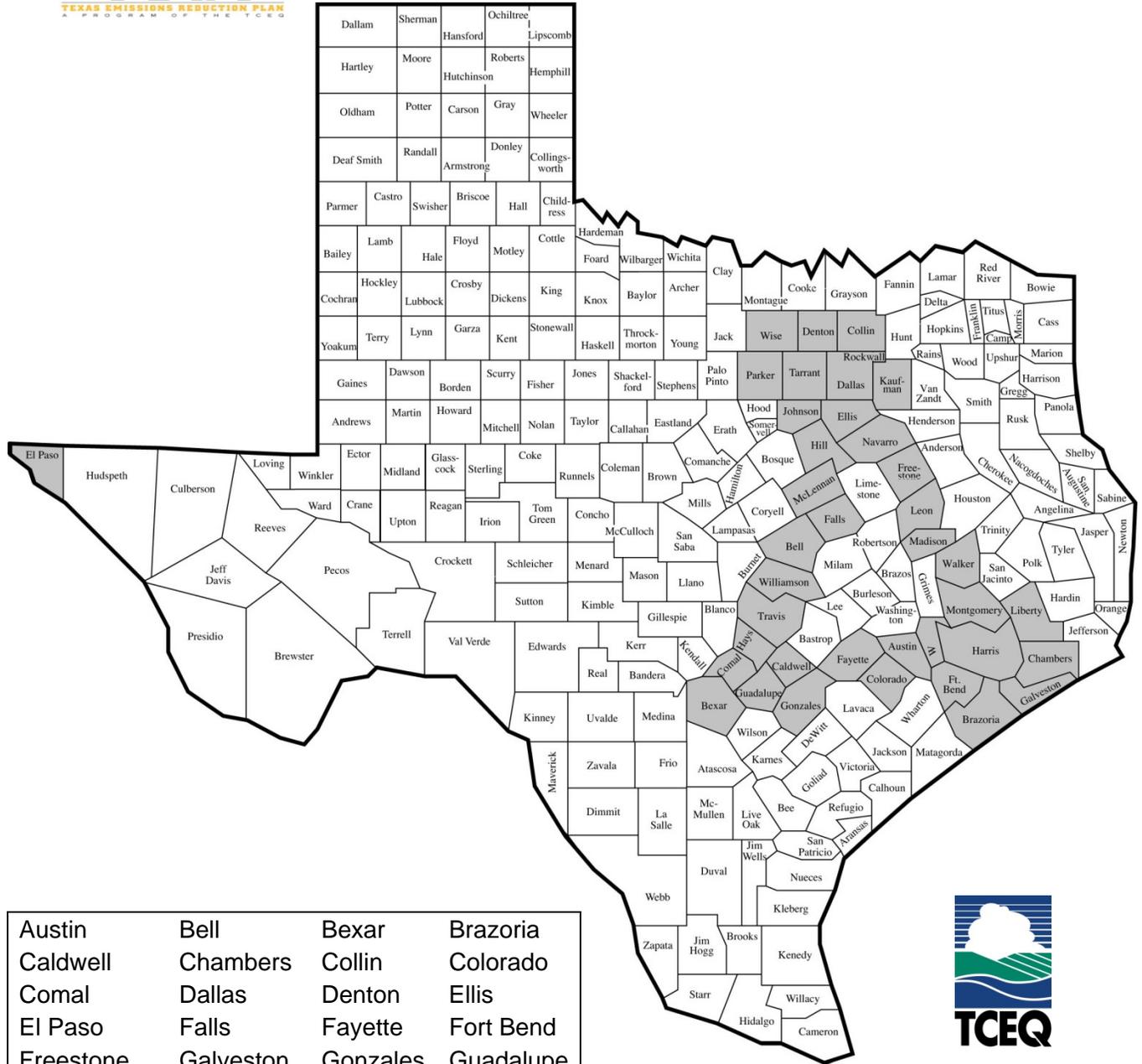
c. Incorporation of Approvals into the Contract Conditions

If a request is approved, the conditions of the alternative disposition plan will be included in the grant contract and agreement documents.

APPENDIX C: MAP OF ELIGIBLE COUNTIES



Texas Natural Gas Vehicle Grant Program



APPENDIX D: DEFAULT USAGE RANGES

For the grant table, the default usage ranges will be based on the GVWR or service class of the vehicle being replaced or repowered. The grant recipient must select the mileage or fuel use range (high, medium, or low) that is supported by the documentation showing the historical use over the previous two years of the vehicle being replaced or repowered.

Medium-Duty and Heavy-Duty Vehicles (not including buses)

GVWR*	Range	Default Mileage	Default Fuel Use
8,501-10,000 lbs.	HIGH	> 18,000 miles	> 1,000 gallons
	MEDIUM	> 12,000 to 18,000	> 1,000 to 1,500
	LOW	<= 12,000	<= 1,000
10,001-14,000 lbs.	HIGH	> 18,000 miles	> 1,000 gallons
	MEDIUM	> 12,000 to 18,000	> 1,000 to 1,500
	LOW	<= 12,000	<= 1,000
14,001-16,000 lbs.	HIGH	> 24,000	> 2,700
	MEDIUM	> 16,000 to 24,000	> 1,800 to 2,700
	LOW	<= 16,000	<= 1,800
16,001-19,500 lbs.	HIGH	> 24,000	> 2,700
	MEDIUM	> 16,000 to 24,000	> 1,800 to 2,700
	LOW	<= 16,000	<= 1,800
19,501-26,000 lbs.	HIGH	> 24,000	> 2,700
	MEDIUM	> 16,000 to 24,000	> 1,800 to 2,700
	LOW	<= 16,000	<= 1,800
26,001-33,000 lbs.	HIGH	> 24,000	> 2,700
	MEDIUM	> 16,000 to 24,000	> 1,800 to 2,700
	LOW	<= 16,000	<= 1,800
33,001-60,000 lbs.	HIGH	> 45,500	> 7,600
	MEDIUM	> 30,500 to 45,500	> 5,100 to 7,600
	LOW	<= 30,500	<= 5,100
greater than 60,000 lbs.	HIGH	> 71,000	> 11,800
	MEDIUM	> 47,000 to 71,000	> 7,800 to 11,800
	LOW	<= 47,000	<= 7,800

* If the vehicle being replaced or repowered normally operates in combination with a trailer, such as a Class 8B tractor-trailer combination, the gross combined weight rating (GCWR) should be used for determining the usage range. However, if a trailer is attached occasionally, only the weight of the vehicle should be used.

Heavy-Duty Buses

Service Class	Range	Default Mileage	Default Fuel Use
Heavy-Duty Bus (School)	HIGH	> 12,000	> 2,000
	MEDIUM	> 8,000 to 12,000	> 1,300 to 2,000
	LOW	<= 8,000	<= 1,300
Heavy-Duty Bus (Transit)	HIGH	> 42,000	> 10,500
	MEDIUM	> 28,000 to 42,000	> 7,000 to 10,500
	LOW	<= 28,000	<= 7,000

APPENDIX E: STANDARDIZED GRANT AWARD TABLES

Follow the instructions below on how to use the grant tables to determine the Maximum Grant Amount you are eligible for. You must determine the eligible amount in order to complete Form 6 of the application. Note that you may not replace a vehicle from one weight category with a vehicle from another weight category. The GVWR category must match the GVWR listed on application Form 6.

- a. **Pre-Determined Grant Amounts-** Grant applicants and Participating Dealers will use a three-step process to determine the final grant amount for each activity.
 - 1) **Step 1** - A natural gas engine or vehicle will be selected from the list of eligible natural gas vehicles and engines, which will fall under one of the grant award tables:
 - Grant Award Table 1: Vehicles 14,000 lbs GVWR or less
 - Grant Award Table 2: Vehicles 14,001 lbs GVWR or greater
 - Grant Award Table 3: Heavy-Duty Bi-Fuel Natural Gas Engines (compression ignition). Bi-fuel engines are defined as engines capable of operating on compressed or liquefied natural gas (CNG or LNG) and one or more other fuel types. To qualify under the TNGVGP, bi-fuel engines must operate on a simultaneous mixture of CNG or LNG and another fuel type at all times. Engines configured to operate independently on either natural gas or another fuel are not eligible under the TNGVGP.

The grant applicant must use the correct grant award table to determine the final grant amount.
 - 2) **Step 2** - The grant applicant will select a usage range (high, medium, or low) based on the historical use and the GVWR or service class of the vehicle being replaced or repowered. The default usage ranges are presented in the table in Appendix D above. The grant applicant will submit a certification form to the dealer to verify the historical use of the vehicle being replaced or repowered, and use that as the basis for the usage range selection. The usage ranges are presented in terms of default annual mileage and default annual fuel use, and the grant applicant will select a high, medium, or low usage range for either mileage or fuel use. The high, medium, and low usage ranges correspond to a percentage (60%, 75%, and 90%, respectively) that is applied to the applicable baseline incremental cost in Step 3 below.
 - 3) **Step 3** – The grant applicant will verify the size of the fuel system of the new or repowered natural gas vehicle, which is measured in diesel gallons equivalent (DGE). The grant applicant will select the grant amount that corresponds with the size of the fuel system of the new or repowered natural gas vehicle and the usage range selected in Step 2.

Grant Award Table 1

Vehicle/Engine Grouping	Fuel Capacity Range (DGE)	Historical Usage Range	Eligible Grant Amount	
			Replacements	Repowers*
Vehicles less than 14,000 lbs GVWR	Less than 20 DGE	HIGH	\$9,000	\$10,350
		MEDIUM	\$7,500	\$8,625
		LOW	\$6,000	\$6,900
	20 – 30 DGE	HIGH	\$13,500	\$15,525
		MEDIUM	\$11,250	\$12,950
		LOW	\$9,000	\$10,350
	More than 30 DGE	HIGH	\$18,000	\$20,700
		MEDIUM	\$15,000	\$17,250
		LOW	\$12,000	\$13,800

*The higher grant amount for engine repowers reflects the higher incremental cost associated with removing the old engine and making other configuration changes to the vehicle to accommodate the natural gas engine and fueling system.

Grant Award Table 2

Vehicle/Engine Grouping	Fuel Capacity Range (DGE)	Historical Usage Range	Eligible Grant Amount	
			Replacements	Repowers*
Vehicles greater than 14,000 lbs GVWR	Less than 20 DGE	HIGH	\$18,000	\$20,700
		MEDIUM	\$15,000	\$17,250
		LOW	\$12,000	\$13,800
	20 – 30 DGE	HIGH	\$27,000	\$31,050
		MEDIUM	\$22,500	\$25,870
		LOW	\$18,000	\$20,700
	31 – 50 DGE	HIGH	\$36,000	\$41,400
		MEDIUM	\$30,000	\$34,500
		LOW	\$24,000	\$27,600
	51 – 100 DGE	HIGH	\$45,000	\$51,750
		MEDIUM	\$37,500	\$43,125
		LOW	\$30,000	\$34,500
	More than 100 DGE	HIGH	\$54,000	\$62,100
		MEDIUM	\$45,000	\$51,750
		LOW	\$36,000	\$41,400

*The higher grant amount for engine repowers reflects the higher incremental cost associated with removing the old engine and making other configuration changes to the vehicle to accommodate the natural gas engine and fueling system.

Grant Award Table 3

Vehicle/Engine Grouping	Fuel Capacity Range (DGE)	Historical Usage Range	Eligible Grant Amount
			Replacements
Heavy-Duty Bi-Fuel Natural Gas Engines (compression ignition)	Single Tank	HIGH	\$72,000
		MEDIUM	\$60,000
		LOW	\$48,000
	Dual Tanks	HIGH	\$90,000
		MEDIUM	\$75,000
		LOW	\$60,000

Use of Overall Emissions Reductions- Potential emission reductions will not affect the grant amounts, and therefore are not required to be calculated in the grant applications. However, a calculator is available on the TERP Web site at www.terpgrants.org, which may be used to determine the potential emission reductions of NO_x and other pollutants for projects funded under the TNGVGP.

APPENDIX F: PARTICIPATING DEALER INSTRUCTIONS FOR COMPLETING A TEXAS NATURAL GAS VEHICLE GRANT APPLICATION

Participating Dealers will use the TCEQ-20625 application forms when submitting a Texas Natural Gas Vehicle Grant application. Before completing the application forms, you should read this RFGA and the Participating Dealer Terms and Conditions. The authorized official from the grant applicant and the Participating Dealer must sign the application forms in the appropriate places. The forms submitted must contain original signatures.

1.0 HOW TO APPLY

- a. A Texas Natural Gas Vehicle Grant application must:
 - 1) be completed and submitted by a Participating Dealer;
 - 2) be typed and should be signed in BLUE ink;
 - 3) be legible and unaltered;
 - 4) only include one eligible project type, either replacement or repower;
 - 5) only propose one new make, model, and engine family or test group name/code for all replacement or repower activities listed; and
 - 6) only propose replacement vehicles that are the same category, description, and weight range as the old vehicle unless otherwise approved by TCEQ (for repower projects the vehicle make, model, year, VIN, and GVWR will match the old vehicle).
- b. An entity may apply to replace or repower up to 25 vehicles in one application. If an entity has more than 25 activities, separate grant applications may be submitted.
- c. Photocopies, faxes, scanned copies, or other copies of required signatures will not be accepted.
- d. 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).
- e. 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.
- f. The grant applicant must provide the following attachments for each vehicle to the Participating Dealer:
 - 1) a copy of the vehicle title or lease agreement;
 - 2) current vehicle registration; and
 - 3) three color photographs of the vehicle showing (1) the entire vehicle including the tires, (2) the engine, and (3) the registration and inspection sticker.

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

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.

2.0 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"

3.0 PARTICIPATING DEALER INSTRUCTIONS FOR THE GRANT APPLICATION FORMS:

The Participating Dealer will assist the grant applicant with the completion of the grant application form.

- a. **Form 1** (Signature Page)

Complete all the information on Form 1. The Participating Dealer ensures that the legal name of the grant applicant (business entity or person) is correct and matches the name on Form 3 – Payee Identification Form.

The Authorized Official of the grant applicant will sign this form.

b. **Form 2** (Contact Information)

Complete Sections 1, 2, and 3. In section 1 (Signatory Authority), provide the contact information of the person who will sign the grant contract. The Designated Project Representative is the person who serves as the grant contact and is responsible for receiving and submitting grant documents. If the Signatory Authority and Designated Project Representative of the grant applicant is the same person, you do not have to repeat the information and instead you may mark an "X" in the designated box.

c. **Form 3** (Payee Identification Form)

Complete Sections 1 thru 6.

1) **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.

2) **Section 2-** Payee Identification Number

Provide the applicant's Social Security Number if applying as an individual. Provide the applicant's Federal Employer's Identification (FEI) Number if applying as a company or other entity.

3) **Section 3-** Texas Taxpayer Number

Mark the box with an "X" if you currently report any Texas tax to the Comptroller's Office.

Enter the assigned Texas taxpayer number.

4) **Section 4-** Assigning Grant Payments

Mark the box with an "X" if you plan to assign your grant payments to a third party. Payments can be assigned to the Participating Dealer only.

5) **Section 5-** Ownership Codes

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

6) **Section 6-** Business Type

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

d. **Form 4, 4a, 4b, 4c, and 4d** (Old Vehicle Information)

A grant application must only include one activity type (Replacement or Repower). The Participating Dealer indicates the activity type at the top of these forms and ensures that no more than 25 vehicles are included on the same grant application for replacement or repower. The vehicles being replaced or repowered on one grant application must be the same category, description, and weight range. Use the drop down options where applicable. The Participating Dealer ensures that the activity numbers are labeled correctly and consistently throughout the grant application.

Table 1 shows the weight ranges for the various service classes.

Table 1: Weight Ranges

Service Class*	Weight Range (pounds)
Class 2B or Medium-Duty Passenger Vehicle (MDPV) or Heavy-Duty Vehicle 1 (HDV1)	8,501 – 10,000
Class 3 or Heavy-Duty Vehicle 2 (HDV2)	10,001 – 14,000
Class 4	14,001 – 16,000
Class 5	16,001 – 19,500
Class 6	19,501 – 26,000
Class 7	26,001 – 33,000
Class 8A	33,001 – 60,000
Class 8B	60,001 and greater

* If the vehicle normally operates in combination with a trailer, such as a Class 8B tractor-trailer combination, the gross combined weight rating (GCWR) should be used for determining the weight range or category. However, if a trailer is attached occasionally, only the weight of the vehicle should be used.

The Participating Dealer ensures that the correct information is provided for each old vehicle proposed for replacement or repower in the grant application.

If the engine family or test group name/code cannot be read or located, the Participating Dealer may leave that cell blank in this form, however the correct Certified NO_x Emissions must be provided.

If the vehicle being replaced or repowered is a medium-duty passenger vehicle or was otherwise certified to the EPA “bins” (i.e. g/mile) and is a pre-2004 vehicle/engine model year, the Participating Dealer may use the emission standard corresponding to the model year. If a 2004 or later model, the Participating Dealer must verify the test group name/code and the emissions standard to which it was certified, or contact the TCEQ for assistance.

If the vehicle being replaced or repowered is a heavy-duty diesel vehicle or is otherwise certified to heavy-duty engine standards (i.e. g/bhp-hr) and is a pre-2007 engine model year, the Participating Dealer may use the emission standard corresponding to the model year. If a 2007 or later model, the Participating Dealer must verify the engine family name/code and the emissions standard to which it was certified, or contact the TCEQ for assistance.

If the vehicle being replaced or repowered is a heavy-duty gasoline vehicle or is otherwise certified to heavy-duty engine standards (i.e. g/bhp-hr) and is a pre-2008 engine model year, the Participating Dealer may use the emission standard corresponding to the model year. If a 2008 or later model, the Participating Dealer must verify the engine family name/code and the emissions standard to which it was certified, or contact the TCEQ for assistance.

See RFGA Appendix D for instructions on determining the usage range based on the historical usage (annual gallons or annual miles) of the vehicle being replaced or repowered.

e. **Form 5** (New Vehicle Information)

Complete Sections 1, 2, 3, and 4. Ensure that the natural gas vehicle or engine model is the same for all activities in the same grant application. The natural gas vehicle must be the same category, description, and weight range as the old vehicle. The TCEQ in its discretion may allow the natural gas vehicle to be in a higher weight range than the old vehicle. However, the Participating Dealer must contact the TCEQ for these cases.

Use the drop down options where applicable.

- 1) for Replacement Projects, complete Section 1, boxes A thru L
- 2) for Repower Projects, complete Section 1, boxes E thru L

Refer to Section 1.4.1 in the RFGA for instructions on how to submit a grant application for a vehicle or engine that is not included on the list of natural gas vehicles and engines that meet applicable federal emission standards.

You must identify the fueling stations which you intend to use if awarded the grant. List the name and address of each station. If the station is not in existence or known, provide an explanation in the field provided.

f. **Form 5a, 5b, and 5c** (New Vehicle Usage Information)

You must identify the percentage of use in the eligible areas that apply to each activity.

You are not required to operate the vehicles for the percentages listed, but the total annual usage may not be less than 75% in the eligible areas.

Usage description: Provide a brief travel description of your typical route.

g. **Form 6** (Disposition Information)

- 1) **Section 1-** Mark this section if the applicant is proposing a method of destroying the old vehicle/engine that is different from that outlined in section 1.7 of this RFGA. The applicant should explain in section 5 of this form what alternate means of destruction are being proposed.
- 2) **Section 2-** Mark this section if the applicant is proposing to remove the old vehicle from the State of Texas, in lieu of destruction. The applicant must request approval of this alternative form of disposition in accordance with the instructions listed in Appendix B.
- 3) **Sections 2a-2c-**If the applicant is proposing to remove the old vehicle from the State of Texas in lieu of destruction, indicate whether the request outlining the proposal is being submitted with the application or has been submitted prior to application submission. If the request was submitted prior to submission of the application, the applicant may have received a Disposition Reference Number. If available, this number should be supplied in section 2c.
- 4) **Sections 3-4** – If the applicant is proposing any alternative to the disposition requirements outlined in section 1.7, indicate if this proposal applies to all of the activities listed in the application. If not, list the activity numbers to which the proposal applies.
- 5) **Section 5** – This section is to be filled out only if the applicant is proposing a method of destroying the old vehicle/engine that is different from that outlined in section 1.7 of this RFGA. If the applicant is proposing to remove the old

vehicle from the State of Texas in lieu of destruction, the applicant must provide an explanation in writing in accordance with the instructions listed in Appendix B.

h. **Form 7** (Budget Information)

1) **Section 1-** New Vehicle Budget Information

- **Grant Table Amount.** Complete the Grant Table Amount for each activity. You must use the Grant Tables for the pre-determine grant amount of your project. Grant award tables can be found in Appendix E of this RFGA.
- **Other Financial Incentives or Tax Credits.** If the grant applicant is receiving or expects to receive other financial incentives or tax credits for a particular activity, the Participating Dealer marks 'Yes' in Column B (Other Financial Incentives or Tax Credits) and fills out Form 7A – Other Incentives to verify the eligible grant amount for that activity. The Participating Dealer ensures that the lower amount is selected which will either be the calculated activity grant amount or the activity grant award table amount.
- **Activity Grant Amount Requested.** Enter the amount from Form 7a, Step 4, if the grant applicant has any other financial incentives or tax credits. If not, enter the pre-determined grant amount you selected from the grant award tables.

2) **Section 2-** Project Grant Amount

Enter the total of the Activity Grant Amount Requested for all activities.

i. **Form 7a** (Other Financial Incentives)

You must complete all the information on Form 7a only if you have received or plan to receive any other financial incentives or tax credits. The Participating Dealer must submit a separate Form 7a for each activity that has a unique amount of other financial incentives or tax credits, incremental costs, and/or grant table amounts.

- 1) **Step 1: Incremental Cost/Cost to Applicant** - The Participating Dealer assists the grant applicant to determine the incremental cost for each activity where the grant applicant is receiving or plans to receive other financial incentives or tax credits. The cost of the natural gas vehicle or engine must be supported by documentation to be kept as official records as specified under the Participating Dealer agreement.
 - **1.a. Cost of Natural Gas Vehicle or Engine** - Refer to the price quote or the invoice of the new vehicle to obtain the capital cost of the activity.
 - **1.b. Cost of Baseline Diesel/Gas Vehicle or Engine** - The Participating Dealer must ensure that the cost of the baseline gasoline or diesel vehicle or engine is an equivalent comparison to the natural gas vehicle or engine. For instance, if the activity is a replacement the baseline cost should be that of a new gasoline or diesel vehicle which differs from the natural gas vehicle only in the type of fuel system utilized. Similarly, if the activity is a repower involving either complete engine replacement or engine conversion the baseline cost should be that of an equivalent engine replacement with a new diesel or gasoline engine or conversion or upgrade to new diesel or gasoline

standards. The cost of the baseline gasoline or diesel vehicle or engine must be supported by documentation to be kept as official records as specified under the Participating Dealer agreement.

- **1.c. Incremental Cost/Cost to Applicant** – Subtract the cost of the baseline vehicle or engine from the cost of the natural gas vehicle or engine to obtain the Incremental Cost of the activity.
- 2) **Step 2: Calculated Activity Grant Amount**
- **2.a. Other Financial Incentives/Tax Credits** – Enter the dollar amount of any other financial incentives or tax credits that the applicant has received or expects to receive.
 - **2.b. Calculated Activity Grant Amount** - the Participating Dealer subtracts the other financial incentives or tax credits from the incremental cost that is calculated in Step 1, box 1.c and inserts this value in box 2.b.
- 3) **Step 3: Activity Grant Award Table Amount** - the Participating Dealer determines and lists the grant table amount for the activity or activities in box 3.a.
- 4) **Step 4: Activity Grant Amount Requested** - the Participating Dealer selects the lesser of box 2.b and box 3.a, and lists this amount in box 4.a. The Participating Dealer ensures that the amount in box 4.a is also listed in Form 7, Column C for all activities that a Form 7a was filled out.

j. **Form 8- Dealer Certification**

This form must be completed by the Participating Dealer. This certification form must be signed by the representative of the Participating Dealer. The signature must be original. Electronically reproduced signatures will not be accepted.

- 1) **Section 1 Ownership and Use Requirements** - The Participating Dealer must review and keep as records the copies of the vehicle title or lease agreement, the current registration documents, and the current safety inspection or proof of compliance with an equivalent safety requirement. For proof of the current safety inspection, a photo of the current safety inspection sticker affixed to the windshield of the vehicle or proof of compliance with an equivalent safety requirement will suffice. The Participating Dealer must certify that the ownership and use requirements have been met for all activities included in the application. Where the requirements have not been met, the Participating Dealer must indicate if a waiver to these requirements is being or has been submitted.
- 2) **Section 2 Waivers to Ownership and Use Requirements** -
 - If any of the Ownership and Use requirements listed in section 1 have not been met, indicate if a waiver to those requirements is being or has been requested.
 - If a waiver request is being or has been submitted, indicate for which activities the request applies.
 - If a waiver has been requested prior to the submission of the application and the applicant has received a Waiver Reference Number, include this number

in the application.

- If a waiver request applies to some but not all of the activities listed in the application, the Participating Dealer must certify that those activities not included in the waiver request meet the Ownership and Use requirements.

3) **Section 3 Other Requirements** – The Participating Dealer must certify that the requirements under this section have been met.

CERTIFICATION FORMS

a. **Certification Form 1** (Vehicle Certification) (Kept by Dealer)

Must be completed and signed by a certified mechanic.

b. **Certification Form 2** (Ownership and Use Certification) (Kept by Dealer)

The grant applicant must state historical usage either in miles or fuel use, and must sign this form. Signatures must be original.

SUPPLEMENTAL FORMS

The supplemental forms must be completed and submitted with the application.

a. **Supplemental Form 1** (Program-Specific Certifications)

The authorized official of the grant applicant must sign and date this form.

b. **Supplemental Form 2** (General Certifications)

The authorized official of the grant applicant must sign and date this form.

c. **Supplemental Form 3-** (Child Support Certification)

All individuals or business entities, including sole proprietors must complete this form, regardless of whether child support obligations apply to the grant applicant.

Below is a checklist of the forms which should be completed.

APPLICATION FORMS

____ FORM 1 (Signature Page)

____ FORM 2 (Contact Page)

____ FORM 3 (Payee Identification Form)

____ FORM 4 (Old Vehicle Information) (To add additional activities, Click on FORM 4a, 4b, 4c and 4d)

____ FORM 5 (New Vehicle Information)

____ FORM 5a (New Vehicle Usage) (To add additional activities, Click on FORM 5b and 5c)

____ FORM 6 (Disposition)

____ FORM 7 (Budget)

____ FORM 7a (Other Incentive Grants) (complete only if any tax incentives or other incentive grants have been received or plan to receive)

____ FORM 8 (Dealer Certification)

CERTIFICATION FORMS

_____ Vehicle Certification (Certification Form 1) (Kept by Dealer)

_____ Ownership and Use Certification (Certification Form 2) (Kept by Dealer)

SUPPLEMENTAL FORMS

_____ Program-Specific Certifications (Supplemental Form 1)

_____ General Certifications (Supplemental Form 2)

_____ Child Support Obligation Certification Form (Supplemental Form 3)