Texas Commission on Environmental Quality
Texas Emissions Reduction Plan (TERP)
EMISSIONS REDUCTION INCENTIVE GRANTS
Request for Grant Applications
Fiscal Year (FY) 2013 1st Round

Grants for Projects to
Reduce Emissions of Oxides of Nitrogen (NO_X)

Solicitation No. 582-13-30305-2450

Eligible Counties

Austin Area: Bastrop, Caldwell, Hays, Travis, and Williamson Counties
Beaumont-Port Arthur Area: Hardin, Jefferson, and Orange Counties
Corpus Christi Area: Nueces and San Patricio Counties
Dallas-Fort Worth Area: Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties
Houston-Galveston-Brazoria Area: Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties
San Antonio Area: Bexar, Comal, Guadalupe, and Wilson Counties
Tyler-Longview Area: Gregg, Harrison, Rusk, Smith, and Upshur Counties
Victoria Area: Victoria County

August 31, 2012

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

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Applications will be accepted for consideration during this grant period only if received at the front desk, Rm. 2202, 2nd floor of Building F on the premises of the TCEQ by no later than 5:00 p.m. Central Time, November 30, 2012. Applications received in the TCEQ mail room on this date are not guaranteed to be delivered to Rm. 2202 by the required deadline, so applicants are encouraged to plan their submissions accordingly.

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Texas Commission on Environmental Quality (TCEQ)
Request for Grant Applications
Fiscal Year (FY) 2013 1st Round

Grants for Projects to
Reduce Emissions of Oxides of Nitrogen (NO_X)

1.0 INVITATION

The Texas Commission on Environmental Quality (TCEQ) invites applications from persons who operate or plan to operate on-road heavy-duty vehicles, non-road equipment, marine vessels, locomotives, or stationary engines in the nonattainment areas and other areas of Texas. Incentive funding is available for activities that will reduce the emissions of oxides of nitrogen (NO_X) in designated eligible counties. NO_X is usually a byproduct of high-temperature combustion. Everyday functions, like driving a motor vehicle or operating heavy equipment, contribute to the creation of NO_X. It reacts with volatile organic compounds (VOCs) in the presence of sunlight to form harmful ground-level ozone.

1.1 PURPOSE

This grants program is to implement a portion of the Texas Emissions Reduction Plan (TERP), established in 2001 by Senate Bill (S.B.) 5, 77th Texas Legislature. Senate Bill 5 authorized the Emissions Reduction Incentive Grants (ERIG) in Chapter 386, Subchapter C of the Texas Health and Safety Code. The TCEQ has also adopted rules to implement this program under 30 Texas Administrative Code (TAC) Chapter 114, Subchapter K. The TCEQ has adopted the Texas Emissions Reduction Plan Guidelines for Emissions Reduction Grants, RG-388 (hereafter referred to as the guidelines), which contain the more specific standards governing this program.

1.2 TERP GOALS

The goals of the TERP are to:

- assure that air in this state is safe to breathe and meets minimum federal standards established under the federal Clean Air Act (42 U.S.C. Section 7407);
- develop multi-pollutant approaches to solving the state's environmental problems; and
- adequately fund research and development that will make the state a leader in new technologies that can solve the state's environmental problems while creating new business and industry in the state.

To implement the TERP, the ERIG Program will provide grants for eligible activities to offset the incremental costs of projects that reduce emissions of NO_X from high-emitting internal combustion engines in eligible areas.

1.3 PROGRAM GUIDELINES

The guidelines, grant application forms, and an example contract may be viewed and downloaded from the TERP website at < www.terpgrants.org>. The materials may also be obtained by calling TERP staff at 1-800-919-TERP (8377).

To be eligible for funding consideration, grant applications must be prepared and submitted in accordance with this Request for Grant Applications (RFGA), the guidelines, and any instructions included with the application forms and this RFGA.

1.4 ELIGIBLE APPLICANTS AND AREAS

General eligibility requirements are contained in Chapters 3 and 4 of the guidelines. Any person who operates or plans to operate on-road heavy-duty vehicles, non-road equipment, marine vessels, locomotives, or stationary engines in the eligible counties, as designated below, is eligible to apply for a grant. For infrastructure projects, persons owning and operating the infrastructure in those counties are also eligible to apply.

Eligible applicants include individuals, corporations, organizations, governments or governmental subdivisions or agencies, business trusts, partnerships, associations, or any other legal entity. This may include a corporation headquartered outside of the state of Texas, but which operates equipment or vehicles primarily in an eligible county in Texas.

Businesses or other entities in which a TCEQ employee, spouse, or family member of a TCEQ employee has a direct or indirect interest, financial or otherwise, may be prohibited from receiving a grant, depending upon the nature of the interest. Any questions regarding the eligibility of an entity to apply for a grant should be referred to the TERP staff early in the application process.

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 or equipment.

For this grant funding period, the eligible counties (grouped by area) include:

a. Austin Area: Bastrop, Caldwell, Hays, Travis, and Williamson Counties
b. Beaumont-Port Arthur Area: Hardin, Jefferson, and Orange Counties
c. Corpus Christi Area: Nueces and San Patricio Counties
d. Dallas-Fort Worth Area: Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties
e. Houston-Galveston-Brazoria Area: Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties
f. San Antonio Area: Bexar, Comal, Guadalupe, and Wilson Counties
g. Tyler-Longview Area: Gregg, Harrison, Rusk, Smith, and Upshur Counties
h. Victoria Area: Victoria County

A map of the eligible counties is provided in Appendix A.

1.5 ELIGIBLE ACTIVITIES AND COSTS

Activities eligible for incentive funding are intended to reduce NO_X emissions in the designated eligible counties from on-road heavy-duty vehicles, non-road equipment, marine vessels, locomotives, or stationary engines when compared with a baseline vehicle or piece of equipment. General information and criteria on eligible activities are available in the guidelines. This RFGA may also contain additional requirements that apply to this application period. Potential applicants should review this RFGA, the guidelines, and the application form instructions in Appendix B to determine if a proposed project is eligible. Information to assist in completing the application is also provided in Appendices C-E.

Activities that may be eligible under this program are outlined below. The TCEQ may waive certain eligibility requirements on a finding of good cause. Waiver request procedures are explained in detail in Appendix F of this RFGA.

Vehicles and equipment used primarily for competition or recreational purposes are not eligible for funding under any of the project categories.

Applications will not be accepted for an activity that was included in a project previously awarded a TERP grant and that was subsequently canceled by the grant recipient after the date of issuance of this RFGA.

A project application may only include activities involving one type of emission source and project category. Projects involving different emission sources or project categories should be applied for on separate applications. Please discuss any questions with the TERP staff before submitting an application.

Individual activities under a project application may exceed the cost per ton limits as long as the cost per ton of the overall project remains at or under the limits.

a. **On-Road Heavy-Duty Vehicles**. On-road heavy-duty vehicles with a gross vehicle weight rating (GVWR) of 8,501 lb or more are eligible for grants under this program.

   There are specific requirements for the lease or purchase, replacement, repower, and retrofit or add-on of emission-reduction technology for on-road heavy-duty vehicles. Listed below is only a summary of eligible activities. For complete information, please refer to Appendix 1 of the guidelines.

   1) Lease or Purchase of On-Road Heavy-Duty Vehicles

      (Refer to Appendix 1 of the guidelines)

      To be eligible for funding, the new vehicle must be certified to emit 25% less NO_X than required under the current federal standards. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

A *lease* is considered the use and control of a new on-road heavy-duty vehicle in accordance with a lease contract for the life of the activity. Note that this notice limits the activity life to a minimum of five years and that the lease period must extend for the activity life. The TCEQ will reimburse the incremental costs of the lease, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. The incremental costs are those costs that are above and beyond the costs that would otherwise have been paid for the lease of a baseline vehicle. The baseline vehicle used for determining the difference in cost must be a new vehicle certified to the current federal NO_X emission standards.

A *purchase* is considered buying a new on-road heavy-duty vehicle. The TCEQ will reimburse up to the incremental cost of the purchase, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. The incremental cost is the difference between the manufacturer's suggested retail price (MSRP) of a baseline vehicle, documented dealer price of a baseline vehicle, or other appropriate baseline cost established by the TCEQ and the actual cost of the cleaner vehicle. The baseline vehicle used for determining the difference in cost must be a new vehicle certified to the current federal NO_X emission standards.

2) Replacement of On-Road Heavy-Duty Vehicles

(Refer to Appendix 1 of the guidelines)

This category is for the replacement of an on-road heavy-duty vehicle with a newer on-road heavy-duty vehicle. The model year of the engine installed on the replacement vehicle must be 2010 or newer. For this category, the applicant must be replacing a vehicle with at least five years of remaining useful life. The baseline for comparison of emissions is the difference between the emissions of the vehicle being replaced and the emissions of the vehicle being purchased.

The replacement vehicle must be certified to emit at least 25% less NO_X than the vehicle being replaced. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

The replacement vehicle must be of the same vehicle type, weight category, and body and axle configuration as the vehicle 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.

The replacement vehicle must be configured and intended for use in the same application or vocation as the vehicle being replaced. The TCEQ may accept, case-by-case, vehicles of a different type, weight category, and/or body and axle configuration to account for the latest technology used for a specific vocation.

For a replacement project, the TCEQ will evaluate whether the vehicle being replaced would have otherwise been used in the eligible counties for the period within which the emission reductions will be claimed. Unless a waiver is granted by the TCEQ, the standards that apply include:

- the applicant must have continuously owned, commercially financed, or leased the vehicle and have been listed as the owner on the title or the lessee on the lease agreement for a minimum of two years immediately preceding the submission of the grant application;
- the vehicle must currently be registered for operation in Texas in the applicant's name;
- the vehicle must have been continuously registered and used in Texas for the two years immediately preceding the application date;
- the vehicle must be in good operating condition and capable of performing its primary function at the time the application is submitted; and
- the vehicle must have a current safety inspection (if a safety inspection is required for that vehicle and use) and must have continuously had an up-to-date safety inspection over the preceding two years.

Applicants must provide documentation with the application to show compliance with the ownership or lease and registration requirements, including a copy of the vehicle title or lease agreement for the two years immediately preceding the submission of the grant application. The applicant must also have the authority to dispose of the vehicle being replaced.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 80% of the eligible incremental costs associated with the purchase or lease of the replacement vehicle, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. The incremental cost is the cost to purchase the replacement vehicle minus the scrap value of the vehicle being replaced. For most on-road replacement projects, the TCEQ will establish a default scrap value of $1,000. Eligible costs are listed below.

a) Capital Costs - Equipment. Invoice cost or cash basis for the lease costs of the vehicle, including taxes, duty, protective in transit insurance, and freight charges.

b) Other - Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the vehicle may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS system must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

3) Repower of On-Road Heavy-Duty Vehicles

(Refer to Appendix 1 of the guidelines)

This category is for the replacement (repower) of an existing engine on an on-road heavy-duty vehicle with a new, rebuilt, or remanufactured engine.

The engine must be certified to emit 25% less NO_X than the engine being replaced, based on the federal standard for that engine. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

Repowers resulting in any alteration from an original configuration of a vehicle or engine must comply with the provisions of EPA Memorandum 1A (Memo 1A), related to ensuring that altered vehicles and engines continue to meet required emission standards.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 80% of the incremental cost of the purchase and installation of the replacement engine, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. The incremental cost is the cost to purchase and install the replacement engine and associated equipment, minus the scrap value of the old engine. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the new engine, including taxes, duty, protective in-transit insurance, and freight charges.
- Invoice cost of additional equipment with a per unit acquisition cost of $5,000 or more and that is necessary for the completion of the repower project.
- Installation costs, including the cost to remove and dispose of the old engine, if needed. Installation costs may include costs to re-engineer the vehicle for the new engine to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory.

b) Supplies − Invoice cost of equipment and materials not included as part of the engine with an acquisition cost of less than $5,000 that are necessary for the repower of the vehicle.

c) Other − Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the vehicle may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

4) Retrofit or Add-On of Emission-Reduction Technology

(Refer to Appendix 1 of the guidelines)

This category is for the retrofit of an existing engine on an on-road heavy-duty vehicle, or adding on devices to the vehicle.

To be eligible for funding, the retrofit or add-on systems must be certified or verified to emit at least 25% less NO_X than the engine prior to the retrofit or add-on. Certification or verification means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

Retrofits and add-on activities resulting in any alteration from an original configuration of a vehicle or engine must comply with the provisions of EPA Memorandum 1A (Memo 1A), related to ensuring that altered vehicles and engines continue to meet required emission standards. Importantly, aftermarket systems for converting a vehicle and engines to alternative fuel operation must comply with EPA certification requirements under Memo 1A.

Eligible Costs

The grant recipient may be eligible for reimbursement of the incremental cost of the purchase and installation of the retrofit and/or add-on technology, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. If the engine is to be rebuilt to install the emission-reduction devices, the incremental cost is the difference between the cost of rebuilding the existing engine and the cost of rebuilding the engine to include the retrofit or add-on technology. If the engine does not need to be rebuilt in conjunction with installing the new technology, then the incremental cost will be the full cost of purchasing and installing the technology. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the retrofit equipment, including taxes, duty, protective in-transit insurance, and freight charges.
- Invoice cost of additional equipment with a per unit acquisition cost of $5,000 or more and that is necessary for the completion of the retrofit project.
- Installation costs. Installation costs may include costs to re-engineer the vehicle for the retrofit system to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory.

b) Supplies − Invoice cost of equipment and materials not included as part of the retrofit system itself with an acquisition cost of less than $5,000 that are necessary for the retrofit of the vehicle.

c) Other − Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the vehicle may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

b. **Non-Road Equipment.** Non-road equipment powered by an engine 25 horsepower (hp) or greater are eligible for grants under this program. For replacement and repower projects, this requirement refers to the horsepower of the engine being replaced and does not apply to the replacement engine or technology.

There are specific requirements for the lease or purchase, replacement, repower, and retrofit or add-on of emission-reduction technology of Non-Road Equipment. Listed below is only a summary of eligible activities. For complete information, please refer to Appendix 2 of the guidelines.

1) Lease or Purchase of Non-Road Equipment

   (Refer to Appendix 2 of the guidelines)

   To be eligible for funding, the engine on the new piece of equipment must be certified to emit at least 25% less NO_X than required under the current federal standard for that horsepower of a non-road engine. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

   A *lease* is considered the use and control of a new piece of non-road equipment in accordance with a lease contract for the life of the activity. Note that this notice limits the activity life to a minimum of five years and that the lease period must extend for the activity life. The TCEQ will reimburse the incremental costs of the lease, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. The incremental costs are those costs that are above and beyond the costs that would otherwise have been paid for the lease of a baseline piece of equipment. The baseline equipment used for determining the difference in cost must be new equipment certified to the current federal NO_X emission standards.

   A *purchase* is considered buying a new piece of non-road equipment. The TCEQ will reimburse the incremental cost of the purchase, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. The incremental cost is the difference between the documented dealer price of a baseline piece of equipment or other appropriate baseline cost established by the TCEQ and the actual cost of the cleaner equipment. The baseline equipment used for determining the difference in cost must be new equipment certified to the current federal NO_X emission standards.

2) Replacement of Non-Road Equipment

   (Refer to Appendix 2 of the guidelines)

   This category is for the replacement of non-road equipment with new or newer non-road equipment. The manufacture year of the engine installed on the replacement non-road equipment must be 2009 or newer. For this category, the applicant must be replacing a piece of equipment with at least 5 years of remaining useful life. The baseline for comparison of emissions is the difference between the emissions of the equipment being replaced and the emissions of the equipment being purchased.

   The engine on the replacement equipment must be certified to emit at least 25% less NO_X than the engine being replaced. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

   The replacement equipment must be of the same equipment type and intended for the same or similar purpose as the equipment being replaced.

For a replacement project, the TCEQ will evaluate whether the equipment being replaced would have otherwise been used in the eligible counties for the period within which the emissions reductions will be claimed. Unless a waiver is granted by the TCEQ, the standards that apply include:

- the applicant must have continuously owned the equipment for a minimum of two years immediately preceding the submission of the grant application;
- unless otherwise approved by the TCEQ, the equipment must have been continuously located and used in Texas for the two years immediately preceding the grant application period; and
- the equipment must be in good operating condition and capable of performing its primary function at the time the application is submitted.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 80% of the eligible incremental costs associated with the purchase or lease of the replacement equipment, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. The incremental cost is the cost to purchase the replacement equipment minus the scrap value of the equipment being replaced. For most non-road replacement projects, the TCEQ will establish a default scrap value of $1,000. Eligible costs are listed below.

a) Capital Costs − Equipment. Invoice cost or cash basis for the lease costs of the equipment, including taxes, duty, protective in transit insurance, and freight charges. Costs should not include the cost of non-permanent attachments to the equipment that are not directly related to the primary purpose of the equipment. For example, the cost of a bucket for an excavator may be included, but the cost of an optional loader bucket on an agricultural tractor should not be included.

b) Other − Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the equipment may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS system must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

3) Repower of Non-Road Equipment

(Refer to Appendix 2 of the guidelines)

This category is for the replacement of an existing engine on a non-road piece of equipment with a new, rebuilt, or remanufactured engine.

The engine must be certified to emit at least 25% less NO_X than the engine being replaced. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

Subject to approval by the TCEQ, a non-road engine emissions upgrade rebuild kit verified by the EPA or CARB to result in a reduction in NO_X emissions of at least 25% may be considered a repower. The upgrade system must be installed

in accordance with the specifications of the EPA or CARB verification and in accordance with the system manufacturer's requirements. A label or other identification markings must be affixed to the upgraded engine signifying that the kit has been installed and indicating the emissions rate or percentage reduction in emissions from the original baseline engine to which the upgraded engine is now verified.

Eligible rebuilt or remanufactured engines must use original engine manufacturer (OEM) components only and be purchased from the OEM or its authorized dealers/distributors. The TCEQ may accept engines provided by other entities, not connected with the OEM, subject to a case-by-case determination.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 80% of the incremental cost of the purchase and installation of the replacement engine, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. The incremental cost is the cost to purchase and install the replacement engine and associated equipment, minus the scrap value or, if approved by the TCEQ, the trade-in value of the old engine. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the new engine, including taxes, duty, protective in-transit insurance, and freight charges.
- Invoice cost of additional equipment with a per unit acquisition cost of $5,000 or more and that is necessary for the completion of the repower project.
- Installation costs, including the cost to remove and dispose of the old engine, if needed. Installation costs may include costs to re-engineer the equipment for the new engine to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory.

b) Supplies − Invoice cost of equipment and materials not included as part of the engine with an acquisition cost of less than $5,000 that are necessary for the repower of the equipment.

c) Other − Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the equipment may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

4) Retrofit or Add-On of Emission-Reduction Technology

(Refer to Appendix 2 of the guidelines)

This category is for the retrofit of an existing engine on non-road piece of equipment, or adding on devices to the equipment.

To be eligible for funding, the retrofit or add-on systems must be certified or verified to emit at least 25% less NO_X than the engine prior to the retrofit or add-on. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

Eligible Costs

The grant recipient may be eligible for reimbursement of the incremental cost of the purchase and installation of the retrofit and/or add-on technology, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. If the engine is to be rebuilt to install the emission-reduction devices, the incremental cost is the difference between the cost of rebuilding the existing engine and the cost of rebuilding the engine to include the retrofit or add-on technology. If the engine does not need to be rebuilt in conjunction with installing the new technology, then the incremental cost will be the full cost of purchasing and installing the technology. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the retrofit equipment, including taxes, duty, protective in-transit insurance, and freight charges.
- Invoice cost of additional equipment with a per unit acquisition cost of $5,000 or more and that is necessary for the completion of the retrofit project.
- Installation costs. Installation costs may include costs to re-engineer the equipment for the retrofit system to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory.

b) Supplies − Invoice cost of equipment and materials not included as part of the retrofit system itself with an acquisition cost of less than $5,000 that are necessary for the retrofit of the equipment.

c) Other − Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the equipment may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

c. **Marine Vessels.** Marine vessels powered by engines of at least 25 horsepower (hp), and associated auxiliary marine engines of at least 25 hp, are eligible for grants under this program. For replacement and repower projects, the requirement refers to the horsepower of the engine being replaced and does not apply to the replacement engine or technology.

There are specific requirements for the lease or purchase, replacement, repower, and retrofit or add-on of emission-reduction technology for Marine Vessels. Listed below is only a summary of eligible activities. For complete information, please refer to Appendix 3 of the guidelines.

1) Lease or Purchase of Marine Vessels

(Refer to Appendix 3 of the guidelines)

To be eligible for funding, the engine on the new piece of equipment must be certified to emit at least 25% less NO_X emissions than required under the current standard for that engine. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

A lease is considered the use and control of a new marine vessel in accordance with a lease contract for the life of the activity. Note that this notice limits the activity life to a minimum of five years and that the lease period must extend for the activity life. The TCEQ will reimburse the incremental costs of the lease, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $5,000 or less. The incremental costs are those costs that are above and beyond the costs that would otherwise have been paid for the lease of a baseline vessel. The baseline vessel used for determining the difference in cost must be a new vessel certified to the current federal NO_X emission standards.

A purchase is considered buying a new marine vessel. The TCEQ will reimburse the incremental cost of the purchase, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $5,000 or less. The incremental cost is the difference between the documented dealer price of a baseline vessel or other appropriate baseline cost established by the TCEQ and the actual cost of the cleaner vessel. The baseline vessel used for determining the difference in cost must be a new vessel certified to the current federal NO_X emission standards.

2) Replacement of Marine Vessels

(Refer to Appendix 3 of the guidelines)

This category is for the replacement of marine vessels with a new or newer marine vessel. The manufacture year of the engines installed on the replacement marine vessel must be 2009 or newer. For this category, the applicant must be replacing a vessel with at least five years of remaining useful life. The baseline for comparison of emissions is the difference between the emissions standard (or in some cases, the certified emissions level) for the engine(s) on the vessel being replaced and the certified emissions level of the engine(s) installed on the vessel being purchased.

The combined NO_X emissions of the engines on the replacement vessel must be certified to be at least 25% less than the combined NO_X emissions of the engines on the vessel being replaced, based on the emissions standard for those engines. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

The replacement vessel must be intended for the same or similar purpose as the vessel being replaced. The TCEQ may accept, case-by-case, vessels of a different type to account for the latest technology used for a specific vocation.

For a replacement project, the TCEQ will evaluate whether the vessel being replaced would have otherwise been used in waterways adjacent to the eligible counties for the period within which the emissions reductions will be claimed. Unless a waiver is granted by the TCEQ, the standards that apply include:

- the applicant must have owned the vessel continuously for a minimum of two years immediately preceding the submission of the grant application;
- the vessel must have been continuously located and used in Texas for the two years immediately preceding the submission of the grant application;
- the vessel must currently be registered for operation in Texas in the applicant's name; and
- the vessel must be in good operating condition and capable of performing its primary function at the time the application is submitted.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 80% of the eligible incremental costs associated with the purchase or lease of the replacement marine vessel, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $5,000 or less. The incremental cost is the cost to purchase the replacement marine vessel minus the scrap value of the marine vessel being replaced. Eligible costs are listed below.

a) Capital Costs − Equipment. Invoice cost or cash basis for the lease costs of the marine vessel, including taxes, duty, protective in transit insurance, and freight charges.

b) Other − Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the marine vessel may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS system must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

3) Repower of Marine Vessels

(Refer to Appendix 3 of the guidelines)

This category is for the replacement of an existing engine on a marine vessel with a new, rebuilt, or remanufactured engine.

The engine must be certified to emit at least 25% less NO_X emissions than the engine being replaced, based on the standard for that engine. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

If the engine being installed is rebuilt or remanufactured, the engine must have been certified to emit at least 25% less NO_X emissions than the standard for the engine being replaced. Certified means approved by the EPA, the CARB, or otherwise accepted by the TCEQ.

Subject to approval by the TCEQ, a marine engine low-NO_X rebuild kit that results in a new engine family code or test group number being assigned by the EPA and a new emissions information label being affixed to the rebuilt engine will be considered a repower and should be applied for under the repower category.

Eligible rebuilt or remanufactured engines must use original engine manufacturer (OEM) components only and be purchased from the OEM or its authorized dealers/distributors. The TCEQ may accept engines provided by other entities, not connected with the OEM, subject to a case-by-case determination.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 80% of the incremental cost of the purchase and installation of the replacement engine, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $5,000 or less. The incremental cost is the cost to purchase and install the replacement engine and associated equipment, minus the scrap value or, if approved by the TCEQ, the trade-in value of the old engine. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the new engine, including taxes, duty, protective in-transit insurance, and freight charges.
- Invoice cost of additional equipment with a per unit acquisition cost of $5,000 or more and that is necessary for the completion of the repower project.
- Installation costs, including the cost to remove and dispose of the old engine, if needed. Installation costs may include costs to re-engineer the marine vessel for the new engine to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory.

b) Supplies − Invoice cost of equipment and materials not included as part of the engine with an acquisition cost of less than $5,000 that are necessary for the repower of the marine vessel.

c) Other − Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the marine vessel may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

4) Retrofit or Add-On of Emission-Reduction Technology

(Refer to Appendix 3 of the guidelines)

This category is for the retrofit of an existing engine on marine vessel, or adding on devices to the vessel.

To be eligible for funding, the retrofit or add-on systems must be certified or verified to emit at least 25% less NO_X emissions than the engine(s) prior to the retrofit or add-on. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

Eligible Costs

The grant recipient may be eligible for reimbursement of the incremental cost of the purchase and installation of the retrofit and/or add-on technology, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $5,000 or less. If the engine is to be rebuilt to install the emission-reduction devices, the incremental cost is the difference between the cost of rebuilding the existing engine and the cost of rebuilding the engine to include the retrofit or add-on technology. If the engine does not need to be rebuilt in conjunction with installing the new technology, then the incremental cost will be the full cost of purchasing and installing the technology. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the retrofit equipment, including taxes, duty, protective in-transit insurance, and freight charges.
- Invoice cost of additional equipment with a per unit acquisition cost of $5,000 or more and that is necessary for the completion of the retrofit project.
- Installation costs. Installation costs may include costs to re-engineer the marine vessel for the retrofit system to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory.

b) Supplies − Invoice cost of equipment and materials not included as part of the retrofit system itself with an acquisition cost of less than $5,000 that are necessary for the retrofit of the equipment.

c) Other − Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the marine vessel may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

d. **Locomotives.** Most of the engines eligible under this program will be powered by diesel-fueled compression-ignition engines. However, engines powered by other fuels may also be eligible.

There are specific requirements for the lease or purchase, replacement, repower, retrofit or add-on of emission-reduction technology for Locomotives. Listed below is only a summary of eligible activities. For complete information, please refer to Appendix 4 of the guidelines.

1) Lease or Purchase of Locomotives

(Refer to Appendix 4 of the guidelines)

To be eligible for funding, the engine on the new locomotive must be certified to emit at least 25% less NO_X emissions than required under the current federal standard for that engine. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

A *lease* is considered the use and control of a new locomotive in accordance with a lease contract for the life of the activity. Note that this notice limits the activity life to a minimum of five years and that the lease period must extend for the activity life. The TCEQ will reimburse the incremental costs of the lease, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $5,000 or less. The incremental costs are those costs that are above and beyond the costs that would otherwise have been paid for the lease of a baseline locomotive. The baseline locomotive used for determining the difference in cost must be a new locomotive certified to the current federal NO_X emission standards.

A *purchase* is considered buying a new locomotive. The TCEQ will reimburse the incremental cost of the purchase, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $5,000 or less. The incremental cost is the difference between the documented dealer price of a baseline locomotive or other appropriate baseline cost established by the TCEQ and the actual cost of the cleaner locomotive. The baseline locomotive used for determining the difference in cost must be a new locomotive certified to the current federal NO_X emission standards.

The EPA has defined a “new” locomotive to mean a freshly manufactured or remanufactured locomotive. The EPA defines “remanufacture” of a locomotive as a process in which all of the power assemblies of a locomotive engine are replaced with freshly manufactured (containing no previously used parts) or reconditioned power assemblies. The TCEQ will make the determination regarding the applicability of a baseline new locomotive.

2) Replacement of Locomotives

(Refer to Appendix 4 of the guidelines)

This category is for the replacement of a locomotive with a new or newer locomotive. The year of manufacture of the engine installed on the replacement locomotive must be 2009 or newer. For this category, the applicant must be replacing a locomotive with at least five years of remaining useful life. The baseline for comparison is the emissions of the locomotive being replaced and the emissions of the locomotive being purchased.

The engine must be certified to emit at least 25% less NO_X than the engine being replaced, based on the federal standard for that engine. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

The replacement locomotive must be of the same locomotive type and be intended for the same or similar purpose as the locomotive being replaced. The TCEQ may accept, case-by-case, locomotives of a different type to account for the latest technology used for a specific vocation.

For a replacement project, the TCEQ will evaluate whether the locomotive being replaced would have otherwise been used in the eligible counties for the period within which the emission reductions will be claimed. Unless a wavier is granted by the TCEQ, the standards that apply include:

- the applicant must have continuously owned the locomotive for a minimum of two years immediately preceding the submission of the grant application;
- unless otherwise approved by the TCEQ, the locomotive must have been continuously located and used in Texas for the two years immediately preceding the submission of the grant application; and
- the locomotive must be in good operating condition and capable of performing its primary function at the time the application is submitted.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 80% of the eligible incremental costs associated with the purchase or lease of the replacement locomotive, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $5,000 or less. The incremental cost is the cost to purchase the replacement locomotive minus the scrap value of the locomotive being replaced. Eligible costs are listed below.

a) Capital Costs − Equipment. Invoice cost or cash basis for the lease costs of the locomotive, including taxes, duty, protective in transit insurance, and freight charges.

b) Other − Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the locomotive may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS system must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

3) Repower of Locomotives

(Refer to Appendix 4 of the guidelines)

This category is for the replacement of an existing engine on a locomotive with a new, rebuilt, or remanufactured engine.

The engine must be certified to emit at least 25% less NO_X than the engine being replaced, based on the federal standard for that engine. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

Subject to approval by the TCEQ, a locomotive engine low-NO_X rebuild kit that results in a new engine family code or test group number being assigned by the EPA and a new emissions information label being affixed to the rebuilt engine will be considered a repower and should be applied for under the repower category.

Eligible rebuilt or remanufactured engines must use original engine manufacturer (OEM) components only and be purchased from the OEM or its authorized dealers/distributors. The TCEQ may accept engines provided by other entities, not connected with the OEM, subject to a case-by-case determination.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 80% of the incremental cost of the purchase and installation of the replacement engine, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $5,000 or less. The incremental cost is the cost to purchase and install the replacement engine and associated equipment, minus the scrap value or, if approved by the TCEQ, the trade-in value of the old engine. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the new engine, including taxes, duty, protective in-transit insurance, and freight charges.
- Invoice cost of additional equipment with a per unit acquisition cost of $5,000 or more and that is necessary for the completion of the repower project.
- Installation costs, including the cost to remove and dispose of the old engine, if needed. Installation costs may include costs to re-engineer the locomotive for the new engine to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory.

b) Supplies − Invoice cost of equipment and materials not included as part of the engine with an acquisition cost of less than $5,000 that are necessary for the repower of the marine vessel.

c) Other − Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the locomotive may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

4) Retrofit or Add-On of Emission-Reduction Technology

(Refer to Appendix 4 of the guidelines)

This category is for the retrofit of an existing engine on a locomotive, or adding on devices to the locomotive.

To be eligible for funding, the retrofit or add-on systems must be certified or verified to emit at least 25% less NO_X than the engine prior to the retrofit or add-on. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

Eligible Costs

The grant recipient may be eligible for reimbursement of the incremental cost of the purchase and installation of the retrofit and/or add-on technology, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $5,000 or less. If the engine is to be rebuilt to install the emission-reduction devices, the incremental cost is the difference between the cost of rebuilding the existing engine and the cost of rebuilding the engine to include the retrofit or add-on technology. If the engine does not need to be rebuilt in conjunction with installing the new technology, then the incremental cost will be the full cost of purchasing and installing the technology. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the retrofit equipment, including taxes, duty, protective in-transit insurance, and freight charges.
- Invoice cost of additional equipment with a per unit acquisition cost of $5,000 or more and that is necessary for the completion of the retrofit project.
- Installation costs. Installation costs may include costs to re-engineer the locomotive for the retrofit system to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory.

b) Supplies − Invoice cost of equipment and materials not included as part of the retrofit system itself with an acquisition cost of less than $5,000 that are necessary for the retrofit of the equipment.

c) Other − Global Positioning System (GPS). The costs to purchase and install a GPS to track and log the location and use of the locomotive may be included in the incremental costs. Ongoing operational and maintenance charges may not be included. The GPS must be purchased from the vendor authorized by and contracted with the TCEQ to provide the system. Contact the TCEQ for information on the approved GPS provider.

e. **Stationary Equipment.** Activities involving stationary engines of at least 25 horsepower (hp) are eligible for grants under this program. For replacement and repower projects, this requirement refers to the horsepower of the engine being replaced and does not apply to the replacement engine or technology.

Because of the wide variety of regulatory and permitting requirements that may apply to the emissions from stationary equipment and engines, potential applicants as well as dealers and suppliers of stationary equipment and engines should contact the TCEQ early in the process to determine if a project is eligible for funding. As a general rule, stationary equipment and engines used in agricultural applications are exempt from regulatory and permitting requirements pertaining to emissions. Other stationary equipment may need to be evaluated for eligibility by the TCEQ on a case-

by-case basis. In some cases, where the regulatory or permitting requirements are unclear, the TCEQ may need to consider a project ineligible until the requirements are fully understood.

There are specific requirements for the lease or purchase, replacement, repower, and retrofit or add-on of emission-reduction technology for Stationary Equipment. Listed below is only a summary of eligible activities. For complete information, please refer to Appendix 5 of the guidelines.

1) Lease or Purchase of Stationary Equipment

   (Refer to Appendix 5 of the guidelines)

   To be eligible for funding, the engine on the new piece of equipment must be certified to emit at least 25% less NO_X than required under the current standard for that horsepower of engine. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

   A *lease* is considered the use and control of a new piece of equipment in accordance with a lease contract for the life of the activity. Note that this notice limits the activity life to a minimum of five years and that the lease period must extend for the activity life. The TCEQ will reimburse the incremental costs of the lease, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. The incremental costs are those costs that are above and beyond the costs that would otherwise have been paid for the lease of baseline equipment. The baseline equipment used for determining the difference in cost must be new equipment certified to the current federal NO_X emission standards.

   A *purchase* is considered buying a new piece of equipment. The TCEQ will reimburse the incremental cost of the purchase, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. The incremental cost is the difference between the documented dealer price of a baseline piece of equipment or other appropriate baseline cost established by the TCEQ and the actual cost of the cleaner equipment. The baseline equipment used for determining the difference in cost must be new equipment certified to the current federal NO_X emission standards.

2) Replacement of Stationary Equipment

   (Refer to Appendix 5 of the guidelines)

   This category is for the replacement of stationary equipment with a new or newer piece of equipment. The year of manufacture of the engine installed on the replacement equipment must be 2009 or newer. For this category, the applicant must be replacing a piece of equipment with at least five years of remaining useful life. The baseline for comparison of emissions is the difference between the emissions of the equipment being replaced and the equipment being purchased.

   The engine on the replacement equipment must be certified to emit at least 25% less NO_X than the engine being replaced. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

The replacement equipment must be of the same equipment type and intended for the same or similar purpose as the equipment being replaced. The TCEQ may accept, case-by-case, equipment of a different type to account for the latest technology used for a specific vocation.

For a replacement project, the TCEQ will evaluate whether the equipment being replaced would have otherwise been used in the eligible counties for the period within which the emissions reductions will be claimed. Unless a waiver is granted by the TCEQ, the standards that apply include:

- the applicant must have continuously owned the equipment for a minimum of two years immediately preceding the submission of the grant application;
- unless otherwise approved by the TCEQ, the equipment must have been continuously located and used in Texas for the two years immediately preceding the submission of the grant application; and
- the equipment must be in good operating condition and capable of performing its primary function at the time the application is submitted.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 80% of the incremental cost of the purchase of the replacement equipment, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. The incremental cost is the cost to purchase the replacement equipment, minus the scrap value or, if approved by the TCEQ, the trade-in value of the old engine. Eligible costs are listed below.

- Capital Costs − Equipment. Invoice cost or cash basis for the lease costs of the equipment, including taxes, duty, protective in transit insurance, and freight charges.

3) Repower of Stationary Equipment

(Refer to Appendix 5 of the guidelines)

This category is for the replacement of an existing engine on a piece of stationary equipment with a new, rebuilt, or remanufactured engine.

The engine must be certified to emit at least 25% less NO_X than the engine being replaced, based on the federal standard for that engine. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

Eligible rebuilt or remanufactured engines must use original engine manufacturer (OEM) components only and be purchased from the OEM or its authorized dealers/distributors. The TCEQ may accept engines provided by other entities, not connected with the OEM, subject to a case-by-case determination.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 80% of the incremental cost of the purchase and installation of the replacement engine, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of

$10,000 or less. The incremental cost is the cost to purchase and install the replacement engine and associated equipment, minus the scrap value or, if approved by the TCEQ, the trade-in value of the old engine. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the new engine, including taxes, duty, protective in-transit insurance, and freight charges.
- Invoice cost of additional equipment with a per unit acquisition cost of $5,000 or more and that is necessary for the completion of the repower project.
- Installation costs, including the cost to remove and dispose of the old engine, if needed. Installation costs may include costs to re-engineer the equipment for the new engine to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory.

b) Supplies − Invoice cost of equipment and materials not included as part of the engine with an acquisition cost of less than $5,000 that are necessary for the repower of the equipment.

4) Retrofit or Add-On of Emission-Reduction Technology

(Refer to Appendix 5 of the guidelines)

This category is for the retrofit of an existing engine on a stationary piece of equipment, or adding on devices to the equipment.

To be eligible for funding, the retrofit or add-on systems must be certified or verified to emit at least 25% less NO_X emissions than engine prior to the retrofit or add-on. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

<u>Eligible Costs</u>

The grant recipient may be eligible for reimbursement of the incremental cost of the purchase and installation of the retrofit and/or add-on technology, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. If the engine is to be rebuilt to install the emission-reduction devices, the incremental cost is the difference between the cost of rebuilding the existing engine and the cost of rebuilding the engine to include the retrofit or add-on technology. If the engine does not need to be rebuilt in conjunction with installing the new technology, then the incremental cost will be the full cost of purchasing and installing the technology. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the retrofit equipment, including taxes, duty, protective in-transit insurance, and freight charges.
- Invoice cost of additional equipment with a per unit acquisition cost of $5,000 or more and that is necessary for the completion of the retrofit project.

- Installation costs. Installation costs may include costs to re-engineer the equipment for the retrofit system to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory.

b) Supplies − Invoice cost of equipment and materials not included as part of the retrofit system itself with an acquisition cost of less than $5,000 that are necessary for the retrofit of the equipment.

f. **Refueling Infrastructure.** An eligible activity may include the purchase and installation of stationary or mobile on-site infrastructure for refueling motor vehicles, on-road heavy-duty vehicles, and non-road equipment, including marine vessels and locomotives, with a qualifying liquid or gaseous fuel. In some cases, the TCEQ may accept applications for refueling infrastructure related to stationary equipment. The applicant will need to provide information to show that the infrastructure is needed and will be used in an eligible county.

A qualifying fuel is a liquid or gaseous fuel or additive other than standard diesel fuel or gasoline that is ultimately dispensed into a motor vehicle, on-road heavy-duty vehicle, non-road equipment, locomotive, marine vessel, or stationary engine that provides reductions of NO_X emissions, as determined by the TCEQ, beyond reductions required by state or federal law.

In the application, the applicant will be required to show how a new NO_X emissions reduction will result from the installation and use of the infrastructure. The NO_X emissions reductions must be quantifiable, enforceable, and achieved over the activity life of the project.

The NO_X emissions reductions may be based on the use of a fuel or fuel additive, the purchase and use of an alternative fuel vehicle or equipment, or an upgrade or conversion of vehicles or equipment. Emissions reductions attributable to the use of the infrastructure may be determined under several different approaches, as explained below.

- **Use of a verified fuel or fuel additive.** If the use of the fuel or fuel additive itself will achieve the emissions reductions, the fuel or fuel additive must be verified by the EPA to result in a reduction in NO_X emissions when used in lieu of the baseline fuel or the baseline fuel without the additive.
- **Fleet expansion.** The TCEQ may accept NO_X emissions reductions based on fleet expansions through the purchase and use of vehicles or equipment to be fueled by the infrastructure and that are certified to a NO_X emissions rate that is less than the federal standard applicable to that vehicle and/or engine. In general the baseline for comparison for natural gas engines certified under the federal diesel-cycle will be the standard applicable to diesel engines. Similarly, for engines certified under the Otto cycle standard, the baseline for comparison will be the federal Otto cycle standard applicable to that type of engine. If the applicant is not also applying for funds for the fleet expansion activities, the applicant will need to include the applicable forms for the new purchase or lease category for that type of vehicle or equipment. The vehicle or equipment may not have been purchased prior to 12 months prior to the end date of the application period.

- **Replacements or upgrades.** The TCEQ may accept NO_X emissions reductions based on the replacement or repower of conventionally-fueled vehicles or equipment with new or newer alternative-fueled vehicles, equipment, or engines to be provided fuel from the refueling infrastructure. The calculation of the emissions reductions under this approach will be based on the same methodology and requirements as apply to a replacement or repower project for that type of vehicle or equipment. If the applicant is not also applying for funds for the replacement or repower activities, the applicant will need to include the applicable forms for the replacement or repower category for that type of vehicle or equipment to list the vehicle or equipment being replaced or repowered and to verify the use and condition of the old vehicle or equipment. Under the replacement approach, the vehicle or equipment being purchased as a replacement may not have been purchased prior to the opening of the application period. Under the repower approach, the vehicle or equipment may not have been repowered prior to 12 months before the end date of the application period.

  In general, the applicant should own or lease and operate the vehicles or equipment to be provided fuel from the infrastructure. However, the TCEQ may accept case by case applications for projects where the infrastructure owner/operator does not own or lease the vehicles or equipment. In those cases, the grant recipient will be responsible for securing necessary agreements from the vehicle or equipment owner/operator to ensure compliance with the grant requirements, including reporting on the use of the vehicle or equipment for the activity life and the destruction of the old vehicle or equipment and engine if the emissions reductions are based on replacement or repower of an existing vehicle or piece of equipment. The TCEQ may withhold issuing a contract or notice to proceed until such agreements are provided.

  The applicant must own and operate the grant-funded equipment for the activity life. In general, the applicant should also be the owner of the land and facility at which the infrastructure will be installed. Based on assessed risks, the TCEQ is not obligated to consider an otherwise eligible project where the applicant does not also own the land and facility. If the TCEQ does consider a project under this situation, the TCEQ may require additional agreements between the applicant and the land and facility owner regarding long-term ownership and operation of the infrastructure.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 50% of the cost of the purchase and installation of the infrastructure. The cost per ton limits for the infrastructure will be based on the type of vehicle or equipment to be refueled: non-road equipment - $10,000 per ton, on-road vehicles and stationary equipment - $10,000 per ton, marine vessels - $5,000 per ton, and locomotives - $5,000 per ton. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the infrastructure equipment, including taxes, duty, protective in-transit insurance, and freight charges.

- Installation costs, including any technical design, testing, and other engineering services required as part of the installation work.

b) Supplies − Invoice cost of equipment and materials not included as part of the infrastructure equipment with an acquisition cost of less than $5,000 that are necessary for the installation of the infrastructure.

c) Construction − Construction costs not included as part of the installation of the equipment, including design, engineering, permits, and site improvements if the site must be modified to allow for the installation of the infrastructure equipment.

The cost of the purchase of land or an interest in land is not eligible for funding. All grant-funded infrastructures must be purchased and not leased. The TCEQ may withhold reimbursement for the infrastructure costs until the vehicles or equipment to be fueled from the infrastructure have been purchased, replaced, or repowered.

For complete information, please refer to Appendix 6 of the guidelines and the instructions in Appendix B of this RFGA.

g. **On-Site Electrification and Idle Reduction Infrastructure**. An eligible activity may include the purchase and installation of on-site infrastructure — including auxiliary power units — designed to dispense electricity to motor vehicles, on-road heavy-duty vehicles, and non-road equipment, including marine vessels and locomotives. The electricity may be provided to replace the power normally supplied by the engine while the vehicle or equipment is parked (idle reduction) or to recharge electric vehicles or equipment being used in lieu of vehicles or equipment powered by an internal combustion engine. The applicant will need to provide information to show that the infrastructure is needed and will be used in an eligible county.

Subject to approval of the TCEQ, the on-site infrastructure may also include other services, in addition to providing electricity, as part of an idle reduction program. These other services may include air conditioning and heating, phone and cable TV access, and other “hotel” services directly related to reducing vehicle idling.

The applicant must own and operate the grant-funded equipment for the activity life. In general, the applicant should also be the owner of the land and facility at which the infrastructure will be installed. Based on assessed risks, the TCEQ is not obligated to consider a project where the applicant does not also own the land and facility. If the TCEQ does consider a project under this situation, the TCEQ may require additional agreements between the applicant and the land and facility owner regarding long-term ownership and operation of the infrastructure.

For complete information, please refer to Appendix 7 of the guidelines and the instructions in Appendix B of this RFGA.

<u>Electrification of Vehicles and Equipment</u>

(Refer to Appendix 7 of the guidelines)

Electrification infrastructure may be purchased to support the purchase of new electric vehicles or equipment in lieu of vehicles or equipment powered by internal combustion engines. Infrastructure may also be purchased to support the electrification of existing vehicles or equipment.

The NO_X emissions reductions attributable to the project will be based on the operation of the vehicles or equipment in the eligible counties only. In the application, the applicant will be required to show how a new NO_X emissions reduction will result from the installation and use of the infrastructure. The NO_X emissions reductions must be quantifiable, enforceable, and achieved over the activity life of the project.

The NO_X emissions reductions may be based on the purchase and use of an electric vehicle or equipment or an upgrade or conversion of vehicles or equipment. Emissions reductions attributable to the use of the infrastructure may be determined under several different approaches, as explained below.

- **Fleet expansion.** The TCEQ may accept NO_X emissions reductions based on fleet expansions through the purchase and use of electric vehicles or equipment. In general the baseline for comparison will be the federal emissions standard for that type of vehicle or equipment. If the applicant is not also applying for funds for the fleet expansion activities, the applicant will need to include the applicable forms for the new purchase or lease category for that type of vehicle or equipment. The vehicle or equipment may not have been purchased prior to 12 months prior to the end date of the application period.
- **Replacements or upgrades**. The TCEQ may accept NO_X emissions reductions based on the replacement or repower of conventionally-fueled vehicles or equipment with new or newer electric vehicles, equipment, or engines to be provided electricity from the infrastructure. The calculation of the emissions reductions under this approach will be based on the same methodology and requirements as apply to a replacement or repower project for that type of vehicle or equipment. If the applicant is not also applying for funds for the replacement or repower activities, the applicant will need to include the applicable forms for the replacement or repower category for that type of vehicle or equipment to list the vehicle or equipment being replaced or repowered and to verify the use and condition of the old vehicle or equipment. Under the replacement approach, the vehicle or equipment being purchased as a replacement may not have been purchased prior to the opening of the application period. Under the repower approach, the vehicle or equipment may not have been repowered prior to 12 months before the end date of the application period.

In general, the applicant should own and operate the vehicles or equipment to be provided electricity from the infrastructure. However, the TCEQ may accept case-by-case applications for projects where the infrastructure owner/operator does not own the vehicles or equipment. In those cases, the grant recipient will be responsible for securing necessary agreements from the vehicle or equipment owner/operator to ensure compliance with the grant requirements, including reporting on the use of the vehicle or equipment for the activity life and the destruction of the old vehicle or equipment and engine if the emissions reductions are based on replacement or repower of an existing vehicle or piece of equipment. The TCEQ may withhold issuing a contract or notice to proceed until such agreements are provided.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 50% of the cost of the purchase and installation of the infrastructure. The cost per ton limits for the infrastructure will be based on the type of vehicle or equipment to be refueled: non-road equipment - $10,000 per ton; on-road vehicles and stationary equipment - $10,000 per ton; marine vessels - $5,000 per ton; and locomotives- $5,000 per ton. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the infrastructure equipment, including taxes, duty, protective in-transit insurance, and freight charges.
- Installation costs, including any technical design, testing, and other engineering services required as part of the installation work.

b) Supplies − Invoice cost of equipment and materials not included as part of the infrastructure equipment with an acquisition cost; of less than $5,000 that are necessary for the installation of the infrastructure.

c) Construction − Construction costs not included as part of the installation of the equipment, including design, engineering, permits, and site improvements if the site must be modified to allow for the installation of the infrastructure equipment.

The cost of the purchase of land or an interest in land is not eligible for funding. All grant-funded infrastructures must be purchased and not leased. The TCEQ may withhold reimbursement for the infrastructure costs until the vehicles or equipment to be provided electricity from the infrastructure have been purchased, replaced, or repowered.

Idle Reduction

(Refer to Appendix 7 of the guidelines)

On-site electrification of truck stops, rest stops, and other areas may also be funded under this program, in support of idle reduction programs to reduce NO_X emissions in the eligible counties. The NO_X emissions reductions will be calculated based on the reduction in idling NO_X emissions for the engine.

Local governments in some areas of the state have entered into a memorandum of agreement (MOA) with the TCEQ to enforce state rules (30 Texas Administrative Code, Chapter 114, Subchapter J, Division 2) restricting on-road vehicle idling within the local government's jurisdiction. Most of the governments in the Austin area and many of the governments in the Dallas-Fort Worth (DFW) area have entered into an MOA. On-site idle reduction projects to reduce idling covered by the rules are not eligible for funding in those jurisdictions that have entered into a MOA to enforce the anti-idling requirements. This restriction primarily covers truck stop electrification and idle reduction projects intended to supply external power, A/C, and heater services to sleeper berths for vehicles over 14,000 pounds GVWR.

Some of the uses that may be exempted from the restrictions include:

- vehicles with a GVWR of 14,000 or less;
- vehicles used for military, emergency, or law enforcement purposes;
- use of the propulsion engine for mechanical operation of power-take-off systems;
- use of the propulsion engine to supply heat or air conditioning for passenger comfort and safety in vehicles intended for commercial or public transportation or passenger transit operations for up to 30 minutes of idling;
- use of the propulsion engine to provide air conditioning or heating necessary for employee health or safety while the employee is using the vehicle to perform an essential job function related to roadway construction or maintenance; or
- use as airport ground support equipment.

Information on the locally-enforced idling restrictions may be found on the TCEQ's website at <www.tceq.state.tx.us/implementation/air/sip/vehicleidling.html>. Applicants should also refer to 30 TAC §114.517 for a complete explanation of the idling restrictions and list of exemptions to those restrictions. Applicants for on-site idle reduction projects in the DFW and Austin areas should first contact the TERP staff to determine if the project will be eligible.

Eligible Costs

The grant recipient may be eligible for reimbursement of up to 50% of the cost of the purchase and installation of the infrastructure. The cost per ton limits for the infrastructure will be based on the type of vehicle or equipment to be refueled: non-road equipment - $10,000 per ton, on-road vehicles and stationary equipment - $10,000 per ton, marine vessels - $5,000 per ton, and locomotives - $5,000 per ton. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the infrastructure equipment, including taxes, duty, protective in-transit insurance, and freight charges.
- Installation costs, including any technical design, testing, and other engineering services required as part of the installation work.

b) Supplies − Invoice cost of equipment and materials not included as part of the infrastructure equipment with an acquisition cost of less than $5,000 that are necessary for the installation of the infrastructure.

c) Construction − Construction costs not included as part of the installation of the equipment, including design, engineering, permits, and site improvements if the site must be modified to allow for the installation of the infrastructure equipment.

The cost of the purchase of land or an interest in land is not eligible for funding. For applicants that are not state agencies, all grant-funded infrastructures must be purchased and not leased.

h. **On-Vehicle Electrification and Idle Reduction Infrastructure.** An eligible activity may include the purchase and installation of equipment that enables a vehicle or equipment to use electric power to operate, while the vehicle or equipment is parked, the systems normally supplied power by the propulsion engine or another on-board internal combustion engine that emits NO_X.

Eligible equipment may include: (1) the add-on of devices to enable acceptance of electricity from an external power source, or (2) the purchase and installation on the vehicle or equipment of an auxiliary power unit (APU) to generate electricity.

The category is not available for installation of an APU or other system for providing air conditioning or heating on trucks with a sleeper berth while the truck is parked to avoid overnight idling.

The TCEQ may also accept, on a case by case basis, idle-limiting devices for locomotives, as well as other types of idle reduction devices.

Eligible Costs

The grant recipient may be eligible for reimbursement of the cost of the purchase and installation of the infrastructure, not to exceed an incentive amount that results in a cost per ton of NO_X reduced of $10,000 or less. For marine vessel and locomotive projects, the cost per ton of NO_X reduced may not exceed $5,000. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of the equipment, including taxes, duty, protective in-transit insurance, and freight charges.
- Invoice cost of additional equipment with a per unit acquisition cost of $5,000 or more and that is necessary for the completion of the retrofit project.
- Installation costs. Installation costs may include costs to re-engineer the equipment for the infrastructure to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory.

b) Supplies − Invoice cost of equipment and materials not included as part of the infrastructure system itself with an acquisition cost of less than $5,000 that are necessary for the installation of the equipment.

All grant-funded infrastructure must be purchased and not leased. The grant recipient must also own the vehicle or equipment on which the idle reduction system is to be installed. An applicant must provide with the application a current vehicle title listing the applicant as the owner of the vehicle. Lease-to-own agreements are not considered ownership for purposes of meeting this requirement.

For complete information, please refer to Appendix 8 of the guidelines.

i. **Rail Relocation and Improvement.** An eligible activity may include the relocation of rail lines to reduce the number of grade crossings, improvements at rail intersections, and other improvements that will directly result in the reduction of locomotive and/or vehicle engine idling at rail intersections. Eligible rail intersections may include the intersection of two rail lines or an intersection of a highway or roadway and a rail line, commonly referred to as a highway-rail grade crossing. The grant recipient must own or otherwise control the rail line, right-of-way, or the facility being improved.

The TCEQ may consider various types of projects. The funding decisions may be based on the likelihood that the emissions reductions are verifiable and enforceable under the grant contract.

The applicant must provide with the application information to show that the project is viable, can be expected to achieve reductions in NO_X emissions from reducing locomotive and/or vehicle engine idling, and can be completed within the contract period. The contract period may extend for up to 21 months after the end of the state fiscal year in which the contract is executed.

Eligible Costs

The grant recipient may be eligible for reimbursement of the costs of the rail relocation and improvements up to the cost per ton limit for locomotive projects of $5,000 per ton of NO_X reduced. Eligible costs are listed below.

a) Capital Costs – Equipment and Installation

- Invoice cost of equipment required for the rail relocation or improvement activity, including taxes, duty, protective in-transit insurance, and freight charges.
- Installation costs, including any technical design, testing, and other engineering services required in order to install the equipment.

b) Supplies − Invoice cost of equipment and materials not included as part of the infrastructure equipment with an acquisition cost of less than $5,000 that are necessary for the installation of the equipment.

c) Construction − Construction costs not included as part of the installation of the equipment, including design, engineering, fees, permits, and site improvements.

d) Contractual − Other contractual costs not included under the construction or equipment installation category.

e) Other − Other costs necessary for the completion of the project, subject to approval of the TCEQ.

The cost of the purchase of land or an interest in land is not eligible for funding. General studies and plans not directly related to the specific rail relocation or improvement project are not eligible for reimbursement.

For additional information, refer to Appendix 9 of the guidelines.

j. **Use of Qualifying Fuel.** The TCEQ is not accepting applications under this application period for projects to fund the incremental costs of a qualifying fuel.

1.6 UNVERIFIED OR UNCERTIFIED TECHNOLOGIES

Where applicable, the reduced emission vehicle, equipment, and/or engine must be certified to emit at least 25% less NO_X than the baseline vehicle, equipment, and/or engine. Certified means approved by the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

For this application period, the TCEQ is not accepting applications for funding technologies for which the emissions reductions are not yet certified or verified. The manufacturer or dealer of the technology should be able to provide applicants with the forms issued by EPA or CARB confirming the certification or verification of the engine or emission-reduction technology.

In situations where the type of technology or use of that technology is not covered by an EPA or CARB verification or certification program, the TCEQ will evaluate the eligibility of that technology on a case-by-case basis.

1.7 DISPOSITION OF VEHICLES, EQUIPMENT, AND ENGINES BEING REPLACED

The grant contract will include the requirements for disposition of the vehicle and engine being replaced. Grantees will need to have legal authority for this disposition. In general, unless an alternative disposition method is approved by the TCEQ, the old vehicle/equipment and engine must be rendered permanently inoperable within 90 days of receiving financial reimbursement by completely crushing the vehicle/equipment and engine or drilling a 3” hole or larger in the engine block on both sides (or otherwise destroying it) and cutting both frame rails in half (or perform other structural damage to the equipment) rendering it inoperable. A certification of the disposition of the old vehicle/equipment and engine must be provided on forms provided by the TCEQ. The grant contract will include specific provisions for scrapping the vehicles/equipment and engines and for submitting disposition verification information to the TCEQ.

Engine scrappage may include sending the engine to a remanufacture facility 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. Grant applicants may request authorization of an alternative method for rendering the vehicle/equipment and engine permanently inoperable on the application forms.

For a locomotive project, the Executive Director may allow permanent removal from the State of Texas in specific grants where the applicant has provided sufficient assurances that the replaced locomotive will not be returned to the State of Texas. Instructions for submitting a request for approval of an alternative disposition plan to remove a locomotive from operation in Texas are provided in Appendix G. If approved, the alternative disposition method will be included in the special conditions of the grant contract and the grant recipient must commit to implementing the provisions as set forth in the grant contract. If the alternative method is not approved, the disposition requirements outlined in the grant contract, as explained in general above, will need to be followed.

1.8 ADDITIONAL REQUIREMENTS

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

a. Except for the rail relocation and improvement category, more than one activity with the same emissions source (i.e., on-road, non-road, locomotive, etc.) may be combined under one project application. Rail relocation and improvement activities must be submitted in a separate application for each activity and may not be combined with other activities. Activities involving different emission sources must also be submitted using separate applications. With the exception of on-site infrastructure projects, different project categories (i.e., replacement, repower, etc.) may not be combined on one application. All activities in a grant application must be proposed to be conducted in one primary area (see list under Section 1.4). Activities to be conducted in different primary areas must be applied for under separate applications. If a grant is awarded, the grant contract will allow use of the grant-funded vehicle or equipment within several areas, but the TCEQ will need to know which area is considered the primary area.

b. The applicant must already own the vehicle or equipment being repowered or retrofitted.

c. The cost per ton of NO_X reduced of the combined project may not exceed $5,000 for marine vessel or locomotive projects, $10,000 for non-road equipment projects, and $10,000 for on-road vehicle or stationary equipment projects. For projects that include infrastructure activities, the cost per ton limits for the type of vehicle or equipment to be served by the infrastructure apply to the project.

d. The grant may only reimburse up to 80% of the eligible incremental costs of a replacement or repower project.

e. The grant may only reimburse up to 50% of the eligible purchase and installation costs of a refueling or onsite electrification and idle reduction infrastructure activity. This restriction does not apply to grants to state agencies to lease, purchase, or install idle reduction infrastructure at rest stops or other public facilities.

f. 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 equipment, 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.

g. Subject to approval by the TCEQ, case by case, activities for the repower or retrofit of an existing engine that must meet a more stringent emission standard under state or federal regulations at the time of engine replacement, overhaul, or remanufacture may be eligible if the requirement does not include a deadline or specific time period for the upgrade to occur. The more stringent emissions standard will be used as the baseline emissions rate in the calculation to determine the emissions reductions and the determination that the activity will result in at least a 25% reduction in NO_X.

h. An activity involving a new emissions reduction measure that would otherwise generate marketable credits under state or federal emissions reduction credit averaging, banking, or trading programs is not eligible for funding under this program unless:

   - the activity includes the transfer of the reductions that would otherwise be marketable credits to the state implementation plan or the owner or operator as provided under §386.056, Texas Health and Safety Code; and
   - the reductions are permanently retired.

   Applicants should contact the TCEQ early in the application process to determine the mechanism for transferring and retiring any marketable credits. This provision includes emissions allowances under the Mass Cap and Trade Program for the Houston-Galveston-Brazoria area, established in the TCEQ rules (30 TAC Chapter 101, Subchapter H, Division 3).

i. The incremental cost of the proposed activity must be reduced by the value of any existing financial incentive that directly reduces the cost of the proposed activity, including tax credits or deductions, other grants, or any other public financial assistance.

j. Applicants must agree to monitor the use of the grant-funded vehicles, equipment, infrastructure, and/or fuel, and to report semi-annually to the TCEQ for the life of each grant-funded activity.

k. 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, or change in use of the qualifying fuel, during the life of each activity.

l. All applications for funding must be completed according to the application instructions and submitted within the required deadline. The complete requirements and instructions are included in the guidelines and in the Appendix B of this RFGA.

m. In general, activities other than replacement activities may have already been started prior to the awarding of a grant. However, expenses to be reimbursed under a grant may not have been incurred prior to 12 months before the deadline for application submission. Also, the TCEQ reserves the right to limit or prohibit, on a case by case basis, funding for activities that have been conducted and expenses that have been incurred prior to the execution of a grant contract. The TCEQ provides no assurances that a project will be awarded a grant and the TCEQ has no liability for expenses incurred by an applicant prior to the execution of a grant contract unless and until those activities and expenses are selected for a grant and included under a grant contract.

n. For replacement activities, the applicant must have owned or leased (vehicles only) the vehicle or equipment and it must have been used in Texas for the two years preceding the submission of the grant application. Also, the vehicle or piece of equipment being purchased may not have been acquired before the start of the grant application period.

o. Entities selected to receive grant funding will be required to execute a contract with the TCEQ. All services or work carried out under a contract awarded as a result of this RFGA must be completed within the scope, time frames, and funding limitations specified in the contract. A copy of the contract shell is available on the TERP website.

p. Most activities funded under this program — except for infrastructure activities that will require construction work — will be expected to be completed within several months of execution of a grant contract. Longer-term activities will be considered on a case by case basis, and applicants may be asked to further justify the need for an extended contract period. The maximum contract period under this program will be 21 months after the end of the state fiscal year in which the grant is awarded. The state fiscal year runs from September 1 through August 31.

q. Administrative costs and other internal costs of the grant recipient, including but not limited to personnel expenses, internal salaries, indirect costs, and travel will not be eligible. This restriction also applies to situations where the grant recipient acts as a transportation provider for delivery of the grant-funded vehicle or equipment before or after acceptance of the vehicle or equipment.

r. Consultant fees for the preparation of a grant application, either directly or as an addition of the cost basis of the grant-funded vehicle, equipment, or engine, are not eligible for reimbursement by the TCEQ.

s. Fees for a third-party consultant hired by the grant recipient to manage and administer the grant-funded activities, including coordination of the work and submission of reports and paperwork to the TCEQ for the grant recipient will not be eligible. This restriction is not intended to limit the ability of the vehicle or equipment provider or installer to include reasonable and necessary costs for managing the work to be performed in the price of the vehicle, equipment, or installation services. The costs for professional services, including engineering and technical work, required for completion of the activity may be included, subject to the restrictions pertaining to that type of project. The costs for a general contractor to complete construction work under an infrastructure project may also be included. Per the Uniform Grant Management Standards (UGMS), the cost plus a percentage of cost methods of contracting for professional services shall not be used.

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

1.9 DESIGNATED ACTIVITY LIFE

The minimum activity life for activities submitted under this RFGA is five years. Applicants will be allowed to choose an appropriate Designated Activity Life for the activities of the project. Appendix D lists the minimum and maximum activity life for the eligible projects.

For On-Road Heavy-Duty Replacement and Purchase or Lease activities only, if the Total Usage Commitment agreed upon in the grant contract is less than 400,000 miles and the grantee reaches 400,000 miles prior to the end of the designated Activity Life, the Activity Life commitment may be considered met. This option only applies to grantees who commit to a Total Usage Commitment of less than 400,000 miles. The grantee must meet the number of years of the designated Activity Life unless 400,000 miles is reached before their number of years is met.

Grantees with a Total Usage Commitment greater than 400,000 miles must meet the number of years of the designated Activity Life regardless of when the Total Usage Commitment is met.

1.10 PERCENTAGE OF USE COMMITMENT

a. Applicants must list a primary area for use of the vehicles or equipment included in the project application. Activities with different primary areas must be applied for under separate applications.

b. For activities other than on-road vehicle activities and non-road equipment used for natural gas recovery purposes, the applicant must commit to use the equipment at least 75% of the annual hours of operation or fuel use, as designated in the application and contract, in the eligible counties that the applicant designates in the application.

c. For non-road equipment used primarily for natural gas recovery purposes, the TCEQ may exempt the applicant from the requirement that 75% of the annual operation of the grant-funded equipment must occur in the eligible counties listed in the application and contract documents. If the applicant chooses to apply for this exemption, the applicant must commit to use the equipment in the eligible counties for a sufficient amount of use over the activity life to meet the emissions reduction commitment and cost-effectiveness requirements and must agree to install a GPS tracking device through a designated TERP GPS Monitoring Service (TGMS) Contractor to track and report usage and location of use of grant-funded non-road equipment. To qualify for this provision, the primary purpose and use of the equipment must be for natural gas recovery, as determined by the TCEQ. For example, a generator used on a natural gas drill rig may qualify, but a tracked dozer used to build a road to a drill site would not. The application forms provide a place for applicants to indicate that the primary purpose and use of the equipment is for natural gas recovery and that they wish to be exempt from the annual use requirements.

d. Annual usage will be measured by hours of operation for non-road equipment and marine vessels and fuel use for locomotives. Annual usage for on-road vehicles will normally be measured by mileage. However, for on-road vehicles that have a significant power-take-off operation, annual usage may be measured by fuel use.

e. For on-road vehicles, the applicant must designate in the application the percentage of the annual mileage or fuel use that will occur in the eligible counties listed above, which may not be less than 25% of the annual mileage. In addition to the percentage of use in the eligible counties committed to by the applicant, the applicant must also commit to operating the vehicle at least 75% of the annual miles or fuel use in a combination of the eligible counties and on one or more of the highways or roadways designated below.

- Interstate Highway 10 from the Texas/New Mexico border to the Texas/Louisiana border
- Interstate Highway 20 from Interstate Highway 10 to the Texas/Louisiana border
- Interstate Highway 30 from Rockwall County to the Texas/Louisiana border
- Interstate Highway 35 from the Texas/Mexico border to the Texas/Oklahoma border
- Interstate Highway 37 from the Gulf of Mexico to Bexar County
- Interstate Highway 45 from the Montgomery County to Ellis County
- U.S. Highway 59 from the Texas/Mexico border to the Texas/Arkansas border
- U.S. Highway 79 from the Williamson County to the Texas/Louisiana border
- U.S. Highway 281 from the Texas/Mexico border to the Texas/Oklahoma border
- U.S. Highway 77 from the Texas/Mexico border to Ellis County
- U.S. Highway 290 from the Interstate Highway 10 to Waller County

1.11 USAGE COMMITMENT

a. Applicants must list a usage amount in the application for each activity. Usage commitments are how the TCEQ verifies that the NO_X emissions reductions are actually achieved by the projects. This RFGA establishes a new approach for establishing and enforcing usage commitments. The TERP guidelines authorize the use of default usage rates for determining emissions reductions. To date, default usage rates have been used for the Rebate Grants Program but not the ERIG Program. A new approach is being used for the ERIG program using a combination of default usage rates and regular usage commitments. Under this approach, two options will be considered for determining usage rates for the emissions reduction calculations.

    - Under Option 1, a default usage rate is set based on certain vehicle classes and equipment type. A grant recipient will not be required to operate the vehicle or equipment for a specified amount of use over the activity life, although the percentage of use in the eligible counties must be met.
    - Under Option 2, a usage rate is proposed by the applicant. The applicant will be required to provide an explanation and documentation to verify that the proposed usage rate is valid. If the usage rate is accepted as valid by the TCEQ, the TCEQ may establish that usage rate as an activity-specific default and the applicant would not be required to commit to meeting a specific usage amount over the Activity Life. Alternatively, if the TCEQ does not accept the explanation and documentation as sufficient to determine a default usage rate, the applicant will have the option of 1) using that rate with a monitored usage commitment, 2) reverting to the standard default under Option 1, or 3) withdrawing the application. These options are explained in more detail below.

- The applicant must request the same usage rate option for all activities in an individual project application.

b. Option 1. Standard Default Usage Rates

Under this option, standard default usage rates are established for certain classes of vehicles and types of equipment, using an approach similar to what has been used for the Rebate Grants Program. The applicant must commit to using the grant-funded vehicle or equipment in the eligible counties for the required percentage of annual use. However, the grant recipient will not be required to use the vehicle or equipment for a specific amount of usage each year. The standard default usage rates that may be used under Option 1 are listed in Appendix C. Option 1 is only available for the types of vehicles and equipment for which a standard default usage rate is provided in Appendix C. If a standard default usage rate is not listed, applicants should only apply under Option 2. Please note that Option 1 is not available where the non-road equipment is used primarily for natural gas recovery purposes and the applicant chooses not to commit to operate the equipment at least 75% of the annual hours of operation or fuel use, as designated in the application and contract, in the eligible counties that the applicant designates in the application.

c. Option 2. Activity-Specific Usage Rate

1) Option 2 applies to projects where a standard default usage rate is not available or where an applicant feels that the standard defaults are too low. This option also applies where historical usage is not applicable to the type of project, such as certain infrastructure activities, the new purchase and lease category, and repower and retrofit activities where the vehicle or equipment has not been operated by the applicant for at least two years. However, Option 2 is not available for locomotive projects and all locomotive projects must use the Option 1 defaults. The applicant choosing Option 2 will be required to provide an explanation and documentation to verify that the proposed usage rate is valid.

2) Supporting documentation of historical usage should be either a maintenance record, a page from an official log book, registration, or other official record showing the odometer or hour meter reading with a date at least two years, but not more than three years, prior to the signature date on the application. The record should also include information identifying the vehicle or equipment. For vehicles, this identifier should be the vehicle identification number (VIN). The TCEQ does not require, nor does it want, the submission of entire log books or maintenance records spanning the two years preceding the application date. Along with the documentation listed above, the applicant must provide, with the application, a photo of the odometer or hour meter showing the current reading. The application form provides a place to certify that the odometer/hour meter is currently working. For those projects where the odometer/hour meter is not currently working, it will be more difficult for the applicant to justify the historical use.

3) The application forms provide a place for applicants to select the option they propose using for their project. By choosing Option 2, the applicant agrees to a pre-award site visit by TCEQ or its representative to assess the historical use records held by the applicant and to verify the condition of the vehicle or equipment listed in the application.

4) If the TCEQ does not accept the historical usage documentation and establish that usage rate as an activity-specific default, the applicant must either use the Option 1 defaults, where available, or commit to the requirements explained below. The application forms provide a place for applicants to indicate if they will accept the Option 1 default if the TCEQ declines to establish the proposed usage rate as the activity-specific default.

   a) Applicants must agree to install a GPS tracking device through a designated TERP GPS Monitoring Service (TGMS) Contractor to track and report usage and location of use of grant-funded on-road vehicles, non-road equipment, marine vessels, and stationary equipment. For activities where fuel use is the usage factor, applicants must also commit to specifically track fuel use for each grant-funded unit, in addition to installing a GPS.

   b) A grant recipient will be required to operate the vehicle or equipment for the amount of use over the activity life as specified in the contract. In addition, the grant recipient must meet the percentage of use and area of use requirements.

5) The TCEQ is not required to accept the proposed usage rate submitted under Option 2. In cases where the proposed usage rate is not accepted, the Option 1 default usage rate will apply. An applicant that marks Option 2 must indicate in the application forms whether they will accept using the Option 1 defaults if the TCEQ does not accept the historical usage documentation provided.

6) The purchase and installation costs for the GPS unit will be included in the incremental cost calculations for those projects where the applicant has chosen Option 2. If the TCEQ does not accept the documentation of historical use for a project, and the applicant agrees to use the Option 1 default usage values, the GPS costs will be removed from the calculation of the incremental cost. Ongoing operational and maintenance charges for the GPS unit will be incurred by the applicant. For more information about GPS, such as operational and maintenance charges, the applicant may contact the TGMS contractor, Precision Tracking Services, Inc., at 214-810-5558.

7) Option 2 is available for on-road vehicle, non-road equipment, marine vessel, and stationary equipment activities. It is not available for locomotive projects.

8) Activity-specific default usage rates will not be established for projects where the non-road equipment is used primarily for natural gas recovery purposes and the applicant chooses not to commit to operate the equipment at least 75% of the annual use in the eligible counties. Applicants must agree to install a GPS tracking device through a designated TERP GPS Monitoring Service (TGMS) Contractor to track and report usage and location of use of grant-funded non-road equipment.

9) If the applicant applies for multiple activities under Option 2 and the TCEQ does not accept historical usage documentation for every activity, all activities will be required to install a GPS unit and commit to the specific usage rates stated in the application or, if agreed to by the applicant, all activities will use the Option 1 default usage values.

   - Under the Replacement category, the applicant must list a usage rate based on the average annual historical use of the vehicle or equipment. The applicant must include a detailed explanation in the application on how the

usage was determined for each proposed activity. The applicant must also provide any documentation to verify the historical usage, including official records listing the odometer or hour meter readings from two years ago and a picture of the current odometer or hour meter reading.

- Under the Repower or Retrofit category, if the applicant has operated the vehicle or equipment for at least two years and can provide documentation that the proposed usage represents the average historical annual usage for the preceding two years, the TCEQ may consider waiving the GPS and tracking and reporting requirements. The TCEQ will not consider a waiver if the odometer or hour meter are not currently working. If the applicant does not have two years of historical usage documentation, the applicant may still apply for Option 2 and explain how the proposed usage rate was determined, but the TCEQ will not be able to consider waiving the usage commitment and requirement to install GPS and track and report on usage.
- Under the New Purchase or Lease category, applicants may apply under Option 2 and provide an explanation of how the usage rate was determined. However, the TCEQ will not consider waiving the GPS and tracking and reporting requirements under Option 2 for this category.

1.12 GRANT ADMINISTRATION AND REIMBURSEMENT OF EXPENSES

a. In order to ensure that all allocated funds are used under this program, the TCEQ may select projects and award contracts that may ultimately exceed the amount of funding received. Grant contracts will include a Notice to Proceed (NTP). The TCEQ will provide an NTP to the grant recipient when/if funds are available to cover the grant. Any expenses incurred by the grant recipient prior to receiving the NTP will be at the grant recipient's own risk.

b. Except as provided for under Section c. below, payments will be made on a reimbursement basis for eligible expenses incurred and paid by the grant recipient. A cost may not be considered incurred until the grant-funded goods and services have been received and accepted by the grant recipient. Requests for reimbursement may be submitted to the TCEQ no more frequently than monthly. Grant recipients will be required to provide documentation to show that equipment or services have been received and the expenses have been incurred and paid by the grant recipient, before reimbursement is provided by the TCEQ.

c. Subject to approval by the TCEQ, the grant recipient may assign the payments due from the TCEQ directly to the supplier, subcontractor, financing or leasing company, or other entity from which the goods or services were procured, leased, or financed by the grant recipient. A properly completed Texas Application for Payee Identification Number and Notice of Assignment must be completed and submitted with the Request for Reimbursement form. Under this option, the goods and services included under a cost must have been received and accepted by the grant recipient, and the grant recipient must have an obligation to pay the expense.

d. Financial information will be required with each request for reimbursement listing the status of all expenses and budget items. Reporting forms will be provided by the TCEQ.

e. For replacement projects, the scrap value is considered a cost of performing the Grant Activities and as such must be reasonable. By reasonable, the value received for the vehicle or equipment being replaced must be the result of arms-length bargaining with the entity taking the old vehicle or equipment. The remuneration received and reported to the TCEQ must reflect the actual reasonable scrap value of the old vehicle or equipment. A grant recipient may be required to list on the financial reporting forms any money or in-kind value received in exchange for the scrapped vehicle or equipment including, but not limited to, cash, goods, services (including the services provided by a consultant to assist in preparing and/or submitting a grant application), gifts, intangibles, discounts, or any other items of value. For on-road vehicle and non-road equipment replacement projects, the TCEQ may use a default scrap value of $1,000 in lieu of the grant recipient reporting the actual remuneration received.

f. Unless otherwise approved by the TCEQ, all project costs must have been incurred and grant funded vehicles received before the end of the Period of Funds Availability indicated in Article 4 of the contract. All final requests for reimbursement will need to be submitted within 45 days after this date..

g. For any grant activity where the grant-funded vehicle or equipment will be acquired and used under a lease or lease-purchase agreement, the period of the lease agreement must extend for at least the Activity Life or, if the lease terminates before the end of the Activity Life, the lease agreement must include a binding commitment for the grant recipient to pay any remaining costs and to obtain title and take ownership of the vehicle or equipment. 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.

h. Also, reimbursement will not be authorized for pre-payment of future periodic lease or finance payments. A grant recipient will need to either ensure that sufficient payments will be made prior to the end of the period over which reimbursements may be made to use the grant amount or structure the financing or lease agreement to allow for an up-front payment in return for lower periodic payments.

1.13 MONITORING AND REPORTING

a. The grant recipient must agree to monitor the use of grant-funded equipment or qualifying fuel for the designated Activity Life. The Activity Life is the period of time (in years) used to calculate the amount of NO_X emissions reductions that will be achieved through the use of the grant-funded equipment or qualifying fuel.

b. The beginning and ending dates for the life of each grant-funded activity will be established by the TCEQ. For replacement and repower activities, the beginning of the Activity Life will normally be set on the date that the report verifying that the vehicle, equipment, and/or engine being replaced has been properly disposed of is received by the TCEQ. For other types of activities, the Activity Life will normally start on the reimbursement date. For infrastructure projects, the activity start date will normally be either the date that the infrastructure is completed or the date that all of the vehicles and equipment that used to calculate the emissions reductions begin using the infrastructure, whichever is later.

c. Semi-annual reports on the use of the grant-funded equipment or qualifying fuel will be required, using forms to be provided by the TCEQ. The TCEQ may authorize annual reporting after the initial reports are received and it is determined that the grant recipient is meeting the grant conditions.

d. Grant recipients must agree to place an identifying mark or label to be provided by the TCEQ on the grant-funded vehicles or equipment if requested to do so by the TCEQ.

e. The grant recipient must agree to install and use a device for tracking the location of grant-funded vehicles and equipment if requested to do so by the TCEQ.

f. If an alternative disposition plan is approved for a locomotive project, the grant recipient must agree to monitor and track the location of the replaced locomotive to ensure that it is not returned to the State of Texas. The grant recipient must also agree to provide the TCEQ with the monitoring information, upon request. The grant recipient must notify the TCEQ immediately if the use of the locomotive, including location of use, deviate from the approved alternative disposition plan.

1.14 PERFORMANCE EVALUATION

The TCEQ will prepare written evaluations of the performance of the grant recipient upon completion of all reimbursements and also upon the completion of the life of the project or more frequently, as deemed necessary by the TCEQ. The performance rating on contractor evaluations for a past grant may be considered by the TCEQ in evaluating an application from the grant recipient for additional funding under this program. A rating of marginal or unsatisfactory performance may be used as a basis to lower or otherwise change the priority and ranking of a future application.

1.15 FUNDING

The total amount to be awarded under this grant program will depend upon the amount of revenue received into the TERP account. The TCEQ will not be obligated to select project proposals to cover the full amount of expected or available funding.

The TCEQ may select parts of a proposal for funding and may offer to fund less than the dollar amount requested in a proposal.

2.0 APPLICATION PROCESS

2.1 REQUIRED FORMS

Application forms and complete guidelines and criteria on the activities eligible for funding under this program may be viewed and downloaded from the TERP website at <www.terpgrants.org >. Refer to Appendix B for instructions on completing the application forms. Also refer to Appendices C-E for information needed to complete the forms.

2.2 APPLICATION SUBMISSION

To apply for funding, applicants must complete and submit a grant application which includes the required information described in the instructions in Appendix B of this RFGA. Two (2) copies of the completed forms should be submitted to:

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

Express Mail:
Texas Commission on Environmental Quality
Air Quality Division
Implementation Grants Section (ERIG), MC-204
12100 Park 35 Circle
Austin, TX 78753

2.3 DEADLINE FOR SUBMISSION

Proposals will be accepted for consideration during this grant period only if received at the front desk, Rm. 2202, 2nd floor of Building F on the premises of the TCEQ by no later than 5:00 p.m. Central Time, November 30, 2012. Applications received in the TCEQ mail room on this date, are not guaranteed to be delivered to Rm. 2202 by the required deadline, so applicants are encouraged to plan their submission accordingly. Applicants are encouraged to submit an application as early as possible.

2.4 USE OF CONSULTANTS

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

The applicant must indicate on the application if the application was prepared by a third party. In those cases, the third-party preparer must also sign the application and certify that the information provided is correct.

2.5 ADDITIONAL PROGRAM INFORMATION

Individuals desiring further information are encouraged to call the TERP staff at 1-800-919-TERP (8377).

2.6 PUBLIC INFORMATION

Upon submission, all proposals become the property of the State of Texas and as such become subject to the Texas Open Records Act, V.T.C.S. art. 6252-17a.

3.0 SELECTION CRITERIA

Primary Criteria − Factors that will be used to evaluate the project proposals include:

a. **Cost Per Ton.** The cost per ton is determined by dividing the grant amount by the projected tons of reduction in NO_X emissions to be achieved over the life of the project.

b. **Achieving the Goals of the Texas Emissions Reduction Plan (TERP**). This factor will be based on the potential for the project to best address the goals of the TERP and the air quality needs of the area. Consideration may be given to the criteria explained below.

   1) Overall impact on air quality, including consideration of the overall amount of projected NO_X emissions reductions and length of the project.

   2) Achieving the overall goals of the TERP to advance the use of clean technologies, including the potential for the project to encourage others to use the technology and to result in the wider use of the technology in the regional area.

c. **Emissions Reductions Potential.** The potential for the project to achieve the projected emissions reductions, including, but not limited to, the following:

   1) consideration of information regarding the technology and the emissions reductions; and

   2) the quality and reliability of the information used to estimate the future use of the grant-funded equipment, vehicles, or infrastructure.

d. **Additional Criteria.** In addition to the selection criteria explained above, and regardless of the scores and ranking assigned to a project, the TCEQ may consider the additional criteria explained below when selecting applications for grant funding. The TCEQ may assess the risks associated with a project and may classify or otherwise categorize projects according to the assessed risks separate from the general scoring and ranking. The TCEQ is not obligated to fund a proposal from an applicant or for a project based on a determination of the risks and other factors associated with the applicant and/or project, including the factors outlined below.

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

   2) The TCEQ may make selection for funding contingent upon agreement by the applicant with additional conditions or changes to the project pertaining to equipment, logistical considerations, expenses, and other program elements.

3) The TCEQ may select parts of a proposal for funding and may offer to fund smaller amounts and/or a smaller percentage of the eligible incremental costs than requested in the application. The TCEQ may fund projects at less than the cost per ton funding limits.

4) 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.

5) The TCEQ is not obligated to fund a proposal from an applicant that has demonstrated marginal or unsatisfactory performance on previous grants and contracts with the TCEQ and other state agencies. A rating of marginal or unsatisfactory performance on past contracts may be used as a basis to lower or otherwise change the priority and ranking of an application.

6) The TCEQ is not obligated to fund a proposal from an applicant or for a project based on a determination of the risks, including the financial condition of the applicant, the extent to which application information is verified by supportable documentation and pre-award site visit evaluation, and other risk factors as may be determined by the TCEQ. The TCEQ may also include additional controls in a grant contract to address the risks that may be involved with providing a grant to an applicant considered to be high risk.

7) The TCEQ is not obligated to fund a proposal from an applicant that is under federal, state, or local enforcement action for violation of environmental laws or permit conditions.

8) The TCEQ is not obligated to fund a proposal from an applicant with an overall compliance history classification of Poor (45.01 or greater) on the TCEQ's Compliance History Database, for applicants that are subject to the rating.

9) The TCEQ is not obligated to fund a proposal where the emissions reductions are speculative in nature and which pose a higher risk of not being achieved, such as infrastructure projects where the emissions reductions are based on conversion of vehicles or equipment which have not yet been identified or which are not under the control of the applicant. Regardless of the score assigned to these types of projects, the TCEQ may place such projects at a lower priority for funding or choose not to fund such a project, based on the risks that the project will not achieve the projected emissions reductions.

4.0 APPLICATION REVIEW AND SELECTION PROCESS

4.1 APPLICATION REVIEW

The TCEQ will review the applications and will notify applicants of any needed changes or additional information.

4.2 PROJECT SELECTION

Properly completed applications for eligible projects will be evaluated, scored, and ranked.

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

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.

4.3 GRANT AWARD AND CONTRACTING

An example contract shell will be made available on the TERP website. Successful applicants will be notified by phone or other means of their selection and the amount of grant funds that may be awarded. At that time, the applicant will need to confirm to the TCEQ if the applicant intends to accept the grant. A grant contract will be developed and provided to the applicant to sign and return to the TCEQ. Upon signature and execution of the contract by the TCEQ, a copy of the signed contract will be returned to the applicant, at which time the grant will be considered awarded.

For rail relocation and improvement projects, the grant application will be considered the initial project proposal. If a project under this category is selected for funding, the TCEQ may use a different contract shell than used for the other TERP project categories. The TCEQ may work with the grant applicant to develop a more detailed scope of work, schedule of deliverables, and budget than originally included in the application. The contract development and approval process for this project category may take longer than for other types of projects and will require additional negotiations after selection of the project in order to develop the final contract documents.

4.4 NOTICE TO PROCEED

The execution of a contract will not be the final commitment by the 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.

The TCEQ may also make issuance of a NTP contingent upon receiving any additional documentation and information that may be needed from the applicant, including inspection by the TCEQ of a vehicle, equipment, and/or engine to be replaced under the grant to verify information and the condition of the vehicle, equipment, or engine.

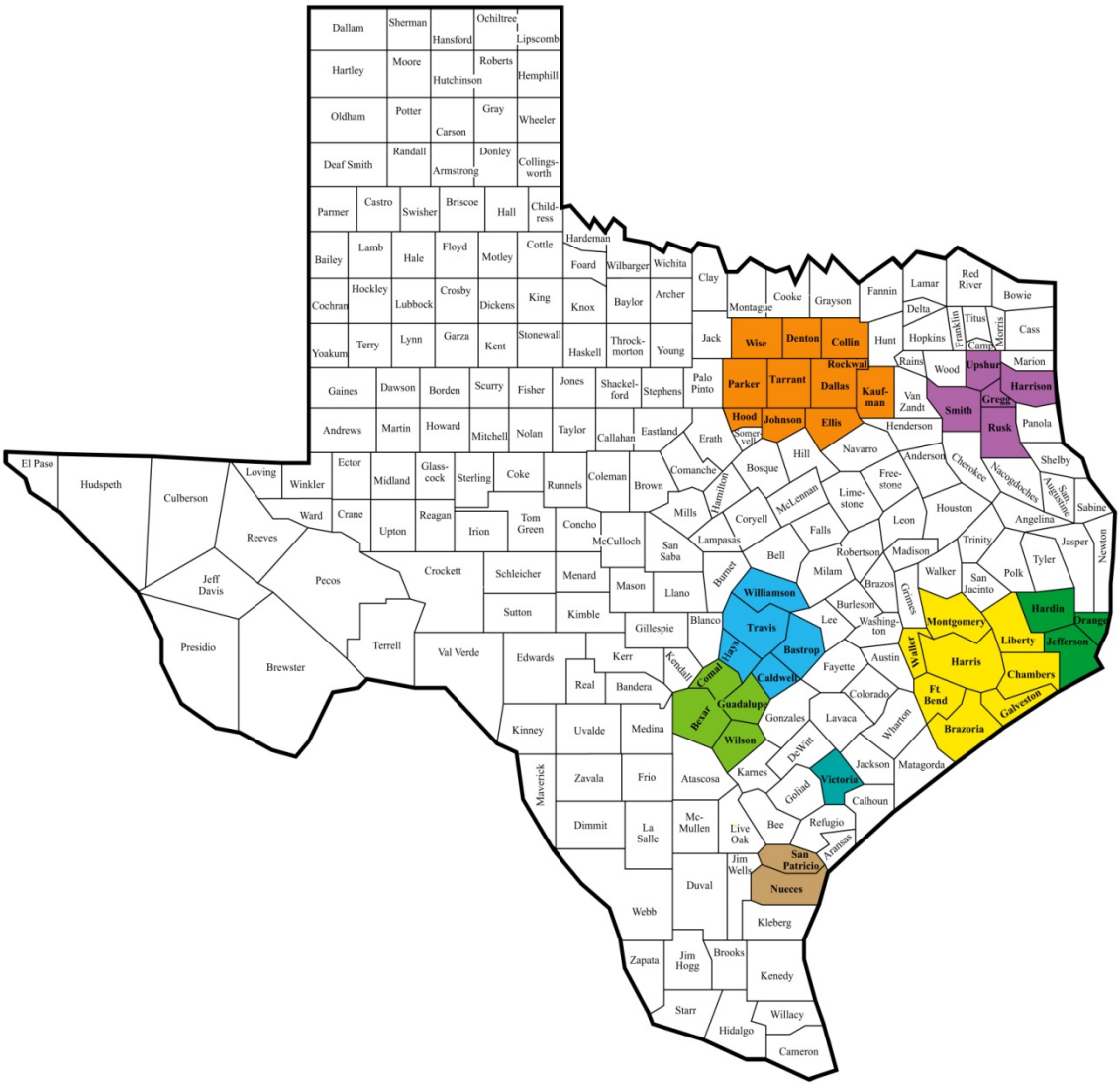
4.5 CONTRACT TERM

For purposes of funding and fulfillment of the TCEQ's obligations to provide reimbursement under the grant, a date will be specified in the contract by which all expenses must have been incurred and reimbursement requested. The contract term will then extend for the activity life. The grant recipient will need to agree with and obligate to commitments for achieving emissions reductions for the life of each activity. Before signing a grant contract, grant recipients must read and agree to the commitments under the grant contract, including the deadlines for incurring expenses and requesting reimbursement and the obligations over the full contract term.

5.0 CONSIDERATION OF APPLICATION IN FUTURE GRANT ROUNDS

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

APPENDIX A: EMISSIONS REDUCTION INCENTIVE GRANTS (ERIG): MAP OF ELIGIBLE COUNTIES



ELIGIBLE COUNITES

Austin Area: Bastrop, Caldwell, Hays, Travis, and Williamson Counties
Beaumont-Port Arthur Area: Hardin, Jefferson, and Orange Counties
Corpus Christi Area: Nueces and San Patricio Counties
Dallas-Fort Worth Area: Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties
Houston-Galveston-Brazoria Area: Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties
San Antonio Area: Bexar, Comal, Guadalupe, and Wilson Counties
Tyler-Longview Area: Gregg, Harrison, Rusk, Smith, and Upshur Counties
Victoria Area: Victoria County

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APPENDIX B: INSTRUCTIONS FOR COMPLETING THE APPLICATION FORMS

1.0 APPLICATION COMPLETION AND SUBMISSION

Use the TCEQ-10430 application form and the appropriate Supplemental Activity Form (i.e., 10430a – 10430h) when submitting an ERIG application. The application forms can be found on the TERP website at <www.terpgrants.org>. Before completing the application forms, you should read the RFGA and Terms and Conditions. The Authorized Official must sign the application forms, and the forms must contain original signatures.

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

1.1 HOW TO APPLY

a. Application forms that are altered will not be accepted. DO NOT staple or put the application into binders. Please rubber band or paperclip applications.

b. Applications may not contain activities from more than one type of emissions source (on-road, non-road, marine, locomotive, or stationary).

c. If applying as an individual or sole ownership, you must provide a photocopy of a state or federal identification card (i.e., driver's license).

d. Grant applicants must complete the W-9 Forms and submit with the application. Forms can be downloaded on the Internal Revenue Service (IRS) website at <www.irs.gov>.

e. Photocopies, faxes, scanned copies, or other copies of forms with required original signature will not be accepted.

f. Attach all required attachments. Depending on the project type, attachments may include: detailed quotes/bids, color photographs of the vehicle/equipment to be replaced, proof of registration and current safety inspection, and/or a copy of the vehicle title.

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

1.2 HOW TO SUBMIT AN APPLICATION

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.

Submit two (2) copies (at least one copy must have original signatures) of the completed application to:

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

Express Mail:
Texas Commission on Environmental Quality
Air Quality Division
Implementation Grants Section (ERIG), MC-204
12100 Park 35 Circle
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 workbook 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”.

Application Processing:

After the close date of the application period, TCEQ staff will review all received grant applications. The applicant will be notified if any additional information is needed or if there are any discrepancies. The application will then be scored and ranked according to the process listed in this RFGA.
This is a reimbursement program and applications are considered in a competitive manner. Submission of an application does not guarantee grant funding.

1.3 HOW TO COMPLETE AN APPLICATION

TCEQ FORM 10430 – PROJECT APPLICATION FORM

a. **Form 1 – Signature Page**

1) Section 1 – Applicant/Company Legal Name

The legal name of the grant applicant (business entity or person) should match the name on Supplemental Form 3: Payee Information.

2) Section 2 – Primary Areas for the Project

Check the primary area where the vehicle/equipment will be operating for the life of the project. Only one area should be checked.

3) Section 3 – Authorized Official

The Authorized Official is the applicant or an employee of the applicant authorized to apply for the grant.

This section must be completed and signed by the Authorized Official.

b. **Form 2 – Third-Party Preparer Signature Page**

Indicate on this form whether the application has been prepared with the assistance of a third party, including a consultant, dealer, or other person not employed by the applicant. Mark the appropriate box with an "X". If YES, the third-party preparer must complete and sign this form.

c. **Form 3 – Supplemental Activity Information**

1) Section 1 – Supplemental Activity Application Forms Attached

- Select which Supplemental Activity Application Form(s) will be included with the application. If you are applying for more than 20 activities under this project, a separate Supplemental Activity Application Form must be used.
- Infrastructure Projects – If applying for an infrastructure project, you may combine the application form with another Supplemental Activity Application Form (e.g., submit one TCEQ – 10430 Application Form, one 10430b Replacement Supplemental Activity Application Form, and one 10430f On-Site Electrification Supplemental Activity Application Form).

2) Section 2 – Total Number of Activities

Write in the total number of activities/projects (vehicles/equipment) included in this application.

3) Section 3 – Project Grant Amount

Enter the Total Incremental Cost/Total Project Cost. Add the Incremental/Total Project Cost for all activities to obtain the total incremental/total project cost for the project. Enter the Total Grant Amount Requested – Add the grant amounts requested for all activities to obtain the total grant amount requested for the project.

4) Section 4 – Waivers

- If you submitted a request to waive eligibility requirements prior to submitting the application and received a waiver control number from the TCEQ, check YES and provide the control number in the space provided. If you did not, check NO.
- If you are submitting a request to waive eligibility requirements with the application, check YES and attach a written waiver request according to the instructions in Appendix F of this RFGA. If you are not submitting a request to waive eligibility requirements, check NO.

d. **Form 4 – Contact Information**

1) Section 1 – Authorized Official

Provide the name, title, and address of the Authorized Official. The Authorized Official is the applicant or person authorized by the applicant to apply for this grant. Include both mailing address and physical address, if different.

2) Section 2 – Designated Project Representative

- Provide the name and address of the Designated Project Representative. The designated project representative is the applicant or an employee of the applicant who will serve as the grant contact and will be responsible for receiving and submitting grant documents, including semi-annual usage reports. This person may not be a consultant, dealer, or subcontractor.
- If the Authorized Official and the Designated Project Representative of the grant applicant is the same person, you do not have to repeat the information and instead you can mark an "X" in the designated box.

3) Section 3 – Location for Records Access

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

e. **Supplemental Form 1 – Program Specific Certifications**

The applicant must read this form in its entirety. By signing the application, the applicant confirms that it understands and agrees to the program requirements.

f. **Supplemental Form 2 – General Certifications (2 pages)**

The applicant must read this form in its entirety. By signing the application, the applicant confirms that it understands and agrees to the statements.

g. **Supplemental Form 3 – Payee Information**

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

1) Section 1 – 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.

- The name that appears in Section 1 will be used for contracting purposes as the legal name for that contract.

2) Section 2 – Payee Identification Number (PIN)

   Enter the applicant's Social Security Number (SSN), if applying as an individual or sole proprietor, or enter the Federal Employer's Identification (FEI) Number if applying as a company or other entity. Only provide one required number.

3) Section 3 – Texas Taxpayer Number

   Mark the box with an "X" if you currently report any Texas tax to the Comptroller's Office other than unemployment. 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. Enter the third party's name and complete mailing address for grant payments.

5) Section 5 – Ownership Codes

   Mark the appropriate box with an "X" for the ownership type that applies to this application. Include any specific information for that ownership type, if indicated. Only mark one ownership code.

6) Section 6 – Business Type

   Provide the applicant's primary type of business in the designated space provided (i.e., gravel hauling, delivery, excavation, school, etc.)

h. **Supplemental Form 4 – Child Support Certification**

All individuals or business entities, including sole ownerships, must complete this form regardless of whether child support obligations apply to the grant applicant. Mark the appropriate box with an "X" that applies to the grant applicant. If the first box is checked, you must fill in all individuals' names and Social Security numbers that own 25% or more of the business. This form must be signed by the Authorized Official.

TCEQ FORM 10430A – NEW PURCHASE OR LEASE OF HEAVY-DUTY VEHICLES AND EQUIPMENT

If applying to purchase or lease heavy-duty vehicles or equipment you must completed and submit this form with the Project Application Form (TCEQ - 10430).

For a new purchase or lease activity, the new vehicle/engine must be certified to be at least 25 percent cleaner for NO_X emissions than the federal NO_X emissions standard that applies to that type and model year of engine. Normally, to qualify under the provision, the manufacturer will need to have obtained a family emissions limit (FEL) certification for the engine from the EPA, documenting that the engine is cleaner than the standard. You must submit the certification form or other evidence that the engine is certified to be cleaner than the applicable federal NO_X emissions standards.

a. **Form 1 − General Information**

1) Section 1 − Emission Source

   Mark the appropriate box with an “X” for your project. Only one source may be selected.

2) Section 2 – Has the purchase already been completed?

   If you have already purchased the vehicle or equipment, check YES and provide the date of purchase. If not, check NO and provide an estimated number of months until you expect to make the purchase.

3) Section 3 − Has this activity been included in a previous application to TCEQ?

   If the vehicle/equipment you are applying to purchase or lease has already been submitted in a previous application to the TCEQ, check YES and provide a brief description of the program and date of application. If not, check NO.

4) Section 4 –What will be the primary use of the locomotive?

   Identify the primary use of the locomotive by marking the appropriate box with an “X”. The Industrial Rail category includes locomotives owned or leased by or otherwise contracted to serve an individual industrial, commercial, or military entity/operation. This may include locomotives operating within a single facility or a locomotive used to move a limited number of rail cars among several facilities operated by that entity. Rail operations providing service to multiple industrial or commercial entities would not normally fall under this category. However, the TCEQ retains the discretion to classify a rail operation as industrial for purposes of assigning a default usage rate if it is determined that the locomotive will only be used on a limited basis.

5) Section 5 – The new locomotive will be what type?

   Mark the appropriate box with an “X” as it applies to the locomotive.

6) Section 6 – Provide a brief explanation of the primary use of the locomotive in the box provided.

7) Section 7 − Is the non-road equipment used for natural gas recovery purposes? Mark the appropriate box with an “X” (non-road equipment only). This designation should only be made if the primary purpose and use of the equipment is for natural gas recovery, as determined by the TCEQ, and the applicant chooses not to commit to operate the equipment at least 75% of the

annual hours of operation, as designated in the application and contract, in the eligible counties that the applicant designates in the application. If the applicant chooses to commit to the annual use requirements, this box should not be checked. If the box is checked, also complete Supplemental Form 2: Non-Road Heavy-Duty Equipment Used for Gas Recovery Purposes.

b. **Forms 2.1 through 2.4 – Baseline Vehicle/Equipment used for Comparison**

1) Enter the activity number beginning with activity 1 on the top row.

2) Fill out each box with the appropriate information for the baseline vehicle/equipment used for comparison.

3) If you are purchasing or leasing more than 20 vehicles or pieces of equipment under this project, a separate Supplemental Activity Application Form must be used.

c. **Forms 3.1 through 3.4 – New Purchase or Lease Vehicle/Equipment Information**

1) Enter the activity number beginning with activity 1 on the top row.

2) Fill out each box with the appropriate information for the new vehicle/equipment.

3) If you are purchasing or leasing more than 20 activities under this project, a separate Supplemental Activity Application Form must be used.

d. **Forms 4.1 through 4.4 – Vehicle Financial Data**

1) Section 1 – Incremental Cost/Cost to the Applicant Calculation

The Excel version of this form has formulas built in that will perform calculations as you enter the data. Provide all the financial data for each activity. If you are purchasing or leasing more than 20 activities under the project, a separate Supplemental Activity Form must be used.

a) Capital Cost – Vehicle/Equipment Purchase (A): Enter the invoice cost or cash basis for the lease cost of the vehicle/equipment, including taxes, duty, protective in transit insurance, and freight charges.

b) Global Positioning System (B): If you selected Option 2 as your usage commitment, you will be required to install a GPS system provided by the TERP GPS Monitoring Service (TGMS) Contractor, Precision Tracking Services, Inc., unless this requirement is waived by the TCEQ. Refer to our website www.terpgrants.org to obtain the latest price and contact information, or you may contact them directly at 214-810-5558.

c) Price estimate for the baseline vehicle/equipment (C): Enter the baseline cost of the vehicle/equipment to include taxes and fees.

d) Other Financial Incentives and Tax Credits (D): Enter the total amount of any other incentives or credits that will apply to the purchase or lease of the vehicles/equipment.

e) Incremental Cost/Cost to Applicant (E): (A+B-C-D=E): The Capital Cost plus the GPS cost (if applicable), minus other financial incentives (if applicable) equals the Incremental Cost. This field will be automatically calculated if you are using the Excel version.

2) Section 2 – Maximum Grant Amount Calculation

   a) Incremental Cost/Cost to Applicant (E): Enter the Incremental Cost amount that was calculated in Section 1 (E). This field will be pre-populated if you are using the Excel version.

   b) Maximum Percentage (F): The eligible grant award for each activity will be based on a percentage of the incremental cost. The maximum percentage is determined by the vehicle/equipment you are purchasing or leasing. Refer to Section 1.5 of this RFGA to determine the maximum percentage.

   c) Maximum Eligible Grant Amount (G): Multiply line Incremental Cost by line maximum % (E x F=G): This field will be automatically calculated if you are using the Excel version (e.g., if the maximum percentage of the incremental cost is 80%, then multiply by 0.8).

   d) Grant Amount Requested for this Activity: This amount must be equal to or less than the Maximum Eligible Grant Amount (G).

3) Section 3 – Other Financial Incentives and Tax Credits:

   Provide an explanation in the box provided of the source of other financial assistance to be used for the purchase or lease of this vehicle/equipment that was reported in Section 1 of this form. This assistance does not include the amount you finance through a bank or other third-party to purchase the equipment.

4) Section 4 – Financing or Lease Terms for Vehicles/Equipment

   Mark the appropriate box with an "X" of the payment option for the purchase or lease of the vehicle/equipment. Only one may be marked.

   Explain the financing or lease terms in the space provided including the length (months) of the financing or lease agreement.

5) Section 5 – Procurement Process

   Explain in the box provided the procurement process to select the dealer or the vehicle/equipment. You must include three bids or quotes to this supplemental form. If only one bid or quote is attached, you must provide an explanation why.

e. **Forms 5.1 through 5.4 – Activity Life and Area**

(Refer to Appendix D of this RFGA for the minimum and maximum activity life)

1) Enter the activity number beginning with activity 1 on the top row.

2) Enter the activity life for this project. The minimum activity life for activities submitted under this RFGA is five years.

3) Enter the percent of annual use the vehicle or equipment will be used in the eligible areas that apply to each activity. The total annual usage for each activity may not be less than 75% in the eligible areas. For on-road vehicles, 75% of the annual use must be in the eligible areas or a combination of the eligible areas and designated highways and roadways. Non-road equipment used primarily for natural gas recovery may be exempt from the annual use requirements. If this exemption is requested, the applicant should mark the eligible areas it intends to operate the equipment over the activity life to meet the emissions reduction commitment and cost-effectiveness requirements. If you have more than 20

activities under the project, a separate Supplemental Activity Application Form must be used.

4) Provide a brief travel description of the typical routes for the grant funded vehicle/equipment that applies to the activities on the application form (If the travel description is different for each activity listed on this form, a separate Supplemental Activity Form must be submitted).

f. **Form 6 – Usage (Read this form carefully)**

1) Section 1−Usage Commitment Option

a) Enter the usage commitment option in the box provided.

b) For detailed information regarding the two options, refer to Section 1.11 Usage Commitment in this RFGA.

2) Section 2 – Annual Usage

a) Indicate the annual usage type (i.e., miles, gallons, or hours) in the box provided.

b) Enter the activity number beginning with activity 1 on the top row.

c) List the annual usage for the activity. If choosing Option 1 and accepting the default usage values, refer to Appendix C for the annual usage value to be used for each activity. If applying for more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.

g. **Checklist** − Review this form to ensure that all appropriate forms are signed and all additional documents are included in the application packet.

1) a detailed original price quote plus two other bids or quotes for the purchase of the vehicle/equipment/engine if it has not been purchased; or an original purchase, lease, or financing agreement and/or invoice showing the price paid.

2) a signed W-9 (request for taxpayer identification number and certification form)

3) waiver Request (if applicable); and

4) A photocopy of a state or federal issued identification card (if the applicant is an individual or sole ownership).

TCEQ FORM 10430B − REPLACEMENT OF HEAVY-DUTY VEHICLES AND EQUIPMENT

If applying to replace heavy-duty vehicles or equipment you must complete and submit this form with the Project Application Form (TCEQ - 10430). Vehicles greater than 8,500 lb GVWR and that contain engines that are certified to the federal heavy-duty on-road diesel engine emission standards will be considered heavy-duty vehicles. Non-Road equipment must be powered by 25 horsepower (HP) or greater. Replacement projects must be certified to emit at least 25 percent less NO_X than required under the current federal standard for the engine being replaced.

a. **Form 1 – General Information**

1) Section 1 – Emission Source

   Mark the appropriate box with an "X" for your project. Only one source may be selected.

2) Section 2 – Has the purchase already been completed?

   If you have already purchased the replacement vehicle/equipment, check YES and provide the date of purchase. If not, check NO and provide an estimated number of months until you expect to make the purchase.

3) Section 3 – Has this activity been included in a previous application to TCEQ?

   If the vehicle/equipment you are applying to replace has already been submitted in a previous application to the TCEQ, check YES and provide a brief description of the program and date of application. If not, check NO.

4) Section 4 –What will be the primary use of the locomotive?

   Identify the primary use of the locomotive by marking the appropriate box with an "X". The Industrial Rail category includes locomotives owned or leased by or otherwise contracted to serve an individual industrial, commercial, or military entity/operation. This may include locomotives operating within a single facility or a locomotive used to move a limited number of rail cars among several facilities operated by that entity. Rail operations providing service to multiple industrial or commercial entities would not normally fall under this category. However, the TCEQ retains the discretion to classify a rail operation as industrial for purposes of assigning a default usage rate if it is determined that the locomotive will only be used on a limited basis.

5) Section 5 – Does the old locomotive/engine have a start/stop device?

   Mark the appropriate box with an "X" as it applies to the locomotive.

6) Section 6 – The new locomotive will be what type?

   Mark the appropriate box with an "X" as it applies to the locomotive.

7) Section 7 − Provide a brief explanation of the primary use of the locomotive in the box provided.

8) Section 8- − Is the non-road equipment used for natural gas recovery purposes? Mark the appropriate box with an "X" (non-road equipment only). This designation should only be made if the primary purpose and use of the

equipment is for natural gas recovery, as determined by the TCEQ, and the applicant chooses not to commit to operate the equipment at least 75% of the annual hours of operation, as designated in the application and contract, in the eligible counties that the applicant designates in the application. If the applicant chooses to commit to the annual use requirements, this box should not be checked. If the box is checked, also complete Supplemental Form 2: Non-Road Heavy-Duty Equipment Used for Gas Recovery Purposes.

b. **Forms 2.1 through 2.4 – Old Vehicle/Equipment Information**

1) Enter the activity number beginning with activity 1 on the top row.
2) Fill out each box with the appropriate information for the old vehicle or equipment.
3) If you are replacing more than 20 activities under the project, a separate Supplemental Activity Application form must be used

c. **Forms 3.1 through 3.4 – New Vehicle/Equipment Information**

1) Enter the activity number beginning with activity 1 on the top row.
2) Fill out each box with the appropriate information for the replacement vehicle or equipment.
3) If you are replacing more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.

d. **Price Analysis for Vehicle/Equipment Being Purchased (read this form carefully)**

The applicant is required to submit the original price quote, invoice, or purchase order for the replacement vehicle/equipment listed in the application. In addition, the applicant must provide the price comparison information from one of the options on this form. You must select an option for each activity listed in the application and enter that option on Forms 4.1 through 4.4. Governmental entities must follow competitive purchasing laws applicable to that entity in making a grant-funded purchase.

1) Section 1 – No Price Comparison Information.

   Option A or Option B. Select the appropriate option and enter that option on Forms 4.1 through 4.4.

2) Section 2 – Price Comparison Information.

   Option C through Option G. Select the appropriate option and enter that option on Forms 4.1 through 4.4.

3) Section 3 – No Price Comparison Information Available.

   Option H. This option will only be accepted in unusual or special circumstances, such as with a unique type of vehicle or equipment. Provide an explanation of why no price comparison information, along with a justification for why the price should be considered in available in the space provided.

e. **Forms 4.1 through 4.4 – Vehicle Financial Data**

1) Section 1 – Incremental Cost/Cost to the Applicant Calculation

The Excel version of this form has formulas built in that will perform calculations as you enter the data. Provide all the financial data for each activity. If you are replacing more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.

- Price Analysis Option: Enter the price analysis option selected.

a) Capital Cost – Vehicle/Equipment Purchas (A): Refer to the price quote or the invoice of the replacement vehicle/equipment to obtain the capital cost of the activity.

b) Global Positioning System (B): If you selected Option 2 as your usage commitment, you will be required to install a GPS system provided by the TERP GPS Monitoring Service (TGMS) Contractor, Precision Tracking Services, Inc., unless this requirement is waived by the TCEQ. You may include the cost of the GPS unit and installation as part of the incremental cost calculation. Refer to our website www.terpgrants.org to obtain the latest price and contact information, or you may contact them directly at 214-810-5558.

c) Scrappage Value (C): The default scrap value is $1,000.00 for heavy duty vehicles or equipment replacement projects. Marine and Locomotive projects must provide a reasonable scrappage value.

d) Other Financial Incentives and Tax Credits (D): Enter the total amount of any other incentives or credits that will apply to the purchase of the vehicle/equipment.

e) Incremental Cost/Cost to Applicant (E): (A+B-C-D=E): The Capital Cost plus the GPS cost (if applicable), minus the scrap value, minus other financial incentives (if applicable) equals the Incremental Cost. This field will be automatically calculated if you are using the Excel version.

2) Section 2 – Maximum Grant Amount Calculation

a) Incremental Cost/Cost to Applicant (E): Enter the Incremental Cost amount that was calculated in Section 1, (E). This field will be pre-populated if you are using the Excel version.

b) Maximum Percentage (F): The eligible grant award for each activity will be based on a percentage of the incremental cost. The maximum percentage is determined by the vehicle or equipment you are replacing. Refer to Section 1.5 of this RFGA to determine the maximum percentage.

c) Maximum Eligible Grant Amount (G): Multiply line Incremental Cost by line maximum %: (E X F=G). This field will be automatically calculated if you are using the Excel version (e.g., if the maximum percentage of the incremental cost is 80%, then multiply by 0.8).

d) Grant Amount Requested for this Activity: This amount must be equal to or less than the Maximum Eligible Grant Amount (G).

3) Section 3 – Other Financial Incentives and Tax Credits:

   Provide an explanation in the box provided the source of other financial assistance to be used for the purchase or lease of this vehicle that was reported in Section 1 of this form. This assistance does not include the amount you finance through a bank or other third-party to purchase the equipment

4) Section 4 – Financing or Lease Terms for Replacement Vehicles

   Mark the appropriate box with an "X" of the payment option for the replacement vehicle/equipment.

   Explain the financing or lease terms in the space provided including the length (months) of the financing or lease agreement.

f. **Forms 5.1 through 5.4 – Activity Life and Area**

(Refer to Appendix D of this RFGA for the minimum and maximum activity life)

1) Enter the activity number beginning with activity 1 on the top row.
2) Enter the activity life for this project. The minimum activity life for activities submitted under this RFGA is five years.
3) Enter the percent of annual use the vehicle or equipment will be used in the eligible areas that apply to each activity. The total annual usage for each activity may not be less than 75% in the eligible areas. For on-road vehicles, 75% of the annual use must be in the eligible areas or a combination of the eligible areas and designated highways and roadways. Non-road equipment used primarily for natural gas recovery may be exempt from the annual use requirements. If this exemption is requested, the applicant should mark the eligible areas it intends to operate the equipment over the activity life to meet the emissions reduction commitment and cost-effectiveness requirements. If you have more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.
4) Provide a brief travel description of the typical routes for the grant funded vehicle/equipment that applies to the activities on the application (if the travel description is different for each activity listed on this form, a separate Supplemental Activity Form must be used).

g. **Form 6 – Usage Commitment (Read this form carefully)**

1) Section 1−Option

   Enter the usage commitment option in the box provided.

   For detailed information regarding the two options, refer to section 1.11 Usage Commitment in this RFGA.

2) Section 2 – GPS

   Select YES or NO if you would prefer to use Option 1 defaults if the TCEQ finds the supporting historical use documentation inadequate and does not wave the GPS requirements.

3) Section 3 – Annual Usage

   a) Indicate the annual usage type (i.e., miles, gallons, or hours).
   b) Enter the activity number beginning with activity 1 on the top row.

c) List the annual usage for the activity. If choosing Option 1 and accepting the default usage values, see Appendix C for the annual usage value to be used for each activity. If applying for more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.

h. **Form 7 – Disposition of the Old Vehicle/Equipment Being Replaced**

1) Section 1 − Are you proposing an alternative method of destruction other than the listed method in the RFGA? Mark the appropriate box with an "X".

2) Section 2 − Does the alternative method of destruction apply to all the activities listed in the application? Mark the appropriate box with an "X".

a) If NO, enter all the activity number which the alternative method applies to in the box provided.

b) Explain the alternative method of destruction for those activities in the box provided.

3) Section 3 – Disposition of Locomotive/Engine being replaced.

(Refer to Appendix G of the RFGA for information on the requirements for submitting an alternative disposition plan)

Check YES or NO if you are requesting to remove a locomotive from the State of Texas as an alternative disposition plan.

i. **Form 8 – Vehicle or Equipment Certification.**

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

- Enter the activity number and the Vehicle or Equipment Identification Number for each activity listed in the application. The activity number and identification number should match the number listed on forms 2.1 through 2.4 of the TCEQ-10430b Supplemental Activity Application Forms.

j. **Form 9 – Option 2 Usage Rates Justification**

If you have selected Option 2 to establish the usage rates for the activities included in your application, provide detailed explanation of the usage rate listed in the box provided. Also, provide documentation as outlined in section 1.11 of this RFGA used to justify the usage for the Option 2. You do not need to fill out this form if you are choosing the Option 1 default usage rates.

k. **Form 10 – Applicant Certification of Ownership or Lease, Condition, and Historical Use (read this form carefully)**

A separate Supplemental Activity Application Form must be completed for **each activity** in the application. By signing this form you are certifying the conditions are met, unless a waiver is requested.

- Enter the application number in the box provided.

1) Section 1 – Ownership or Lease – Provide the purchase or lease date (if applicable).

2) Section 2 – Registration (On-Road and Marine Vessels only)
   a) Enter the registration number in the box provided.
   b) Enter the registration expiration date in the box provided.
   c) Indicate YES or NO if a waiver for the registration requirements has been requested.
   d) Section 3 – Operation in Texas
   - Indicate YES or NO if a waiver for the Operation in Texas requirements has been requested.
3) Section 4 – Historical Use
   a) Enter the historical usage either in miles, fuel use, or hours for each activity on the application.
   b) Enter the odometer reading of the vehicle/equipment being replaced in the space provided.
   c) Indicate YES or NO whether the odometer is working or not in the space provided.
4) Section 5 – Condition
   - Indicate Yes or NO if a waiver for the Condition requirements has been requested.
5) Section 6 – Continued Operation and Use
   - Indicate YES or NO if a waiver for the Continued Operation and Use requirements has been requested.

I. **Checklist** – Review this form to ensure that all appropriate forms are signed and all additional documents are included in the application packet.

The following documentation, if applicable, is required with the application.

1) A copy of the current title or lease agreements (vehicle leases only) listing the applicant as the owner or lessee. If not two years old, copies of the previous title or lease documents.
2) A copy of the current vehicle registration document or receipt. If registration is required for the equipment being replaced. If registration was renewed within the last six months, attach copies of the previous registration documentation to show continuous registration for two year (on-road only).
3) A copy of the applicant's current marine vessel registration (marine only)
4) Three color photographs showing (1) the entire vehicle/equipment, including the tires, (2) the engine, and (3) the vehicle registration and inspection sticker.
5) A detailed original price quote plus two other bids or quotes, if applicable, for the purchase of the vehicle/equipment/engine if it has not been purchased. If the purchase has been completed, provide an original purchase, lease, or financing agreement and/or invoice showing the price paid. The purchase may not have been made before the opening of the grant application period.
6) A signed W-9 (request for taxpayer identification number and certification form)

7) Waiver Request (if applicable)
8) A photocopy of a state or federal issued identification card (if the applicant is an individual or sole ownership).
9) Alternative Disposition Request for Locomotive/Engine being replaced (locomotives only)

TCEQ FORM 10430C − REPOWER OF HEAVY-DUTY VEHICLES AND EQUIPMENT

If applying to repower heavy-duty vehicles or equipment you must complete and submit this form with the Project Application Form (TCEQ - 10430). This category is to replace an existing engine with a new, rebuilt, or remanufactured engine.

a. **Form 1 – General Information**

1) Section 1 – Emission Source

   Mark the appropriate box with an "X" for your project. Only one source may be selected.

2) Section 2 – Has the repower already been completed?

   If you have already purchased or repowered the replacement vehicle/equipment, check YES and provide the date of purchase. If not, check NO and provide an estimated number of months until you expect to make the purchase.

3) Section 3 – Has this activity been included in a previous application to TCEQ?

   If the vehicle/equipment you are applying to repower has already been submitted in a previous application to the TCEQ, check YES and provide a brief description of the program and date of application. If not, check NO.

4) Section4 – Certification of Ownership

   By signing the application Signature Page, the applicant certifies that the applicant is the current owner of the vehicle/equipment being repowered.

5) Section 5 –What will be the primary use of the locomotive?

   Identify the primary use of the locomotive by marking the appropriate box with an "X". The Industrial Rail category includes locomotives owned or leased by or otherwise contracted to serve an individual industrial, commercial, or military entity/operation. This may include locomotives operating within a single facility or a locomotive used to move a limited number of rail cars among several facilities operated by that entity. Rail operations providing service to multiple industrial or commercial entities would not normally fall under this category. However, the TCEQ retains the discretion to classify a rail operation as industrial for purposes of assigning a default usage rate if it is determined that the locomotive will only be used on a limited basis.

6) Section 6 – Does the old locomotive/engine have a start stop device?

   Mark the appropriate box with an "X" as it applies to the locomotive.

7) Section 7 – The new locomotive will be what type?

   Mark the appropriate box with an "X" as it applies to the locomotive.

8) Section 8 − Provide a brief explanation of the primary use of the locomotive in the box provided.

9) Section 9 − Is the non-road equipment used for natural gas recovery purposes? Mark the appropriate box with an "X" (non-road equipment only). This designation should only be made if the primary purpose and use of the equipment is for natural gas recovery, as determined by the TCEQ, and the

applicant chooses not to commit to operate the equipment at least 75% of the annual hours of operation, as designated in the application and contract, in the eligible counties that the applicant designates in the application. If the applicant chooses to commit to the annual use requirements, this box should not be checked. If the box is checked, also complete Supplemental Form 2: Non-Road Heavy-Duty Equipment Used for Gas Recovery Purposes.

b. **Forms 2.1 through 2.4 – Old Vehicle/Equipment Information**

1) Enter the activity number beginning with activity 1 on the top row.
2) Fill out each box with the appropriate information for the old vehicle or equipment.
3) If you are repowering more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.

c. **Forms 3.1 through 3.4 – New Vehicle/Equipment Information**

1) Enter the activity number beginning with activity 1 on the top row.
2) Fill out each box with the appropriate information for the new engine.
3) If you are repowering more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.

d. **Forms 4.1 through 4.4 – Vehicle Financial Data**

1) Section 1 – Incremental Cost/Cost to the Applicant Calculation

The Excel version of this form has formulas built-in that will perform calculations as you enter the data. Provide all the financial data for each vehicle/equipment. If you are including more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.

All cost estimates, quotes, and bids as well as the final invoices, should be itemized, at least to the level of detail listed below

a) Capital Cost – Engine (A). Enter the price quote or the invoice of the new engine including taxes, duty, protective in-transit insurance, and freight charges.
b) Capital Cost – Additional Equipment (B). Enter the amount of additional equipment with a per acquisition cost of $5,000 or more and that is necessary for the completion of the repower.
c) Capital Cost – Installation (C). Enter the amount for installation including the cost to remove and dispose of the old engine, if needed. Installation costs may include costs to re-engineer the vehicle for the new engine to fit. Technical design, testing and other engineering services required as part of the installation work should also be listed under this subcategory.
d) Capital Cost – Supplies (D). Enter the invoice cost of equipment and materials not included as part of the engine with an acquisition cost of less than $5,000 that are necessary for the repower. Attach itemized quote/bid.

e) Global Positioning System (B): If you selected Option 2 as your usage commitment, you will be required to install a GPS system provided by the TERP GPS Monitoring Service (TGMS) Contractor, Precision Tracking Services, Inc., unless this requirement is waived by the TCEQ. You may include the cost of the GPS unit and installation as part of the incremental cost calculation. Refer to our website www.terpgrants.org to obtain the latest price and contact information, or you may contact them directly at 214-810-5558.

f) Scrappage Value (F): Enter the scrappage value or dollar amount received for the old engine for heavy duty vehicle/equipment repower projects.

g) Other Financial Incentives and Tax Credits (G): Enter the total amount of any other incentives or credits that will apply to the purchase of this vehicle/equipment.

h) Incremental Cost/Cost to Applicant (H). (A+B+C+D+E-F-G=H) The Capital Cost plus the GPS cost (if applicable), minus the scrap value, minus other financial incentives (if applicable) equals the Incremental Cost. This field will be automatically calculated if you are using the Excel version.

2) Section 2 – Maximum Grant Amount Calculation

a) Incremental Cost/Cost to Applicant (H): Enter the Incremental Cost amount that was calculated in Section 1. This field will be pre-populated if you are using the Excel version.

b) Maximum Percentage (I): The eligible grant award for each activity will be based on a percentage of the incremental cost. The maximum percentage is determined by the vehicle/equipment you are replacing. Refer to Section 1.5 of this RFGA to determine the maximum percentage.

c) Maximum Eligible Grant Amount (J): Multiply line Incremental Cost by line maximum % (H x I=J). This field will be automatically calculated if you are using the Excel version (e.g., if the maximum percentage of the incremental cost is 80%, then multiply by 0.8).

d) Grant Amount Requested for this Activity: This amount must be equal to or less than the eligible grant amount.

3) Section 3 – Other Financial Incentives and Tax Credits:

Provide an explanation in the box provided the source of other financial assistance to be used for the purchase or lease of this vehicle that was reported in Section 1 of this form. This assistance does not include the amount you finance through a bank or other third-party to purchase the equipment.

4) Section 4 – Procurement Process

Explain in the box provided the procurement process to select the dealer or the vehicle/equipment. You must include three bids or quotes to this supplemental form. If only one bid or quote is attached, you must provide an explanation why.

e. **Forms 5.1 through 5.4 – Activity Life and Area**

(Refer to Appendix D of this RFGA for the minimum and maximum activity life)

1) Enter the activity number beginning with activity 1 on the top row.

2) Enter the activity life for this project. The minimum activity life for activities submitted under this RFGA is five years.

3) Enter the percent of annual use the vehicle or equipment will be used in the eligible areas that apply to each activity. The total annual usage for each activity may not be less than 75% in the eligible areas. For on-road vehicles, 75% of the annual use must be in the eligible areas or a combination of the eligible areas and designated highways and roadways. Non-road equipment used primarily for natural gas recovery may be exempt from the annual use requirements. If this exemption is requested, the applicant should mark the eligible areas it intends to operate the equipment over the activity life to meet the emissions reduction commitment and cost-effectiveness requirements. If you have more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.

4) Provide a brief travel description of the typical routes for the grant funded vehicle/equipment that applies to the activities on the application (if applicable). If the travel description is different for each activity listed on this form, a separate Supplemental Activity Application Form must be used.

f. **Form 6 – Usage Commitment (Read this form carefully)**

1) Section 1−Usage Commitment Option

a) Enter the usage commitment option in the box provided.

b) For detailed information regarding the two options, refer to section 1.11 Usage Commitment in this RFGA. By selecting option 2, the applicant will be required to install GPS on the vehicle/equipment unless the requirement is waived by the TCEQ.

2) Section 2 – GPS

Select YES or NO if you would prefer to use Option 1 defaults if the TCEQ finds the supporting historical use documentation inadequate and does not wave the GPS requirements.

3) Section 3 – Annual Usage

a) Indicate the annual usage type (i.e., miles, gallons, or hours).

b) Enter the activity number beginning with activity 1 on the top row.

c) List the annual usage for the activity. If choosing Option 1 and accepting the default usage values, see Appendix C for the annual usage value to be used for each activity. If applying for more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.

g. **Form 7 – Disposition of the Old Vehicle/Equipment Being Replaced**

1) Section 1 − Are you proposing an alternative method of destruction other than the listed method in the RFGA? Mark the appropriate box with an “X”.

2) Section 2 − Does the alternative method of destruction apply to all the activities listed in the application? Mark the appropriate box with an “X”.

a) If NO, enter all the activity number which the alternative method applies to in the box provided

b) Explain the alternative method of destruction for those activities in the box provided.

3) Section 3 – Are you proposing to send the old engine to a remanufacturing facility? Mark the appropriate box with an "X".

   Provide an explanation of the selected disposition option in the space provided.

4) Section 4 – Disposition of Locomotive/Engine being replaced (locomotive only) (Refer to Appendix G of this RFGA for information on the requirements for submitting an alternative disposition plan).

   - Mark the appropriate box with an "X" if you are requesting to remove a locomotive from the State of Texas as an alternative disposition plan.

5) Form 8 – Option 2 Usage Rates Justification

   If you have selected Option 2 to establish the usage rates for the activities included in your application, provide detailed explanation of usage rate listed in the box provided. Also, provide documentation as outlined in section 1.11 of the RFGA used to justify the usage for Option 2. You do not need to fill out this form if you are choosing the Option 1 default usage rates.

h. **Checklist** – Review this form to ensure that all appropriate forms are signed and all additional documents are included in the application packet.

The following documentation, if applicable, is required with the application.

1) If the replacement engine has not been purchased yet, submit one (1) written bid/quote for the purchase. If the final quote has not been obtained, provide any preliminary quotes or other information to verify the estimated cost of the replacement engine.

2) If the replacement has been purchase, provide the invoice showing the price paid and itemized expense.

3) Provide written bids/quotes, estimates or other information used to determine the scrappage or remanufacture value of the engine being replaced.

4) A copy of the applicant's vehicle registration renewal receipts to verify the registration information, ownership, and vehicle weight category. (on-road only)

5) A copy of the applicant's current marine vessel registration (marine only)

6) A signed W-9 (request for taxpayer identification number and certification form)

7) Waiver Request (if applicable)

8) A photocopy of a state or federal issued identification card (if the applicant is an individual or sole ownership).

9) Alternative Disposition Request for Locomotive/Engine being replaced (locomotives only)

TCEQ FORM 10430D – RETROFIT/ADD-ON TECHNOLOGY OF HEAVY-DUTY VEHICLES/EQUIPMENT

If applying to retrofit or add-on technology to heavy-duty vehicles or equipment you must complete and submit this form with the Project Application Form (TCEQ - 10430). This category is to retrofit or add-on systems to an existing engine. The retrofit or add-on systems must be certified or verified to emit at least 25% less NO_X than the engine prior to the retrofit or add-on.

a. **Form 1 – General Information**

1) Section 1 – Emission Source

   Mark the appropriate box with an "X" for your project. Only one source may be selected.

2) Section 2 – Has the purchase already been completed?

   If you have already purchased the retrofit or add-on systems for the vehicle/equipment, check YES and provide the date of purchase. If not, check NO and provide an estimated number of months until you expect to make the purchase.

3) Section 3 – Has this activity been included in a previous application to TCEQ?

   If the vehicle/equipment you are applying to retrofit/add-on technology has already been submitted in a previous application to the TCEQ, check YES and provide a brief description of the program and date of application. If not, check NO.

4) Section4 – Certification of Ownership

   By signing the application Signature Page, the applicant certifies that the applicant is the current owner of the vehicle/equipment with the retrofit/add-on technology.

5) Section 5 –What will be the primary use of the locomotive?

   Identify the primary use of the locomotive by marking the appropriate box with an "X". The Industrial Rail category includes locomotives owned or leased by or otherwise contracted to serve an individual industrial, commercial, or military entity/operation. This may include locomotives operating within a single facility or a locomotive used to move a limited number of rail cars among several facilities operated by that entity. Rail operations providing service to multiple industrial or commercial entities would not normally fall under this category. However, the TCEQ retains the discretion to classify a rail operation as industrial for purposes of assigning a default usage rate if it is determined that the locomotive will only be used on a limited basis.

6) Section 6 – Does the old locomotive/engine have a start/stop device?

   a) Mark the appropriate box with an "X" as it applies to the locomotive.

   b) Provide a brief explanation of the primary use of the locomotive in the box provided.

7) The locomotive is what type?
   - Mark the appropriate box with an “X” as it applies to the locomotive.
8) Provide a brief explanation of the primary use of the locomotive in the box provided.
9) Section 9 − Is the non-road equipment used for natural gas recovery purposes? Mark the appropriate box with an “X” (non-road equipment only). This designation should only be made if the primary purpose and use of the equipment is for natural gas recovery, as determined by the TCEQ, and the applicant chooses not to commit to operate the equipment at least 75% of the annual hours of operation, as designated in the application and contract, in the eligible counties that the applicant designates in the application. If the applicant chooses to commit to the annual use requirements, this box should not be checked. If the box is checked, also complete Supplemental Form 2: Non-Road Heavy-Duty Equipment Used for Gas Recovery Purposes..

b. **Forms 2.1 through 2.4 – Old Vehicle/Equipment Information**

1) Enter the activity number beginning with activity 1 on the top row.
2) Fill out each box with the appropriate information for the old vehicle or equipment.
3) If you are including more than 20 activities under the project a separate Supplemental Activity Application form must be used.

c. **Form 3 – Retrofit or Add-On Technology Information**

1) Select YES or NO if you are using the same retrofit/add-on technology for all the activities on the application. If NO, a separate form will need to be completed for each activity with a different type of retrofits/add-on technology. List the activity numbers in the box provided of all the activities that are using different types of technology.
   - Provide an explanation of the retrofit or add-on technology in the box provided.
2) Provide a description on the retrofit/add-on technology in the box provided.
3) Enter the name of the manufacturer of the retrofit or add-on technology in the box provided.
4) Enter the Kit Number or other identifying information of the retrofit or add-on technology in the box provided.
5) Indicate YES or NO in the box provided if the engines will be rebuilt in conjunction with the retrofit or add-on.
6) Enter the fuel type in the box provided after the retrofit is completed (if dual fuel or multi fuel, list each type).
7) Select the appropriate box of the emissions reduction for your project and mark that box with an “X”. Only one source may be selected.
8) Select the appropriate box of the certification or verification used of the retrofit or add-on technology for your project and mark that box with an “X”. Only one source may be selected.

d. **Forms 4.1 through 4.4 – Vehicle Financial Data**

1) Section 1 – Incremental Cost/Cost to the Applicant Calculation

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

All cost estimates, quotes, and bids as well as the final invoices, should be itemized, at least to the level of detail listed below

a) Capital Cost – Retrofit System (A). Enter the price quote or the invoice of the system including taxes, duty, protective in-transit insurance, and freight charges.

b) Capital Cost – Additional Equipment (B). Enter the amount of additional equipment with a per acquisition cost of $5,000 or more and that is necessary for the completion of the repower.

c) Capital Cost – Installation (C). Enter the amount for installation. Installation costs may include costs to re-engineer the vehicle for the retrofit to fit. Technical design, testing and other engineering services required as part of the installation work should also be listed under this subcategory.

d) Capital Cost – Supplies (D). Enter the invoice cost of equipment and materials not included as part of the engine with an acquisition cost of less than $5,000 that are necessary for the retrofit. Attach itemized quote/bid.

e) Global Positioning System (B): If you selected Option 2 as your usage commitment, you will be required to install a GPS system provided by the TERP GPS Monitoring Service (TGMS) Contractor, Precision Tracking Services, Inc., unless this requirement is waived by the TCEQ. You may include the cost of the GPS unit and installation as part of the incremental cost calculation. Refer to our website www.terpgrants.org to obtain the latest price and contact information, or you may contact them directly at 214-810-5558.

f) Other Financial Incentives and Tax Credits (F): Enter the total amount of any other incentives or credits that will apply.

g) Incremental Cost/Cost to Applicant (G):. (A+B+C+D+E-F=G) The Capital Cost plus the GPS cost (if applicable), minus the scrappage value, minus other financial incentives (if applicable) equals the Incremental Cost. This field will be automatically calculated if you are using the Excel version.

2) Section 2 – Maximum Grant Amount Calculation

a) Incremental Cost/Cost to Applicant (G): Enter the Incremental Cost amount that was calculated in Section 1. This field will be pre-populated if you are using the Excel version.

b) Maximum Percentage (H): The eligible grant award for each activity will be based on a percentage of the incremental cost. The maximum percentage is determined by the vehicle/equipment you are replacing. Refer to Section 1.5 of this RFGA to determine the maximum percentage.

c) Maximum Eligible Grant Amount (I): Multiply line Incremental Cost by line maximum percentage (G x H= I). This field will be automatically calculated if you are using the Excel version (e.g., if the maximum percentage of the incremental cost is 80%, then multiply by 0.8).

d) Grant Amount Requested for this Activity: This amount must be equal to or less than the eligible grant amount.

3) Section 3 – Other Financial Incentives and Tax Credits:

Provide an explanation in the box provided any other financial assistance or tax credits to be used for the purchase or lease of this project. This does not included the amount you finance through a bank or other third-party to purchase the equipment.

4) Section 4 – Procurement Process

Explain in the box provided the procurement process to select the dealer and the retrofit system. You must include three bids or quotes to this supplemental form. If only one bid or quote is attached, you must provide an explanation why.

e. **Forms 5.1 through 5.4 – Activity Life and Area**

(Refer to Appendix D of this RFGA for the minimum and maximum activity life)

1) Enter the activity number beginning with activity 1 on the top row.

2) Enter the activity life for this project. The minimum activity life for activities submitted under this RFGA is five years.

3) Enter the percent of annual use the vehicle or equipment will be used in the eligible areas that apply to each activity. The total annual usage for each activity may not be less than 75% in the eligible areas. For on-road vehicles, 75% of the annual use must be in the eligible areas or a combination of the eligible areas and designated highways and roadways. Non-road equipment used primarily for natural gas recovery may be exempt from the annual use requirements. If this exemption is requested, the applicant should mark the eligible areas it intends to operate the equipment over the activity life to meet the emissions reduction commitment and cost-effectiveness requirements. If you have more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.

4) Provide a brief travel description of the typical routes for the grant funded vehicle/equipment that applies to the activities on the application (if applicable).

f. **Form 6 – Usage (Read this form carefully)**

1) Section 1−Usage Commitment Option

a) Enter the usage commitment option in the box provided.

b) For detailed information regarding the two options, refer to section 1.11 Usage Commitment in this RFGA.

2) Section 2 – GPS

Select YES or NO if you would prefer to use Option 1 defaults if the TCEQ finds the supporting historical use documentation inadequate and does not waive the GPS requirements.

3) Section 3 – Annual Usage

   a) Indicate the annual usage type (i.e., miles, gallons, or hours).

   b) Enter the activity number beginning with activity 1 on the top row.

   c) List the annual usage for the activity. If choosing Option 1 and accepting the default usage values, see Appendix C for the annual usage value to be used for each activity. If applying for more than 20 activities under the project, a separate Supplemental Activity Application Form must be used.

g. **Form 7 – Option 2 Usage Rates Justification**

   If you have selected Option 2 to establish the usage rates for the activities included in your application, provide a detailed explanation of the proposed usage rate listed in the application. Also, provide documentation as outlined in section 1.11 of the RFGA used to justify the usage for Option 2. You do not need to fill out this form if you are choosing the Option 1 default usage rates.

h. **Checklist –** Review this form to ensure that all appropriate forms are signed and all additional documents are included in the application packet.

   The following documentation, if applicable, is required with the application.

   1) If the retrofit add-on kit has not been purchased yet, submit one (1) written bid/quote for the purchase. If the final quote has not been obtained, provide any preliminary quotes or other information to verify the estimated cost of the retrofit/add-on technology.

   2) If the retrofit/add-on technology has been purchased, provide the invoice showing the price paid.

   3) Attach the EPA or CARB certification form for the retrofit or add-on technology. A copy of the applicant's vehicle registration renewal receipts to verify the registration information, ownership, and vehicle weight category.

   4) A copy of the applicant's current marine vessel registration (marine only)

   5) A signed W-9 (request for taxpayer identification number and certification form)

   6) Waiver Request (if applicable)

   7) A photocopy of a state or federal issued identification card (if the applicant is an individual or sole ownership).

TCEQ FORM 10430E REFUELING INFRASTRUCTURE

If applying for a refueling infrastructure you must complete and submit this form with the Project Application Form (TCEQ - 10430) for each activity. Eligible activities may include the purchase and installation of infrastructure for refueling vehicles or equipment with a qualifying fuel. A qualifying fuel is a liquid or gaseous fuel or additive that is ultimately dispensed into a heavy-duty on-road or non-road vehicle/equipment or stationary engine that provides reductions of NO_X emissions, as determined by the TCEQ, beyond reductions required by state or federal law.

a. **Page 1**

1) Section 1 – Type of Fuel

Enter the fuel type to be provided by the Infrastructure in the box provided.

2) Section 2 – Project Location Information

Mark with an “X” the primary area which the facility is located. Only one area should be checked.

3) Section 3 – Project Area Information

a) Enter the counties in the box provided where the vehicle/equipment using the qualifying fuel will operate.

b) Enter the physical address of the project.

c) Select YES or NO if you own or operate the site/facility. If NO is selected, provide the name of the owner/operator of the site/facility.

4) Section4 – Designated Activity Life

(Refer to Appendix D of this RFGA for the minimum and maximum activity life)

Enter the activity life for this project in the box provided. The minimum activity life for an activity submitted under this RFGA is five years.

b. **Page 2**

1) Section 5 − Activity Summary

Provide an explanation in the box provided of the proposed activity, information on the infrastructure being installed, and how the infrastructure will result in a NO_X reduction in the box provided. Attach additional pages if needed.

2) Section 6 – Work Plan and Schedule

Provide a detailed list in the box provided of the work tasks to purchase and install the infrastructure and the schedule for completing the tasks.

c. **Page 3**

1) Section 7− Detailed Cost Information for Eligible Costs

You must submit a separate Supplemental Activity Application From for each activity.

a) Equipment − Defined as personal property having a unit acquisition cost of $5,000 or more (including sales tax and delivery charges) with an estimated useful life of one year or more. Categories provided below may include "equipment" total if the charges are included as part of the overall priced of the equipment.

- Infrastructure System Costs (1): Enter the cost of the infrastructure, including sales tax and delivery charges.
- Additional Materials Costs (2). Enter the cost of materials necessary to complete the installation.
- Provide an explanation of the additional materials needed for installation in the box provided.
- Installation Costs (3) (if included as part of the equipment purchase). Enter the costs of the installation.
- Other necessary related items (4) ($5,000 or more per unit). Enter the cost of other related items to complete the infrastructure.
- Total Cost of Equipment (5). Enter the total equipment cost of the infrastructure (1+2+3+4=5)

b) Supplies

- Total cost of Supplies. Enter the supply cost, include goods and materials having a unit acquisition cost of less than 5,000, including sales tax and delivery charges.
- Provide an explanation of the itemized supplies in the box provided.

c) Contractual

- Total cost of contractual. Enter the contractual costs including re-engineering work, installations costs and other work a contractors is hired to do separate from the equipment and installation purchase agreement.
- Provide an explanation of the itemized contractual costs in the box provided.

d) Construction

- Total cost of construction. Enter the construction costs including work directly related to the installation of the infrastructure, costs to prepare and improve the site, enhancement of current facilities or building new facilities. In-house labor and travel are not eligible for funding.
- Provide an explanation of the itemized construction costs in the box provided.

d. **Page 4**

e) Other − Provide a detailed explanation of other costs that do not fit within the categories on Page 3. The costs must be directly related to the purchase and installation of the infrastructure. Long term-operational, maintenance, or repair costs are not eligible for funding.

- Total Cost of Other. Enter the "other" costs that do not fit within the previous categories on Page 3.
- Provide an explanation of the itemized "other charges" in the box provided.

f) Financial Assistance

- Other Financial Assistance. Enter the amount of financial assistance to be used for the purchase or lease, such as tax credits or deductions, other grants, or any other public financial assistance.
- List the value and explain any other financial assistance in the box provided.
- Enter the total eligible cost of the infrastructure project in the box provided (A+B+C+D+E-F).

1) Section 8 – Grant Amount Requested.

Enter the total grant amount requested for this activity in the box provided. This amount may not exceed 50% of the total eligible cost.

2) Section 9 – Total Project Cost

a) Enter the total eligible cost of the project, including eligible and non-eligible grant expenses in the box provided.

b) Provide an explanation of any costs not included under any other category on this page or Page 3 in the box provided.

3) Section 10 − Procurement Process

Explain in the box provided the procurement process used (or to be used) select the installer, vendors, and equipment. You must include three bids or quotes to this supplemental form. If only one bid or quote is attached, you must provide an explanation why.

e. **Page 5 (read this page carefully)**

1) Section 11 – Infrastructure Information

You must complete a separate Supplemental Activity Application Form for each activity.

a) General Description. Provide a general description of the infrastructure in the box provided.

- Fill out each box with the requested information for the infrastructure in the boxes provided.

b) Manufacturer/Dealer Information

- Fill out each box with the appropriate information for the manufacturer/dealer in the boxes provided.

2) Section 12 − Fuel Supplier Information (if determined)

   Fill out each box with the appropriate information for the infrastructure in the boxes provided.

3) Section 13 − NO_X Emission Reductions (read this section carefully)

   Mark the appropriate box with an "X" confirming the NO_X emission reductions.

f. **Page 6**

1) Section 14a − Claiming NO_X Emissions Reductions – Option 2

   If you are claiming the NO_X emissions reductions based on this option, complete Sections 14a on Page 6 and Sections 15 and 16 on Page 9.

   Fill out each box with the appropriate information for the refueling infrastructure in the boxes provided.

   - Fuel or Additive Name or Type
   - Manufacturer(if applicable)
   - Indicate YES or NO, if the fuel or additive for on-road use is registered by the EPA.
   - Indicate YES or No in the box provided if the fuel or additive has been verified by the EPA for on-road use.
   - Indicate whether the verification applies to on-road or non-road.
   - List the verified NO_X emissions reduction percentage(s).

   You must provide information regarding each vehicle or piece of equipment listed on the application on a separate list or spreadsheet.

g. **Page 7**

1) Section 14b – Claiming NO_X Emissions Reductions – Option 3

   If you are claiming the NO_X emissions reductions based on this option, complete Section 15 and 16 on Page 9. You must complete a supplemental activity application form for each vehicle/equipment that will use the refueling infrastructure but is not included for funding and provide the information requested.

h. **Page 8**

1) Section 14c – Claiming NO_X Emissions Reductions – Option 4

   If you are claiming NO_X emissions reductions based on this option, complete Sections 15 thru 17 on Page 9. You must complete the applicable supplemental activity application form for each vehicle/equipment being replaced or upgraded that will use the refueling infrastructure but is not included for funding.

i. **Page 9**

1) Section 15 – Vehicle and Equipment Information

   Fill out each box with the appropriate information for the vehicle/equipment in the boxes provided.

a) Enter the total number or vehicles/equipment to be fueled by the infrastructure.

b) Provide an explanation of how the purchase of the vehicle and/or equipment will be funded if not funded by TERP.

c) Mark the appropriate box with an “X” if the emission reductions can be attributed to the use of the vehicles and/or equipment and has been assigned to another program. If YES, the activity is not eligible for funding.

2) Section 16 – Ownership Information

Fill out each box with the appropriate information of ownership for the vehicle/equipment in the boxes provided.

a) Mark the appropriate box with an “X” if the applicant owns the vehicle and/or equipment to be fueled.

b) If the applicant will not own the vehicle and/or equipment identify the owners in the boxes provided.

c) If the applicant does not own the vehicle and/or equipment provide an explanation on how the applicant will ensure the vehicle and/or equipment will continue to use the grant-funded infrastructure for the activity life.

j. **Page 10**

1) Section 17 − Additional Emission Reductions

In addition to the emissions reductions that can be attributed to the use of the fuel by the vehicle and/or equipment already identified, the TCEQ may consider the probability that the availability of the infrastructure will encourage additional purchases or conversion of vehicles or equipment that will use the qualifying fuel. The applicant is encouraged to provide a written explanation and provide any available information on the probability that the additional purchases and/or conversions will result from the availability of the infrastructure.

2) Section 18 Emissions Reductions and Cost Per (completion is optional)

a) Total emissions reduction for the activity (tons of NO_X)

b) Annual emissions reductions for the activity (tons of NO_X).

c) Cost per ton for the activity ($/ton)

k. **Required Documents Attached.**

The following material must be included with the Infrastructure forms.

1) Provide written quotes and any other information used to determine the cost.

2) Attach any available information about the infrastructure to be installed. Provide a letter or other documentation that the owner(s) of the vehicle and/or equipment support the project, have or intend to purchase the vehicle or equipment identified in the application, and intend to use the infrastructure for the activity life proposed by the applicant.

3) Attach all available agreements, market studies, research reports, and other information that indicated that the availability of the infrastructure will result in additional purchases and/or conversions of vehicles and/or equipment that will use the qualifying fuel
4) The TCEQ may request additional materials to support the application.

TCEQ FORM 10430F – ON-SITE ELECTRIFICATION & IDLE REDUCTION INFRASTRUCTURE

If applying for on-site electrification & idling reduction infrastructure you must complete and submit this form with the Project Application Form (TCEQ - 10430) for each activity.

a. **Page 1**

1) Section 1 – Type of activity.

   Fill in the appropriate information and mark with an "X" for each on-site electrification or idle reduction infrastructure. You must complete a separate supplemental activity application form for each electric charging infrastructure.

2) Section 2 – Project Area Information

   a) Select the appropriate box and mark with an "X" the primary area which the facility is located. Only one area should be checked.

   b) Enter the physical address of the project in the boxes provided.

   c) Select Yes or No if the site/facility is owned and /or operated by the applicant. If No, list the owner(s) of the site/facility.

3) Section 3 – Activity Summary

   Provide a brief summary of the proposed activity, including information on the infrastructure to be installed and how use of the infrastructure will result in new NO_X reductions. Attached a separate sheet if necessary

b. **Page 2**

1) Section 4 – Ownership Information

   a) Mark the appropriate box with an "X" if the applicant owns the vehicle and/or equipment to be serviced by the infrastructure.

   b) If the applicant will not own the vehicle and/or equipment identify the owners in the boxes provided

   c) Mark the appropriate box with an "X" if the purchase has already been completed. The purchase or conversion of the vehicles or equipment may not have been completed prior to 12 months of the application deadline.

   d) If the purchase has been completed, provide the date of purchase in the box provided.

   e) Enter the expected number of months to complete the purchase.

2) Section 5 – Infrastructure Information

   a) General Description. Provide a general description of the infrastructure in the box provided.

   b) Fill out each box with the appropriate information for the infrastructure in the boxes provided.

3) Section 6 Manufacturer / Dealer Information

a) Fill out each box with the appropriate information for the manufacturer/dealer in the boxes provided.

c. **Page 3**

1) Section 7 – Designated Activity Life

Refer to Appendix D for the minimum and maximum activity project life. The minimum activity life is 5 years.

- Indicate in the box provided the number of years you commit to using the vehicle/equipment with the infrastructure in the eligible counties.

2) Section 8 – Work Plan and Schedule

Provide a detailed list of the work tasks to purchase and install the infrastructure and the schedule for completing the tasks. Attach a separate sheet if necessary.

d. **Page 4**

1) Section 9 − Detailed Cost Information for Eligible Cost

a) Equipment

Defined as personal property having a unit acquisition cost of 5,000 or more (including sales tax and delivery charges) with an estimated useful life of one year or more. Categories provided below may include equipment total if the charges are included as part of the overall priced of the equipment.

- Infrastructure System costs: Enter the infrastructure system cost, including sales tax and delivery charges in the box provided.
- Additional Materials costs. Enter additional material costs necessary for installation in the box provided.
- Provide an explanation of the additional materials needed for installation in the box provided.
- Installation costs. Enter Installation costs (if included as part of the equipment purchase) in the box provided.
- Other necessary related items (5,000 or more per unit).
- Total Cost of Equipment.

b) Supplies

Total cost of Supplies. Enter the total supplies costs in the box provided. Include goods and materials having a unit acquisition cost (including sales tax and delivery charges) of less than 5,000.

Provide an explanation of the itemized supplies in the box provided.

c) Contractual

Total cost of contractual. Enter the total contractual costs in the box provided. Include re-engineering work, installations costs and other work a contractors is hired to do separate from the equipment and installation purchase agreement.

Provide an explanation of the itemized contractual costs in the box provided.

d) Construction

Total cost of construction. Enter the total construction costs in the box provided. Include work directly related to the installation of the infrastructure, costs to prepare and improve the site, enhancement of current facilities or building new facilities. In-house labor and travel are not eligible for funding.

Provide an explanation of the itemized constructional costs in the box provided.

e. **Page 5**

You must complete a separate Supplemental Activity Application Form for each activity.

e) Other

- Total Cost of Other. Enter the total "other" costs. Include other costs that do not fit within the previous categories on Page 3.
- Provide an explanation of the itemized "other charges" in the box provided.

f) Financial Assistance

- Other Financial Assistance. Enter the amount of financial assistance to be used for the purchase or lease, such as tax credits or deductions, other grants, or any other public financial assistance in the box provided.
- List the value and explain any other financial assistance in the box provided.

1) Section 10 – Grant Amount Requested

Enter the total grant amount requested for this activity. This amount may not exceed 50% of the total eligible cost.

2) Section 11 – Total Project Cost

- Total project cost. Enter the total project cost of infrastructure. This is for information purposes only.
- Enter the total eligible cost of the project, including eligible and non-eligible grant expenses.
- Provide an explanation of any costs not included under any other category on this page or Page 3 in the box provided.

3) Section 12 − Procurement Process

Explain in the box provided the procurement process used (or to be used) select the installer, vendors, and equipment. You must include three bids or quotes to this supplemental form. If only one bid or quote is attached, you must provide an explanation why.

f. **Page 6**

1) Section 13 – Electric Charging Infrastructure (if applicable)

a) Mark the appropriate box with an "X" if the purchase has already been completed. The purchase or conversion of the vehicles or equipment may not have been completed prior to 12 months of the application deadline.

- If the purchase has been completed, provide the date of purchase in the box provided.
- Enter the expected number of months to complete the purchase.

b) Mark the appropriate box with an "X" if the purchase of the electric-powered vehicles and/or equipment to be serviced by the infrastructure included as a separate activity under this project.

c) Provide an explanation of the electric-powered vehicles and/or equipment will not be funded by a TERP grant, how were, or will the purchases be funded.

d) Select Yes or No if the emission reductions can be attributed to the use of the vehicles and/or equipment and has been assigned to another program. If YES, the activity is not eligible for funding.

2) Section 14 – Idle Reduction Infrastructure (*truck stop electrification*) (if applicable)

If the vehicles and equipment to be serviced are part of a defined fleet, provide a detailed list of the following on a separate sheet.

- Vehicle make/model
- Model year
- GVWR
- Fuel type
- Horsepower rating
- Annual hours of idling time for each vehicle/equipment to be replaced by the use of the infrastructure.
- If the fleet to be serviced is not defined, provide a detailed summary of the types of vehicles or equipment projected to use the infrastructure.

g. **Page 7**

1) Section 15 – Other Types of Infrastructure (if applicable)

Provide a detailed summary of how the infrastructure will be used, and how the use will result in NO_X emissions reductions.

2) Section 16 – Emissions Reductions and Cost Per Ton (completion is optional)

a) Total emissions reduction for the activity (tons of NO_X)

b) Annual emissions reductions for the activity (tons of NO_X).

c) Cost per ton for the activity ($/ton)

h. **Required Documents Attached**

The following material must be included with the Infrastructure forms.

a) Provide written quotes and any other information used to determine the cost.

b) Attach any available information about the infrastructure to be installed.

c) Attach all available market studies, test data, research reports, and other information used to prepare projections for the use of the infrastructure and the emission factors that should be used to calculate the emission reductions.

d) The TCEQ may request additional materials to support the application.

TCEQ FORM 10430G – ON-VEHICLE ELECTRIFICATION & IDLE REDUCTION INFRASTRUCTURE

If applying for on-vehicle electrification & idling reduction infrastructure you must complete and submit this form with the Project Application Form (TCEQ - 10430) for each activity.

a. **Page 1**

1) Section 1 – Type of Activity

Fill in the appropriate information and mark with an "X" for each on-vehicle electrification or idle reduction infrastructure. You must complete a separate supplemental activity application form for each activity type.

2) Section 2 – Activity Summary

Provide a brief summary of the proposed activity, including information on the infrastructure to be installed and how use of the infrastructure will result in new NO_X reductions. Attached a separate sheet if necessary

3) Section 3 – Schedule

a) Select Yes or No if the purchase has already been completed. The purchase or conversion of the vehicles or equipment may not have been completed prior to 12 months of the application deadline.

b) If the purchase has been completed, provide the date of purchase in the box provided.

c) Enter the expected number of months to complete the purchase.

b. **Page 2**

1) Section 4 – Designated Activity Life

Refer to Appendix D for the minimum and maximum activity project life. The minimum activity life is 5 years.

a) Indicate in the box provided the number of years you commit to using the vehicle/equipment with the infrastructure in the eligible counties.

b) Section 5– Work Plan and Schedule

c) Provide a detailed list of the work tasks to purchase and install the infrastructure and the schedule for completing the tasks. Attach a separate sheet if necessary.

c. **Page 3**

1) Section 6 – Project Area & Usage Information

At least 75% of the annual usage must occur in one or more of the eligible counties.

a) Enter the percentage of use in all the eligible counties. The annual usage may not exceed 100% if the equipment operates outside the eligible counties.

b) Provide a list of the other counties and states in which you plan to operate, including the counties between eligible areas. No more that 25% of the annual usage may be outside the eligible areas.

2) Section 7 – Hours of Operation – Commitment

Enter the total hours you will operate the infrastructure per year

d. **Page 4**

1) Section 8 – Infrastructure Information

a) General Description. Provide a general description of the infrastructure in the box provided.

b) Fill out each box with the appropriate information for the infrastructure in the boxes provided.

c) Indicate which certification of NO_X Emissions will be submitted for the infrastructure.

2) Section 9 Vehicle / Equipment Information

Fill out each box with the appropriate information for the vehicle/equipment in the boxes provided.

e. **Page 5**

1) Section 10 Incremental Costs / Cost to the Applicant

You must submit a separate Supplemental Activity Application for each activity.

a) Capital Cost – Equipment & Installation

b) All cost estimates, quotes, and bids, as well as the final invoices, should be itemized, at least to the level of categories on this page. If the purchase and work have been completed, attach a copy of the itemized invoice or sales receipt.

- Infrastructure System Costs: Include invoice, sales tax, duty, protective in-transit insurance, and freight charges.
- Additional Equipment (Invoice cost of additional equipment with a per unit acquisition cost of $5,000.00 or more and that is necessary for the completion of the activity.
- Installation costs (including cost to re-engineer the vehicle for the infrastructure to fit. Technical design, testing, and other engineering services necessary.

c) Supplies

- Total cost of Supplies. (Include equipment and materials not included as part of the infrastructure with an acquisition of less than $5,000.00). Attach an itemized quote/bid.

d) Financial Assistance

- Enter the amount of financial assistance to be used for the purchase or lease, such as tax credits or deductions, other grants, or any other public financial assistance.

e) Incremental Cost / Cost to Applicant

- Enter the incremental cost / cost to the applicant.

2) Section 11 – Grant Amount

Enter the grant amount requested for this activity.

3) Section 12 – Installer Contact Information (if known)

Fill out each box with the appropriate information for the installer contact information in the boxes provided.

4) Section 13 – Procurement Process

Explain in the box provided the procurement process used (or to be used) select the installer, vendors, and equipment. You must include three bids or quotes to this supplemental form. If only one bid or quote is attached, you must provide an explanation why.

f. **Page 6**

1) Section 15 – Emissions Reductions and Cost Per Ton (completion is optional)

a) Total emissions reduction for the activity (tons of NO_X)

b) Annual emissions reductions for the activity (tons of NO_X).

c) Cost per ton for the activity ($/ton)

2) Section 16 – Certification of Ownership

By signing the application Signature Page, the applicant certifies that the applicant is the current owner of the vehicle or equipment. Ownership does not include leases.

g. **Required Documents Attached**

The following material must be included with the Infrastructure forms.

a) Provide written quotes and any other information used to determine the cost.

b) Attach any available information about the infrastructure to be installed.

c) For locomotive idle reduction infrastructure, attach records and documentation to verify the number of hours spent at idle over the past 24 months.

d) For on-road vehicle idle reduction infrastructure, attach any available records and documentation to verify the annual hours spent at idle.

e) For APUs, attach the EPA or CARB emissions certification form.

APPENDIX C: OPTION 1 - STANDARD DEFAULT USAGE RATES

Heavy-Duty On-Road Vehicles

To determine the default usage rate for a heavy-duty on-road vehicle, you will need to determine its gross vehicle weight rating (GVWR). This number may be found on the vehicle registration, title, and/or label affixed inside the door.

If the vehicle normally operates in combination with a trailer, such as an 18-wheeler semi-tractor and trailer rig, the gross combined weight rating should be reported as the GVWR. However, if a trailer is attached occasionally, only the weight of the vehicle should be used.

Vehicle Class	Annual Miles
HDV2b (8,501-10,000 lb GVWR)	15,000
HDV3 (10,001-14,000 lb GVWR)	15,000
HDV4 (14,001-16,000 lb GVWR)	20,000
HDV5 (16,001-19,500 lb GVWR)	20,000
HDV6 (19,501-26,000 lb GVWR)	20,000
HDV7 (26,001-33,000 lb GVWR)	20,000
HDV8a (33,001-60,000 lb GVWR)	40,000
HDV8b (Greater than 60,000 lb GVWR; and including tractor-trailer haul trucks greater than 60,000 lb Gross Combined Weight Rating)	60,000
HDBT (Transit or Urban Bus)	35,000
HDBS (School Bus)	10,000

Locomotives

The default usage rates for locomotives vary depending on the type of work they do and whether the old/existing locomotive has a start-stop system installed. A distinction is made between 1) Rail Yard and similar operations, 2) Regional Short-Haul and Passenger Rail, and 3) Industrial Rail. The industrial rail category includes locomotives owned or leased by or otherwise contracted to serve an individual industrial, commercial, or military entity/operation. This may include locomotives operating within a single facility or a locomotive used to move a limited number of rail cars among several facilities operated by that entity. Rail operations providing service to multiple industrial or commercial entities would not normally fall under this category. However, the TCEQ retains the discretion to classify a rail operation as industrial for purposes of assigning a default usage rate if it is determined that the locomotive will only be used on a limited basis.

You must note in the application the type of work the locomotive performs and whether a start-stop system is installed on the old/existing locomotive. (For locomotives that already have an automatic start-stop system installed, the standard baseline usage is reduced by 15%).

Baseline (old/existing) Locomotive Usage

Equipment Type	Annual Gallons
Rail Yard and similar operations (start-stop system not installed)	50,000
Regional Short-Haul and Passenger Rail (start-stop system not installed)	50,000
Industrial Rail (start-stop system not installed)	35,000
For locomotive that already have an automatic start stop system installed, the standard baseline usage is reduced by 15% (you must note in the application whether a start stop system is installed)	
Rail Yard and similar operations (start-stop system installed)	42,500
Regional Short-Haul and Passenger Rail (start-stop system installed)	42,500
Industrial Rail (start-stop system installed)	29,750

New or Upgraded Locomotive Usage

(all new or upgraded locomotives should have a start-stop system installed)

Equipment Type	Annual Gallons
New or upgraded locomotive	42,500
New or upgraded locomotive – small industrial facility operations	29,750
Genset and Hybrid switcher locomotive	35,000
Genset and Hybrid switcher locomotive – small industrial facility operations	24,500

Marine Vessels

The default usage rates for marine vessels are listed below. Please note that the marine vessel must be powered by engines of at least 25 horsepower (hp) and vessels used primarily for competition or recreation are not eligible for funding.

Vessel Type	Main Engine (annual hours)	Auxiliary Engine (annual hours)
Assist Tug	3,000	3,000
Towboat	3,000	3,000
Pilot Boat	3,000	3,000
Dredge	2,000	2,000
Fishing, Excursion, Government and other	1,000	1,000

Heavy-Duty Non-Road and Stationary Equipment (over 25 horsepower)

Default usage rates for heavy-duty non-road and stationary equipment are listed below. The list is broken down by fuel type. You should select the default usage rate which applies to the fuel type of the old/existing equipment. For example, if you are applying to replace a diesel forklift with a forklift powered by liquefied petroleum gas (LPG), you would use the default usage value listed under diesel engines.

Please note that this list includes equipment that may not be eligible for a grant. To be eligible, the equipment must be powered by an engine of at least 25 horsepower (hp).

Diesel Engines

Source Classification Code (SCC)	Equipment Type	Classification	Annual Hours
2270001060	Specialty Vehicle Carts	Recreational Equipment	437
2270002003	Pavers	Construction and Mining Equipment	81
2270002006	Tampers/Rammers	Construction and Mining Equipment	462
2270002009	Plate Compactors	Construction and Mining Equipment	486
2270002015	Rollers	Construction and Mining Equipment	213
2270002018	Scrapers	Construction and Mining Equipment	732
2270002021	Paving Equipment	Construction and Mining Equipment	412
2270002024	Surfacing Equipment	Construction and Mining Equipment	566
2270002027	Signal Boards/Light Plants	Construction and Mining Equipment	521
2270002030	Trenchers	Construction and Mining Equipment	1171
2270002033	Bore/Drill Rigs	Construction and Mining Equipment	594
2270002036	Excavators	Construction and Mining Equipment	1200
2270002039	Concrete/Industrial Saws	Construction and Mining Equipment	444
2270002042	Cement & Mortar Mixers	Construction and Mining Equipment	271
2270002045	Cranes	Construction and Mining Equipment	1251
2270002048	Graders	Construction and Mining Equipment	1200
2270002051	Off-Highway Trucks	Construction and Mining Equipment	1417

Source Classification Code (SCC)	Equipment Type	Classification	Annual Hours
2270002054	Crushing/Proc. Equipment	Construction and Mining Equipment	959
2270002057	Rough Terrain Forklifts	Construction and Mining Equipment	878
2270002060	Rubber Tire Loaders	Construction and Mining Equipment	1200
2270002066	Tractors/Loaders/Backhoes	Construction and Mining Equipment	714
2270002069	Crawler Tractor/Dozers	Construction and Mining Equipment	399
2270002072	Skid Steer Loaders	Construction and Mining Equipment	780
2270002075	Off-Highway Tractors	Construction and Mining Equipment	858
2270002078	Dumpers/Tenders	Construction and Mining Equipment	568
2270002081	Other Construction Equipment	Construction and Mining Equipment	384
2270003010	Aerial Lifts	Industrial Equipment	385
2270003020	Forklifts	Industrial Equipment	1706
2270003030	Sweepers/Scrubbers	Industrial Equipment	1224
2270003040	Other General Industrial Equipment	Industrial Equipment	881
2270003050	Other Material Handling Equipment	Industrial Equipment	423
2270003060	AC\Refrigeration	Industrial Equipment	1347
2270003070	Terminal Tractors	Industrial Equipment	1261
2270004031	Leaf Blowers/Vacuums	Lawn and Garden Equipment (Com)	120
2270004046	Front Mowers	Lawn and Garden Equipment (Com)	482
2270004066	Chippers/Stump Grinders	Lawn and Garden Equipment (Com)	467
2270004071	Commercial Turf Equipment	Lawn and Garden Equipment (Com)	1072
2270004076	Other Lawn & Garden Equipment.	Lawn and Garden Equipment (Com)	435

Source Classification Code (SCC)	Equipment Type	Classification	Annual Hours
2270005010	2-Wheel Tractors	Agricultural Equipment	1022
2270005015	Agricultural Tractors	Agricultural Equipment	1091
2270005020	Combines	Agricultural Equipment	459
2270005025	Balers	Agricultural Equipment	334
2270005030	Agricultural Mowers	Agricultural Equipment	363
2270005035	Sprayers	Agricultural Equipment	352
2270005040	Tillers > 6 HP	Agricultural Equipment	452
2270005045	Swathers	Agricultural Equipment	384
2270005055	Other Agricultural Equipment	Agricultural Equipment	765
2270005060	Irrigation Sets	Agricultural Equipment	1533
2270006005	Generator Sets	Commercial Equipment	339
2270006010	Pumps	Commercial Equipment	404
2270006015	Air Compressors	Commercial Equipment	818
2270006025	Welders	Commercial Equipment	645
2270006030	Pressure Washers	Commercial Equipment	145
2270006035	Hydro Power Units	Commercial Equipment	793
2270007015	Forest Equipment - Feller/Bunch/Skidder	Logging Equipment	1279

Natural Gas Engines

Source Classification Code (SCC)	Equipment Type	Classification	Annual Hours
2268002081	Other Construction Equipment	Construction and Mining Equipment	371
2268003020	Forklifts	Industrial Equipment	1800

Source Classification Code (SCC)	Equipment Type	Classification	Annual Hours
2268003030	Sweepers/Scrubbers	Industrial Equipment	516
2268003040	Other General Industrial Equipment	Industrial Equipment	713
2268003060	AC\Refrigeration	Industrial Equipment	605
2268003070	Terminal Tractors	Industrial Equipment	827
2268005055	Other Agricultural Equipment	Agricultural Equipment	403
2268005060	Irrigation Sets	Agricultural Equipment	2935
2268006005	Generator Sets	Commercial Equipment	115
2268006010	Pumps	Commercial Equipment	221
2268006015	Air Compressors	Commercial Equipment	484
2268006020	Gas Compressors	Commercial Equipment	6000
2268006035	Hydro Power Units	Commercial Equipment	450

Liquefied Petroleum (LPG) Engines

Source Classification Code (SCC)	Equipment Type	Classification	Annual Hours
2267001060	Specialty Vehicle Carts	Recreational Equipment	65
2267002003	Pavers	Construction and Mining Equipment	392
2267002015	Rollers	Construction and Mining Equipment	621
2267002021	Paving Equipment	Construction and Mining Equipment	175
2267002024	Surfacing Equipment	Construction and Mining Equipment	488
2267002030	Trenchers	Construction and Mining Equipment	402
2267002033	Bore/Drill Rigs	Construction and Mining Equipment	107
2267002039	Concrete/Industrial Saws	Construction and Mining Equipment	610
2267002045	Cranes	Construction and Mining Equipment	415

Source Classification	Equipment Type	Classification	Annual Hours
2267002054	Crushing/Proc. Equipment	Construction and Mining Equipment	241
2267002057	Rough Terrain Forklifts	Construction and Mining Equipment	413
2267002060	Rubber Tire Loaders	Construction and Mining Equipment	512
2267002066	Tractors/Loaders/Backhoes	Construction and Mining Equipment	870
2267002072	Skid Steer Loaders	Construction and Mining Equipment	310
2267002081	Other Construction Equipment	Construction and Mining Equipment	371
2267003010	Aerial Lifts	Industrial Equipment	361
2267003020	Forklifts	Industrial Equipment	1334
2267003030	Sweepers/Scrubbers	Industrial Equipment	516
2267003040	Other General Industrial Equipment	Industrial Equipment	713
2267003050	Other Material Handling Equipment	Industrial Equipment	386
2267003070	Terminal Tractors	Industrial Equipment	827
2267005055	Other Agricultural Equipment	Agricultural Equipment	403
2267005060	Irrigation Sets	Agricultural Equipment	2935
2267006005	Generator Sets	Commercial Equipment	115
2267006010	Pumps	Commercial Equipment	221
2267006015	Air Compressors	Commercial Equipment	484
2267006025	Welders	Commercial Equipment	408
2267006030	Pressure Washers	Commercial Equipment	115
2267006035	Hydro Power Units	Commercial Equipment	450

2-Stroke and 4-Stroke Engines (Gasoline)

Source Classification Code (SCC)	Equipment Type	Classification	2-Stroke or 4-Stroke	Annual Hours
2260001060	Specialty Vehicles/Carts	Recreational Equipment	2 Stroke	65
2260002006	Tampers/Rammers	Construction and Mining Equipment	2 Stroke	160
2260002009	Plate Compactors	Construction and Mining Equipment	2 Stroke	166
2260002021	Paving Equipment	Construction and Mining Equipment	2 Stroke	175
2260002027	Signal Boards/Light Plants	Construction and Mining Equipment	2 Stroke	318
2260002054	Crushing/Proc. Equipment	Construction and Mining Equipment	2 Stroke	241
2260003030	Sweepers/Scrubbers	Industrial Equipment	2 Stroke	516
2260003040	Other General Industrial Equipment	Industrial Equipment	2 Stroke	713
2260004025	Trimmers/Edgers/ Brush Cutter	Lawn and Garden Equipment (Res)	2 Stroke	9
2260004026	Trimmers/Edgers/ Brush Cutter	Lawn and Garden Equipment (Com)	2 Stroke	137
2260005035	Sprayers	Agricultural Equipment	2 Stroke	138
2260006005	Generator Sets	Commercial Equipment	2 Stroke	115
2260006010	Pumps	Commercial Equipment	2 Stroke	221
2260006015	Air Compressors	Commercial Equipment	2 Stroke	484
2260006035	Hydro Power Units	Commercial Equipment	2 Stroke	450
2265001060	Specialty Vehicles/Carts	Recreational Equipment	4 Stroke	65
2265002003	Pavers	Construction and Mining Equipment	4 Stroke	392
2265002006	Tampers/Rammers	Construction and Mining Equipment	4 Stroke	160
2265002009	Plate Compactors	Construction and Mining Equipment	4 Stroke	166
2265002015	Rollers	Construction and Mining Equipment	4 Stroke	621
2265002021	Paving Equipment	Construction and Mining Equipment	4 Stroke	175
2265002024	Surfacing Equipment	Construction and Mining Equipment	4 Stroke	488

Source Classification Code (SCC)	Equipment Type	Classification	2-Stroke or 4-Stroke	Annual Hours
2265002027	Signal Boards/Light Plants	Construction and Mining Equipment	4 Stroke	318
2265002030	Trenchers	Construction and Mining Equipment	4 Stroke	402
2265002033	Bore/Drill Rigs	Construction and Mining Equipment	4 Stroke	107
2265002039	Concrete/Industrial Saws	Construction and Mining Equipment	4 Stroke	610
2265002042	Cement & Mortar Mixers	Construction and Mining Equipment	4 Stroke	84
2265002045	Cranes	Construction and Mining Equipment	4 Stroke	415
2265002054	Crushing/Proc. Equipment	Construction and Mining Equipment	4 Stroke	241
2265002057	Rough Terrain Forklifts	Construction and Mining Equipment	4 Stroke	413
2265002060	Rubber Tire Loaders	Construction and Mining Equipment	4 Stroke	512
2265002066	Tractors/Loaders/ Backhoes	Construction and Mining Equipment	4 Stroke	870
2265002072	Skid Steer Loaders	Construction and Mining Equipment	4 Stroke	310
2265002078	Dumpers/Tenders	Construction and Mining Equipment	4 Stroke	127
2265002081	Other Construction Equipment	Construction and Mining Equipment	4 Stroke	371
2265003010	Aerial Lifts	Industrial Equipment	4 Stroke	361
2265003020	Forklifts	Industrial Equipment	4 Stroke	1800
2265003030	Sweepers/Scrubbers	Industrial Equipment	4 Stroke	516
2265003040	Other General Industrial Equipment	Industrial Equipment	4 Stroke	713
2265003050	Other Material Handling Equipment	Industrial Equipment	4 Stroke	386
2265003060	AC\Refrigeration	Industrial Equipment	4 Stroke	605
2265003070	Terminal Tractors	Industrial Equipment	4 Stroke	827
2265004040	Rear Engine Riding Mowers	Lawn and Garden Equipment (Res)	4 Stroke	36

Source Classification Code (SCC)	Equipment Type	Classification	2-Stroke or 4-Stroke	Annual Hours
2265004041	Rear Engine Riding Mowers	Lawn and Garden Equipment (Com)	4 Stroke	569
2265004046	Front Mowers	Lawn and Garden Equipment (Com)	4 Stroke	86
2265004055	Lawn & Garden Tractors	Lawn and Garden Equipment (Res)	4 Stroke	45
2265004066	Chippers/Stump Grinders	Lawn and Garden Equipment (Com)	4 Stroke	488
2265004071	Commercial Turf Equipment	Lawn and Garden Equipment (Com)	4 Stroke	682
2265004075	Other Lawn & Garden Equipment	Lawn and Garden Equipment (Res)	4 Stroke	61
2265004076	Other Lawn & Garden Equipment	Lawn and Garden Equipment (Com)	4 Stroke	61
2265005010	2-Wheel Tractors	Agricultural Equipment	4 Stroke	373
2265005015	Agricultural Tractors	Agricultural Equipment	4 Stroke	362
2265005020	Combines	Agricultural Equipment	4 Stroke	78
2265005025	Balers	Agricultural Equipment	4 Stroke	90
2265005030	Agricultural Mowers	Agricultural Equipment	4 Stroke	174
2265005035	Sprayers	Agricultural Equipment	4 Stroke	138
2265005040	Tillers > 6 HP	Agricultural Equipment	4 Stroke	29
2265005045	Swathers	Agricultural Equipment	4 Stroke	45
2265005055	Other Agricultural Equipment	Agricultural Equipment	4 Stroke	403
2265005060	Irrigation Sets	Agricultural Equipment	4 Stroke	2935
2265006005	Generator Sets	Commercial Equipment	4 Stroke	115
2265006010	Pumps	Commercial Equipment	4 Stroke	221
2265006015	Air Compressors	Commercial Equipment	4 Stroke	484
2265006025	Welders	Commercial Equipment	4 Stroke	408

Source Classification Code (SCC)	Equipment Type	Classification	2-Stroke or 4-Stroke	Annual Hours
2265006030	Pressure Washers	Commercial Equipment	4 Stroke	115
2265006035	Hydro Power Units	Commercial Equipment	4 Stroke	450
2265007010	Shredders > 6 HP	Logging Equipment	4 Stroke	50
2265007015	Forest Equipment - Feller/Bunch/Skidder	Logging Equipment	4 Stroke	350

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APPENDIX D: DESIGNATED ACTIVITY LIFE

The table below lists the minimum and maximum activity life for the various emissions sources within each project type.

For On-Road Heavy-Duty Replacement and New Purchase or Lease vehicles only, if the Total Usage Commitment agreed upon in the grant contract is less than 400,000 miles and the grantee reaches 400,000 miles prior to the end of the designated Activity Life, the Activity Life commitment may be considered met. This option only applies to grantees who commit to a Total Usage Commitment of less than 400,000 miles. The grantee must meet the number of years of the designated Activity Life unless 400,000 miles is reached before they number of years are met.

Grantees with a Total Usage Commitment greater than 400,000 miles must meet the number of years of the designated Activity Life regardless of when the Total Usage Commitment is met.

New Purchase or Lease	Minimum Activity Life	Maximum Activity Life
Heavy-Duty Vehicles / Equipment		
New Purchase or Lease – School Buses > 33,000 GVWR	5 years	20 years
New Purchase or Lease – Other Buses > 33,000 GVWR	5 years	12 years
New Purchase or Lease – (vehicle other than bus)	5 years	10 years
Marine Vessels		
Category 1 Engines	5 years	16 years
Category 2 Engines	5 years	23 years
Auxiliary Engines (Categories 1 & 2)	5 years	17 years
Locomotive	5 years	20 years
Stationary Equipment	5 years	10 years

Replacements	Minimum Activity Life	Maximum Activity Life
Heavy-Duty Vehicles / Non-Road Equipment	5 years	7 years
Marine Vessels (all engine categories)	5 years	10 years
Locomotive	5 years	10 years
Stationary Equipment	5 years	7 years

Repowers	Minimum Activity Life	Maximum Activity Life
Heavy-Duty Vehicles / Equipment	5 years	7 years
Marine Vessels		
Category 1 Engines	5 years	16 years
Category 2 Engines	5 years	23 years
Auxiliary Engines (Categories 1 & 2)	5 years	17 years
Locomotive	5 years	20 years
Stationary Equipment	5 years	7 years

Retrofit / Add-On Technology	Minimum Activity Life	Maximum Activity Life
Heavy-Duty Vehicles / Equipment	5 years	10 years
Marine Vessels		
Category 1 Engines	5 years	16 years
Category 2 Engines	5 years	23 years
Auxiliary Engines (Categories 1 & 2)	5 years	17 years
Locomotives	5 years	20 years
Stationary Equipment	5 years	10 years

Refueling Infrastructure	Minimum Activity Life	Maximum Activity Life
(the number of years you commit to using the vehicle/equipment with the infrastructure)	5 years	

On-Site Electrification & Idle Reduction Infrastructure	Minimum Activity Life	Maximum Activity Life
(the number of years you commit to using the vehicle/equipment with the infrastructure)	5 years	

On-Vehicle Electrification / Idle Reduction Infrastructure	Minimum Activity Life	Maximum Activity Life
(the number of years you commit to using the vehicle/equipment with the infrastructure)	5 years	

Rail Relocation / Improvements	Minimum Activity Life	Maximum Activity Life
The number of years you are committing to	5 years	20 years

APPENDIX E: GROSS VEHICLE WEIGHT RATING INSTRUCTIONS

Gross Vehicle Weight Rating (GVWR). The weight listed for the vehicle may not exceed the maximum weight allowed by the Texas Department of Transportation (TxDOT), as listed on the Permissible Weight Table. In general, the maximum weight listed for the vehicle may not exceed 20,000 pounds (lbs.) per axle.

The gross combined weight rating (GCWR) of the vehicle and trailer may be used for haul trucks or similar trucks that permanently operate in combination with a trailer and dump trucks that permanently pull a pup trailer. Equipment trailers pulled by a dump truck are not considered pup trailers. Check with the TCEQ if you are not sure whether your vehicle and trailer combination meet these conditions.

The TCEQ may, at its discretion, accept a weight over 20,000 lbs. per axle for vehicles operating under an annual over the weight tolerance permit or other annual specialty permit issued by TxDOT for certain uses. **You must provide a copy of the annual permit and/or other documentation of permanent operation in the higher weight category.** Registration of the vehicle at a higher weight and/or a temporary overweight permit will not be sufficient documentation that the vehicle is permanently operated at the higher weight.

Proof of the registered GVWR is required with the grant application. If a pup-trailer is used 100% of the time, the registration for both the dump truck and pup trailer must be attached.

Examples

Greater than 60,000 pounds GVWR

Haul Truck (tractor trailer combinations and end-dump trucks)

Dump Truck with Pup Trailer (Must pull pup trailer 100% of the time. Attach pup trailer registration.)

Multi-Axle Dump Truck (4 or more axles and registered for over 60,000 lbs.)

Cement Mixer Truck

33,001 – 60,000 pounds GVWR

Dump Truck (regular tandem axle)

Cement Mixer Truck

Vacuum Truck

Water Truck

Drill Rig Truck

Tow Truck

8,501 – 33,000 pounds GVWR

Delivery Trucks

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APPENDIX F: WAIVER OF CERTAIN ELIGIBILITY REQUIREMENTS

1.0 PURPOSE

Under THSC, §386.104(j), the TCEQ is to consider a request to waive one or more eligibility 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.

This appendix contains the procedures a grant applicant must use to request a waiver to one or more of the eligibility requirements.

2.0 BASIS FOR A DETERMINATION OF GOOD CAUSE

As stated in the RFGA, this program is to provide grants for eligible activities to offset the incremental costs of projects to reduce emissions of NO_X from high-emitting internal combustion engines in eligible areas. The eligibility requirements are established to ensure that the grant-funded projects will achieve the NO_X emissions reductions.

In accordance with the TERP rules and guidelines, any decision to grant a waiver must ensure that the emissions reductions attributable to the project will still be valid and that, where applicable, the project will still meet the criteria for crediting the emissions reductions to the state implementation plan.

It may be difficult for the TCEQ to determine that there is good cause to waive the core eligibility requirements, including standards for achieving a minimum level of emissions reductions, cost per ton provisions, area of use requirements, activity life requirements, and similar requirements. Applicants would need to establish that reductions in NO_X will still be achieved and that those reductions could still be attributed to the state implementation plan. A waiver to eligibility requirements that would result in reduced NO_X emissions reductions, higher costs for those emissions reductions, or emissions reductions in areas not identified as a priority for reducing NO_X emissions may not meet this requirement.

For other eligibility requirements, such as the ownership, registration, and use requirements for vehicles and equipment being replaced under a proposed project, it may be easier to determine good cause for a waiver. The basis for the ownership, registration, and use requirements 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 or equipment being replaced 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.

A project that only assists with regular fleet turnover or to replace vehicles or equipment that have already been taken out of service or put into limited service does not meet the criteria. Similarly, without requirements on past ownership and use, there is a risk that a grant applicant could purchase an old vehicle or equipment, or otherwise transfer a vehicle or equipment 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, that the emissions reductions attributable to the project will still be valid

and that, where applicable, the project will still meet the criteria for crediting the emissions reductions to the state implementation plan.

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 for a replacement project are outlined below.

a. The two-year ownership or lease (for vehicles) 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 or equipment should have been owned or the vehicle 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 or equipment being replaced. For vehicles, this 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 vehicle 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

Requests for a waiver must be submitted in writing, with an original signature of the authorizing official of the grant applicant.

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.

Multiple vehicles or equipment 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 or equipment that will be included in separate applications.

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.

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.

Waiver requests not submitted with an application should be sent to:

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

Express Mail:
Texas Commission on Environmental Quality
Air Quality Planning Division
Implementation Grants Section (ERIG), 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.

Notification may be provided by electronic mail, letter, or fax, or a combination of one or more methods. Where feasible, preliminary notification may also be provided by a phone call to the grant applicant's representative.

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. If possible, grant applicants will be notified of the decision on the waiver request prior to the grant selection process.

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 the 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 grant selection and award decisions, pending resolution of any appeals. A decision on whether to delay the grant selection and award 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 F

FORMAT FOR WAIVER REQUESTS

a. Cover Letter – The cover letter should be signed by the Authorized Official and include the underlying instructions below.
b. Legal Name of Grant Applicant
c. Project Representative Name
d. Address
e. Contact E-Mail
f. Contact Phone Number

VEHICLE/EQUIPMENT INFORMATION

For a vehicle or piece of equipment included in the request, provide the information outlined below

a. Vehicle or Equipment Information
b. Vehicle Identification Number (VIN) or Equipment Serial Number
c. Make/Model/Year (as applicable)

DOCUMENTATION

a. List the requirement(s) for which the waiver(s) is/are requested.
b. For each requirement, explain in detail how the project does not meet the requirement(s) and why.
c. 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.
d. 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.
e. Attach documentation to support the waiver request, such as title documents, lease and sales agreements, registration receipts, ownership agreements, etc.
f. As explained in the instructions, the justification provided for granting the waiver must clearly demonstrate that the emissions reductions attributable to the project will still be valid and that, where applicable, the project will still meet the criteria for crediting the emissions reductions to the state implementation plan.

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APPENDIX G: ALTERNATIVE DISPOSITION REQUEST PROCEDURES FOR LOCOMOTIVE REPLACEMENT PROJECTS

1.0 PURPOSE

For locomotive replacement projects, applicants may request approval of a plan to permanently remove the locomotive 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 locomotive(s) from Texas.

1.1 INSTRUCTIONS FOR COMPLETING AND SUBMITTING A REQUEST

a. Requests for approval of a plan to permanently remove the locomotive(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:

   - Locomotive Make and Model;
   - Locomotive Identification Number;
   - Engine Make and Model; and
   - Engine Serial Number

c. The request must explain the applicant's detailed plan for permanent removal of the locomotive and engine from Texas. The plan 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 locomotive and engine. The plan must also include information on the steps the applicant will take to ensure that the locomotive and engine are not returned to Texas.

d. Multiple locomotives 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 locomotives 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 (ERIG), MC-204
   P.O. Box 13087
   Austin, TX 78711-3087

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

2.0 REVIEW AND APPROVAL PROCEDURES

2.1 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. 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.

2.2 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 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.

2.3 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.

-- End of Instructions --