

**Texas Emissions Reduction Plan (TERP)
REBATE GRANTS**

**Request for Grant Applications (RFGA)
from TERP Small Businesses
Fiscal Year (FY) 2019**

**Rebate Grants for Projects to Reduce Emissions of Nitrogen Oxides (NO_x)
in the Air Quality Nonattainment Areas of Texas and Other Areas of Concern**

Solicitation No. 582-19-93500

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, Henderson, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties

El Paso Area: El Paso County

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

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

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Applications will be accepted for consideration during this grant period on a first-come, first-served basis at the front desk, Rm. 1301, 1st floor of Building F on the premises of the TCEQ, no later than 5:00 p.m., Central Time, on May 29, 2019. Applications received in the TCEQ mail room on that date are not guaranteed to be delivered to Rm. 1301 by the required deadline, so applicants are encouraged to plan their submission date accordingly. In addition, the award of a rebate grant is dependent upon the availability of funding and the TCEQ may suspend acceptance of applications prior to this closing date.

No pre-proposal conference will be held.

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**Texas Commission on Environmental Quality (TCEQ)
Request for Grant Applications (RFGA)
from TERP Small Businesses
Fiscal Year (FY) 2019**

1.0 INVITATION

The Texas Commission on Environmental Quality (TCEQ) invites applications from persons who qualify as a TERP small business. A TERP small business must be owned by a person who:

- owns and operates not more than five vehicles or pieces of equipment, one of which is:
 - an on-road diesel heavy-duty vehicle; or
 - a non-road diesel-powered piece of equipment with an engine with uncontrolled emissions; and
- has owned the vehicle or equipment described above for more than two years.

Incentive funding is available for activities that will reduce the emissions of nitrogen oxides (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. NO_x reacts with volatile organic compounds (VOCs) in the presence of sunlight to form harmful ground-level ozone.

1.1 PURPOSE

This grants program implements a portion of the Texas Emissions Reduction Plan (TERP), established 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 Incentive Grants*, RG-388, (guidelines) which contain the more specific standards governing this program.

TCEQ has general authority to award grants and enter into contracts under Texas Water Code, Chapter 5, Subchapter D, Sections 5.124 and Section 5.229.

1.2 TERP OBJECTIVES

The objectives of the TERP are to:

- achieve maximum reductions in NO_x to demonstrate compliance with the state implementation plan;
- prevent areas of the state from being in violation of national ambient air quality standards;

- achieve cost-savings and multiple benefits by reducing emissions of other pollutants;
- achieve reductions of pollutants emitted in diesel exhaust from school buses; and
- advance new technologies that reduce NO_x emissions and other emissions from facilities and stationary sources.

1.3 PROGRAM GUIDELINES

The guidelines, grant application forms and instructions, an example contract, and a copy of this Request for Grant Applications (RFGA) may be viewed and downloaded from the TERP website 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 the guidelines, RFGA, and application form instructions.

2.0 ELIGIBLE APPLICANTS AND AREAS

Only TERP small business are eligible to apply for this grant round. The application forms include a section for applicants to certify that the applicant meets the small business definition. Under this program, a small business is defined as a person who:

- owns and operates not more than five vehicles or pieces of equipment, one of which is:
 - an on-road diesel heavy-duty vehicle; or
 - a non-road diesel-powered piece of equipment with an engine with uncontrolled emissions; and
- has owned the vehicle or equipment described above for more than two years.

Businesses or other entities in which a TCEQ employee, spouse, or family member of a TCEQ employee has direct or indirect interest, financial or otherwise, may be prohibited from receiving a grant, depending upon the nature of the interest. 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:

- 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, Henderson, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties
- El Paso Area: El Paso County
- 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

The applicant must commit to use the grant-funded vehicle or equipment at least 75% of the annual mileage or hours of operation in the eligible counties that the applicant designates in the application.

3.0 ELIGIBLE ACTIVITIES, COSTS, AND REBATE GRANT AMOUNTS

General information and criteria on eligible activities are available in the guidelines. This RFGA also contains additional requirements that apply to this application period. Potential applicants should review this RFGA and the guidelines to determine if a proposed project is eligible.

Activities eligible for a rebate grant are intended to reduce NO_x emissions in the designated eligible counties from on-road heavy-duty diesel vehicles and non-road diesel equipment.

The TCEQ may waive certain eligibility requirements on a finding of good cause. Waiver submissions must occur before or at the time of application submission. Waiver request procedures are explained in detail in Appendix C of this RFGA.

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.

Maximum Rebate Grant Amount Tables may be viewed and downloaded from the TERP website www.terpgrants.org. The tables may also be obtained by calling TERP staff at 1-800-919-TERP (8377). These tables show the pre-approved maximum rebate grant amounts for eligible on-road and non-road replacement and repower projects.

An applicant must choose an Activity Life of either 5 or 7 years. Maximum rebate grant amount tables are provided for both a 5-year and 7-year Activity Life. The table corresponding to the Activity Life chosen by the applicant must be used to determine the grant amount.

Different on-road vehicle tables are provided for each weight category based on the selected Activity Life. Non-road tables are provided for each type of equipment based on the selected Activity Life. The applicant must use the table applicable to the weight category of the vehicle or the horsepower and type of non-road equipment and the chosen Activity Life.

For On-Road Heavy-Duty Replacement activities only, if the grantee has chosen the 5-year Activity Life option and operates the vehicle 400,000 miles prior to the expiration of the 5-year Activity Life, the Activity Life may be considered completed early. Grantees who wish to close out their contracts under this provision must notify the TCEQ in writing.

Activities that may be eligible under this program are outlined below. Vehicles and equipment used primarily for competition or recreational purposes are not eligible for funding under any of the project categories.

3.1 ON-ROAD HEAVY-DUTY DIESEL VEHICLES

On-road heavy-duty vehicles with a gross vehicle weight rating (GVWR) greater than 8,500 lbs. are eligible for grants under this program. This does not include a vehicle over 8,500 pounds classified by the Environmental Protection Agency (EPA) as a medium-duty passenger vehicle subject to the federal light-duty vehicle emission standards. There are specific requirements for the replacement or repower of on-road heavy-duty vehicles. Listed below is a summary of eligible activities. For additional information, please refer to the guidelines.

3.1.1 Replacement of On-Road Heavy-Duty Diesel Vehicles

This category is for the replacement of an on-road heavy-duty diesel vehicle with a newer on-road heavy-duty vehicle powered by diesel, natural gas, propane, or electricity. The vehicle being purchased as a replacement may not have been purchased prior to the opening of the application period.

The model year of the replacement vehicle must be 2016 or newer. For this category, the applicant must be replacing a vehicle with a remaining useful life consistent with the Activity Life chosen. 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.** Certification means approved by the EPA, the California Air Resources Board (CARB), or otherwise accepted by the TCEQ.

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

- The applicant must own the vehicle at the time of application and 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 the two years immediately preceding the application date.
- The vehicle must have been used in its primary function in the routine operations of the applicant in Texas for the two years immediately preceding the application date.

- The vehicle must currently be used in its primary function in the routine operations of the applicant and be capable of performing its primary function for the same duration as the proposed activity life.
- Unless the vocational type of the vehicle is exempt from inspection and registration requirements, the vehicle must currently be registered for operation in Texas and must have been continuously inspected and registered in Texas for the two years immediately preceding the application date.
- Vehicles with apportioned registration must have been operated in Texas at least 75% of annual mileage for at least the two years preceding the application date.. Applicants are required to submit quarterly usage summaries that include accurate dates and miles driven in each registered state for the two years immediately preceding the application date. Acceptable usage documentation may include Individual Vehicle Distance Records (IVDR) required under the International registration Plan (IRP), and other similar travel records.

Applicants must submit 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 the application date.

Eligible projects include the ***like-for-like replacement of vehicles***. The TCEQ will evaluate whether the proposed replacement vehicle would be used for the same primary function as the equipment being replaced. Some, but not all, situations that may be considered are listed below:

- **All replacement on-road vehicles** must be of the same vehicle type, weight category, and body and axle configuration as the vehicle being replaced. The TCEQ will consider, case-by-case, vehicles of a different type, weight category, and/or body and axle configuration, providing the new vehicle is configured and will be used for the same purpose. For GVWR instructions, please refer to Appendix D.
- **Class 8a tandem axle vehicles** that have been operating under an overweight permit to allow operation at over 60,000 pounds for at least one year immediately preceding the application date may, subject to approval by TCEQ, be replaced with a vehicle of the same type and configuration and with an additional axle to allow the vehicle to operate on federal highways at the same weight range as was allowed under the overweight permit.
- **Class 8a tandem axle cement/concrete trucks** that have been operating under an overweight permit or bond to allow operation at over 60,000 pounds for at least one year immediately preceding the application may, subject to TCEQ approval, be replaced with a cement/concrete truck having up to two additional axles, a stinger or pusher axle extending from the rear of the truck and one supplemental drop down or tag axle located on the frame before the regular tandem axles.

- **Dump trucks**, regardless of the configuration of the vehicle being replaced, may not be replaced with a dump truck that has a sleeper cab.
- **Terminal tractors** used at port facilities and other intermodal delivery and transportation facilities, commonly referred to as terminal tractors or yard trucks, may be configured and certified for either on-road or non-road use. **All projects involving terminal tractors will be considered non-road projects.** The emission rates used for the calculations will be based on the emission standard or family emissions limit (FEL) to which the engine is certified (on-road or non-road), while the load factor and default hours of operation will be based on the factors applicable to non-road terminal tractors. Applicants must commit to installing an hour meter in replacement on-road terminal tractors to track hours of operation of the engine.
- **An on-road tractor-trailer combination vehicle (haul truck) used as a terminal tractor** at port facilities and other intermodal delivery and transportation facilities may be replaced with a purpose-built terminal tractor, but may not be replaced with another haul truck. For these projects, the applicant should contact TERP staff for direction on calculating the emissions reductions for a project to replace an on-road vehicle with a purpose-built non-road vehicle/equipment.
- **On-road vehicles used for non-road purposes** may only be replaced with a vehicle or non-road equipment that is purpose-built for that non-road function. Unless a waiver is granted by the TCEQ, projects must meet the on-road eligibility requirements. Waiver request procedures are explained in detail in Appendix C of this RFGA.

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 the maximum rebate grant amount established by the TCEQ for that activity. The incremental cost is the cost to purchase the replacement vehicle minus the scrap value of the vehicle being replaced. The TCEQ will establish a default scrap value of \$1,000. Eligible costs are listed below:

- **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.
- **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 TERP GPS Monitoring Service Contractor, Precision Tracking Solutions, Inc., authorized by and contracted with the TCEQ to provide the system. Refer to the TERP website www.terpgrants.org obtain the latest price and contact information, or you may contact them directly at 972-693-7006.

3.1.2 Repower of On-Road Heavy-Duty Diesel Vehicles

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

In general, repower activities included under a grant project application may have already been started prior to the awarding of a grant. However, expenses to be reimbursed under a repower grant may not have been incurred prior to 12 months before the deadline for application submission.

The upgrade of an engine with an emissions upgrade kit certified by the EPA or CARB may also be considered under the repower category.

The replacement engine or upgrade kit **must be certified to emit 25% less NO_x than the engine being replaced, based on the federal standard for that engine.** Certification means approved by the EPA, CARB, or otherwise accepted by the TCEQ.

The TCEQ will evaluate whether the engine being **replaced would have otherwise been used in Texas for the period within which the emission reductions will be claimed.**

Unless a waiver is granted by the TCEQ, the standards that apply are listed below:

- The applicant must own the vehicle at the time of application and must have continuously owned the vehicle and have been listed as the owner on the title for a minimum of two years immediately preceding the submission of the grant application.
- The vehicle must have been used in its primary function in the routine operations of the applicant in Texas for the two years immediately preceding the submission of the grant application.
- The vehicle must currently be used in its primary function in the routine operations of the applicant. The vehicle must be capable of performing its primary function for the same duration as the proposed activity life.
- Unless the vocational type of the vehicle is exempt from inspection and registration requirements, the vehicle must currently be registered for operation in Texas and must have been continuously inspected and registered in Texas for the two years immediately preceding the submission of the grant application.
- Vehicles with apportioned registration to allow for operation in multiple states must have been operated in Texas at least 75% of annual mileage for at least the two years preceding the submission of the grant application.

Applicants must submit 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.

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 the maximum rebate grant amount established by the TCEQ for that activity. The incremental cost is the cost to purchase and install the replacement engine and associated equipment, minus the scrap value of \$250. Eligible costs are listed below:

- 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.
 - Miscellaneous 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.
- 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 TERP GPS Monitoring Service Contractor, Precision Tracking Solutions, Inc., authorized by and contracted with the TCEQ to provide the system. Refer to the TERP website www.terpgrants.org to obtain the latest price and contact information, or you may contact them directly at 972-693-7006.

3.2 NON-ROAD DIESEL EQUIPMENT

Non-road diesel equipment consistent with the equipment types, horsepower ranges, and model years listed in the Maximum Rebate Grant Amounts are eligible for rebate grants under this program.

The non-road equipment being replaced or repowered must be powered by a diesel engine 25 horsepower (hp) or greater to be eligible under this program. This requirement refers to the horsepower of the engine being replaced only, and does not apply to the replacement engine or technology.

The maximum rebate grant amounts are categorized by the eligible horsepower ranges. Non-road equipment with engines 750 horsepower or greater are not

eligible under the Rebate Grants Program. Equipment with these engines may still be eligible under other TERP grant programs.

There are specific requirements for the replacement or repower of non-road equipment. Listed below is a summary of eligible activities. For additional information, please also refer to the guidelines.

3.2.1 Replacement of Non-Road Diesel Equipment

This category is for the replacement of a non-road heavy-duty piece of equipment with a newer non-road heavy-duty piece of equipment powered by diesel, natural gas, propane, or electricity. The vehicle being purchased as a replacement may not have been purchased prior to the opening of the application period.

The manufacture year of the engine installed on the replacement equipment must be 2016 or newer. For this category, the applicant must replace a piece of equipment with a remaining useful life consistent with the Activity Life selected. 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.** Certification means approved by the EPA, the CARB, or otherwise accepted by the TCEQ.

For a replacement project, the TCEQ will evaluate whether the equipment being replaced **would have otherwise been used in Texas for the period within which the emission reductions will be claimed.** Unless a waiver is granted by the TCEQ, the standards that apply are listed below:

- The applicant must have continuously owned the equipment for a minimum of two years immediately preceding the application date.
- The equipment must have been used in its primary function in the routine operations of the applicant in Texas for the two years immediately preceding the application date.
- The equipment must currently be used in its primary function in the routine operations of the applicant and capable of performing its primary function for the same duration as the proposed activity life.

Applicants must submit documentation with the application to show compliance with the ownership requirements, including a copy of the equipment sales agreement or equipment maintenance receipts for the two years immediately preceding the application date.

Eligible projects include the like-for-like replacement of equipment. The TCEQ will evaluate whether the proposed replacement equipment is manufactured for and intended to be used for the same primary function as the equipment being replaced. Some, but not all, situations that may be considered are listed below:

- **All non-road equipment** must have the same general cab and body type, the same number of axles and wheels or tracks, and have a similar

power configuration as the equipment being replaced. Under this RFGA, the TCEQ will consider exceptions, case-by-case, provided that the new equipment is configured and will be used for the same purpose.

- **Terminal tractors** used at port facilities and other intermodal delivery and transportation facilities, commonly referred to as terminal tractors or yard trucks, may be configured and certified for either on-road or non-road use. **All projects involving terminal tractors will be considered non-road projects.** The emission rates used for the calculations will be based on the emission standard or family emissions limit to which the engine is certified (on-road or non-road). The load factor and default hours of operation will be based on the factors applicable to non-road terminal tractors. Applicants must commit to installing an hour meter in replacement on-road terminal tractors to track hours of operation of the engine.
- **An on-road tractor-trailer combination truck (haul truck) used as a terminal tractor** at port facilities and other intermodal delivery and transportation facilities may be replaced with a purpose-built terminal tractor, but may not be replaced with another haul truck. For these projects, the applicant should contact TERP staff for direction on calculating the emission reductions for a project to replace an on-road vehicle with a purpose built non-road vehicle/equipment.
- **On-road vehicles used for non-road purposes** may only be replaced with a vehicle or non-road equipment that is purpose-built for that non-road purpose. Unless a waiver is granted by the TCEQ, projects must meet the on-road eligibility requirements. Waiver request procedures are explained in detail in Appendix C of this RFGA.

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 the maximum rebate grant amount established by the TCEQ for that activity. The incremental cost is the cost to purchase the replacement equipment minus the scrap value of the equipment being replaced. The TCEQ may establish a default scrap value of \$1,000. 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. 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.
- **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 TERP GPS Monitoring Service Contractor, Precision Tracking Solutions, Inc., authorized by and contracted with the TCEQ to provide the system. Refer to the TERP website www.terpgrants.org to obtain the latest price and contact information, or you may contact them directly at 972-693-7006.

3.2.2 Repower of Non-Road Diesel Equipment

This category is for the replacement (repower) of an existing diesel engine on a non-road piece of equipment with a new, rebuilt, or remanufactured diesel engine. In general, repower activities included under a grant project application may have already been started prior to the awarding of a grant. However, expenses to be reimbursed under a repower grant may not have been incurred prior to 12 months before the deadline for application submission.

The engine **must be certified to emit at least 25% less NO_x than the engine being replaced.** Certification means approved by the EPA, CARB, or otherwise accepted by the TCEQ.

Subject to approval of 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.

Unless a waiver is granted by the TCEQ, the standards that apply are listed below.

- The applicant must own the equipment at the time of the application and have continuously owned the equipment two years immediately preceding the application date.
- The equipment must have been used in its primary function in the routine operations of the applicant in Texas for the two years immediately preceding the application date.
- The equipment must be currently performing its primary function in the routine operations of the applicant. The equipment must be capable of performing its primary function for the same duration as the proposed activity life.

Applicants must submit documentation with the application to show compliance with the ownership requirements, including a copy of the equipment sales agreement or equipment maintenance receipts for the two years immediately preceding the application date..

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 the maximum rebate grant amount established by the TCEQ for that activity. 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. The TCEQ will establish a default scrap value of \$250. Eligible costs are listed below:

- **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.

- **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.
- **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 TERP GPS Monitoring Service Contractor, Precision Tracking Solutions, Inc., authorized by and contracted with the TCEQ to provide the system. Refer to the TERP website www.terpgrants.org to obtain the latest price and contact information, or you may contact them directly at 972-693-7006.

4.0 ADDITIONAL REQUIREMENTS

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

- a) Only one activity may be included in a rebate grant application. An individual or entity may receive no more than five (5) rebate grants for different activities during this application period.
- b) If applying as an individual or sole proprietor, a photocopy of a state or federal identification card must be included in the application (i.e. driver's license).
- c) If the applicant has paid eligible expenses that are equal to, or greater than, the grant amount with cash on-hand, the reimbursement may be paid directly to the applicant. If the applicant finances the Grant Equipment, TCEQ may assign payment directly to the financing company. Supporting documentation must be submitted to establish that the goods or services were received, and that the payment amount is owed to the financing company indicated by the applicant. TCEQ may not pay the applicant directly unless the applicant has paid an amount equal to, or greater than, the grant amount.
- d) An applicant may apply under this RFGA as well as any other currently open TERP grant rounds. If an eligible application for a particular project is not selected for funding under another TERP grant program, then the applicant may be considered for funding under this RFGA.
- e) The old vehicle/equipment and engine must be rendered permanently inoperable within 90 days of reimbursement payment. Grantees must have legal authority for this disposition. The vehicle must be completely destroyed and rendered inoperable by completely crushing the vehicle/equipment and engine. In general, unless an alternative destruction method is approved by the TCEQ, this is accomplished by putting a 3" hole or larger in the engine block on both sides (or otherwise destroying it) and cutting both frame rails in half (or performing other structural damage to the equipment). A certification of the disposition of the old vehicle/equipment and engine must be provided on TCEQ forms. The grant contract will include specific provisions for scrapping the vehicles/equipment and engines and for submitting disposition verification information to the TCEQ.

- f) Applicants must submit a copy of a Texas Nonrepairable Vehicle Title issued by the Texas Department of Motor Vehicles (TxDMV) for the vehicle(s) replaced under a grant contract. The Texas Nonrepairable Vehicle Title must be submitted at the same time that the required disposition documentation is submitted to the TCEQ. This title is available by submitting a completed form VTR-441 along with the required fee to the TxDMV.
- g) The cost per ton of NO_x reduced by the project may not exceed \$17,500. The cost per ton factor was used by the TCEQ in the calculations of the maximum rebate grant amounts listed in the appendices.
- h) The grant may only reimburse up to 80% of the eligible incremental costs of a replacement or repower project. This requirement applies, regardless of the maximum rebate grant amount set for that type of project.
- i) Applicants must agree to monitor the use of the grant-funded vehicles or equipment, and to report annually to the TCEQ for the life of each grant-funded activity. The minimum Activity Life for projects submitted under this RFGA is 5 years.
- j) Applicants must agree to notify the TCEQ of any termination of use, change in use, sale, transfer, or accidental or intentional destruction of grant-funded vehicles or equipment, or change in use of the qualifying fuel, during the life of each activity.
- k) 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.
- l) An activity involving a new emission 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:
 - o 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 Section 386.056, Texas Health and Safety Code; and
 - o the reductions are permanently retired.
- m) 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.

- n) All applications for funding must be completed according to the application instructions and submitted within the required deadline. Instructions for completing an application are found on the TERP website www.terpgrants.org with the application forms.
- o) Application forms will require one primary price quote and additional price quotes for comparison, according to the options listed in the application forms. Grant recipients will be responsible for soliciting the best purchase price and all costs covered by the grant and/or used as the cost basis for determining the grant amount must be reasonable.
- p) Administrative costs and other internal costs to the grant recipient, including but not limited to personnel expenses, internal salaries, indirect costs, and travel will not be eligible for reimbursement. This restriction also applies to situations where the grant recipient acts as the freight/delivery provider for delivery of the grant-funded vehicle or equipment before or after acceptance of the vehicle or equipment.
- q) If the costs for the purchase and installation of a TCEQ-approved GPS are included in the grant, the grant recipient must agree to pay for any required ongoing operational costs of using the GPS, including the reporting system provided by the vendor, for the Activity Life. Failure to maintain and use the GPS may result in a requirement to return any grant funds used to pay for all or part of the purchase and installation of the GPS.
- r) Consultant fees for the preparation of a grant application and administering the grant, either directly or as an addition to the cost basis of the grant-funded vehicle, equipment, or engine by the vendor or installer will be considered administrative costs and are not eligible as an addition to the cost basis of the vehicle or equipment.
- 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 be considered administrative costs and are not eligible for reimbursement. This determination is not intended to limit the ability of the vehicle or equipment vendor or engine installer to include reasonable and necessary costs for overseeing the work to be performed in the price of the vehicle, equipment, engine, and/or installation services.
- 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% who is more than 30 days delinquent in paying child support is not eligible to receive a state-funded grant or loan. All business entities applying for a grant under this RFGA must include in the application the name and social security number of the individual or sole proprietor and each partner, shareholder, or owner with an ownership interest of at least 25% of the business entity submitting the application. The certifying official submitting the application must also certify in the application that the individual or business entity named in the application is not ineligible to

receive the grant and acknowledges that the grant contract may be terminated and payment may be withheld if the certification is inaccurate.

- u) Applicants must submit a W-9 Form (Request for Taxpayer Identification Number and Certification Form) when submitting the application.

5.0 GRANT ADMINISTRATION AND REIMBURSEMENT OF EXPENSES

- a) Any expenses incurred by the grant recipient prior to receiving approval to move forward with the purchase by the TCEQ will be at the grant recipient's own risk.
- b) 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. The applicant may submit the request for reimbursement when the purchases are completed. Grant recipients must 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) If the acquisition of the Grant Equipment is being financed, the reimbursement may be assigned to the company that provided the financing, unless the grant recipient has paid eligible expenses that are equal to or greater than the reimbursement amount and the payment came from cash-on hand (non-borrowed funds). Supporting documentation must be submitted to establish that the goods or services were received, and that the payment amount is owed to the financing company indicated by the grant recipient.
- d) A summary of all expenses and budget items must be submitted with the request for reimbursement. These forms are available on the TERP website www.terpgrants.org or by calling the toll free TERP number at (800) 919-TERP (8377).
- e) For replacement projects, the scrap value is considered a cost of performing the Grant Activities and as such must be reasonable. If not using the TCEQ's default values, the amount 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 actual money or any in-kind value received for the scrapped vehicle or equipment must be reported to the TCEQ.
- f) Unless otherwise approved by the TCEQ, all project costs must have been incurred and grant-funded equipment or vehicles received before the end of the Period of Funds Availability indicated in 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 take ownership of and title to 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) The TCEQ will strive to process properly completed and documented requests for reimbursement within 30 days of the contract execution date or the receipt of the request, whichever is later. However, the TCEQ and the Texas Comptroller of Public Accounts will not be obligated to process the request and make payment within that time frame.

6.0 MONITORING AND REPORTING

- a) An applicant must choose in the application form an Activity Life of either 5 or 7 years. The maximum rebate grant amount table corresponding to the Activity Life chosen must be used to determine the grant amount. 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 vehicle or equipment.
- 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 approved by the TCEQ.
- c) Annual reports on the use of the grant-funded vehicle or equipment will be required, using forms to be provided by the TCEQ. If the grant recipient installs a GPS from the TCEQ-authorized GPS contractor, either as part of the grant or with other funds, the TCEQ may accept the reports available from the GPS service provider in lieu of the grant recipient submitting annual usage reports.
- d) The TCEQ may provide the grant recipient with a label to place on grant-funded vehicles and equipment to aid both the TCEQ and the grant recipient in tracking and identification of those vehicles and pieces of equipment. The grant recipient must agree to place the label on the grant-funded vehicles or equipment.
- e) The TCEQ has identified an approved vendor for a geographic positioning system (GPS) to electronically track the location and use of grant-funded vehicles and equipment. Initial installation of a GPS is voluntary. However, during the Activity Life of the grant, the TCEQ may require installation of a GPS for grant recipients that are not meeting the grant requirements pertaining to usage or location of use, in lieu of requiring immediate return of grant funds. In those cases of non-compliance, the grant recipient must agree to install and use the approved GPS if requested to do so by the TCEQ or the grant recipient may be required to return all or a portion of the grant funds.

7.0 FUNDING

The amount to be awarded to TERP small businesses under this grant program will total \$5 million.

However, the TCEQ will not be obligated to fund projects up to these amounts and may adjust or exceed these amounts without an amendment to this notice.

To assist applicants in determining whether sufficient funds will be available to cover their application, the TCEQ will post updates on the TERP website www.terpgrants.org regarding the amount of unobligated funds that remain available for rebate grants. Information will also be available by calling the TERP toll free number at 1-800-919-TERP (8377).

The TCEQ will not be obligated to select applications for funding, even if received within the application deadline.

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

8.0 APPLICATION PROCESS

8.1 REQUIRED FORMS

Application forms may be viewed and downloaded from the TERP website www.terpgrants.org. Copies of the forms may also be obtained by calling the TERP toll free number at (800) 919-TERP (8377).

8.2 APPLICATION SUBMISSION

To apply for funding, applicants must complete and submit a grant application using the Rebate Project Application Form (TCEQ-20332). Instructions for completing the forms can be found with the application forms on the TERP website www.terpgrants.org. Two copies of the completed and signed forms should be submitted to:

Regular Mail:

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

Express Mail:

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

8.3 DEADLINE FOR SUBMISSION

Applications will be accepted and considered on a first-come-first-served basis during this grant period. The TCEQ may suspend acceptance and/or processing of applications at any time during the application period with no obligation to continue processing an otherwise eligible application received within the deadline. Unless the acceptance of applications is suspended by the TCEQ prior to the application deadline, applications must be received at the front desk, Rm. 1301, 1st floor of Building F on the premises of the TCEQ by no later than 5:00 p.m., Central Time, May 29, 2019. Applications received in the TCEQ mail room on May 29, 2019 are not guaranteed to be delivered to Rm. 1301 by the required deadline, so applicants are encouraged to plan their submission date accordingly.

8.4 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. The applicant must certify that the information provided in the application is correct. The third-party preparer must also sign the application and certify that the information provided is correct.

8.5 ADDITIONAL PROGRAM INFORMATION

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

8.6 PUBLIC INFORMATION

Upon submission, all applications become the property of the State of Texas and as such become subject to the Texas Public Information Act, Texas Government Code Chapter 552.

9.0 SELECTION CRITERIA

9.1 PRIMARY CRITERIA

First-Come, First-Served. Applications submitted by TERP small businesses will be date and time stamped as they are received by the TERP program staff. The date and time an application is received in the TCEQ mail room will not be the determining factor. Subject to the additional criteria in this section, properly completed and eligible projects will be processed for approval on a first-come-first-served basis. Incomplete or ineligible applications will be returned to the applicant. Corrected or changed applications will be considered based on the date and time at which the corrected or changed versions are received and stamped by the TERP program staff. Properly completed and eligible applications will be reviewed by TERP staff and recommended for award.

9.2 ADDITIONAL CRITERIA

Regardless of the date and time that an otherwise eligible application is received, the TCEQ may consider the additional criteria explained below when selecting applications for grant funding:

- a) The TCEQ may base funding decisions on factors associated with best achieving the goals of the Rebate program, and the TCEQ is not obligated to fund a project. As part of this consideration, the TCEQ may give priority to projects in certain areas and/or for certain emission sectors.
- b) The TCEQ may make selection for funding contingent upon agreement by the applicant with additional conditions or changes to the project pertaining to equipment, logistical considerations, expenses, and other program elements.
- c) The TCEQ may fund projects at less than the maximum rebate grant amounts listed in the appendices.
- d) 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.

- e) The TCEQ is not obligated to fund a proposal from an applicant or for a project based on a determination of the risks associated with the applicant and/or project, including the financial condition of the applicant and other risk factors as may be determined by the TCEQ. The TCEQ may also include additional controls in a grant contract to address the risks that may be involved with providing a grant to an applicant considered to be high risk.
- f) 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.
- g) The TCEQ is not obligated to fund a proposal from an applicant with an overall compliance history classification of Unsatisfactory (55.01 or greater) on the TCEQ's Compliance History Database, for applicants that are subject to the rating.

10.0 CONTRACTING

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

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 the 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.

11.0 GRANT AWARD AND CONTRACT

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 two copies will be provided to the applicant to sign and return to the TCEQ. Upon signature and execution of the contracts by the TCEQ, one original, signed contract will be returned to the applicant, at which time the grant will be considered awarded.

11.1 REIMBURSEMENT

The grant recipient may submit a Request for Reimbursement after the expenses are both incurred and paid, which must be within the period of availability as specified in the contract.

11.2 CONTRACTOR EVALUATION

The TCEQ may prepare a written evaluation of the performance of the grant recipient upon completion of the terms of the grant contract, or more frequently, as deemed necessary by the TCEQ. A copy of the evaluation will be provided to the grant recipient and a copy retained in the TCEQ's contract files.

The content of the evaluation shall be wholly within the discretion of the TCEQ. The grant recipient may provide a written statement which explains or disagrees with the evaluation, which will be incorporated into the evaluation. The grant recipient waives any claim for damages against TCEQ for the evaluation. 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.

12.0 CONSIDERATION OF APPLICATION IN FUTURE GRANT ROUNDS

The TCEQ may, at its discretion, retain applications not selected for funding under this notice for consideration under a new notice issued for a future grant round. 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: INSTRUCTIONS FOR DETERMINING MAXIMUM GRANT AMOUNTS

Instructions are provided below to determine the maximum rebate grant amount available for a proposed project. Refer to the tables on the TERP website www.terpgrants.org for On-road projects, both 5 and 7 years and Non-road equipment projects, both 5 and 7 year.

On-Road Vehicles

Step 1. Determine the Gross-Vehicle Weight Rating (GVWR) of the Vehicle

The GVWR is the total allowable or recommended vehicle weight, including the loaded weight of the vehicle, driver, passengers, and cargo. The rated weight is usually found on a label affixed to the inside of the door or other area of the vehicle and may also be listed on the vehicle title and registration documents.

If the vehicle is normally operated in combination with a trailer, such as an 18-wheel semi-tractor and trailer rig, then use the Gross Combined Weight Rating (GCWR) of both the vehicle and the trailer. However, if a trailer is only attached occasionally, use the GVWR for the vehicle only. Check with TCEQ staff if you are unsure as to what GVWR to use. Further information regarding the GVWR can be found in Appendix D.

Note: The rebate tables list maximum grant amounts for On-Road Vehicles with a GVWR greater than 60,000 lbs. The first table should be used for tractor-trailer combination haul trucks only. The subsequent table should be used for vehicles other than a haul truck with a GVWR greater than 60,000 lbs.

Step 2. Select either a 5-year or 7-year Activity Life

The grant recipient must agree to monitor the use of grant-funded vehicles or equipment for the designated Activity Life. For this program, an applicant must choose in the application form an Activity Life of either 5 or 7 years. The maximum rebate grant amount table corresponding to the Activity Life chosen must be used to determine the grant amount. 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 vehicle or equipment.

Step 3. Find the Rebate Grant Table for the GVWR and Activity Life

The tables correspond to an Activity Life of 5 or 7 years. Tables are provided showing the maximum funding amounts for use in the eligible counties. The applicant must use the table applicable to the weight category of the vehicle and Activity Life chosen. Note, that you may not replace a vehicle from one weight category with a vehicle from another weight category, unless otherwise identified under Section 3.1.1 of this RFGA, or approved by the TCEQ.

Step 4. Determine the Model Year of the Replacement Vehicle and Engine

You must know the model year of your current vehicle and engine. If the original engine was replaced with a later model year engine, use the model year of the engine and not the year of the vehicle itself.

On-road heavy duty engines are certified by the U.S. Environmental Protection Agency (EPA) to meet federal nitrogen oxides (NO_x) emission standards established by year. The standards are usually expressed in grams per brake horsepower hour (g/bhp-hr) of NO_x. Normally, an engine will be certified to meet the emission standard applicable to the year in which the engine was manufactured. However, there are exceptions to this approach as listed below:

Beginning in 2007, manufacturers of on-road heavy duty diesel engines were required to begin a phase-in period for compliance with a new federal NO_x emission standard of 0.2 g/bhp-hr. From 2007 through 2009, manufacturers must have averaged 1.2 g/bhp-hr across the range of engines sold. The standard for engines manufactured in 2010 is 0.2 g/bhp-hr, although not all 2010 engines will meet this standard.

The maximum rebate grant tables list different NO_x emissions options for 2007 and beyond on-road engine certifications. Use the rebate grant amount corresponding to the range of emission rates applicable to the certified emissions rate of that engine.

If the replacement on-road vehicle/engine is powered by electricity, use the lowest emission rate range shown on the table.

Step 5. Determine the Maximum Rebate Grant Amount

Once you have selected the table applicable to the weight category of your vehicle and the Activity Life, find the column that applies to the year of the vehicle and/or engine being replaced. Go down that column to the line corresponding to the year and emissions rate of the vehicle and/or engine being purchased. Note the maximum rebate grant amount listed for that combination of old and replacement vehicle and/or engine.

Non-Road Equipment

Step 1. Select either a 5-year or 7-year Activity Life.

The grant recipient must agree to monitor the use of grant-funded vehicle or equipment for the designated Activity Life. For this program, an applicant must choose in the application form an Activity Life of either 5 or 7 years. The maximum rebate grant amount table corresponding to the Activity Life chosen must be used to determine the grant amount. 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 vehicle or equipment.

Step 2. Find the Rebate Grant Table for the Equipment Type and Activity Life

The tables correspond to an Activity Life of 5 or 7 years. A different table is provided for each type of equipment eligible for funding under this program, including separate tables for terminal tractors with non-road certified engines, and terminal tractors with on-road certified engines. Find the table corresponding to the selected Activity Life and your equipment type. Note, that you may not replace one type of equipment with another type. Eligible projects include the like-for-like replacement of equipment. The TCEQ will evaluate whether the proposed replacement equipment is manufactured for and intended to be used for the same primary function as the equipment being replaced. The types of equipment eligible for a rebate grant are listed below:

SCC Code	Description
2270002036	Excavators
2270002045	Cranes
2270002048	Graders
2270002051	off-highway trucks
2270002054	crushing processing equipment
2270002057	rough terrain forklifts
2270002060	rubber tire loaders
2270002066	tractors / loaders / backhoes
2270002069	crawler tractors
2270002072	skid steer loaders
2270002075	off-highway tractors
N/A	container handlers
2270003020	Forklifts
2270003070	terminal tractors
2270005015	agricultural tractors
2270005020	Combines

Step 3. Determine the Horsepower of the Equipment

You must know the horsepower of your current equipment engine and the horsepower of the replacement equipment engine. The horsepower should be the manufacturer's rated horsepower of that engine in that type of equipment.

You must use the rebate grant amount that corresponds with the horsepower of the old equipment in your rebate grant application.

Step 4. Determine the Model Year of the Equipment and Engine

You must know the model year of your current engine. If the original engine was replaced with a later model year engine, use the model year of the engine and not the year of the equipment itself.

Step 5. Determine the Certified Emissions Rate and Model Year of the Equipment and Engine Being Purchased

Non-road heavy duty diesel engines are certified by the EPA to meet federal NO_x emission standards established by year. The standards are usually expressed in grams per brake horsepower hour (g/bhp-hr). Normally, an engine will be certified to the emission standard applicable to the year in which the engine was manufactured. However, there are exceptions to this approach. Some manufacturers (and in particular, Caterpillar, Inc.) may have non-road engines manufactured specifically for repowers that only meet a Tier 1 emission standard, even though the Tier 2 or 3 standard would normally apply for engines manufactured in that year. These engines may be used only to repower older equipment and not for installation in a new piece of equipment. Be sure to check with the engine supplier for all repower projects and particularly repower projects involving engines manufactured by Caterpillar, Inc. If the engine identified for purchase is certified to only a Tier 1 standard, even though the new engine emission standard for the year of manufacture is Tier 2 or above, use the Tier 1 emission level to determine the rebate grant amount. See Appendix B for a list of emission standards and tier levels by year.

Beginning in 2011, manufacturers of non-road heavy duty diesel engines were required to begin a phase-in period for compliance with a new federal NO_x emissions standard. The manufacturer's engine production must meet these standards during each year of the phase-in. Therefore, it is not guaranteed that a Tier 4 (Phase-In) equipment and/or engine meet the lower standard. If an applicant proposes to purchase a Tier 4 (Phase-In) equipment and/or engine, the applicant must certify in the application the emission level that the new equipment and/or engine will meet. Copies of the form certifying the engine family to the lower emission standard must be provided.

Step 6. Determine the Maximum Rebate Grant Amount

Once you have selected the table for your type of equipment, based upon the equipment type and horsepower range of the replacement engine, find the column corresponding to the horsepower range and emissions model year of the engine being replaced. Next, find the row corresponding to the certified NO_x emissions standard or Family Emissions Limit (FEL) of the replacement engine (Note: if your emissions standard is between the numbers listed, use the nearest higher emissions rate listed on the table.) Find the maximum rebate grant amount listed for that combination of old and replacement equipment and/or engine.

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APPENDIX B: NO_x EMISSION STANDARDS

On-Road Vehicles

On-Road Heavy-Duty Diesel Compression-Ignition (CI) Engines NO_x Emission Standards by Model Year

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

*Some manufacturers were producing 2003 engines that met the more stringent 2.375 g/bhp-hr standard.

Non-Road Equipment

Non-Road Diesel Compression-Ignition (CI) Engines NO_x Emission Standards by Model Year

Engine Power (HP)	Tier	Model Year	Emissions (NO _x) g/bhp-hr	Emissions (NO _x + NMHC) g/bhp-hr
25≤hp<50 (19≤kW<37)	Tier 0 (uncontrolled)	pre-1999	7.2	N/A
	Tier 1	1999-2003	6.745	7.1
	Tier 2	2004-2012	5.32	5.6
	Tier 4	2013+	3.325	3.5
50≤hp<100 (37≤kW<75)	Tier 0 (uncontrolled)	pre-1998	8.8	N/A
	Tier 1	1998-2003	6.9	N/A
	Tier 2	2004-2007	5.32	5.6
	Tier 3	2008-2012	3.325	3.5
100≤hp<175 (75≤kW<130)	Tier 0 (uncontrolled)	pre - 1997	9.5	N/A
	Tier 1	1997-2002	6.9	N/A
	Tier 2	2003-2006	4.655	4.9
	Tier 3	2007-2011	2.85	3.0
	Tier 4 (Phase-In)	2012-2013	0.30-2.851	N/A
	Tier 4	2014+	0.30	N/A

Non-Road Equipment (continued)

Non-Road Diesel Compression-Ignition (CI) Engines NO_x Emission Standards by Model Year

175≤hp<300 (130≤kW<225)	Tier 0 (uncontrolled)	pre-1996	9.3	N/A
	Tier 1	1996-2002	6.9	N/A
	Tier 2	2003-2005	4.655	4.9
	Tier 3	2006-2010	2.85	3.0
	Tier 4 (Phase-In)	2011-2013	0.30-2.851	N/A
	Tier 4	2014+	0.30	N/A
300≤hp<600 (225≤kW<450)	Tier 0 (uncontrolled)	pre-1996	9.5	N/A
	Tier 1	1996-2000	6.9	N/A
	Tier 2	2001-2005	4.56	4.8
	Tier 3	2006-2010	2.85	3.0
	Tier 4 (Phase-In)	2011-2013	0.30-2.851	N/A
	Tier 4	2014+	0.30	N/A
600≤hp<750 (450≤kW<560)	Tier 0 (uncontrolled)	pre-1996	9.7	N/A
	Tier 1	1996-2001	6.9	N/A
	Tier 2	2002-2005	4.56	4.8
	Tier 3	2006-2010	2.85	3.0
	Tier 4 (Phase-In)	2011-2013	0.30-2.851	N/A
	Tier 4	2014+	0.30	N/A

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APPENDIX C: 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 for 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 lower 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, 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 replaces a vehicle or piece of equipment that has 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 to explain how there is good cause to grant a waiver and justification for determining that, with the waiver, 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:

- 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 from the application date.
- 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.
- 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.
- For vehicles used in seasonal work, good cause might be considered for lapses in registration and/or use during the non-seasonal period. Under this situation, lapses in registration or use for longer than six months over a one year period would be more difficult to justify. An explanation of the type of use and the normal season(s) for that use will need to be provided.
- Other situations, including longer lapses in ownership, registration, or use, may also be considered, case-by-case. The burden is on the grant applicant to fully explain why a waiver should be granted and to justify that there is a good cause to grant the waiver request.

4.0 WAIVER REQUEST INSTRUCTIONS

Requests for a waiver must be submitted in writing using the form provided by the TCEQ and signed by the authorized official of the grant applicant.

For each requirement, explain in detail how the project does not meet the requirement(s) and why. Provide a detailed explanation of why there is good cause to grant the waiver.

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.

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

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.

Waiver requests must be submitted before the application begins the review process. Waiver requests not submitted with an application should be sent to:

Regular Mail:

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

Express Mail:

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

4.1 WAIVER REQUEST APPROVAL/DISAPPROVAL PROCEDURES

- **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.

- Waiver Requests Submitted with an Application

Waiver requests submitted with an application will be considered along with the application.

- 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.

- Waiver Disapproval Appeal Procedures

A grant applicant that is not satisfied with the TCEQ decision to disapprove a waiver request that was 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 a denial notification is sent by mail, the grant applicant is deemed to have received the denial within three business days after the mailing date. If the denial notification 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:

- description to verify that the protestant is the grant applicant that submitted the waiver request;
- the issue(s) being disputed and the requested remedy;
- 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
- the applicant's affirmation that facts set forth in the appeal are true.

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

The Executive Director of the TCEQ or 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.

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APPENDIX D: GROSS VEHICLE WEIGHT RATING (GVWR) 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 GCWR; Tractor-Trailer Combination (Haul Truck) Only

- Haul Truck (tractor-trailer combination)

Greater than 60,000 pounds GVWR; Other than Haul 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 or Concrete Truck
- Vacuum Truck
- Water Truck
- Drill Rig Truck
- Tow Truck

8,501 – 33,000 pounds GVWR

- Delivery Trucks

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