

**Texas Commission on Environmental Quality (TCEQ)  
Texas Emissions Reduction Plan (TERP)**

**REBATE GRANTS PROGRAM  
Request for Grant Applications (RFGA)  
Fiscal Year (FY) 2020**

**Rebate Grants for Projects to Reduce Emissions of Nitrogen Oxides  
(NO<sub>x</sub>) in the Air Quality Nonattainment Areas of Texas and Other  
Areas of Concern**

**Solicitation No. 582-20-14094**

**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

**August 13, 2020**

**Texas Commission on Environmental Quality (TCEQ)  
Air Grants Division**

**Rebate, MC-204  
P.O. Box 13087  
Austin, Texas 78711-3087**

**1-800-919-TERP (8377)  
TERP@tceq.texas.gov**

Applications will be accepted for consideration during this grant period on a first-come, first-served basis on the premises of the TCEQ or via electronic mail to [TERP@tceq.texas.gov](mailto:TERP@tceq.texas.gov), no later than 5:00 p.m., Central Time, on November 12, 2020. 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. Any changes to this solicitation will be made through an addendum in the Electronic State Business Daily (ESBD).

No pre-proposal conference will be held.

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## Texas Commission on Environmental Quality (TCEQ)

### Request for Grant Applications (RFGA) Fiscal Year (FY) 2020

#### 1.0 INVITATION

The Texas Commission on Environmental Quality (TCEQ) invites applications from persons who operate on-road heavy-duty diesel vehicles (vehicle) and selected types of non-road diesel equipment (equipment) in the nonattainment areas of Texas and other areas of concern for ozone.

Incentive funding is available for activities that will reduce the emissions of nitrogen oxides (NO<sub>x</sub>) in designated eligible counties. NO<sub>x</sub> 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<sub>x</sub>. NO<sub>x</sub> reacts with volatile organic compounds (VOCs) in the presence of sunlight to form harmful ground-level ozone.

#### 1.1 PURPOSE

This grant 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 Title 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.

Further authority is contained in Texas Water Code, Chapter 5, Subchapter D, Section 5.124 (authority to award grants).

#### 1.2 TERP OBJECTIVES

The objectives of TERP are to:

- achieve maximum reductions in NO<sub>x</sub> 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<sub>x</sub> 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](http://www.terpgrants.org). The materials may also be obtained by contacting TERP staff at 1-800-919-TERP (8377) or TERP@tceq.texas.gov.

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

Persons who operate or plan to operate on-road heavy-duty vehicles or non-road equipment in the eligible counties as designated below may be eligible to apply for a grant under this solicitation. The applicant must commit to operating the grant-funded equipment for either 5 or 7 years in the eligible counties designated in the application for at least 55% of its annual usage.

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 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

## 2.1 SMALL BUSINESSES

Entities meeting the definition of a Small Business, as defined below, may be eligible for set-aside funding. 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.

## 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<sub>x</sub> emissions in the designated eligible counties from on-road heavy-duty diesel vehicles and non-road diesel equipment.

Rebate Grant amounts will be based on TCEQ's Maximum Rebate Grant Amount Tables. These tables show the pre-approved Maximum Rebate Grant Amounts for eligible on-road and non-road replacement and repower projects. Maximum Rebate Grant Amount Tables are provided for both a 5-year and 7-year **Activity Life**. The Activity Life is the period of time a grantee is required to operate and report on the usage of the replacement vehicle or equipment. Use the table applicable to the chosen Activity Life and the weight category of the vehicle or the type of non-road equipment to determine the grant amount.

Market prices for eligible vehicles and equipment will be considered by TCEQ to ensure that requested grant amounts are reasonable. If market price information is not available for a vehicle or equipment, TCEQ may require the applicant to submit additional price analysis information, including current price quotes from independent sources that may be used for comparison by TCEQ.

Maximum Rebate Grant Amount Tables may be viewed and downloaded from the TERP website [www.terpgrants.org](http://www.terpgrants.org). The tables may also be obtained by contacting TERP staff at 1-800-919-TERP (8377) or TERP@tceq.texas.gov.

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

### 3.1 ON-ROAD HEAVY-DUTY DIESEL VEHICLES

On-road heavy-duty diesel 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 this application period.

**The model year of the replacement vehicle cannot be more than three years older than the calendar year in which the vehicle is purchased.** For replacement projects, 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<sub>x</sub> than the vehicle being replaced.** Certification means approved by the EPA or the California Air Resources Board (CARB), or another entity that has been deemed acceptable by TCEQ.

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.

For a replacement project, the TCEQ will evaluate whether the vehicle being replaced would have otherwise been used in Texas for the duration of the Activity Life. 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 signature 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 signature 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 signature date.
- Vehicles with apportioned registration must have operated in Texas at least 55% of its annual mileage for at least the two years preceding the application signature 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 signature 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 vehicle being replaced.

- **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, provided that the new vehicle will be used for the same primary function as the equipment being replaced. For GVWR instructions, please refer to Appendix D.
- **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 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's default scrap value is \$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](http://www.terpgrants.org) obtain the latest price and contact information, or you may contact them directly at 888-987-5722.

### **3.1.2 Repower of On-Road Heavy-Duty Diesel Vehicles**

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

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<sub>x</sub> than the engine being replaced, based on the federal standard for that engine.** Certification means approved by the EPA, CARB, or another entity that has been deemed acceptable by TCEQ.

The TCEQ will evaluate whether the engine being **replaced would have otherwise been used in Texas for the duration of the Activity Life.**

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 application signature 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 signature date.
- 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 application signature date.
- Vehicles with apportioned registration, to allow for operation in multiple states, must have been operated in Texas at least 55% of annual mileage for at least the two years immediately preceding the application signature date.

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 application signature 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 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 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](http://www.terpgrants.org) to obtain the latest price and contact information, or you may contact them directly at 888-987-5722.

## 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 Amount Tables are eligible under this program. The maximum rebate grant amounts are categorized by the eligible horsepower ranges. **To be eligible, the non-road equipment being replaced or repowered must be powered by a diesel engine 25 horsepower (hp) or greater, up to 749 horsepower.** This requirement refers to the horsepower of the engine being replaced only, and does not apply to the replacement engine or technology.

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 diesel piece of equipment with a newer non-road heavy-duty piece of equipment powered by diesel, natural gas, propane, or electricity. The equipment 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 cannot be more than three years older than the calendar year in which the equipment was purchased.** 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<sub>x</sub> than the engine being replaced.** Certification means approved by the EPA, the CARB, or another entity that has been deemed acceptable 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 duration of the Activity Life.** 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 signature date. By signing the application, the applicant certifies to meeting the two year ownership requirement.
- 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 signature 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.

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.

- **All non-road equipment** must have the same general 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 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's default scrap value is \$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](http://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<sub>x</sub> than the engine being replaced**. Certification means approved by the EPA, CARB, or another entity that has been deemed acceptable by 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<sub>x</sub> 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 signature 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 signature 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's default scrap value is \$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](http://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**

Activities funded under this program are subject to the following:

### **4.1 APPLICATION REQUIREMENTS**

- a) Only one activity may be included in a Rebate Grant application. There is no limit to the number of Rebate Grants for different activities an individual or entity may receive during this application period.
- b) If applying as an individual or sole proprietor, the applicant must include a photocopy of his/her state or federal identification card with the application (i.e. driver's license).
- c) An applicant may apply under this RFGA as well as any other TERP grant programs that are currently open. However, if an activity selected for award is included in an application submitted under multiple programs, the grant will be awarded under the program that approves the activity first and will be withdrawn from any other application.

- d) An activity is not eligible for replacement if it is required by any state or federal law, rule, regulation, memorandum of agreement, or other legally binding document. However, 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 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. 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.
- e) 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.

#### **4.2 DISPOSITION REQUIREMENTS**

- a) 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. In general, unless an alternative destruction method is approved by the TCEQ, this is accomplished by completely crushing the vehicle/equipment and engine or by cutting 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).
- b) 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.
- c) Applicants must submit a copy of a Texas Nonrepairable Vehicle Title issued by the Texas Department of Motor Vehicles (TxDMV) for the vehicle 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.

### 4.3 COST AND FINANCIAL REQUIREMENTS

- a) 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 in the Maximum Rebate Grant Amount Tables, available at [www.terpgrants.org](http://www.terpgrants.org).
  - a. Grantees must disclose any additional funding for this project such as tax credits, deductions, other grants, or any other public financial assistance to the TCEQ.
  - b. 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.
- b) 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.
- c) 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.
- d) 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.
- e) 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 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.
- f) 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.

- g) The TCEQ considers this to be a taxable grant. 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](http://www.terpgrants.org), or by contacting TERP at (800) 919-TERP (8377) or [TERP@tceq.texas.gov](mailto:TERP@tceq.texas.gov).
- 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) Grantees must monitor the use of the grant-funded vehicles or equipment, and report annually to the TCEQ for the life of each grant-funded activity. The reporting must be done during the selected Activity Life of either 5 or 7 years. The specific beginning and ending dates for the Activity Life 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.
- b) 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.
- c) The TCEQ has identified an approved vendor for a geographic positioning system (GPS) to electronically track the location and use of grant-funded 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.

- 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 equipment.
- e) Grantees must 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.

## **7.0 FUNDING**

The total amount to be awarded under this grant program will depend upon the amount of revenue received into the TERP account. At least \$1 million of the funding allocated to the Rebate Grants Program will be set aside for applications from entities that qualify as a Small Business as described under Section 2.0 in this document.

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](http://www.terpgrants.org) regarding the amount of unobligated funds that remain available for Rebate Grants and for small business applicants. Information will also be available by contacting TERP staff at (800) 919-TERP (8377) or [TERP@tceq.texas.gov](mailto:TERP@tceq.texas.gov).

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](http://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](http://www.terpgrants.org). The completed and signed forms should be

submitted via electronic mail to [TERP@tceq.texas.gov](mailto:TERP@tceq.texas.gov) or by mail to one of the addresses below:

**Regular Mail:**

Texas Commission on Environmental Quality  
Air Grants Division  
Rebate, MC-204  
P.O. Box 13087  
Austin, TX 78711-3087

**Express Mail:**

Texas Commission on Environmental Quality  
Air Grants Division  
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 in the TCEQ mail room or via electronic mail to [TERP@tceq.texas.gov](mailto:TERP@tceq.texas.gov) no later than 5:00 p.m., Central Time, November 12, 2020.

**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.

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 contact the TERP staff at 1-800-919-TERP (8377) or TERP@tceq.texas.gov.

## **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 will be date stamped as they are received by TERP program staff via mail or electronic delivery. The date an mailed-in application is received in the TCEQ mail room will not be the determining factor for selection. 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. Corrected or changed applications will be considered based on the date on which the corrected or changed versions are received by 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 Grant 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 amounts listed in the Maximum Rebate Grant Amount Tables available at [www.terpgrants.org](http://www.terpgrants.org).
- 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](http://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 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. Applicants selected to receive grant funding will be required to sign a contract with TCEQ if they wish to proceed with the grant. Upon signature and execution of the contract by TCEQ, a signed contract will be returned to the applicant, at which time the grant will be considered awarded.

### **11.1 REIMBURSEMENT**

The grant equipment expenses must be both incurred and paid on or before the Purchase Expiration Date as specified in the contract. Grantees may then submit a Request for Reimbursement within 45 days.

### **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](http://www.terpgrants.org) for on-road projects and non-road projects, both with 5 and 7 year Activity Lives.

### **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 select 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<sub>x</sub> 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.

#### **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<sub>x</sub>) emission standards established by year. The standards are usually expressed in grams per brake horsepower hour (g/bhp-hr) of NO<sub>x</sub>. 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<sub>x</sub> 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 Amount Tables list different NO<sub>x</sub> emissions options for on-road engine certifications, 2007 and beyond. 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 select 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<sub>x</sub> 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. The types of equipment eligible for a rebate grant are listed below:

<b>Description</b>
Excavators
Cranes
Graders
Off-highway trucks
Crushing processing equipment
Rough terrain forklifts
Rubber tire loaders
Tractors / Loaders / Backhoes
Crawler tractors
Skid steer loaders
Off-highway tractors
Container handlers
Forklifts
Terminal tractors
Agricultural tractors
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<sub>x</sub> 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<sub>x</sub> 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<sub>x</sub> 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.

## APPENDIX B: NO<sub>x</sub> EMISSION STANDARDS

### On-Road Vehicles

On-Road Heavy-Duty Diesel Compression-Ignition (CI) Engines NO<sub>x</sub> Emission Standards by Model Year

Emissions Model Year	Diesel Engines Emissions Standard	
	NO <sub>x</sub> Only (g/bhp-hr)	NO <sub>x</sub> +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<sub>x</sub> Emission Standards by Model Year

Engine Power (HP)	Tier	Model Year	Emissions (NO <sub>x</sub> ) g/bhp-hr	Emissions (NO <sub>x</sub> + 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<sub>x</sub> 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

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

### **1.0 PURPOSE**

A vehicle replaced under the Rebate Grants Program must have been owned, leased, or commercially financed, registered, and operated by the applicant in Texas for at least the two years immediately preceding the submission of the grant application. Under Texas Health and Safety Code (THSC), §386.104, the TCEQ is to consider a request to waive one or more of these requirements based on a finding of good cause, which may include short lapses in registration or operation due to economic conditions, seasonal work, or other circumstances.

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

### **2.0 BASIS FOR DETERMINATION OF GOOD CAUSE**

The use of the vehicle and engine funded under the Rebate Grant Program must be projected to result in a reduction in nitrogen oxides (NO<sub>x</sub>) emissions of at least 25%. The basis for the ownership, registration, and use requirements under the TERP grant programs is, in part, a way to validate that a project will result in reductions in NO<sub>x</sub> emissions and other pollutants, when compared with what would have happened if the grant were not awarded.

For projections of emissions reductions attributable to a project to be valid, there must be reasonable assurance that, absent the grant, the applicant would have continued to use the vehicle being replaced 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.

The TCEQ's determination of whether there is good cause to grant a waiver will be based on an evaluation of the factors explained above. Applicants are required to explain how there is good cause to grant a waiver and justification for determining that, with the waiver, how at least a 25% reduction in NO<sub>x</sub> emissions will still be met.

### **3.0 STANDARD SITUATIONS**

All waiver requests will be considered on a case-by-case basis, with no assurance that a waiver will be granted. The burden is on the applicant to fully explain why a waiver should be granted and to justify that there is good cause to grant the waiver request.

Certain waiver situations based on the two-year ownership or lease requirement may include:

- 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.

Standards that still must be met:

- The vehicle was owned or leased under either the current company name or the previous company name and registered and operated in Texas for the preceding two years.
- The applicant must have authority to destroy a vehicle being replaced. This is demonstrated if the applicant is listed as the owner on the current title.

Certain situations regarding lapses in registration or use for the past two years include:

- For vehicles used in seasonal work, brief lapses of less than six months in registration and/or use during the non-seasonal period.
- Short lapses in registration and/or use over a one-year period might constitute good cause as long as the owner or lease holder of the vehicle did not change.

The reasons provided in the waiver request for the lapse in registration and/or use should clearly show that the vehicle would continue to be used by the applicant and that the lapse in registration or use was not a permanent situation.

Other situations, including longer lapses in ownership, registration, or use, may also be considered, case-by-case.

#### **4.0 WAIVER REQUEST INSTRUCTIONS**

Requests for a waiver must be submitted before or at the time of application using Form 9: Program Waiver Request Form located at [www.terpgrants.org](http://www.terpgrants.org) 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.

Waiver requests must be submitted prior to application submission or with the application via electronic mail to [TERP@tceq.texas.gov](mailto:TERP@tceq.texas.gov) or delivery to one of the following addresses:

**Regular Mail:**

Texas Commission on Environmental Quality

Air Grants Division

Rebate, MC-204  
P.O. Box 13087  
Austin, TX 78711-3087

**Express Mail:**

Texas Commission on Environmental Quality  
Air Grants Division  
Rebate, MC-204  
12100 Park 35 Circle, Building F, Room 1301  
Austin, TX 78753

#### **4.1 WAIVER REQUEST SUBMITTAL**

##### **Waiver Requests Submitted prior to the Application Submittal**

Waiver requests submitted to TERP prior to the submittal of the application will be reviewed for consideration. Upon submitting the application, the applicant needs to include a copy of Form 9: Program Waiver Request Form with the application.

##### **Waiver Requests Submitted with an Application**

- a) Waiver requests will be considered, along with the application.
- b) Applicants will be notified of the decision on the waiver request at the same time or before notification of a decision on approval or disapproval of the application.

##### **Incorporation of Approvals into the Contract Conditions**

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

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

## **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