



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

P.O. Box 13087, MC 182
Austin, Texas 78711-3087

March 31, 2023

**ADDENDUM NUMBER 2
TO
SOLICITATION NO. 582-23-42338-ER
FOR
Emissions Reduction Incentive Grants Program**

GRANT APPLICATIONS DUE DATE: **April 12, 2023, at 5:00 p.m. CT**

LISTED BELOW ARE THE CHANGES/ADDITIONS TO THIS SOLICITATION.

ISSUED BY:

Heidi A. Clausen

Heidi Clausen, Contract Specialist

March 31, 2023

Date

ADDENDUM N°. 2
****Important Notice to Applicants****
SOLICITATION NO. 582-23-42338-ER
FOR
Emissions Reduction Incentive Grants (ERIG) Program

GRANT APPLICATIONS DUE DATE: **April 12, 2023, at 5:00 p.m. CT**

This Addendum to the ERIG Program serves to amend the Request for Grant Applications (RFGA) and the Applications TCEQ-20965/a, TCEQ-20965/b, and TCEQ-20965/c.

The following are changes to the above-referenced Solicitation:

Item A. The application submission deadline stated on the cover page of the Request for Grant Applications (RFGA) and Project Application Forms TCEQ-20965/a, TCEQ-20965/b, and TCEQ-20965/c is extended to 5:00 p.m. CT, April 12, 2023.

Item B. Response to the following question received from a potential applicant:

Question:

I am currently leasing a locomotive and I am not sure what my options are for applying for an ERIG grant? What are some ways we could apply for a grant?

Response:

The Air Grants Division (AGD) can work with the lessor and/or lessee on a locomotive grant application. Below is some information regarding how to apply for a grant in a leasing situation.

If the current owner of the locomotive (lessor) chooses to apply for a grant, they will be obligated to comply with the terms and conditions of the program for the entire length of any subsequent contract. They may lease the replacement locomotive to entities in the eligible areas of the program throughout the life of that contract (including you as the lessee). The lessor would be required to destroy the old locomotive or seek pre-authorization for alternative disposition (e.g., permanent removal from Texas). See Section 4.1(k) of the RFGA for instructions about pursuing alternative disposition options. If the lessor would prefer to pursue alternative disposition, they will need to fill out Section 10 of the locomotive application.

If the current operator of the locomotive (lessee) chooses to apply for a grant, they will need to ensure disposal - which may include alternative disposition - of the current locomotive that they operate (Section 4.7 of the RFGA) and can then procure a suitable lower emission replacement either through ownership or a lease for the entire activity length of the project (Section 4.6(e) of the RFGA).

One additional scenario is contemplated in Appendix B-2 of the RFGA. In this scenario, applicants may seek a waiver to procure an older locomotive that they do not currently own (needs to be operating in Texas per Section 2.2 of the RFGA), destroy it, and replace it with a lower emission model. This is sometimes referred to as 3rd party scrappage. Both the lessor and lessee could contemplate this waiver process.

Projects that involve only maintaining the frame and wheels of the older locomotive will still be considered a replacement project (Section 2.6(a) of the RFGA) and that applicants should indicate that they are pursuing this option in Section 10 of their locomotive application. This will help to ensure that this method of disposition is properly documented in any resulting contract.