

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

**Governmental Alternative Fuel Fleet Grant Program (GAFF)
Request for Grant Applications (RFGA)
Fiscal Year 2023**

Solicitation No. 582-23-43590-GF



Key RFGA Events	Date
Program Opening Date	March 17, 2023
Application Submission Deadline	May 16, 2023

**Texas Commission on Environmental Quality (TCEQ)
Air Grants Division
GAFF, MC - 204
P.O. Box 13087
Austin, Texas 78711-3087
1-800-919-TERP (8377)
www.terpgrants.org**

Applications will be accepted for consideration during this grant period only if received by TCEQ via TERP Online, email at GAFF-Apply@tceq.texas.gov, TCEQ's file transfer protocol secure (FTPS) server, or mail, **no later than 5:00 p.m. Central Time on the application submission deadline listed on the cover page of this RFGA**. Refer to Section 4.0 for detailed instructions for submitting an application.

The award of a GAFF grant is dependent upon the availability of funding. Any changes to this solicitation will be made through an addendum in the Electronic State Business Daily (ESBD).

There will not be a pre-proposal conference.

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1.0 Purpose

TCEQ invites applications from state agencies and political subdivisions that operate a fleet of more than 15 motor vehicles, excluding motor vehicles that are owned and operated by a private company or third party under contract with the entity. Mass transit or school transportation providers or other public entities established to provide public or school transportation are also invited to apply.

The GAFF program is established under Texas Health and Safety Code, Chapter 395, to fund the purchase or lease of new motor vehicles that operate primarily on alternative fuel, as well as the purchase, lease, or installation of refueling infrastructure or equipment, or the procurement of refueling services, to store and dispense alternative fuel.

Alternative fuel means compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), hydrogen fuel cells, or electricity, including electricity to power fully electric motor vehicles and plug-in hybrid motor vehicles.

2.0 Program Requirements

2.1 Eligible Applicants

Eligible applicants include a state agency or political subdivision that operates a fleet of more than 15 motor vehicles, excluding motor vehicles that are owned and operated by a private company or other third-party under a contract with an entity.

A “political subdivision” means a county, municipality, school district, junior college district, river authority, water district or other special district, or other political subdivision created under the constitution or a statute of this state.

Eligible applicants also include a mass transit or school transportation provider or other public entity established to provide public or school transportation services.

Applicants must disclose any known apparent, potential, or actual conflicts of interest to TCEQ in writing at the time the application is submitted. Businesses or other entities in which a TCEQ employee, spouse, or family member of a TCEQ employee has a direct or indirect interest, financial or otherwise, may be prohibited from receiving a grant, depending upon the nature of the interest.

Grants will not be awarded to third-party entities to pass on to the owners or operators of the vehicles or equipment.

2.2 Eligible Areas

TCEQ will make grants available statewide, but priority will be given to projects in or near a nonattainment area or in an affected county. A map and list of the nonattainment areas and affected counties is provided in [Appendix A](#).

Applicants must designate a primary area of use for the vehicles included in the project application. If the project contains activities to be completed in different primary areas, each activity must be applied for under separate applications.

2.3 Eligible Projects

Eligible projects under this solicitation include the:

- a) purchase or lease of a new motor vehicle that is originally manufactured to operate using one or more alternative fuels or is converted to operate using one or more alternative fuels before the first retail sale of the vehicle; and
- b) purchase, lease, or installation of refueling infrastructure or equipment or the procurement of refueling services for those vehicles.

Applicants must prioritize the following activities when using grant funds, and must indicate their priority activity or activities (in the application):

- a) The purchase or lease of new motor vehicles, including new motor vehicles that are converted to operate on an alternative fuel, when replacing vehicles or adding vehicles to the fleet.
- b) The purchase of new motor vehicles, including new motor vehicles that are converted to operate on an alternative fuel, to replace vehicles that have the highest total mileage and do not use an alternative fuel.
- c) To the extent feasible, whether by purchase, purchase and conversion, or lease, obtaining motor vehicles that use CNG, LNG, or LPG.

2.3.1 Purchase or Lease of New Motor Vehicles Requirements

A grant recipient may purchase or lease a new motor vehicle with grant funds that is:

- a) Originally manufactured to operate using one or more alternative fuels or is converted to operate using one or more alternative fuels before the first retail sale of the vehicle, and that:
 - 1) has a dedicated system, dual-fuel system, or bi-fuel system; and
 - 2) if the motor vehicle is a fully electric motor vehicle or plug-in hybrid motor vehicle, has a United States Environmental Protection Agency (EPA) rating of at least 75 miles per gallon equivalent or a 75-mile combined city and highway range.

Additionally, the following requirements apply:

- b) The vehicle and engine must be new, and not subject to a prior first sale.
- c) If a vehicle and/or engine must be converted to operate on one or more alternative fuels, the conversion process must take place as part of the original sale or lease of the vehicle.
- d) The vehicle may not have been purchased prior to September 1, 2022. Under this provision, the vehicle may have been ordered, but the expenses may not have been paid to finalize the purchase prior to this date.
- e) The vehicle and/or engine must be legally imported, if applicable.
- f) The vehicle and/or engine must be certified by the EPA to the current federal emissions standards or a lower family emissions limit (FEL).
- g) A grant recipient may not use grant funds under this program to replace a motor vehicle, transit bus, or school bus that operates on an alternative fuel

unless the replacement vehicle produces fewer emissions and has greater fuel efficiency than the vehicle being replaced.

- h) A motor vehicle lease agreement paid for with grant funds must have a term of at least three years.

2.3.2 Refueling Infrastructure, Equipment and Services Requirements

Applicants purchasing a qualifying motor vehicle may request additional funding for on-site refueling infrastructure, subject to the following requirements:

- a) The infrastructure or equipment must be associated with charging or providing fuel to the vehicles included in the application. The number of charging and refueling units may not exceed the number of vehicles included in the application.
- b) The applicant must demonstrate that infrastructure or equipment that meets the needs of the recipient is not available within five miles of the location at which the recipient's vehicles are stored or primarily used.
- c) If purchased, the infrastructure or equipment will be owned and operated by the applicant for at least three years. For the lease of refueling infrastructure or equipment or for the procurement of refueling services, a third-party service provider engaged by the grant recipient will provide the infrastructure, equipment, or services.
- d) Refueling infrastructure or equipment purchased or installed with grant funds must be used specifically to store or dispense alternative fuel, as determined by TCEQ.
- e) A lease of or service agreement for refueling infrastructure, equipment, or services paid with grant funds must have a term of at least three years.

3.0 Available Funding, Grant Amounts, and Costs

The total amount to be awarded under this grant program will depend upon the amount of revenue received into the TERP trust fund, but it is anticipated to be \$3.9 million. TCEQ may offer to fund less than the total dollar amount requested for a project.

- a) TCEQ has established pre-determined grant amounts for the purchase or lease of new motor vehicles. Grant amounts by vehicle class are provided below.
 - 1) Class 1 Vehicles: \$17,000
 - 2) Class 2-3 Vehicles: \$23,000
 - 3) Class 4-6 Vehicles: \$40,000
 - 4) Class 7-8 Vehicles, School Buses, and Transit Buses: \$80,000
- b) The total requested grant amount for refueling infrastructure or equipment may not exceed 10% of the total requested grant amount for the project.
- c) Funds may be advanced through a contract between TCEQ and the grantee, and then reconciled with documented, eligible, final costs, along with any other financial incentives received. Any financial incentives that directly reduce the cost

of the proposed activity, such as tax credits or deductions, other grants, or any other public financial assistance must be disclosed along with proof of purchase documentation to TCEQ. Alternatively, grantees may choose to receive funds through a reimbursement process, which requires documentation of eligible, final costs paid and the disclosure of any financial incentives. Under either payment method, the grant amount plus financial incentives must not exceed the total eligible cost of the project.

d) Eligible costs for the purchase or lease of new motor vehicles and the purchase, lease, installation, or procurement of refueling infrastructure or equipment are provided below.

1) Eligible Costs:

- Purchase or Lease of New Motor Vehicles
 - Purchase or operating lease invoice cost or capital lease cost basis of the vehicle, including taxes, duty, protective in-transit insurance, and freight charges.
- Purchase, Lease, Installation or Procurement of Refueling Infrastructure or Equipment
 - Invoice cost or cash basis of the lease or service agreement costs for the infrastructure or equipment including taxes, duty, protective in-transit insurance, and freight charges for the term of the contract.
 - Invoice cost of additional equipment with a per unit acquisition cost of \$5,000 or more that is necessary for the completion of the project.
 - Installation of the infrastructure or equipment and associated on-site electrical work. Technical design, testing, and other engineering services required as part of the installation work should also be included under this subcategory. The costs for permitting required as part of the installation may also be included.

2) Ineligible Costs:

- Any fees charged by a consultant are the responsibility of the applicant or the vendor.
- Administrative costs and other internal costs to the grantee, including but not limited to personnel expenses, internal salaries, indirect costs, and travel.
- The purchase of land or an interest in land.
- Site improvements, construction and buildings, and other costs not directly associated with the purchase and installation of the equipment.

4.0 Grant Application and Administration Process

4.1 Application Process

- a) The application form and this RFGA may be downloaded from the TERP website www.terpgrants.org or by contacting TERP staff via email at TERP@tceq.texas.gov or by phone at 1-800-919-TERP (8377).
- b) A Portable Document Format (PDF) version of the draft contract may be viewed and downloaded from the TERP website at www.terpgrants.org. The draft contract is for reference only and contains terms and conditions that are standard provisions for grants awarded under this program. Any requested changes to the draft contract must be submitted to TCEQ in writing at the time the application is submitted. However, the applicant further understands that TCEQ will not normally change the contract language in response to individual requests from grant recipients and is under no obligation to do so. TCEQ reserves the right to modify the draft contract terms as necessary due to statutory, rule, or policy changes. Modifications will be posted to the TERP website at www.terpgrants.org and the ESBD.
- c) All applications for funding must be substantially complete and must be submitted by the application deadline. Submission of a grant application that is not substantially complete will be disqualified from consideration under this RFGA. A substantially complete application must include:
 - 1) all pages of the application;
 - 2) all required attachments;
 - 3) applicant's contact information;
 - 4) all required signatures; and
 - 5) all the information necessary for TCEQ to review the eligibility of the project and subsequently award grant funds.
- d) TCEQ will review the application for completeness. If the application is found to be incomplete, TCEQ will notify the applicant in writing and provide details about what is missing from the application. Applicants will be provided a deadline of three (3) full business days to submit the missing information to TCEQ. The deadline will begin on the first business day following the date the applicant was notified by TCEQ and will end at 5:00 p.m., Central Standard Time (CST), on the third business day. If the missing information is not received by TCEQ by 5:00 p.m., CST, on the third business day, the application will be determined ineligible by TCEQ.
- e) TCEQ reserves the right to limit the award to no more than \$1,000,000 to a single applicant. At the sole discretion of TCEQ, this may include reducing the requested grant amount of one or more applications from an applicant.

4.2 Application Submission

- a) Applications may be submitted electronically using one of the methods listed below. It is preferable that applications and attachments submitted via email or TCEQ's FTPS server be submitted as a single PDF, but it is not required. If the attachments for an application will be submitted as separate files, each

attachment must be grouped by activity and clearly labeled with the activity number at the top of each page.

- 1) **Submitting applications via TERP Online.** Applications may be completed and submitted through the TERP Online Single-Use Non-CROMERR Submission System (SUNSS).
 - 2) **Submitting Applications via Email.** For applications that are submitted via email to GAFF-Apply@tceq.texas.gov, please use the following naming convention for your application file in the subject line: "FY23 GAFF and [your legal name]." Only one application may be submitted per email at a maximum total file size of 25MB.
 - 3) **Submitting Applications via TCEQ's FTPS server.** If the application is larger than 25MB, please submit by uploading the file to TCEQ's file FTPS server **and selecting the share file(s) button.** Enter GAFF-Apply@tceq.texas.gov as the email address. Detailed directions for using TCEQ's FTPS Server can be found at <https://ftps.tceq.texas.gov/help/>. **Please note: Applications uploaded to TCEQ's FTPS server without completing the share file(s) step will not be considered as submitted. [Click here](#) for detailed instructions on how to share files via TCEQ's FTPS server.**
- b) Applications may also be submitted by mailing a physical copy to one of these addresses:

Standard Mail:

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

Express Mail:

Texas Commission on Environmental Quality
Air Grants Division, MC-204 (GAFF)
12100 Park 35 Circle, Building F, 1st Floor, Suite 1301
Austin, TX 78753

- c) Applicants may not submit more than 10 activities in a single application. If an applicant has more than 10 activities, additional applications may be submitted.

4.3 Deadline for Submission

Applications will be accepted for consideration during this grant period only if received before 5:00 p.m. Central Time on the application submission deadline listed on the cover page of this RFGA. Applicants are encouraged to submit an application as early as possible.

4.4 Use of Consultants

- a) Private consultants may be available to assist an applicant in completing and submitting an application. TCEQ neither encourages nor discourages the use of a consultant to assist with the application process. Consultants do not represent TCEQ and TCEQ has no agreements where applications submitted by a

particular consultant will receive more favorable treatment than other applications.

- b) The applicant must indicate in the application if the application was prepared by a third party (someone other than the applicant or an employee of the applicant). If a third party prepares the application, the third-party preparer must also sign the application and certify that the information provided in the application is true and correct and as represented to the third party by the applicant. A third party's failure to sign the application or signing it with a false statement may make the application ineligible, may make any resulting contract voidable, and may subject the third-party preparer to criminal or civil penalties.

4.5 Additional Requirements

Additional criteria that apply to activities funded under this RFGA are explained below.

- a) TCEQ provides no assurances that a project will be awarded a grant, and an applicant purchases the grant-funded vehicles or equipment at its own risk prior to the execution of a grant contract.
- b) TCEQ is not obligated to fund any particular project for any reason or may offer to fund less than the eligible amounts for any reason.
- c) TCEQ is not obligated to fund projects from applicants:
 - 1) with an outstanding invoice from TCEQ or who are in non-compliance with existing or prior TERP grants;
 - 2) where proposed activities are required by any state or federal law, rule, or regulation, memorandum of agreement, or other legally binding contract;
 - 3) under federal, state, or local enforcement action for violation of environmental laws or permit conditions; or
 - 4) with an overall compliance history classification of Unsatisfactory (greater than 55.00), Under Review, or Suspended in TCEQ's Compliance history Database for applicants that are subject to the rating.
- d) A grant under the program may be combined with funding from other sources, including other grant programs, except that a grant may not be combined with other funding or grants from the Texas Emissions Reduction Plan. When combined with other funding sources, a grant may not exceed the total cost to the grant recipient.
- e) By signing the application, the applicant is certifying its understanding and compliance with the statements listed in Section 4 of the application, as well as with any state statutes, regulations, policies, guidelines, and requirements as they relate to the application, acceptance, and use of funds for the project. If any of these certifications change between submittal of the application and award of a contract, the applicant must notify TCEQ within three (3) business days of becoming aware of the change. Failure to notify TCEQ of any changes to your certifications may make the application ineligible and may make any resulting contracts voidable.

- f) The applicant must follow its procurement policies to ensure purchases are free from any actual or potential conflicts of interest. No employee, officer, or agent may participate in the selection, award, or administration of purchases under this grant if they have an actual or potential conflict of interest with a vendor under consideration. Additionally, procurements should be free of organizational conflicts of interest, where there is not arms-length bargaining due to the relationships with a parent company, affiliate, or subsidiary organization. See the example contract's General Terms and Conditions, Section 8. Conflict of Interest for further detail and requirements. Contact TCEQ staff with any questions.
- g) Applicants may not simultaneously apply to replace the same vehicle(s) under this RFGA and a separate TERP grant program without written approval from TCEQ. If an eligible application is not selected for funding under one TERP grant program, the applicant may then apply under a different TERP grant program.
- h) A project that is funded from a grant under the program and that would generate marketable emissions reduction credits under a state or federal emissions reduction credit averaging, banking, or trading program is not eligible for funding under the program unless:
 - 1) the project includes the transfer of the credits, or the reductions that would otherwise be marketable credits, to the commission and, if applicable, the state implementation plan; and
 - 2) the credits or reductions, as applicable, are permanently retired.
- i) TCEQ may make selection for funding contingent upon additional conditions or changes to the project pertaining to equipment, logistical considerations, expenses, and other program elements.
- j) TCEQ may establish a cut-off level for grant selections that is less than the available funding, and projects may be offered a smaller amount of funding or may be held until a later date.
- k) TCEQ may choose not to fund a project from an applicant based on a determination of project risks as determined by TCEQ.
- l) For commercial mass transit or school transportation providers, additional contract terms will be included.

4.6 Public Information

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

5.0 Application Selection Process

5.1 Selection Criteria and Scoring

TCEQ staff will evaluate, score, and rank proposals based on information provided in the grant application and the program priorities identified below.

Entity Type (Maximum 50 points): Points will be assigned according to entity type, with state agencies receiving the most points.

State Agency	(50 Points)
Other Political Subdivision	(30 Points)
Mass transit or School Transportation Provider	(10 Points)

Project Primary Area (Maximum 35 Points): Points will be assigned based on the primary area of the project. To receive points under this category, each vehicle included in the project application must operate at least 51% of its total annual mileage in a nonattainment area or an affected county.

Nonattainment Counties (35 Points):

Anderson, Bexar, Brazoria, Chambers, Collin, Dallas, Denton, El Paso, Ellis, Fort Bend, Freestone, Galveston, Harris, Howard, Hutchinson, Kaufman, Liberty, Montgomery, Navarro, Panola, Parker, Rockwall, Rusk, Tarrant, Titus, Waller, and Wise Counties.

Affected Counties (20 Points):

Bastrop, Caldwell, Comal, Gregg, Guadalupe, Hardin, Harrison, Hays, Henderson, Hood, Hunt, Jefferson, Johnson, Nueces, Orange, San Patricio, Smith, Travis, Upshur, Williamson, and Wilson Counties.

Emissions Reduction (Maximum 40 Points): Points will be assigned based on a project's ability to demonstrate emissions reductions through the replacement of existing fleet vehicles with qualifying vehicles of the same type. To receive points under this category, applicants must agree to destroy the vehicle(s) being replaced.

Each Class 1 Vehicle	(1 Point)
Each Class 2-3 Vehicle	(2 Points)
Each Class 4-6 Vehicle	(5 Points)
Each Class 7-8 Vehicle, School Bus, or Transit Bus	(10 Points)

Number of Qualifying Vehicles Purchased or Leased (Maximum 20 Points): Points will be assigned based on the number of qualifying vehicles included in a project application.

Each Class 1 Vehicle	(1 Point)
Each Class 2-3 Vehicle	(2 Points)
Each Class 4-6 Vehicle	(5 Points)
Each Class 7-8 Vehicle, School Bus, or Transit Bus	(10 Points)

Fleet and Refueling Infrastructure or Equipment (Maximum 10 Points): Points will be assigned based on the anticipated number of vehicles that will be served by the refueling infrastructure or equipment per day.

Each vehicle served by refueling infrastructure or equipment	(1 Point)
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5.2 Grant Award and Contracting

Applicants selected to receive grant funding will be required to sign a contract with TCEQ. The approved activities outlined in the application will be represented in the contract's Scope of Work. Grant recipients commit to taking all actions necessary to ensure the successful completion and subsequent operation of the new vehicles, equipment, and/or refueling infrastructure (referred to in the contract as Grant Equipment) within the contract's time frames and funding limitations.

5.3 Payment of Grant Funds

TCEQ may award grant funds to grantees through up-front payments, at the grantees' request. Alternatively, TCEQ may reimburse grantees' eligible costs.

Grantees will be required to provide documentation of proof of purchase to TCEQ once all project costs have been incurred and paid, grant-funded vehicles have been received, and the installation or procurement of refueling infrastructure has been completed.

The grantee must complete all activities and submit the final proof of purchase documentation to TCEQ by April 30, 2025.

For replacement activities, the grantee must also provide verification to TCEQ that an existing vehicle of the same type has been destroyed. Vehicles being replaced, including the engine, must be destroyed within 90 days of receiving verification from TCEQ that the proof of purchase documentation for the grant-funded vehicles has been approved.

Grantees can obtain the form for submitting proof of purchase on the TERP website www.terpgrants.org or by contacting TERP staff at terp@tceq.texas.gov or (800) 919-TERP (8377).

5.4 Designated Contract Period

The contract period will run from execution of the Contract until August 31, 2028. Grantees must operate the grant vehicles and refueling infrastructure, equipment, or refueling services for three years once TCEQ has verified and approved the proof of purchase documentation.

5.5 Annual Usage and Reporting

- a) Grantees will be required to maintain the grant-funded vehicles and any refueling infrastructure or equipment in proper operating condition, and to obtain sufficient replacement insurance to repair or replace the vehicles and refueling infrastructure or equipment if they are damaged or destroyed during the Contract Period.
- b) Grantees must agree to notify TCEQ in writing within 15 days of any termination of use, change in use, sale, transfer, or accidental or intentional destruction of grant-funded vehicles or refueling infrastructure or equipment during the Contract Period.
- c) Grantees will not be required to submit annual reports on the use of the grant-funded vehicles and equipment. However, the grantee must agree to provide information on the use of the vehicles upon request by TCEQ. The grantee must also agree to provide TCEQ and/or the State Auditor, or their representatives,

access to the vehicles and refueling infrastructure or equipment, and access to records regarding use of the vehicles.

- d) Grantees will be required to return all, or a pro-rata share of the grant funds for failure to maintain and operate the vehicles for the duration of the Contract Period.

5.6 Grantee Performance Evaluation

TCEQ may prepare written evaluations of the performance of the grantee upon completion of the life of the project, or more frequently as deemed necessary by TCEQ.

Governmental Alternative Fuel Fleet Program (GAFF)

