

Request for Grant Applications (RFGA)

Governmental Alternative Fuel Fleet Grant Program (GAFF)

Texas Commission on Environmental Quality (TCEQ)
Texas Emissions Reduction Plan (TERP)
Solicitation No. 582-25-70004-GF

El Programa Gubernamental de Flotillas de Combustibles Alternativos (GAFF, por sus siglas en inglés) proporciona subvenciones a entidades gubernamentales y subdivisiones políticas para la compra o arrendamiento de vehículos nuevos que operan primordialmente con gas natural comprimido (GNC), gas natural licuado (GNL), gas licuado de petróleo (GPL), hidrógeno (celdas de combustible) o electricidad, incluida la electricidad para propulsar vehículos de motor totalmente eléctricos y vehículos de motor híbridos enchufables.



Important Dates	Date
Program Opening Date	December 4, 2024
Application Submission Deadline	February 5, 2025
Proof of Purchase/Request for Reimbursement Deadline	April 30, 2027

Contact Information

TCEQ
Air Grants Division, MC-204 (GAFF)
P.O. Box 13087
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800-919-TERP (8377)
terpgrants.org

Applications will only be accepted for consideration during this grant period if received **no later than 5:00 p.m., Central Time (CT) on the application submission deadline listed on the cover page of this RFGA**. Refer to Section 4.0 of this RFGA for detailed instructions for submission.

The award of a GAFF grant is dependent in part upon the availability of funding. Any changes to this solicitation will be made through an addendum in the Electronic State Business Daily (ESBD), as well as posted on the TERP website at terpgrants.org.

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 of this RFGA.

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. Applicants will be required to select one or more of the following as 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, 2024. 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, equipment, or services, 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 refueling infrastructure or equipment that meets the needs of the applicant is not available within five miles of the location at which the applicant's vehicles are stored or primarily used.
- c) If purchased, the infrastructure or equipment must be owned and operated by the grantee for at least three years. The grantee may also lease refueling infrastructure or equipment or procure refueling services through a third-party service provider who will provide the infrastructure, equipment, or services, also for a term of at least three years.
- 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.

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 \$4 million. TCEQ may offer to fund less than the total dollar amount requested for a project.

3.1 Pre-Determined Grant Amounts

- 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.

Class 1 Vehicles	\$17,000
Class 1: (\leq 6,000 lbs.)	
Class 2-3 Vehicles	\$23,000
Class 2: (6,001-10,000 lbs.)	
Class 3: (10,001-14,000 lbs.)	
Class 4-6 Vehicles	\$40,000
Class 4: (14,001-16,000 lbs.)	
Class 5: (16,001-19,500 lbs.)	
Class 6: (19,501-26,000 lbs.)	
Class 7-8 Vehicles, School Buses, and Transit Buses	\$80,000
Class 7: (26,001-33,000 lbs.)	
Class 8: (\geq 33,001 lbs.)	

- b) The total requested grant amount for refueling infrastructure or equipment may not exceed 10% of the total amount requested for grant vehicles.

- 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.
- d) 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.
- e) 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 amount plus financial incentives may not exceed the total eligible cost of the project.

3.2 Eligible Costs

Eligible costs for the purchase or lease of new motor vehicles and the purchase, lease, installation, or procurement of refueling infrastructure or equipment include:

Purchase or Lease of New Motor Vehicles

- a) 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

- a) 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.
- b) 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.
- c) 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.

3.3 Ineligible Costs

Ineligible costs include:

- a) Insurance premiums;
- b) Finance fees and charges;
- c) Subscription fees for GPS tracking and monitoring services;
- d) Salaries and travel expenses for employees of the grantee;
- e) Expenses of any lobbyist registered in Texas;
- f) Costs associated with the preparation and submission of the application;
- g) Any fees charged by a consultant are the responsibility of the applicant or the vendor;

- h) Administrative costs of the grantee, including overhead and indirect costs (e.g., office supplies, rent, marketing, and advertising);
- i) The purchase of land or an interest in land;
- j) Site improvements, construction and buildings, and other costs not directly associated with the purchase and installation of the equipment or infrastructure;
- k) Costs that do not involve an arm's-length transaction, such as the use of existing inventory without a proof of purchase or a transaction with a related business affiliate;
 - 1) Transactions between related businesses (subsidiary, sister, or parent companies) are not considered arm's length transactions and indicate a potential conflict of interest. TCEQ will consider costs between business affiliates as ineligible unless sufficient documentation is provided demonstrating that procedures are in place to mitigate any conflict of interest. Grantees should seek approval from TCEQ prior to incurring and paying expenses of this nature.
- l) Any costs paid prior to September 1, 2024; and
- m) Food and drink.

4.0 Grant Application and Administration Process

4.1 Application Process

- a) The online application and this RFGA may be found on the TERP website at terpgrants.org.
- b) A Portable Document Format (PDF) version of the draft contract may be viewed and downloaded from the TERP website at 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 terpgrants.org and the ESBD.
- c) All applications for funding must be complete and must be submitted online by the application deadline. The online application process will not progress to the electronic signature and submission stage if the application is not complete. A complete application must include:
 - 1) All sections 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., CT, on the third business day. If the missing information is not received by TCEQ by 5:00 p.m., CT, on the third business day, the application may 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

Applications must be completed and submitted electronically through the TERP Online Single-Use Non-CROMERR Submission System (SUNSS). For any required attachments (such as an IRS Form W-9), the file name must clearly describe its contents (ex. W-9.pdf).

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., CT 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.
- c) Preparation of an application by a third-party preparer who has previously submitted inaccurate or fraudulent information to the agency will result in an application being considered "high risk," and reduce the likelihood of an award.

4.5 Additional Considerations

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) By signing the application, the applicant is certifying its understanding and compliance with the statements listed in the Contracting Certifications and GAFF Program Certifications Sections of the SUNSS 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.
- e) 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.
- f) 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.
- g) 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.

- h) 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.
- i) 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.
- j) TCEQ may choose not to fund a project from an applicant based on a determination of project risks as determined by TCEQ.
- k) 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 scoring criteria identified below.

Project scores and ranking will be based upon the representations made in the application at the time of application submission. Once selected for a grant, any changes made to the representations in the application that reduce the total project score will make any resulting contracts voidable.

Entity Type (Maximum 135 points):

Points will be assigned according to entity type, with state agencies receiving the most points.

State Agency	(135 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):

- **Dallas-Fort Worth Area:** Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, Wise
- **El Paso Area:** El Paso
- **Houston-Galveston-Brazoria:** Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, Waller
- **San Antonio Area:** Bexar
- **Tyler-Longview Area:** Rusk
- **Other:** Anderson, Freestone, Howard, Hutchinson, Navarro, Panola, Titus

Affected Counties (20 Points):

- **Austin Area:** Bastrop, Caldwell, Hays, Travis, Williamson
- **Beaumont-Port Arthur Area:** Hardin, Jefferson, Orange
- **Corpus Christi Area:** Nueces, San Patricio
- **Dallas-Fort Worth Area:** Henderson, Hood, Hunt
- **San Antonio Area:** Comal, Guadalupe, Wilson
- **Tyler-Longview Area:** Gregg, Harrison, Smith, Upshur

While all other counties in Texas are eligible for grant funding, those other counties do not receive any points in this category.

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 grant-funded vehicle(s) 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 governmental entity grantees through up-front payments, at the grantees' request. Alternatively, TCEQ may reimburse grantees' eligible costs.

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

Grantees must complete all activities and submit either a Proof of Purchase form if funds were advanced, or a Request for Reimbursement form to TCEQ by April 30, 2027.

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 form or Request for Reimbursement form for the grant-funded vehicles has been approved.

Grantees can obtain the Proof of Purchase form and the Request for Reimbursement form on the TERP website 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 no later than August 31, 2030. Grantees must operate the grant-funded 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 must agree to monitor location and use of the vehicles and any refueling equipment, and provide that information 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.

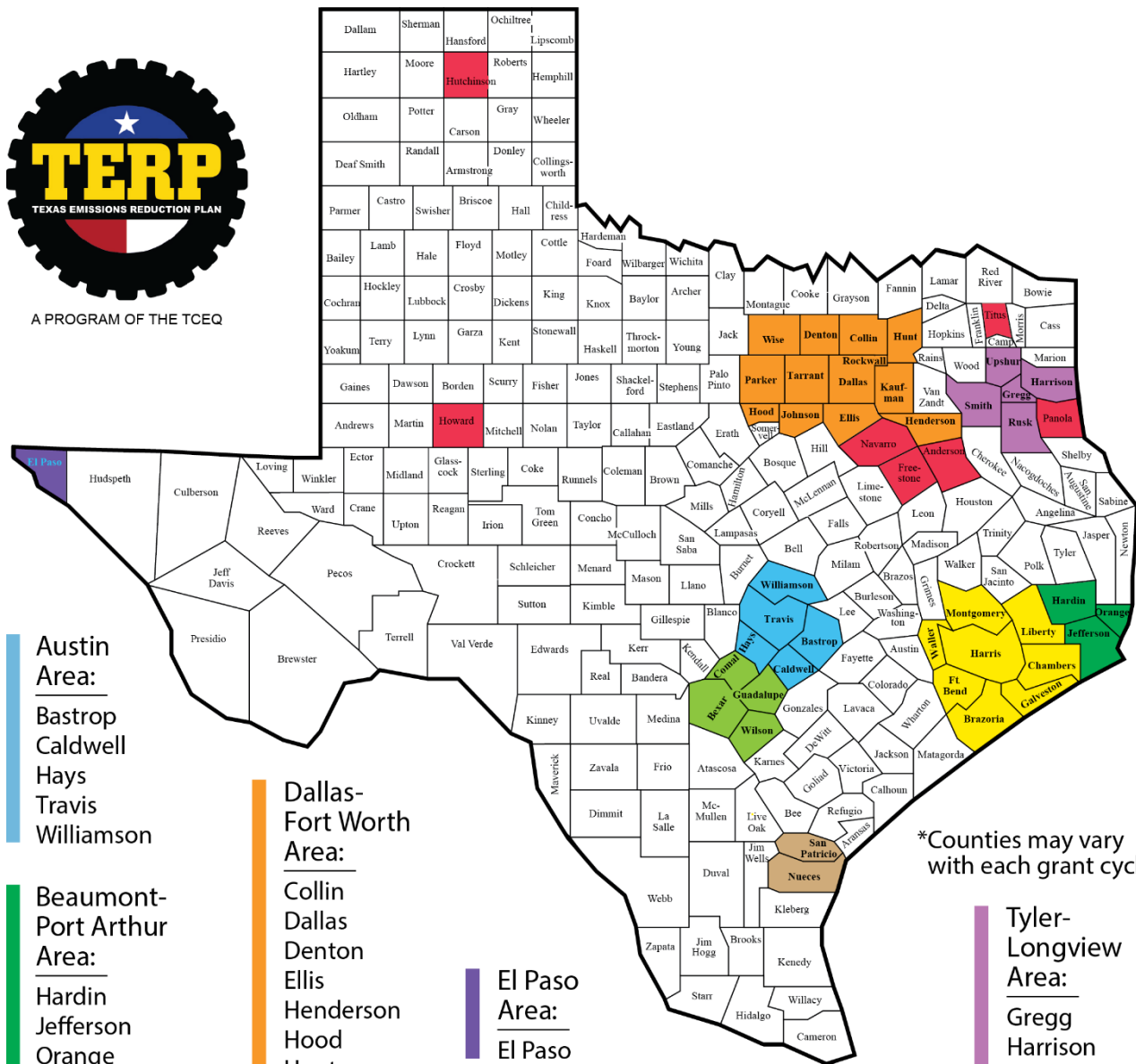
5.6 Grantee Performance Evaluation

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.

Appendix A: Nonattainment Areas and Affected Counties



A PROGRAM OF THE TCEQ



This map was generated by the TCEQ's Air Grants Division solely for informational purposes and does not represent property boundaries. If you have questions concerning this map, contact the division at 800-919-TERP.

September 2022