

**Texas Commission on Environmental Quality (TCEQ)  
Texas Emissions Reduction Plan (TERP)  
Light-Duty Motor Vehicle Purchase or Lease Incentive Program  
(LDPLIP)**

**Notice of Rebates (NoR)  
Fiscal Year (FY) 2022  
Rebate Grants for the Purchase or Lease of a Light-Duty Motor  
Vehicle Powered by Compressed Natural Gas, Liquefied Petroleum  
Gas, or Hydrogen Fuel Cell or Other Electric Drive (Plug-In or Plug-In  
Hybrid)  
Solicitation No. 582-22-30656**



**Texas Commission on Environmental Quality (TCEQ)  
Air Grants Division  
Grant Design and Coordination Section (LDPLIP), MC-204  
P.O. Box 13087  
Austin, Texas 78711-3087**

Applications will be accepted for consideration during this grant period on a first-come, first-served basis only if received on the premises of TCEQ, or by electronic mail to [TERPapply@tceq.texas.gov](mailto:TERPapply@tceq.texas.gov). The grant period ends no later than 5:00 p.m., Central Time, on January 7, 2023, unless closed early due to the number of applications received prior to this date. In addition, the award of a 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).

No pre-proposal conference will be held.

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**Texas Commission on Environmental Quality (TCEQ)  
Texas Emissions Reduction Plan (TERP)  
Light-Duty Motor Vehicle Purchase or Lease Incentive Program**

**Notice of Rebates (NoR)  
Fiscal Year (FY) 2022**

**1.0 INVITATION**

The Texas Commission on Environmental Quality (TCEQ) invites applications for the purchase or lease in Texas of an eligible new light-duty motor vehicle powered by compressed natural gas (CNG), liquefied petroleum gas (LPG or propane), or hydrogen fuel cell or other electric drive (plug-in or plug-in hybrid).

**1.1 PURPOSE**

The Light-Duty Motor Vehicle Purchase or Lease Incentive Program (LDPLIP) is intended to encourage greater use of vehicles powered by electricity or an alternative fuel in order to stimulate the market for those vehicles and fuels in Texas. The increased use of electricity or alternative fuels for transportation may have positive impacts on air quality in the state.

The LDPLIP is established under Texas Health and Safety Code (THSC) Chapter 386, Subchapter D. TCEQ has adopted rules to implement this program under 30 Texas Administrative Code (TAC) Chapter 114, Subchapter K, Division 2. Texas Water Code, Sections 5.124 and 5.229, provide TCEQ general authority to enter into grants and contracts.

**1.2 APPLICATION FORMS**

The application forms, terms and conditions, and a copy of this Notice of Rebates (NoR) may be viewed and downloaded from TCEQ's TERP website at [www.terpgrants.org](http://www.terpgrants.org). The materials may also be obtained by calling TERP staff at 1-800-919-TERP (8377).

**1.3 ELIGIBLE APPLICANTS**

Eligibility requirements are listed below.

- a. Persons who purchase or lease an eligible new light-duty motor vehicle in Texas on or after September 1, 2021, are eligible to apply for a rebate.
- b. Eligible applicants include individuals, corporations, organizations, governments or governmental subdivisions or agencies, business trusts, partnerships, associations, or any other legal entity.
- c. The applicant must have purchased or leased the vehicle, taken possession of the vehicle, and applied for or acquired title and registration of the vehicle in Texas.
- d. Both the sale or lease of the vehicle and the installation of the eligible fuel

system must physically occur in Texas. (See 43 Tex. Reg. 2435 (April 20, 2018)).

- e. If the vehicle has been purchased and then converted to operate on an eligible fuel, the conversion must occur before the vehicle reaches 500 miles of operation after first sale.
- f. The applicant must commit to operating and registering the vehicle in Texas for at least one calendar year (12 months) from the date of purchase or lease of the vehicle.
- g. If the vehicle is purchased for the purpose of leasing the vehicle to another person, the applicant must be the lessee and not the purchaser.

#### **1.4 ELIGIBLE REBATE AMOUNTS**

The eligible rebate amounts for the purchase or lease of a new light-duty motor vehicle powered by CNG or LPG are below.

- Purchase or Lease (three-year or longer term): \$5,000
- Lease (two-year to less than three-year term): \$3,330 (66.6%)
- Lease (one-year to less than two-year term): \$1,665 (33.3%)

The eligible rebate amounts for the purchase or lease of a new light-duty motor vehicle powered by hydrogen fuel cell or other electric drive (plug-in or plug-in hybrid) are below.

- Purchase or Lease (three-year or longer term): \$2,500
- Lease (two-year to less than three-year term): \$1,665 (66.6%)
- Lease (one-year to less than two-year term): \$832.50 (33.3%)

#### **1.5 ELIGIBLE MOTOR VEHICLES**

To be eligible for a rebate, a new light-duty motor vehicle must meet the eligibility standards in THSC Chapter 386 and 30 TAC Chapter 114, and must be included on the eligible vehicle list posted on the TERP website at [www.terpgrants.org](http://www.terpgrants.org). These are vehicles that the manufacturer intends to sell in this state through its franchised dealers. The main vehicle eligibility criteria are outlined below.

A new light-duty motor vehicle is eligible if it has a gross vehicle weight rating (GVWR) of 10,000 pounds or less and is powered by CNG, LPG, or hydrogen fuel cell or other electric drive (plug-in or plug-in hybrid). Additionally, vehicles classified by the EPA as a "Medium-Duty Passenger Vehicle" or a "Class 2b Heavy-Duty Vehicle" with a GVWR up to and including 10,000 pounds and operating on an eligible fuel are included in this definition.

**If the vehicle is powered by CNG or LPG it must:**

- a. have four wheels;
- b. be originally manufactured to comply with and have been certified by an original equipment manufacturer or intermediate or final state vehicle

- manufacturer as complying with, or have been altered to comply with, federal motor vehicle safety standards, state emissions regulations, and any additional state regulations applicable to vehicles powered by compressed natural gas or liquefied petroleum gas;
- c. have been manufactured for use primarily on public streets, roads, and highways;
  - d. have a dedicated or bi-fuel CNG or LPG fuel system installed prior to first sale or installed in Texas within 500 miles of operation of the vehicle following first sale, and with a range of at least 125 miles as estimated, published, and updated by the United States Environmental Protection Agency; and
  - e. have, as applicable, a:
    - o CNG fuel system that complies with the 2013 (or newer) NFPA 52 Vehicular Gaseous Fuel Systems Code and American National Standard for Basic Requirements for CNG Vehicle Fuel Containers, commonly cited as "ANSI/CSA NGV2"; or
    - o LPG fuel system that complies with the 2011 (or newer) NFPA 58 Liquefied Petroleum Gas Code and Section VII of the 2013 (or newer) ASME Boiler and Pressure Vessel Code.

**If the vehicle is powered by an electric motor it must:**

- a. have four wheels;
- b. have been manufactured for use primarily on public streets, roads, and highways;
- c. not have been modified from the original manufacturer's specifications;
- d. have a maximum speed of at least 55 miles per hour; and
- e. be propelled to a significant extent by an electric motor that draws electricity from a hydrogen fuel cell or from a battery that:
  - o has a capacity of at least four kilowatt hours; and
  - o is capable of being recharged from an external source of electricity (plug-in or plug-in hybrid).

**Manufacturers Report & List of Eligible Vehicles**

Manufacturers of eligible new light-duty motor vehicles, intermediate or final state vehicle manufacturers, and manufacturers of CNG or LPG conversion systems are required to provide TCEQ a list of vehicle models and conversion systems that meet the eligibility requirements. TCEQ will review this information and will include eligible vehicle models and conversion systems on the Eligible Vehicle List published on the TERP website [www.terpgrants.org](http://www.terpgrants.org). Information about the list may also be obtained by calling the TERP toll-free number at 1-800-919-TERP (8377). The Eligible Vehicle List is not a final determinant of eligibility and all eligibility criteria apply regardless of inclusion on the list.

If an applicant or vehicle dealer believes that a vehicle or conversion system that is eligible is not included on the list, the applicant or dealer should contact TCEQ at

the toll-free number above to discuss the process used by TCEQ to place a vehicle or conversion system on the list. The guidelines and reporting forms for use by manufacturers to provide information to TCEQ regarding vehicle models and conversion systems that meet the eligibility requirements are available at the TERP website or by calling the toll-free number above.

TCEQ will make every effort to ensure that the vehicle models and conversion systems included on the list below meet the eligibility criteria. However, eligibility of a particular vehicle model may depend on factors outside TCEQ's control, such as various options available on that model or the fuel conversion system installed. Therefore, the applicant and dealer or leasing agent should ensure that the specifications of the vehicle, including any conversion system and fuel system installed on the vehicle, meet the eligibility criteria.

Only vehicles offered for sale or lease in Texas are eligible for this rebate grant.

## **1.6 REQUIREMENTS**

Additional criteria that apply are discussed below.

The vehicle must be purchased or leased from a licensed new vehicle dealer or leasing company in Texas. Vehicles purchased directly from the manufacturer or an out-of-state dealer not licensed to sell or lease new vehicles in Texas are not eligible for a rebate.

Purchases or leases must be based on sound business practices and arms-length bargaining without actual or apparent conflicts-of-interest.

The vehicle must be new and may not have been subject to a first sale or lease prior to the purchase or lease applicable to the rebate grant application. Importantly, if a vehicle and/or engine must be converted to operate on an eligible fuel, the conversion process must take place as part of the original sale or lease of the vehicle or installed in Texas within 500 miles of operation of the vehicle following first sale. Conversion may occur outside the state of Texas if the conversion occurs prior to first sale.

Leases must have a lease term of at least one year.

The vehicle purchase or lease must be final, the application for title and registration must have been submitted to the appropriate state authorities, and the applicant must have taken possession of the vehicle before the rebate application is submitted.

Only one rebate grant will be provided for an eligible vehicle.

A purchase or lease of the vehicle is not eligible for a rebate grant if it is required by any state or federal law, rule or regulation, memorandum of agreement, or other legally binding document. This requirement does not apply:

- to an otherwise qualified purchase or lease, regardless of the fact that the state implementation plan assumes that the change in vehicles will occur, if on the date the incentive is awarded the change is not required by any state or federal law, rule or regulation, memorandum of agreement, or other legally binding document; or

- if the purchase or lease of the vehicle is required only by local law or regulation or by corporate or controlling board policy of a public or private entity.

The applicant must agree to register and operate the vehicle in Texas for not less than one calendar year (12 months) after the date of the purchase or lease.

Applications for rebates must use TCEQ's application forms and must include verification of the purchase or lease by the dealer or leasing company, including valid and executed purchase or lease documents.

A dealer or leasing company selling or leasing a vehicle under this program must keep a copy of the purchase or lease dealer verification form and documentation for a minimum of two years as required under THSC, §386.160(c).

If applying as an individual or sole proprietor, a photocopy of a state or federal identification card must be included in the application (i.e. driver's license).

Under § 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% is not eligible to receive a state-funded grant or loan. All business entities applying for a rebate under this NoR 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 state funding and acknowledges that the rebate contract may be terminated and payment may be withheld if the certification is inaccurate.

The purchase or lease activity for which a rebate is awarded may not also receive incentive funding under another TERP incentive program.

## **2.0 FUNDING AVAILABILITY**

### **2.1 FUNDING LIMITS**

The total amount of funding available for rebates under this program will depend on the amount of revenue received in the TERP account. TCEQ is not obligated to award rebate grants up to the available funding amount and may adjust the available funding without amendment to this notice.

### **2.2 LIMIT ON NUMBER OF VEHICLES FUNDED**

Regardless of the amount of funding available, TCEQ may award no more than 1,000 rebate grants for a combination of CNG and LPG vehicles and 2,000 rebate grants for hydrogen fuel cell or other electric-drive (plug-in or plug-in hybrid) vehicles over this funding period.

The available funds may not be enough to award the full number of rebate grants for each vehicle fuel type.

TCEQ may, at its discretion, suspend the award of rebate grants for CNG, LPG, and/or hydrogen fuel cell or other electric-drive (plug-in or plug-in hybrid) vehicles

in order to ensure a balanced mix of vehicle types for which a rebate grant is awarded. For any changes to this NoR, TCEQ will provide notice on the TERP website at [www.terpgrants.org](http://www.terpgrants.org) and will suspend issuance of any rebate reservation numbers for that vehicle type. TCEQ will establish a specific time period over which the suspension will be in effect. Applications will continue to be accepted and processed during the suspension period and, once the suspension period ends, TCEQ will proceed with awarding rebate grants for that vehicle category according to the first-come, first-served criteria.

After the maximum limits are reached for a vehicle category, applications for that vehicle category will no longer be accepted and any applications received for that vehicle category may be returned to the applicant.

### **2.3 INFORMATION ON FUNDING AVAILABILITY**

To assist applicants and dealers in determining whether sufficient funds are available to cover their application, TCEQ will periodically post updates on the TERP website [www.terpgrants.org](http://www.terpgrants.org). This notice may also include information on the number of rebates awarded under the vehicle categories, CNG, LPG, and/or hydrogen fuel cell or other electric-drive (plug-in or plug-in hybrid).

Information will also be available by calling the TERP toll-free number at 1-800-919-TERP (8377).

### **2.4 DEALER AND LEASING COMPANY RESERVATION**

Vehicle dealers and leasing companies (but not individual applicants) may reserve a place in line for funding consideration for a specific purchase or lease of a vehicle that must be placed on order. Vehicle reservation forms can be downloaded from [www.terpgrants.org](http://www.terpgrants.org). The form must be completed and returned to TCEQ according to the instructions provided on the form.

Upon receiving and accepting a reservation form, TCEQ will assign a reservation confirmation number verifying that the purchase or lease has a place in line for consideration under the first-come, first-served rebate process. TCEQ will notify the dealer or leasing agent by phone or email of the reservation number and the expiration date of the reservation. The expiration date of the reservation will be determined by TCEQ based on the expected vehicle delivery date along with consideration of the period of availability of the grant funds. TCEQ is not obligated to accept the reservation request and assign a reservation number.

TCEQ may, at its discretion, provide a list of the current reservation numbers assigned on the TERP website. The dealer or leasing agent should not assume that a place in line is being held for that purchase or lease until and unless a reservation number is provided.

A rebate application for the specific purchase or lease by the purchaser or lessee identified in the reservation request must be received before the expiration date of the reservation in order for the assigned place in line to apply. If the application is received after the reservation expiration date, the application will be considered based on the date of receipt of the application, rather than the pre-assigned place in line.

This process is made available so that a dealer or leasing agent may request a place

in line for a specific purchase or lease that is being ordered. This process is not available for dealers to reserve blocks of rebates to be used to market vehicles to potential buyers or lessees.

A valid vehicle order document must be provided with the reservation form, including information about the vehicle make, model, and model year, and the buyer or lessee of the vehicle. The order document should also include the expected vehicle delivery date.

The assignment of a reservation number by TCEQ is not a guarantee of eligibility or that a rebate grant will be awarded. Dealers and leasing agents should not imply to a purchaser or lessee that once a reservation number is assigned the award of a rebate is assured.

TCEQ may suspend or cancel this reservation process at any time and without prior notice, although every attempt will be made to hold the place in line for any vehicle purchase or lease that is on the list prior to that time.

TCEQ may establish a limit on the number of reservations that may be made by an individual dealer or leasing company or for an individual applicant, without amendment to this NoR or other notice.

### 3.0 APPLICATION PROCESS

- a. **Required Forms.** Application forms may be viewed and downloaded from the TERP website at [www.terpgrants.org](http://www.terpgrants.org). Copies of the forms may also be obtained by calling the TERP toll free number at 1-800-919-TERP (8377).
- b. **Application Submission.** To apply for a rebate, applicants must complete and submit an application and all required accompanying forms and documents outlined in the instructions on the form electronically to [TERPapply@tceq.texas.gov](mailto:TERPapply@tceq.texas.gov) or by mail to one of the addresses below:

**Regular Mail:**

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

**Express Mail:**

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

- c. **Deadline for Submission.** Rebate applications will be accepted and considered on a first-come, first-served basis during the rebate period. Applications for which a prior reservation number was provided will be considered based on the date the completed reservation form was received as long as the application is received by the reservation expiration date. Applications received after the expiration of the assigned reservation number will be considered based on the date of receipt and acceptance of the application.

- d. 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 TCEQ prior to the application deadline, applications must be received on the premises of the TCEQ or by electronic mail to [TERPapply@tceq.texas.gov](mailto:TERPapply@tceq.texas.gov) no later than 5:00 p.m., Central Time, January 7, 2023.
- e. **Additional Program Information.** For further information, contact TERP staff at 1-800-919-TERP (8377) or [TERP@tceq.texas.gov](mailto:TERP@tceq.texas.gov).
- f. **Public Information.** Upon submission, all rebate applications become the property of the State of Texas and as such become subject to the Texas Open Records Act, V.T.C.S. art. 6252-17a.

#### 4.0 ACCEPTANCE AND APPROVAL

Applications will be date stamped as they are received by TERP program staff. Properly completed and eligible projects will be processed for approval on a first-come, first-served basis. Applications with a valid reservation number will be considered based on the date the completed reservation form was received, if the application is received within the required time period. Incomplete or ineligible applications will be denied and may be returned to the applicant. Corrected or changed applications will be considered based on the date and time at which the corrected or changed versions are received by TERP program staff.

#### 5.0 CONTRACTING

- a. **Assurances and Certifications.** By signing the rebate application, the applicant is agreeing to the certifications listed in the application forms and certifies that the information provided in the application and accompanying documents is true and correct.
- b. **Contract Execution.** Upon approval of the rebate grant application and subject to the availability of funds, the authorized TCEQ representative will sign the application form. Once signed by both parties, the application form, terms, and assurances become the executed contract. A digital copy of the signed and executed contract will be emailed to the applicant as confirmation that the rebate grant payment is being processed.
- c. **Contract Dates.** The contract will become effective on the date the last party signs the application/contract form. The contract will extend for one calendar year (12 months) after the date of the purchase or lease, or 45 days after the effective date of the contract, whichever occurs later.
- d. **Contract Obligations.** The rebate grant recipient must adhere to the obligations agreed to in the contract documents, including registering and operating the vehicle in Texas for at least the contract period, which extends for one calendar year (12 months) from the date of the purchase or lease.

#### 6.0 PAYMENT

- a. By signing and submitting the rebate grant application, the applicant is requesting payment of the rebate grant amount upon approval and

execution of the contract by TCEQ.

- b. By signing the forms, the applicant is also releasing TCEQ and the State of Texas of all claims associated with the rebate grant upon receipt of the payment.
- c. TCEQ will strive to process payments within 30 days of the contract execution date. However, TCEQ and the Texas Comptroller of Public Accounts will not be obligated to process the request and make payment within that targeted time frame.