Rebate Grants Program
Response to Comments

October 11, 2022

The Texas Commission on Environmental Quality (TCEQ) received the following comments regarding the implementation of the Fiscal Year 2022 – 2023 Rebate Grants program. TCEQ is providing the following response to comments pertaining to the design of the program, which are summarized below. General inquiries have been responded to directly. TCEQ will publish the final Rebate Grants program requirements in the Request for Grant Applications (RFGA) once the program opens.

Comment: Why is Colorado County never included as an eligible county for the Rebate Grants program?

Response: The Texas Health and Safety Code (THSC) §386.102 establishes the eligible counties for the Rebates Grant program and includes counties in non-attainment status for one or more National Ambient Air Quality Standards (NAAQS) under the federal Clean Air Act or affected counties as provided by the Texas State Legislature. Colorado County is currently not categorized as either.

Comment: Will vehicles with a gross vehicle weight rating (GVWR) of 8,500 lbs. or more be eligible for the Rebate Grants program?

Response: Yes. Diesel heavy-duty on-road vehicles with a GVWR greater than 8,500 lbs. will be eligible for the Rebate Grants program.

Comment: Will school buses be eligible? Is there a rebate table available for school buses?

Response: Yes. School buses will be included in the Rebate Grants program and a table will be provided for the eligible school bus categories.

Comment: What will the ranking criteria be for the Rebate Grants program?

Response: Applications will be awarded in the order in which they are received so long as they meet the eligibility requirements of the program.

Comment: Will there be a waiver available for vehicle registration gaps?

Response: Yes. TCEQ will provide guidance on the process for submitting a waiver and the program criteria that may be considered for a waiver in the Rebate RFGA and application.

Comment: TCEQ should clarify waiver requirements for Third-Party Scrappage.

Response: TCEQ will provide guidance on the process for submitting a waiver request for third-party scrappage in the Rebate RFGA and application.

Comment: TCEQ should set aside a minimum of $10 million for Zero-Emission Vehicles split between the New Purchase set-asides and Small Business set-asides.

Response: While the TCEQ will offer $10 million set-aside for New Purchase projects and $20 million for Small Business, TCEQ does not plan to include additional set-asides under this grant round to ensure the broadest availability of rebate grants to applicants.

Comment: TCEQ should consider certification requirements for certain Class 8 Zero-Emission Vehicles that are in the process of being approved.

Response: TCEQ does not require certification for zero emission vehicles.

Comment: Are there any size limitations for EV chargers?

Response: TCEQ is offering funding for refueling infrastructure, the design of which is at the discretion of the grantee, so long as it can charge any electric powered on-road vehicles and non-road equipment in the application.

Comment: Can EV chargers be a stand-alone request for this grant round?

Response: No, any requests for funding for refueling infrastructure must accompany another eligible emissions reducing project category.

Comment: TCEQ should consider creating parity between the program's funding allocation for small businesses and new purchase projects.

Response: The funding categories for New Purchase and Small Business are intended to address separate needs. **Comment: TCEQ should consider adding a new set-aside program for drayage fleets.**

Response: TCEQ currently offers the Seaport and Rail Yard Areas Emissions Reduction (SPRY) program that provides financial incentives for the replacement of older drayage and cargo handling equipment at seaports, facilities, and Class I rail yards.

Comment: TCEQ should allow applicants seeking new purchase projects to be eligible for additional funding for the installation of new refueling infrastructure, or expansion of existing on-site refueling infrastructure.

Response: TCEQ will offer refueling infrastructure, and expansion of existing on-site refueling infrastructure for new purchase projects.

Comment: TCEQ should increase the infrastructure allocation for each on-road vehicle that is fueled by the associated infrastructure in the project by an additional $50,000 resulting in $100,000 plus $100,000 for each on-road vehicle fueled by the associated infrastructure in the project.

Response: TCEQ will increase the grant amount per on-road vehicle to $100,000; however, the other grant amount provisions associated with refueling infrastructure will apply.

Comment: TCEQ should increase the incremental cost of associated refueling infrastructure for heavy-duty fleet projects to 80% from 50%.

Response: TCEQ is offering the maximum available reimbursement rate consistent with the Guidelines for Emissions Reduction Incentive Grants (RG-388), which is 50% for refueling infrastructure.

Comment: Eligible costs for refueling infrastructure projects should include the costs of installing the infrastructure from the meter to the charging station.

Response: Eligible costs include construction and installation costs, which may cover costs associated with installing the infrastructure from the meter to the charging station.

Comment: TCEQ should provide grant amounts per truck for new electric or hydrogen fuel cell technology purchases plus an additional 25% for drayage truck fleet operations.

Response: TCEQ has designed the grant amounts under the Rebate Grants Program based upon pricing information that captures the rising costs associated with the purchase of on-road vehicles and non-road equipment.

TCEQ is currently offering the SPRY program which provides financial incentives for the replacement of older drayage and cargo handling equipment.

Comment: TCEQ should discontinue incentivizing diesel and natural gas replacement truck categories as these vehicle types are counter to the program goals of reducing emissions in impacted communities in Texas.

Response: Section 386.102 of the THSC requires TCEQ to establish and administer the Diesel Emissions Reduction Incentive (DERI), which includes Rebate Grants, and to provide grants that reduce nitrogen oxide (NO_x) emissions, a precursor to ozone pollution. DERI grants are made available for the replacement of older, higher emitting vehicles with newer models that produce fewer NO_x emissions, helping to reduce ozone pollution in Texas. Newer vehicles also emit fewer emissions of other pollutants. Accordingly, DERI grants achieve significant reductions in pollutant emissions by offering grants for newer and cleaner vehicles across a variety of fuel types and vehicle models and costs.

Comment: TCEQ should implement a Low Carbon Fuel Standard (LCFS) to help mitigate fuel costs for Fuel Cell Electric Vehicles (FCEV) deployment.

Response: THSC, §386.102 directs TCEQ to provide grants for eligible projects to offset the incremental cost of projects that reduce NOx from high-emitting diesel sources in nonattainment areas and affected counties of the state.

Through the TERP, TCEQ implements other incentive grant programs that provide incentive grants exclusively for alternative fueled vehicles including fuel cell electric vehicles.

Comment: TCEQ should consider alternative contract completion timeframes and criteria.

Response: TCEQ will administer contract completion timeframes and criteria consistent with the current Guidelines for Emissions Reduction Incentive Grants (RG-388).

Comment: TCEQ should consider setting aside additional funds or additional preference points for public service vehicles.

Response: TCEQ offers the Governmental Alternative Fuel Fleet Grant Program (GAFF) which provides grants to state agencies or political subdivisions to purchase or lease new alternative fuel or hybrid vehicles.

Comment: TCEQ should consider removing the language that New Purchase applicants may be eligible to receive the lesser of the grant amounts shown in the Rebate grant tables, or 80% of the incremental cost.

Response: TCEQ agrees with the comment and will clarify the eligible reimbursement options for New Purchase projects within the Rebate RFGA and application in accordance with the current Guidelines for Emissions Reduction Incentive Grants (RG-388).

Comment: TCEQ should consider limiting the number of applications submitted by an applicant for the New Purchase category so that the funds are not used by just a few applicants, and subsequently remove those limitations at the appropriate time.

Response: TCEQ agrees with the comment and will provide limitations for application submissions in the New Purchase category.