



Rebate Grants Program

The Rebate Grants program provides financial incentives to repower or replace older on-road heavy-duty diesel equipment and select non-road diesel equipment to reduce nitrogen oxide (NO_x) emissions in nonattainment areas and affected counties in Texas.



Webinar Agenda

- Program Highlights
- Program Requirements
- Grant Amounts and Eligible Expenses
- Submitting a Grant Application
- Reimbursement, Disposition, & Reporting
- Questions

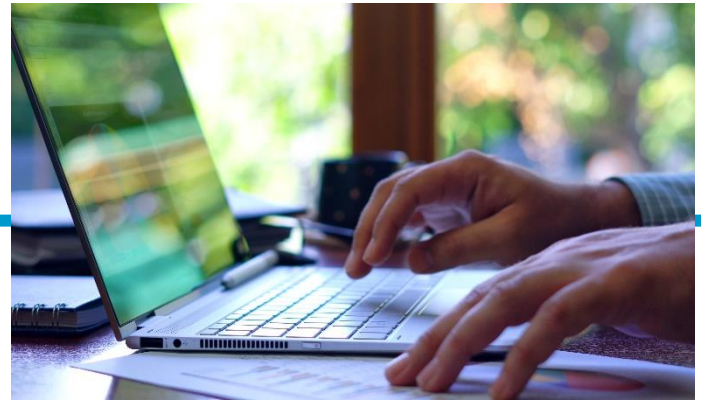


Program Highlights

- **FY 23 Funding** ~\$75 million
- Funding will be allocated based on the following preferences:
 - \$20 million of available funding will be allocated for applicants which qualify as Small Businesses.
 - \$10 million of available funding will be allocated for new purchase projects.
 - All remaining allocated funds will be available to all other applicants, including small businesses not otherwise funded in the allocation listed above.



Eligible Applicants



- Eligible applicants are individuals, state and local governments, corporations, or any other legal entity.
- All business entities such as corporations or partnerships must have an active registration with the Texas Secretary of State by October 21, 2022, by 5 p.m. CST.



Small Businesses

- Under this program, a Small Business is defined as a business owned by a person who owns and operates no more than five vehicles or pieces of equipment.
- At least one of those five vehicles must have been owned for more than two years and is:
 - an on-road heavy-duty diesel vehicle; or
 - a non-road diesel piece of equipment.

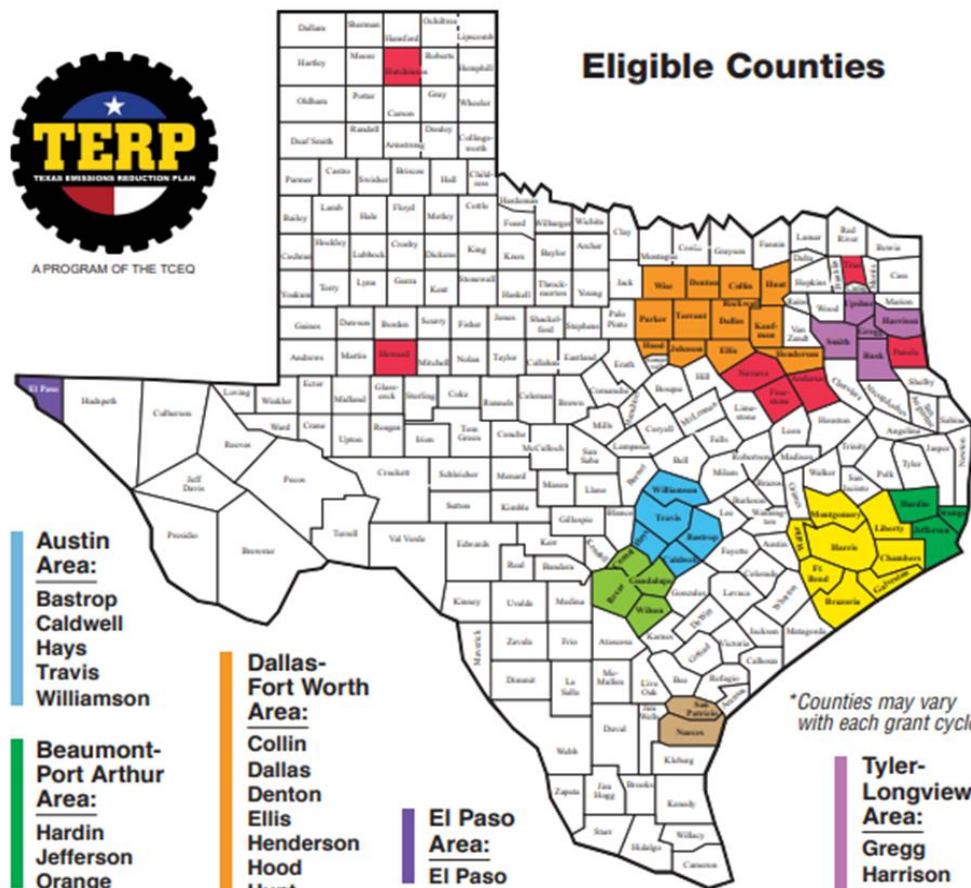


Diesel Emissions Reduction Incentive (DERI) Program



A PROGRAM OF THE TCEQ

Eligible Counties



TEXAS
COMMISSION ON
ENVIRONMENTAL
QUALITY

September 2022

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 800-979-7589.



Eligible Project Categories

- Replacement of on-road heavy-duty diesel vehicles or non-road diesel equipment with newer models;
- Repower of heavy-duty diesel on-road vehicles or non-road diesel equipment;
- Electrification of on-road heavy duty diesel vehicles or non-road diesel equipment; and
- Purchase or lease of new near-zero or zero emission on-road vehicles.

Projects may only include vehicles or equipment types that are listed in the FY23 Rebate Grant Tables.



On-Road Vehicles (Old Vehicle)

- Heavy-duty on-road vehicle with a gross vehicle weight rating (GVWR) greater than 8,500 pounds and is certified to or has a diesel engine certified to the US EPA heavy-duty engine emissions standards;
- Owned, leased, or otherwise commercially financed and registered and operated by the applicant in Texas for at least the two years immediately preceding the application signature date;
- Used in its primary function in the routine operations of the applicant in Texas for at least the two years immediately preceding the application signature date; and
- In operating condition with at least five years of useful life remaining.



Non-Road Equipment (Old Equipment)

- Powered by a diesel engine rated at 25 horsepower (hp) or greater;
- Engine that is certified or verified to the US EPA emissions standards for non-road engines;
- Continuously owned and operated by the applicant in Texas for at least the two years immediately preceding the application signature date;
- Used in its primary function in the routine operations of the applicant in Texas for at least the two years immediately preceding the application signature date; and
- In operating condition with at least five years of useful life remaining.

For the purposes of this grant round, non-road equipment does not include marine vessels, locomotives, or stationary engines.



Grant-Funded On-Road Vehicle

- Certified to emit at least 25% less nitrogen oxides (NO_x) than the old vehicle;
- Vehicle model year no more than three years older than the calendar year in which it was purchased;
- Same type, weight category, and body and axle configuration as the vehicle being replaced; and
- Unless the vocational type of the new vehicle is exempt from registration requirements, the vehicle must be registered for operation in Texas.



Grant-Funded Non-Road Equipment

- Certified to emit at least 25% less nitrogen oxides (NO_x) than the old equipment;
- Engine model year no more than three years older than the calendar year in which it was purchased; and
- Must be of the same type and intended for the same use as the equipment being replaced.



Repower Projects (New Engine)

The existing on-road vehicle or a piece of non-road equipment must have at least two years of useful life remaining to be eligible, and:

- Be certified or verified to emit 25% less nitrogen oxides (NO_x) than the engine being repowered or replaced;
- Be certified or verified to meet the same category of emission standards as the original engine (e.g., on-road or non-road); and
- Use only components procured from the original engine manufacturer (OEM) or an authorized reseller unless otherwise approved by the TCEQ on a case-by-case basis.



On-Vehicle Electrification Projects

Equipment that enables an on-road vehicle or non-road piece of equipment to use electric power instead of power normally supplied by the propulsion engine or another onboard internal combustion engine.

Project types that will be considered under this grant round:

- Installation of battery-powered auxiliary power units (APU) which, at a minimum, can offset 4 continuous hours of engine idle operation time;
- Installation of a battery-powered refrigeration unit on refrigeration trucks or trailers that can accept a direct plug-in connection while parked; and
- Installation of a heavy-duty electric hybrid power train system which can demonstrably reduce fuel consumption by at least 5%.



On-Vehicle Electrification Projects (Continued)

The on-road vehicles or non-road equipment that are upgraded through this project category must:

- Have a model year no more than three years older than the calendar year in which the on-vehicle electrification equipment was purchased;
- Be owned by the grant applicant, including the installed add-on equipment; and
- Meet all the eligibility requirements applicable to old vehicles and equipment under the Rebate Grants program.



New Purchase Projects

For the purchase or lease of new on-road vehicles without the requirement to destroy an old vehicle,

New Purchase projects must:

- Include one of the on-road vehicle types listed as new purchase options on the Rebate Grant Tables;
- Be certified or verified by the EPA or the California Air Resource Board (CARB) to an emission standard, unless the new on-road vehicle operates on exclusively electricity (e.g., hydrogen, battery-electric);
- Use at least one of the following fuels: natural gas, propane, hydrogen, or electricity; and
- Be a new vehicle that has not been subject to first sale.



Refueling Infrastructure

Applicants purchasing a qualifying vehicle or piece of equipment powered by an alternative fuel may request additional funding for onsite refueling infrastructure.

- Allowable alternative fuels:
 - Electricity
 - Hydrogen
 - Compressed Natural Gas (CNG)
 - Liquefied Natural Gas (LNG)
 - Propane (LPG)
 - Methanol



Refueling Infrastructure (Continued)

- The refueling infrastructure must provide, at a minimum, refueling capacity to the on-road vehicles or non-road equipment purchased, replaced, or repowered through this grant program.
- Applicants may expand existing onsite refueling infrastructure to accommodate the additional new on-road vehicles or non-road equipment in lieu of installing new service.
- Applicants are required to be the owner of the site where the refueling infrastructure equipment will be installed.
- Applicants may only include one refueling infrastructure project site and one type of alternative fuel per application.
- All grant-funded refueling infrastructure must be purchased by the applicant and not leased.



Maximum Grant Amount

- For replacement, repower, and on-vehicle electrification projects, applicants will receive up to the lesser of the following options:
 - The grant amounts shown in the Rebate Grant Tables; or
 - 80% of the incremental cost.



Maximum Grant Amount

- For new purchase projects, applicants will receive up to the lesser of the following options:
 - The grant amounts shown in the Rebate Grant Tables; or
 - The incremental cost of the project.



Maximum Grant Amount Options

- For refueling infrastructure associated with replacement, repower, or new purchase projects, applicants will receive up to the lesser of the following options:
 - \$100,000 plus \$100,000 for each on-road vehicle or non-road piece of equipment that is fueled by the associated infrastructure in the project;
 - 50% of the incremental cost of the refueling infrastructure project; or
 - \$600,000.



Waiver Request

- TCEQ may consider a request to waive one or more of the ownership, registration, or operation requirements on a finding of good cause, which may include:
 - short lapses in registration or operation due to economic conditions, seasonal work, or other circumstances.
- For replacement projects only.
- Applicants must complete and submit **Supplemental Form 1: Program Waiver Request** with the application.
- TCEQ will review waiver requests on a case-by-case basis.



Eligible Costs (Replacement, New Purchase)

- Cost(s) (or if leased, the capital lease cost basis) of the grant-funded on-road vehicle or non-road equipment;
- Taxes and Government Fees;
- Delivery and Shipping Fees;
- Factory and/or Extended Warranties
- Maintenance and Service Contracts;
- Mechanic and Safety Inspections;
- Cooperative Fees; and
- Manufacturer or dealer processing fees not related to financing.



Eligible Costs (Repower, On-Vehicle Electrification)

- Cost of the new engine or upgrade, including sales tax and delivery charges;
- Cost(s) of additional equipment that must be installed with the new engine or upgrade;
- Associated supplies directly related to the installation of the engine or system;
- The costs to remove and dispose of the old engine, if applicable;
- Installation costs;
- Reengineering costs, if the vehicle or equipment must be modified for the new engine to fit; and
- Other ancillary costs which include shipping costs, factory and/or extended warranties, mechanic and safety inspections, cooperative fees, service and maintenance contracts, and dealer or manufacturer fees.



Eligible Costs (Refueling Infrastructure)

- **Equipment** includes tangible personal property having a unit acquisition cost of \$5,000 or more (including sales tax and delivery) with an estimated useful life of over one year. Equipment purchased with grant funds should be budgeted as equipment if the sum of the separate component parts (including tax and delivery) has an original value of \$5,000 or more. TCEQ will require an itemized invoice and proof of payment for reimbursement of all equipment costs.
 - Eligible equipment costs for natural gas and alternative fuel dispensing equipment include natural gas and alternative fuel storage tanks, compressors, electrical infrastructure, and other equipment at the facility directly needed to store and dispense eligible alternative fuels.
 - Eligible equipment-related costs include contractual costs and supplies and non-capital items necessary for the installation of the equipment.



Eligible Costs Continued (Refueling Infrastructure)

- **Supplies and Materials** includes non-construction related costs for goods and materials having a unit acquisition cost (including sales tax and delivery) of less than \$5,000 per unit. An itemized invoice and proof of payment will be required for reimbursement of all supplies and materials costs.
- **Construction** includes the costs for enhancement or building of permanent facilities. Construction costs include:
 - Planning, Designing, and Engineering;
 - Materials and Labor;
 - Subcontracts for services in connection with the construction; and
 - Facility improvements, such as paving, foundations, and covers.
- **Contractual** includes non-construction related costs for subcontracted or hired out professional services or tasks provided by a firm or individual who is not employed by the applicant.



Ineligible Costs



- Insurance premiums;
- Finance fees and charges;
- Salaries and travel expenses for employees of the grantee;
- Expenses of any lobbyist registered in Texas;
- Costs of preparing and submitting application;
- Administrative costs (e.g., office supplies, rent, marketing, and advertising);
- Costs that do not involve an arms-length transaction, such as the use of existing inventory without a proof of purchase;
- Any costs paid prior to October 21, 2022; and
- Food and drink.



Application Submission

- **Email:** REBATE-Apply@tceq.texas.gov
- **File Transfer Protocol Secure (FTPS) Server**
- **Regular mail:**

TCEQ
Air Grants Division
MC-204 (REBATE)
P.O. Box 13087
Austin, TX 78711-3087
- **Express mail:**

TCEQ
Air Grants Division
MC-204 (REBATE)
12100 Park 35 Circle, Building F, Suite 1301
Austin, TX 78753



Application Submission Requirements

- Applications must be received by no later than 5:00 p.m. Central Time on December 19, 2022.
- Only one application per email (max file size: 25MB). If larger than 25MB, please submit by **uploading** the file to TCEQ's FTPS server **and sharing** with REBATE-Apply@tceq.texas.gov.
- For applications submitted electronically, each attachment must be grouped by activity and clearly labeled with the activity number at the top of each page. It is preferable that the application and attachments be submitted as a single PDF, but it is not required.



Application Requirements

The application must include:

- All pages of the application;
- All required attachments;
- Complete applicant contact information;
- All required signatures; and
- All the information necessary for TCEQ to review the application according to the program requirements.
- 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 disqualify the application from receiving a grant under this Request for Grant Application (RFGA).



Application Limitations

- Applicants will be subject to the following application submission limitations.
 - No applicant can request more than a total of \$4 million in grant funds through one or more applications per calendar month that the program is open.
 - No applicant can request more than a total of \$2 million in new-purchase set-aside grant funds through one or more applications per calendar month that the program is open.

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.



Applying for Multiple Project Types

- Applicants that want to apply for more than one of the following project type categories must submit separate applications for each project type category.
 - Replacement and Repower projects (including refueling infrastructure).
 - New Purchase projects (including refueling infrastructure).
 - On-Vehicle Electrification projects.



List of Attachments

- **W-9**
- **Color Photographs of Vehicles or Equipment**
 - Replacement, Repower, and On-Vehicle Electrification
 - The front, rear, right side, left side, (including tires); and
 - Engine and engine data plate
- **Copy of State or Federal Identification Card**
 - Replacement, Repower, On-Vehicle Electrification, New Purchase
 - If Individual or Sole Proprietor
- **Copy of Registration Documents for Vehicles**
 - Replacement, Repower, and On-Vehicle Electrification
 - For the 12 months immediately preceding the application signature date
- **Copy of Title for Vehicles**
 - Replacement, Repower, On-Vehicle Electrification
 - For 2 years immediately preceding the application signature date



List of Attachments (Continued)

- **Waiver Request (if applicable)**
 - Replacement, Repower, On-Vehicle Electrification
- **Purchase Documentation of Grant-Funded Vehicle, Engine, or Conversion System**
 - New Purchase
 - For an applicant who purchases a vehicle after the opening of the grant round. Any cost paid prior to the grant round opening will not be eligible.



List of Attachments (Refueling Infrastructure)

- **Demonstration of Ability to Install, Operate, and Maintain the Refueling Infrastructure**
 - This may include property ownership records, lease agreements, or other legal agreements.
 - Must demonstrate the ability to complete any required construction on the proposed site.
 - Must demonstrate the ability to operate on the proposed property for the next 5 years from the application signature date.
- **Site Plan**
 - This may include a scaled map, satellite map, drawing, or similar graphic of the proposed site that shows the planning and design of the proposed facility.
 - Must demonstrate how the vehicle or equipment may access the proposed facility.
 - Must provide the location of the facility within the property and include any easements, set-back requirements, and property boundaries.



Grant Selection

- **Substantially complete applications** which meet the eligibility criteria will be reviewed and awarded in the order received.
- Applications which meet the criteria for the **Small Business set-aside** will be separately reviewed and awarded until the Small Business set-aside is exhausted.
- Any applications that remain after the **Small Business set-aside** is exhausted will be considered for Rebate funds in the order they were received when compared to all other applicants.
- **New Purchase set-aside applications** will be separately reviewed and awarded until the New Purchase set-aside is exhausted.
 - These applications will not be considered outside of this allocation.



Contracting

Applicants selected for grant funding will be required to sign a contract with TCEQ.

- Approved activities 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 and equipment.





Reimbursement of Expenses

- Payments will be made on a reimbursement basis for eligible costs paid in full by the grantee minus scrappage value and any incentives.
- Grantees must provide documentation to show that grant-funded equipment has been received and costs paid in full before TCEQ will provide reimbursement.
- All costs must be paid in full by the grantee, grant-funded equipment received, and final requests for reimbursement submitted to TCEQ by the request for reimbursement deadline listed in the contract.
- If the grantee finances the vehicle, the reimbursement will be assigned to the company that provided the financing.
- If the grant equipment is leased, the lease must have a term sufficient to extend to the end of the activity life or a binding commitment to purchase at the end of the term.



Usage Commitment

Replacement, Repower, New Purchase, On-Vehicle Electrification

- Not less than 55% of the grant-funded on-road vehicle or non-road equipment operation must occur in one or more of the nonattainment areas and affected counties.
- Applicants may elect to increase this commitment to 80% of their operation in these same areas to receive additional grant funds.
- Annual operation will be considered as miles traveled, hours of engine operation, or fuel consumed.

Refueling Infrastructure

- Refueling infrastructure must be owned, operated, and maintained for the duration of the reporting requirements.



Disposition

- Within 90 days after reimbursement issued.
- Old vehicle, equipment or engine rendered permanently inoperable:
 - Completely crushing the vehicle or equipment; or
 - 3-inch hole cut in both sides of engine block and cut both frame rails in half; or
 - For repower projects only, cutting a 3-inch or larger hole on both sides of the engine block.





Annual Usage Reporting

- Annual usage reports for the Activity Life are required to ensure compliance with annual usage requirements.
- The Activity Life will start on the date TCEQ approves disposition (or the date of reimbursement if disposition is not applicable) for an activity and will end on the earlier of:
 - The fifth (5th) anniversary of the date TCEQ approved disposition for the activity; or
 - For on-road vehicle replacement, 400,000 miles of vehicle operation after the start of the Activity Life.
- TCEQ will provide the grantee with the required record keeping start/end dates.



CONTACT US

TERP Grant Programs

www.TERPgrants.org

TERP@tceq.texas.gov

800-919-TERP (8377)