Texas Clean Fleet Program (TCFP)

The Texas Clean Fleet Program (TCFP) was established to encourage a person that has a fleet of diesel-powered vehicles to replace them with alternative fuel or hybrid vehicles.
Webinar Agenda

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

• **FY 22-23 Funding** ~$16 million
  - 50% of available funding will be allocated for projects that include the purchase of Zero-Emission Vehicles

• Competitive

• Reimbursement
Eligible Applicants

- Individual or entity with a fleet of 75 or more vehicles registered in Texas
- Submit minimum of 10 vehicles for replacement in an application
- All business entities must have an active registration with the Texas Secretary of State by July 18, 2022.
Vehicles Being Replaced

- On-road, diesel
  - Heavy-Duty (GVWR > 8,500 lbs.) or
  - Light-Duty (GVWR < 10,000 lbs.)

- Owned, leased, or commercially financed, registered, and operated by the applicant in Texas (at least 75% of total annual mileage) for two years immediately preceding the application signature date

- In operating condition with at least 2 years of useful life remaining
Waiver Requests

- TCEQ may 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.

- Applicants must complete and submit Supplemental Form 4: Waiver Request with the application for a waiver to be considered.
  - The applicant must demonstrate good cause in the waiver request.
Waiver Requests (continued)

- TCEQ may also waive the ownership requirement for the replacement and disposition of third-party vehicles, if the applicant can demonstrate good cause and:
  - establish permission from the vehicle owner;
  - demonstrate that, absent the grant, the vehicles being replaced would have continued to be operated in Texas;
  - certify that each vehicle has been registered in Texas and operated at least 75% of its total annual mileage in the state for the two years preceding the application signature date;
  - certify that the vehicles are in operating condition with at least two years of useful life remaining; and
  - will be replaced with a qualifying vehicle of the same weight classification and used in the same application or vocation.

- If awarded a grant, a grantee must demonstrate ownership of the third-party vehicles before being reimbursed by the TCEQ.
Qualifying Vehicles

• A new motor vehicle that has not been the subject of a retail sale

• Of the same weight classification and used in the same vocation as the vehicle being replaced

• A hybrid vehicle or fueled by an alternative fuel including electricity, compressed natural gas (CNG), liquefied natural gas (LNG), hydrogen, propane, or methanol (85% by volume)

• Certified to the current federal emissions standards applicable to that vehicle and/or engine

• Certified to emit at least 25% less nitrogen oxides (NO\textsubscript{X}) than the certified federal emissions standard applicable to the vehicle being replaced.
Non-Qualifying Vehicles

- Is a non-road vehicle;
- Is a neighborhood electric vehicle;
- Has been used as a qualifying vehicle for a grant under this program for a previous reporting period or by another entity; or
- Has qualified for a similar grant or tax credit (a grant or tax credit has been awarded to, granted, or used for the vehicle).
Usage Commitment

- Own or lease to purchase the grant-funded vehicles for the duration of the contract
- Operate vehicles at least:
  - 25% of annual miles in the Clean Transportation Zone (CTZ)
  - 75% of annual miles in Texas
- Maintain mileage and location records for the grant-funded vehicles
- Maintain the grant-funded vehicles in good operating condition
Clean Transportation Zone

Eligible Counties

Ozone Nonattainment Counties
(highlighted-orange)

- Collin
- Dallas
- Denton
- Ellis
- Chambers
- Kaufman
- Parker

Other Counties
(highlighted-yellow)

- Aransas
- Atascosa
- Austin
- Bee
- Bell
- Brazos
- Burleson
- Calhoun
- Colorado
- Gonzales
- Grimes
- Guadalupe
- Hidalgo
- Hill
- Hood
- Hunt
- Jim Wells
- Karpen
- La Salle
- Lamar
- Lee
- Leon
- Limestone

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.
Grant Amounts

- Up to 80% of the **eligible costs** associated with the purchase of the replacement vehicle.
  
  - **Eligible costs include**: the invoice cost (or if leased, the capital lease cost basis) of the grant-funded vehicle, including taxes and government fees, delivery and shipping fees, factory and/or extended warranties, mechanic and safety inspections, cooperative fees, and dealer processing fees not related to financing.
  
  - Eligible costs must be paid after July 18, 2022, to be considered for funding.
  
  - TCEQ will consider a lease with a binding commitment to buy and retain ownership of the grant-funded vehicle (referred to as a lease-purchase agreement) as a purchase.
Ineligible Costs

- Insurance premiums
- Finance fees and charges
- Salaries and travel expenses for employees of the grantee
- Expenses of any lobbyist
- Costs associated with this application
- Administrative costs of the grantee
- Any costs paid before the grant round opened
- Food and drink
Application Submission

• Applications will be accepted for consideration during this grant period only if received by TCEQ via email at TERPapply@tceq.texas.gov or via mail, no later than 5:00 p.m. Central Time on September 16, 2022.

• Only one application per email at a max file size of 25MB. If larger than 25MB, please submit by uploading the file to TCEQ’s file transfer protocol secure (FTPS) server.

• TCEQ will provide confirmation that an application has been received.
Application Process

A grant application that is not substantially complete will be disqualified from receiving a grant.

A substantially complete application must include:

- all pages of the application;
- all required attachments;
- applicant contact information;
- all required signatures; and
- all the information necessary for TCEQ to score and rank the project.
List of Attachments

- W-9

- Copy of State or Federal Identification Card
  - If individual or sole proprietor

- Copy of Registration Documents for Old Vehicle
  - Include registration documentation for the 12 months immediately preceding the application signature date

- Copy of Vehicle Title
  - Indicate ownership for two years immediately preceding the application signature date
Attachments (continued)

- Color Photographs of Vehicle
  - Photos of the front, right side, left side, rear, engine and engine data plate of each vehicle being replaced

- New Vehicle Purchase Documentation
  - Only if purchase has already been completed

- Waiver Request (if applicable)
Applications for eligible projects will be evaluated, scored, and ranked according to the scoring criteria provided below.

Up to...

1. **50 points** - lowest $/ton of NO\textsubscript{X} reduced

2. **30 points** - highest projected NO\textsubscript{X} reductions

3. **20 points** - operate at least 75% in nonattainment areas
   - Houston-Galveston-Brazoria Area
   - Dallas-Fort Worth Area
   - San Antonio (Bexar County)
   - El Paso County

**IMPORTANT:** Once selected for a grant, **any changes** made to the application that **reduce the total project score** will make any resulting contracts voidable.
Project Calculations

- Applicants are not required to compute the cost per ton of NO$_X$ reduced or the total projected NO$_X$ reductions for their project as they will be determined by TERP staff.

- For those wishing to perform their own calculations, instructions are provided in the TCFP Technical Supplement. In addition, a TCFP Grant Estimator for light-duty and heavy-duty vehicles is provided on the TERP website.
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.
Reimbursement of Expenses

• Payments made on a reimbursement basis for eligible costs paid in full by the grantee.
• Grantees will be required to provide documentation to show that equipment or services have been received and costs have been paid in full before reimbursement is provided by TCEQ.
• All costs must be paid in full by the grantee, new vehicles received, and final requests for reimbursements submitted to TCEQ by April 30, 2025.
• If the grantee finances the vehicle, the reimbursement will be assigned to the company that provided the financing.
Disposition

After grant selection and reimbursement...

- Within 90 days after reimbursement paid
- Old vehicle & engine rendered permanently inoperable
  - completely crush, or
  - 3-inch hole both sides of engine block + cut both frame rails in half
Annual Usage Reporting

- Annual usage reports for the life of the contract are required to ensure compliance with annual usage requirements.

- TCEQ will provide the grantee with the required record keeping start/end dates (Activity Life).

- The Activity Life for each vehicle will begin on the date TCEQ approves disposition (destruction of the old vehicle) and will end on the earlier of:
  - the fifth anniversary of the date of reimbursement for the activity; or
  - the date the vehicle reaches 400,000 miles.
CONTACT US
TERP Grant Programs

www.TERPgrants.org
800-919-TERP (8377)
Nate Hickman
Grant Specialist
Air Grants Division
Nate.Hickman@tceq.texas.gov