

Request for Grant Applications (RFGA)

Texas Hydrogen Infrastructure, Vehicle, and Equipment Grant Program (THIVE)

Texas Commission on Environmental Quality (TCEQ)

Texas Emissions Reduction Plan (TERP)

Solicitation No. 582-27-70001-HD

Este documento es la Solicitud de Aplicaciones de Subsidios para el Programa de Subvenciones de Infraestructura, Vehículos y Equipos de Hidrógeno de Texas (THIVE por sus siglas en Inglés). La información en este documento lo ayudará a determinar si califica para una subvención. Comuníquese al 800-919-TERP (8377) para obtener ayuda con esta información.



Important Dates	Date
Program Open Date	September 30, 2026
Application Submission Deadline	December 29, 2026
Request for Reimbursement Deadline	April 30, 2029

Contact Information

TCEQ

Air Grants Division, MC-204 (THIVE)

P.O. Box 13087

Austin, Texas 78711-3087

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 on the application submission deadline listed on the cover page of this RFGA.** Refer to TERP's [THIVE webpage](#) for detailed submission instructions.

The award of a 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 TERP's [THIVE webpage](#).

There will not be a pre-proposal conference. An informational webinar was held on September 16, 2026, and can be viewed on TERP's THIVE webpage.

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1.0 Purpose

The THIVE program is established under Chapter 386, Subchapter G, of the Texas Health and Safety Code (THSC) to implement a portion of the Texas Emissions Reduction Plan (TERP). This program provides financial incentives to encourage the adoption of hydrogen infrastructure, vehicles, and equipment. Funding is available for projects that reduce nitrogen oxide (NO_x) emissions in Texas nonattainment areas and affected counties. (**Note:** TCEQ may refer to on-road heavy-duty vehicles and non-road equipment collectively as “equipment” throughout this RFGA.)

2.0 Program Requirements

All applicants and activities must meet the eligibility requirements listed in this section at the time of application submittal to be considered for a grant.

TCEQ may waive certain ownership, registration, or operation requirements of this section on a finding of good cause. Please refer to Appendix B for instructions on completing and submitting a waiver request. To be considered, waiver requests must be submitted with the application. Applicants may not submit a waiver request for repower and conversion projects.

2.1 Eligible Applicants

- a) Eligible applicants are individuals, state and local governments, corporations, or any other legal entity.
- b) All business entities such as corporations or partnerships must have an active registration with the Texas Secretary of State by the program opening date listed on the cover page of this RFGA. If awarded a contract, businesses must maintain an active registration during the contract period.
- c) 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.

2.2 Eligible Project Categories

This will be a competitive grant program prioritized based on project type and cost effectiveness as further detailed in Section 4.3. The following project categories are eligible under this grant round:

- a) The replacement of heavy-duty on-road vehicles or non-road equipment with newer hydrogen-powered models.
- b) The repower or conversion of heavy-duty on-road or non-road vehicles or equipment with a powertrain that runs on or is powered by hydrogen.
- c) The purchase or lease of hydrogen-powered heavy-duty on-road vehicles or non-road equipment.
- d) The installation and operation of hydrogen refueling infrastructure capable of fueling or charging hydrogen-powered vehicles or equipment.

2.3 On-Road Vehicles (*old vehicle*)

An on-road vehicle eligible for replacement, repower, or conversion must:

- a) have a gross vehicle weight rating (GVWR) greater than 8,500 pounds;
- b) have an engine certified to the United States (US) Environmental Protection Agency (EPA) or California Air Resources Board (CARB) heavy-duty on-road engine emissions standards;
Note: This does not include a vehicle over 8,500 pounds classified by the EPA as a medium-duty passenger vehicle subject to the federal light-duty vehicle emission standards.
- c) be owned by the applicant at the time of application and have been continuously owned, leased, or otherwise commercially financed by the applicant for the two years immediately preceding the application signature date. The applicant must have been listed as the owner on the title or the

lessee on the lease agreement for the two years immediately preceding the application signature date;

Note: Ownership or lease by an affiliate or subsidiary of the applicant does not meet these requirements and would require a waiver request (refer to Appendix B).

- d) currently be used in its primary function in the routine operations of the applicant and have been 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;
- e) be in operating condition with at least five years of useful life remaining; and
- f) currently be registered for operation in Texas and have been continuously registered and operated in Texas (unless the vocational type of the vehicle is exempt from registration requirements) for the two years immediately preceding the application signature date.
 - 1) An apportioned registration for operation in several states will not normally be accepted as proof of continuous registration and operation in Texas, unless the applicant can document that at least 55% of the vehicle's annual operation occurred in Texas over the two years immediately preceding the application signature date.
 - 2) For vehicles with apportioned registration, applicants are required to document mileage in Texas and out of state for the two years immediately preceding the application signature date and attach supporting documentation with the application. Acceptable usage documentation may include Individual Vehicle Distance Records (IVDR) required under the International Registration Plan (IRP), and other similar travel records.

TCEQ may request additional evidence or documentation relating to the ownership and/or operation of the vehicle to confirm compliance with this section.

2.4 Non-Road Equipment (old equipment)

Non-road equipment eligible for replacement, repower, or conversion must:

- a) be powered by an engine rated at 25 horsepower (hp) or greater;

Note: This requirement refers to the hp of the engine being replaced only and does not apply to the replacement engine or technology.
- b) have an engine that is certified to the US EPA or CARB emissions standards for non-road engines;
- c) be owned by the applicant at the time of application and have been continuously owned, leased, or otherwise commercially financed by the applicant for the two years immediately preceding the application signature date;

Note: At the time of application, the applicant must provide documentation listing the specific equipment and showing ownership for the previous two years. Additionally, ownership or lease by an affiliate or subsidiary of the applicant does not meet these requirements and would require a waiver request (refer to Appendix B).
- d) currently be used in its primary function in the routine operations of the applicant and have been 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
- e) be in operating condition with at least five years of useful life remaining.

TCEQ may request additional evidence or documentation relating to the ownership and/or operation of the equipment to confirm compliance with this section.

2.5 On-Road Vehicle or Non-Road Equipment Replacement Qualifications (new vehicle or equipment)

This category is for the replacement of eligible on-road vehicles or non-road equipment with newer hydrogen-powered models. If awarded a grant, the applicant must destroy the old vehicle or piece of equipment.

2.5.1 The replacement on-road vehicle must:

- a) be powered by hydrogen, or have a powertrain that runs on or is powered by hydrogen;
- b) be certified or verified to emit 25% less NO_x than the old vehicle. TCEQ requires certification or verification by either EPA, CARB, or another entity that has been deemed acceptable by TCEQ;
- c) be newer than the vehicle being replaced and have a vehicle model year no more than three years older than the calendar year in which it was purchased;
- d) be of the same type, weight category, and body and axle configuration as the vehicle being replaced unless otherwise agreed to by TCEQ. The replacement vehicle must be configured and intended for use in the same application or vocation as the vehicle being replaced. TCEQ may accept vehicles of a different type, weight category, or body and axle configuration to account for the latest technology or vehicle type used in a specific vocation.
- e) be registered for operation in Texas unless the vocational type of the new vehicle is exempt from registration requirements.

2.5.2 The replacement non-road equipment must:

- a) be powered by hydrogen, or have a powertrain that runs on or is powered by hydrogen;
- b) be certified or verified to emit at least 25% less NO_x than the old equipment. TCEQ requires "Certification" by either the EPA, the CARB, or another entity that has been deemed acceptable by TCEQ;
- c) be newer than the equipment being replaced and have an engine model year no more than three years older than the calendar year in which it was purchased; and
- d) be of the same type and intended for the same use in the same application or vocation as the equipment being replaced unless otherwise agreed to by TCEQ. TCEQ may accept equipment of a different type to account for the latest technology or equipment type used for a specific vocation.

2.6 On-Road Vehicle or Non-Road Equipment Repower or Conversion Qualifications

This category is for the repower or conversion of an existing engine on an on-road heavy-duty vehicle or a piece of non-road equipment with a new, rebuilt, or remanufactured hydrogen-powered engine or powertrain. If awarded a grant, the applicant must destroy the old engine.

The new, rebuilt, or remanufactured engine must:

- a) be powered by hydrogen, or have a powertrain that runs on or is powered by hydrogen;
- b) be certified or verified to emit 25% less NO_x than the engine being replaced or converted. TCEQ requires certification or verification by either EPA, CARB, or another entity that has been deemed acceptable by TCEQ;
- c) be certified or verified to meet the same category of emission standards as the original engine (i.e., on-road or non-road); and
- d) use only components procured from the original engine manufacturer (OEM) or an authorized reseller unless otherwise approved by TCEQ on a case-by-case basis.

2.7 New Purchase Projects

This category is for the purchase or lease of new hydrogen-powered on-road vehicles and non-road equipment without the requirement to destroy an old vehicle or piece of equipment.

New purchase projects must:

- a) be powered by hydrogen, or have a powertrain that runs on or is powered by hydrogen;
- b) be a heavy-duty on-road vehicle or heavy-duty non-road piece of equipment;
- c) be a new vehicle or piece of equipment that has not been subject to first retail sale; and
- d) be certified by EPA or CARB to be less than or equal to 0.15 g/bhp-hr.

2.8 Refueling Infrastructure

This category is for the installation and operation of hydrogen refueling infrastructure capable of fueling or charging hydrogen-powered vehicles or equipment. This category includes the funding of new or expanded hydrogen refueling infrastructure. Priority will be given to hydrogen refueling infrastructure projects that will be accessible and available to the public for a minimum of eight hours per day, between the hours of 8:00 a.m. and 6:00 p.m., for at least five days per week.

Applicants are required to own the site where the refueling infrastructure equipment will be installed or be able to demonstrate the ability to install, operate, and maintain the refueling infrastructure at the proposed site for the duration of the contract.

If an applicant does not own the property where the refueling infrastructure equipment will be installed, the Refueling Infrastructure Project Certifications under Section 5: Program Certifications of the project application must be completed and signed by the applicant and the property owner.

- a) Only one refueling infrastructure project at a single location may be submitted per application.
- b) All grant-funded hydrogen refueling infrastructure projects must be capable of dispensing hydrogen for vehicles or equipment at the project site.
- c) All grant-funded refueling infrastructure must be purchased or owned by the applicant and not leased.

2.9 Usage of Grant-funded Equipment

- a) The grant-funded equipment must be operated by the grantee for a five-year period, referred to as the activity life.
 - 1) For projects that include the replacement or purchase of an on-road vehicle, an activity will be considered complete upon the earlier of the fifth anniversary of the activity life start date or 400,000 miles of vehicle operation after the activity life start date.
- b) During the five-year activity life, the grant-funded equipment must be operated at least 55% of its total annual usage in one or more of the eligible counties (see Appendix A). At the time of application, applicants may elect to increase this percent of total annual usage commitment up to a maximum of 95% in these same areas to receive additional grant funds. If awarded a grant, failing to meet this percent may result in TCEQ requiring a return of grant funds.
- c) Annual usage will be considered as miles traveled or hours of engine operation. For determining the total annual usage, a single unit of measurement (e.g., miles traveled) must be used. Applicants receiving a grant must be prepared to keep and maintain records of their annual usage in the unit of measurement they choose on their application.
- d) Refueling infrastructure must be operated by the grantee within an eligible county for a three-year period, referred to as the operation period.
- e) Additional annual usage and reporting requirements can be found in Section 4.8.

2.10 Marketable Emissions Reductions Credits

A project that would otherwise generate marketable credits under state or federal emissions reduction credit averaging, banking, or trading programs is not eligible for funding under this program unless:

- a) The project includes the transfer of the reductions that would otherwise be marketable credits to the state implementation plan, or to the project owner or operator as provided by Texas Health and Safety Code (THSC) Section 386.055; and
- b) The reductions are permanently retired.

3.0 Available Funding, Grant Amounts, and Costs

3.1 Available Funding

The total amount to be awarded under this grant program may not exceed \$16 million over the state fiscal year biennium of 2026-2027, with up to \$8 million available each state fiscal year.

3.2 Determining Eligible Grant Amounts

Applicants may request a specific grant amount, based on the methods and factors below. Once submitted, the applicant cannot change the requested grant amount.

3.2.1 Replacement Projects

- a) Applicants may request up to 100% of the *incremental cost* of the purchase of the hydrogen-powered vehicle or equipment.
 - The *incremental cost* for replacement projects is the cost to purchase the replacement equipment minus the scrap value of the equipment being replaced. TERP uses a default scrap value of \$1,000.
- b) Applicants must submit a detailed price quote, invoice, purchase order, or other price estimate prepared by the vehicle or equipment manufacturer or dealer.
 - Use the vehicle or equipment cost from the price quote when calculating the grant amount on the application form.
 - If a purchase has already been made at the time of the application, provide the invoice or lease agreement showing the cost. Any costs paid prior to the program opening date on the cover page of this RFGA, are ineligible for grant funding.
- c) Applicants must submit a specification sheet that includes horsepower for non-road equipment and GVWR for on-road vehicles.
- d) If awarded a grant, grant recipients will be reimbursed no more than 100% of the eligible incremental costs for the purchase or lease of the replacement equipment. The incremental cost must be reduced by the value of any existing financial incentive that directly reduces the cost of the proposed project, including tax credits or deductions, other grants, or any other public financial assistance.

3.2.2 Repower or Conversion Projects

- a) Applicants may request up to 100% of the *incremental cost* of the repower or conversion of the hydrogen-powered vehicle or equipment.
 - The *incremental cost* for repower projects is the cost to purchase and install the replacement engine or conversion system and associated equipment, minus the scrap value of the old engine. TERP uses a default scrap value of \$250.
 - The *incremental cost* for conversion projects is the cost to purchase and install the replacement engine or conversion system and associated equipment, minus the scrap value of the old engine, if applicable. TERP uses a default scrap value of \$250.
- b) Applicants must submit a detailed price quote, invoice, purchase order, or other price estimate prepared by the equipment manufacturer or converter.
 - Use the equipment cost from the price quote when calculating the grant amount on the application form.

- If a purchase has already been made at the time of the application, provide the invoice or lease agreement showing the cost. Any costs paid prior to the program opening date on the cover page of this RFGA, are ineligible for grant funding.
- c) Applicants must submit a specification sheet that includes horsepower for non-road equipment and GVWR for on-road vehicles.
 - d) If awarded a grant, grant recipients will be reimbursed no more than 100% of the eligible incremental cost of the engine and any other incremental costs associated with a repower or conversion project. The incremental cost must be reduced by the value of any existing financial incentive that directly reduces the cost of the proposed project, including tax credits or deductions, other grants, or any other public financial assistance.

3.2.3 New Purchase Projects

- a) Applicants may request up to 100% of the *incremental cost* of the purchase of the hydrogen-powered vehicle or equipment.
 - The *incremental cost* for new purchase projects is the difference between the baseline cost of a diesel-fueled on-road vehicle or non-road equipment and a qualifying hydrogen-powered on-road vehicle or non-road equipment.
 - TCEQ has established baseline diesel costs for on-road vehicles and non-road equipment. Refer to Appendix C.
- b) Applicants must submit a detailed price quote, invoice, purchase order, or other price estimate prepared by the hydrogen vehicle or equipment manufacturer or dealer.
 - Use the vehicle or equipment cost from the price quote when calculating the grant amount on the application form.
 - If a purchase has already been made at the time of the application, provide the invoice or lease agreement showing the cost. Any costs paid prior to the program opening date on the cover page of this RFGA, are ineligible for grant funding.
- c) Applicants must submit a specification sheet that includes horsepower for non-road equipment and GVWR for on-road vehicles.
- d) If awarded a grant, grant recipients will be reimbursed no more than 100% of the eligible incremental costs for the purchase or lease of the vehicle or equipment. The incremental cost must be reduced by the value of any existing financial incentive that directly reduces the cost of the proposed project, including tax credits or deductions, other grants, or any other public financial assistance.

3.2.4 Refueling Infrastructure Projects

- a) Applicants may request up to 50% of the *incremental cost* of the hydrogen refueling infrastructure project.
 - The *incremental cost* for infrastructure projects is the eligible costs to purchase and install the hydrogen refueling infrastructure and associated equipment.
- b) Any costs paid prior to the program opening date on the cover page of this RFGA, are ineligible for grant funding.
- c) Applicants must submit an estimated budget categorizing and outlining the eligible project costs.
- d) If awarded a grant, grant recipients will be reimbursed no more than 50% of the eligible incremental costs of the refueling infrastructure project. The incremental cost must be reduced by the value of any existing financial incentive that directly reduces the cost of the proposed project, including tax credits or deductions, other grants, or any other public financial assistance.

3.3 Deduct Incentives from Eligible Grant Amounts

Grant amounts for any project types must be reduced by the value of any existing financial incentive that directly reduces the cost of the proposed project. This includes:

- Tax credits or deductions;
- Other grants; or
- Any other public financial assistance.

3.4 Eligible Costs

- a) Eligible Costs for Replacement and New Purchase Projects may include, but are not limited to:
 - 1) Cost(s) of the grant-funded equipment i.e.:
 - Invoice purchase price;
 - Capital lease cost basis; or
 - Sum of operating lease payments over the contract's activity life;
 - 2) Taxes and government fees;
 - 3) Protective in-transit insurance;
 - 4) Delivery and shipping fees;
 - 5) Factory and/or extended warranties;
 - 6) Maintenance and service contracts;
 - 7) Mechanic and safety inspections;
 - 8) Cooperative fees; and
 - 9) Manufacturer or dealer processing fees not related to financing.
- b) Eligible Costs for Repower and Conversion Projects may include, but are not limited to:
 - 1) Costs directly associated with replacing the existing engine with the hydrogen engine or for converting the existing engine to run on hydrogen technology;
 - 2) The purchase and installation of the hydrogen fuel system and tanks, if applicable. Installation costs may include costs to re-engineer the vehicle or equipment for the new engine to fit (including technical design, testing, and other engineering services required as part of the installation);
 - 3) The cost of the new engine or conversion system, including the cost(s) of additional equipment that must be installed with the new engine or upgrade, as well as taxes, duty, protective in-transit insurance, freight charges;
 - 4) The cost to remove and dispose of the old engine, if applicable; and
 - 5) 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.
- c) Eligible Cost Categories for Refueling Infrastructure Projects
 - 1) **Equipment**, which includes tangible personal property having a unit acquisition cost of \$10,000 or more (including sales tax and delivery) with an estimated useful life of over one year. Equipment intended to be purchased with grant funds must be categorized in the application budget as equipment if the sum of the separate component parts (including tax and delivery) has an original value of \$10,000 or more. TCEQ will require an itemized invoice and proof of payment for reimbursement of all equipment costs.
 - Eligible THIVE equipment costs may include liquid and compressed hydrogen storage tanks, liquid hydrogen pumps and vaporizers, electrolyzers, and other equipment at the facility directly needed to store and dispense hydrogen or charge hydrogen fuel cells.
 - Costs related to equipment installation, but that are not equipment itself, should go under other categories as appropriate.

- 2) **Supplies and Materials**, which includes non-construction related costs for goods and materials having a unit acquisition cost (including sales tax and delivery) of less than \$10,000 per unit. An itemized invoice and proof of payment will be required for reimbursement of all supplies and materials costs.
- 3) **Construction**, which includes the costs for the 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.
- 4) **Contractual**, which 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. List each subcontractor/consultant separately.

3.5 Ineligible Costs

Ineligible costs for all projects include:

- a) Any costs paid prior to the program opening date on the cover page of this RFGA;
- b) Insurance premiums;
- c) Finance fees and charges;
- 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 grant application;
- g) Administrative costs of the grantee, including overhead and indirect costs (e.g., office supplies, rent, marketing, and advertising);
- h) Facility improvements and equipment not directly related to the installation of the hydrogen refueling or fuel cell charging equipment;
- i) Structure, land, or an interest in land;
- j) Permitting costs for TCEQ-issued permits;
- k) Food and drink; and
- l) Costs that do not involve an arm's length transaction, such as the use of existing inventory without proof of purchase, equipment manufactured by the grantee, or transactions between affiliated companies;
 - 1) Transactions between related businesses (subsidiary, sister, or parent businesses or any business with common ownership and/or management) are not considered arm's length transactions and indicate a potential conflict of interest. TCEQ will consider costs between business affiliates 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.

4.0 Grant Application and Administration

4.1 Application Forms

- a) The application and this RFGA may be viewed and downloaded from the TERP [THIVE webpage](#).
- b) All applications for funding must be submitted within the application submission period listed on the cover page of the RFGA. If an 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 with a deadline to submit the missing information to TCEQ. Failing to provide the missing information by the deadline may result in the application being considered ineligible. 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 score and rank the project according to the scoring criteria listed in this RFGA.
- c) Make sure to use the application that matches your project type. Applications must only contain one project type. Multiple project types must be separated into multiple applications. On-road and non-road projects may not be combined in a single application.

1) Replacement, Repower, and Conversion Projects

- Applicants will be required to submit documentation and photographs with the application to demonstrate the eligibility of on-road vehicles and non-road equipment being replaced, repowered, or converted including:
 1. Color photographs of the on-road vehicle or non-road equipment, and its associated engine(s);
 2. On-road projects require the following documentation:
 - A copy of the vehicle title or lease agreement, listing the applicant as the owner or lessee, for the two years immediately preceding the application signature date; and
 - Registration renewal receipts for the 12 months immediately preceding the application signature date.
 - For equipment with apportioned registration, submit mileage in Texas and out of state for the two years immediately preceding the application signature date and attach supporting documentation with the application. Acceptable usage documentation may include IVDR required under the IRP, and other similar travel records.
 3. Non-road projects require proof of ownership or lease, which may include a copy of the bill of sale, evidence of insurance coverage, maintenance records, or in some cases, a title. The documentation must list the specific equipment and be dated at least 24 months prior to the application signature date.
- 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.

2) New Purchase Projects

- 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.

3) Infrastructure Projects

- Only one refueling infrastructure project at a single location may be submitted per application.
- Applicants with refueling infrastructure projects must provide documentation that includes:
 1. A site plan (including a scaled map which could be a photograph, satellite map, drawing, or similar graphic of the proposed site) that shows the planning and design of the proposed facility (not just an arrow on a map). The site plan must:
 - Illustrate vehicle or equipment access to the proposed facility; and

- Provide the location of the facility within the property and include any easements, set-back requirements, and property boundaries.
- 2. A demonstration of their ability to install, operate, and maintain the refueling infrastructure at the proposed site, such as property ownership records, lease agreements, or other legal agreements, which can show the following:
 - The ability to complete any required construction on the proposed site; and
 - The ability to operate on the grant-funded equipment on the proposed property for at least the length of the contract.
- 3. A price quote detailing costs associated with infrastructure.

4.2 Application Process

- a) Applications will be accepted for consideration during this grant period only if received by TCEQ no later than 5:00 p.m. Central Time on the application submission deadline listed on the cover page of this RFGA.
- b) To apply for a grant, applicants must complete and submit an application and all required documents using TCEQ's application submittal process. The link to the application and submittal instructions are available on the [THIVE webpage](#).

It is preferable that the application and its attachments be submitted as a single PDF. If the attachments for an application are submitted as separate files, each attachment must be grouped by activity and clearly labeled with the activity number at the top of each page.

- c) Applications may also be submitted by mailing a physical copy to one of these addresses:

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

Express Mail:
 Texas Commission on Environmental Quality
 Air Grants Division, MC-204 (THIVE)
 12100 Park 35 Circle, Building F, 1st Floor, Suite 1301
 Austin, TX 78753

- d) **Consultants and Third-Party Preparers.** Applicants may enlist private consultants to assist with 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. As noted in Section 3.5, any fees charged by a consultant are the responsibility of the applicant and may not be charged to the grant, either directly or as an addition to the cost basis of the grant-funded equipment.

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 an 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 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 contracts voidable, and may subject the third-party preparer to criminal or civil penalties.

Consultants and third-party preparers who knowingly submit inaccurate or fraudulent information to the agency are considered "high-risk." Applications prepared by these individuals will not be awarded. Applicants can call TERP at 800-919-TERP (8377) for more information.

- e) **Application Certifications.** By signing the application, the applicant is certifying its understanding and compliance with the General Certifications and the Program Certifications sections of the

application, as applicable. The applicant also certifies compliance 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 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.

- f) **Example Contract.** A Portable Document Format (PDF) version of the example contract may be viewed and downloaded from the [THIVE webpage](#). The example 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 example contract must be submitted to TCEQ in writing at the time the application is submitted. However, by signing and submitting the application, the applicant 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. Requesting to negotiate contract terms may also result in a delay in receiving an award and may result in TCEQ rescinding an award if the parties are not able to come to a mutual agreement. TCEQ reserves the right to modify the example contract terms as necessary due to statutory, rule, or policy changes. Modifications will be posted to the [THIVE webpage](#) and the ESBD.
- g) TCEQ reserves the right to limit the amount awarded to a single applicant. For the purposes of this limitation, applicant includes an individual or business and all of its associated legal affiliates (for example, a subsidiary, sister, or parent business, or any businesses with common ownership and/or management). At the sole discretion of TCEQ this may include reducing the requested grant amount of one or more applications from an applicant.
- h) Upon submission, all proposals 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.
- i) Individuals are entitled to request and review their personal information the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, contact TERP staff at 800-919-TERP (8377) or TERP@tceq.texas.gov.

4.3 Selection Process and Scoring Criteria

TCEQ provides no assurances that a project will be awarded a grant. See Section 4.4 for additional factors that could affect selection consideration. Any purchases made prior to the execution of a contract are at the applicant's own risk.

Project scores and ranking will be based upon the representations made in the application at the time of application submission. If any changes are made to information submitted in the application, and such changes significantly reduce the total project score, TCEQ reserves the right to terminate the resulting contract. Substitute equipment or changes to refueling infrastructure that change the quality of scored components in the application, such as changes to the throughput rate or use of green energy, will be rejected by TCEQ if the modified project would no longer have been competitively selected.

Eligible projects will be scored, ranked, and selected competitively based upon the following:

- a) **Priority Categories** – Grants will be prioritized by project category in the following order:
 - 1) Projects to replace on-road heavy-duty vehicles with newer on-road hydrogen vehicles.
 - 2) Projects to purchase, lease, repower, or convert on-road heavy-duty vehicles with a powertrain that runs on or is powered by hydrogen.
 - 3) Projects to implement hydrogen refueling infrastructure that is open and accessible to the public for a minimum of eight hours per day, between the hours of 8:00 a.m. and 6:00 p.m., for at least five days per week.
 - 4) Projects to replace non-road heavy-duty equipment with newer non-road hydrogen equipment.
 - 5) Projects to purchase, lease, repower, or convert non-road heavy-duty equipment with a powertrain powered by hydrogen.

- b) **Preference Scoring** – An applicant’s cost effectiveness and total emissions reductions will be compared against those of other applications submitted to determine the score for each category. TCEQ will give preference to the most cost-effective projects that will result in the greatest reduction in emissions of NO_x. Applications will be evaluated, scored, and ranked **within** each priority category according to the cost effectiveness of the project and the total amount of NO_x projected to be reduced over the five-year activity life.
- 1) **Total NO_x Reductions (up to 50 points)**: projects with the highest projected NO_x reductions (tons of NO_x), as compared to all other projects in the same priority category, will receive the most points in that scoring category. Total NO_x reductions will be determined by using the methodology described in the Technical Supplements, which factors in default annual miles or hours for specific types of equipment (the “Default Usage Rate”). THIVE Technical Supplements can be found under Step 3 on the [THIVE webpage](#). Total NO_x reductions can also be calculated using the online Grant Estimators, also found under Step 3 on the THIVE webpage.
- **Replacement, Repower, or Conversions**. Total NO_x reductions will be based on the difference between the certified NO_x emissions rate of the vehicle, equipment, or engine to be replaced, repowered, or converted, and the NO_x emissions rate of the grant-funded vehicle or equipment, over the five-year activity life for the project.
 - **New Purchase**. Total NO_x reductions will be based on the difference between the NO_x emissions rate of the grant-funded vehicle or equipment and the most current certified NO_x emissions rate for the equivalent diesel vehicle or equipment, over the five-year activity life.
 - **Infrastructure**. A total NO_x reduction score will be based on the following emissions reduction points assigned to the infrastructure project:
 - The throughput rate of the facility, measured in kilograms per day (kg/day).
 - An additional 5 points will be added for facilities that will dispense *green* hydrogen. Green hydrogen is defined as hydrogen produced by splitting water into hydrogen and oxygen (electrolysis) using renewable electricity.
 - Private refueling infrastructure projects will be considered for funding after all other eligible projects within the priority categories listed above.
- 2) **Cost Effectiveness (up to 50 points)**: projects with the lowest cost per ton of NO_x reduced, as compared to all other projects within the same priority category, will receive the most points in that scoring category. Cost per ton can be calculated using the online Grant Estimators, found under Step 3 on the [THIVE webpage](#).
- **Infrastructure**. Cost effectiveness will be determined by dividing the requested grant amount by the throughput rate of the proposed facility.
- 3) **Overall Score**: the overall score for each project will be calculated by adding the “Cost Effectiveness” and “Total NO_x Reductions” scores together.

Projects will be reviewed for eligibility, and funding will be awarded in the order of the priority categories above. If funds are insufficient to fully award all eligible projects within a category, those eligible projects will be scored and ranked using the preferences. Projects that receive the highest overall scores within the priority category will be awarded from the remaining available funds. When all funds are exhausted, remaining priority categories will not be considered.

- c) **Selection** – TCEQ will select for award the eligible projects in the order of:

- 1) the priority categories listed above, and then
- 2) the highest-ranking projects within a priority category.

4.4 Additional Considerations

In addition to the selection criteria explained above, and regardless of the scores and ranking assigned to a project, TCEQ may consider the following factors when reviewing applications for grant funding.

- a) If an applicant is applying for the same project under this RFGA and an RFGA under a separate TERP or Texas Volkswagen Environmental Mitigation Program (TxVEMP) grant program, funding will only be awarded under the first program that awards a grant for the submitted project.
- b) TCEQ is not obligated to fund any project for any reason or may offer to fund less than the eligible grant amounts for any reason.
- c) TCEQ is not obligated to fund projects from applicants:
 - 1) With an outstanding invoice from TCEQ or who are not in compliance with existing or prior TERP grants;
 - 2) Where the proposed projects are required by any state or federal law, rule or regulation, memorandum of agreement, or other legally binding contract (this restriction does not apply to the purchase of equipment that is required by local law or regulation or by corporate or controlling board policy of a public or private entity);
 - 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 on TCEQ's Compliance History Database for applicants that are subject to the rating.
- d) TCEQ may also:
 - 1) Require additional terms and conditions or changes to the project pertaining to equipment, logistical considerations, expenses, and other program elements;
 - 2) Make a determination of risks associated with the applicant, the third-party preparer, and/or project and may deny an application or include additional terms and conditions in the contract to address the identified risks;
 - 3) Limit or prioritize the number of grants awarded for projects in a specific area based on the scores assigned to the projects; or
 - 4) Hold applications to be funded at a later date.
- e) TCEQ will not consider activities that were included in a project previously awarded a TERP or TxVEMP grant and subsequently canceled by the grant recipient after the date of issuance of this RFGA.
- f) TCEQ may conduct site visits at any point during the application review process or after award of the grant. Applicants must cooperate with TCEQ, the State of Texas, the State Auditor's Office, and any of their authorized representatives to allow access to all vehicles and equipment being replaced and all grant-funded vehicles, equipment, and refueling infrastructure for the purpose of on-site inspections, and/or audit. Failure to respond to or cooperate with any authorized review, inspection, or audit of the grant activities will result in application ineligibility, make any resulting contracts voidable, and require the return of all or a pro-rated share of the grant funds awarded.

4.5 Grant Award and Contracting

Successful applicants will be notified of their selection and the amount of grant funds that may be awarded. 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. Upon the applicant's signature and final execution of the contract by TCEQ, a copy of the signed contract will be returned to the applicant, at which time the grant will be considered awarded and executed.

Any information submitted in the application regarding **equipment type, throughput rate, and the use of green hydrogen** is considered material and will be represented in any resulting contract's Scope of Work. Grant recipients commit to taking all actions necessary to ensure the successful completion of their project within the contract's time frames and funding limitations. Contract changes may only be approved if the resulting project(s) continues to meet all program eligibility requirements and the changes would not significantly reduce the overall project score, all subject to TCEQ's sole determination. Substitute equipment or changes to refueling infrastructure that change the quality of scored components in the

application, such as changes to the throughput rate or use of green hydrogen, will be rejected by TCEQ if the modified project would no longer have been competitively selected. TCEQ may terminate the contract in such cases. Alternatively, if such changes would reduce the total project cost per ton of the original application, TCEQ reserves the right to reduce the grant amount to maintain the contracted cost per ton, which may result in the reduction of grant funds.

Grant recipients also commit to taking all actions necessary to ensure the successful operation of the grant-funded equipment within the contract's time frames and funding limitations. TCEQ will enforce the terms and conditions of the contract and may seek the return of funds for non-compliance, as well as civil or criminal penalties for misuse of grant funds or fraud.

4.6 Reimbursement of Expenses

4.6.1 Replacement, Repower or Conversion, and New Purchase Projects

- a) Eligible expenses must have been incurred on or after the program opening date on the cover page of this RFGA, to be considered for funding.
- b) Grantees will be reimbursed for eligible incremental costs that the grantee paid in full, minus any incentives, as referenced in Section 3. To receive grant funds, all grant-funded equipment must have been paid for, received, and any conversion or repower performed, and in operation on or before the Request for Reimbursement Deadline indicated in the contract. All final requests for reimbursement (RFR) must be received by TCEQ by this deadline. The RFR form is available on the TERP website terpgrants.org or by calling TERP at 800-919-TERP (8377). Grantees will be required to provide documentation in accordance with the contract to show that grant-funded equipment has been received and costs have been paid in full before reimbursement will be provided by TCEQ unless otherwise approved.
- c) TCEQ may advance funds to grant recipients who are governmental entities on a case-by-case basis. These grant recipients must agree to any special terms or conditions that may be required by TCEQ. If TCEQ advances funds to the grant recipient, TCEQ will reconcile the advanced funds with the actual documented, eligible, final project costs to ensure the grant recipient only received sufficient funds to reimburse those costs.
- d) Grantees experiencing project delays may submit a written extension request to TCEQ via electronic mail at terp_revise@tceq.texas.gov. Unless otherwise approved by TCEQ, an extension request must be submitted no later than 60 days prior to the RFR deadline. TCEQ's decision to grant or deny an extension request will be provided in writing to the grantee.
- e) If the grantee finances the grant equipment, the reimbursement will be assigned to the company that provided the financing. To be paid directly, the grantee must show that the grantee paid eligible expenses that are equal to, or greater than, the reimbursement amount with cash on hand (non-borrowed funds).
- f) 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. For lease purchase arrangements, an option to buy at the end of a lease term without a binding commitment is not sufficient.

4.6.2 Refueling Infrastructure Projects

- a) Eligible expenses must have been incurred on or after the program opening date on the cover page of this RFGA, to be considered for funding.
- b) All grants are paid on a reimbursement basis for eligible costs paid in full by the grantee minus any incentives, as referenced in Section 3.3. To receive grant funds, all equipment or services must have been received and paid in full before reimbursement is provided by TCEQ. All costs must be paid in full by the grantee; grant-funded refueling infrastructure must be installed and operational; and final requests for reimbursement submitted to TCEQ on or before the Request for Reimbursement Deadline indicated in the contract. The RFR form is available on the TERP website terpgrants.org or by calling TERP at 800-919-TERP (8377). Grantees will be required to provide documentation in accordance with the contract to show that grant-funded equipment has been

received and costs have been paid in full before reimbursement will be provided by TCEQ unless otherwise approved.

- c) TCEQ may advance funds to grant recipients who are governmental entities on a case-by-case basis. These grant recipients must agree to any special terms or conditions that may be required by TCEQ. If TCEQ advances funds to the grant recipient, TCEQ will reconcile the advanced funds with the actual documented, eligible, final project costs to ensure the grant recipient only received sufficient funds to reimburse those costs.
- d) Grantees experiencing project delays may submit a written extension request to TCEQ via electronic mail at terp_revise@tceq.texas.gov. Unless otherwise approved by TCEQ, an extension request must be submitted no later than 60 days prior to the request for reimbursement deadline. TCEQ's decision to grant or deny an extension request will be provided in writing to the grantee.
- e) If the grantee finances the grant equipment, the reimbursement will be assigned to the company that provided the financing. To be paid directly, the grantee must show that the grantee paid eligible expenses that are equal to, or greater than, the reimbursement amount with cash on hand (non-borrowed funds).
- f) **Notice to Proceed.** Signing the contract will not be the final commitment required by TCEQ to provide the funds. The grantee must provide the required documentation identified below before a Notice to Proceed may be issued by TCEQ. The Notice to Proceed provides the grantee with approval to begin grant activities. Eligible expenses incurred prior to receipt of this notice will be at the grantee's own risk. Unless otherwise agreed in writing by TCEQ, the following documentation must be provided to TCEQ within one year of contract execution:
 - 1) **Proof of Insurance.** The grantee will be required to show evidence that it has purchased commercial property, general liability, umbrella liability, automobile liability, and worker's compensation and employer's liability insurance policies from insurers who are licensed, eligible, or registered under Texas law, and who have a rating of A- or better and a financial size capacity of IV or better according to the most recent A.M. Best Ratings Guide. These insurance policies must cover the grant-funded equipment to protect against loss or damage, and the grantee must also carry liability damage to protect persons and property. Insurance must be maintained during the entire contract period at the types and levels specified in the contract. Documentation of required insurance coverage must be submitted to TCEQ in accordance with the contract. Self-insurance will not be accepted from non-governmental entities. This is non-negotiable. TCEQ only allows governmental entities to provide proof of self-insurance in lieu of purchasing commercial insurance; and
 - 2) **Site-Host Agreement or Site Ownership Documentation.** The grantee must be able to adequately demonstrate through agreements or other legal documentation that it can construct the proposed facility at the location designated in its application and operate the facility for the duration of the three-year Operation Period.

4.7 Disposition (Replacement and Repower or Conversion Projects Only)

- a) If awarded a grant, the grantee must dispose of the equipment and engines being replaced, repowered, or converted by complete destruction or otherwise rendering the equipment permanently inoperable. The contract will include specific provisions for the disposition of the equipment and engine(s) being replaced and for submitting disposition verification to TCEQ.
- b) **Standard Disposition.** Standard disposition requires making a 3-inch or larger diameter hole on both sides of the engine block and cutting both frame rails **or** by completely crushing the equipment, including the engine. The structural damage to the equipment must be such that repairs are not possible.
- c) **Alternative Disposition.** TCEQ may consider alternative methods of rendering the equipment and engines permanently inoperable in lieu of the standard method of disposition. See the Alternative Disposition section of the application.

The applicant must provide a detailed explanation of the alternative method of disposition, in writing to TCEQ. If approved, TCEQ will include the alternative disposition method in the Special Terms and Conditions of the contract. If TCEQ does not approve the alternative method, the grantee must follow the Standard Disposition requirements above.

- d) **Timing.** Within 90 days of TCEQ issuing the reimbursement payment, the grantee must complete the disposition of the equipment and engines being replaced and submit disposition documentation to TCEQ.
- e) **Documentation.** The destruction of the equipment and engines being replaced must be documented on TCEQ's disposition form with supporting documentation. Supporting documentation includes:
 - 1) Before and after photographs of the equipment and engines being destroyed or rendered inoperable.
 - 2) For on-road vehicles only, a Texas Nonrepairable Vehicle Title issued by the Texas Department of Motor Vehicles. To obtain a Texas Nonrepairable Vehicle Title, a grant recipient must complete and submit Form VTR-441 to the TxDMV.
- f) TCEQ must approve the forms and supporting documentation submitted by the grantee to meet the disposition requirement. Such approval is at the sole discretion of TCEQ. The grantee will provide any clarification and additional documentation as requested by TCEQ to approve disposition.
- g) The grantee must maintain records of the disposition, including copies of forms, documentation, and photos submitted to TCEQ. The grantee is responsible for maintaining access to the disposed equipment and engine, keeping records regarding who completed the disposition, the dates the disposition was completed, and any chain-of-custody tracking the disposed equipment from the grantee to the final disposition site until disposition has been approved by TCEQ.
- h) It is a material breach of the contract if the grantee fails to complete disposition and submit completed disposition documents to TCEQ within the 90-day timeframe. TCEQ will take action to enforce the terms of its contract and may require the return of grant funds.

4.8 Annual Usage and Reporting

The grant-funded equipment or refueling infrastructure must be operated in one or more of the eligible counties listed below or shown in [Appendix A](#).

Eligible counties are grouped into the following eligible areas: **Austin Area** (Bastrop, Caldwell, Hays, Travis, and Williamson Counties); **Beaumont-Port Arthur Area** (Hardin, Jefferson, and Orange Counties); **Corpus Christi Area** (Nueces and San Patricio Counties); **Dallas-Fort Worth Area** (Collin, Dallas, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties); **El Paso Area** (El Paso County); **Houston-Galveston-Brazoria Area** (Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties); **San Antonio Area** (Bexar, Comal, Guadalupe, and Wilson Counties); **Tyler-Longview Area** (Gregg, Harrison, Rusk, Smith, and Upshur Counties); and **Other Area** (Anderson, Freestone, Howard, Hutchinson, Navarro, and Titus Counties).

4.8.1 On-Road Vehicles and Non-Road Equipment

The grantee must agree to operate and monitor the use of the grant-funded equipment for the duration of the five-year activity life.

- a) The time period used to determine the emissions reductions for each activity is referred to as the activity life. The activity life will start on the date TCEQ approves disposition (or the date of reimbursement if disposition is not applicable) for an activity. When disposition is approved, TCEQ will notify the grantee to start keeping records beginning on the specified activity life start date. TCEQ will notify the grantee in writing upon the end of the activity life. The activity life will end on the earlier of:
 - 1) The fifth anniversary of the activity life start date; or

- 2) For on-road vehicle replacement or purchase projects, 400,000 miles of vehicle operation after the start of the activity life.
- b) At least 55% of the grant-funded equipment's total annual usage must occur in one or more of the eligible counties listed below and shown in Appendix A. At the time of application, the applicant will select their percent of total annual usage that will occur in the eligible counties, and that percent will be reflected in the contract's Scope of Work. TCEQ may require a return of grant funds if the grantee fails to operate the grant-funded equipment for the percent of total annual usage shown in the contract's Scope of Work.
- c) For the duration of the activity life, a grantee must:
- 1) Own or lease the grant-funded equipment (exception: refueling infrastructure must be purchased and not leased);
 - 2) Register the vehicle (for on-road vehicles only, unless the vocational type of the grant-funded equipment is exempt from registration requirements);
 - 3) Maintain records regarding the operation of the grant equipment, documents, amendments, and other reasonable information pertinent to the grant equipment, and keep these records for four (4) years after the termination of the contract;
 - 4) Maintain the grant-funded equipment and make any necessary repairs to keep it in proper operating condition;
 - 5) Obtain sufficient commercial insurance for all grant-funded equipment to protect against loss, theft, damage, or liability (proof of self-insurance will be allowed only for governmental entities);
 - 6) Provide notice to TCEQ and request approval for any changes to the use or ownership of the grant equipment, and return any funds as required by contract for circumstances including, but not limited to:
 - The termination of use,
 - The change in use,
 - The intentional destruction of grant-funded equipment, or
 - The sale of grant-funded equipment. Any sale of the grant-funded equipment during the contract period, including as a result of the sale of the grantee's business, will be subject to approval and consent to assignment by TCEQ in accordance with the contract terms; and
 - 7) Provide written notice to TCEQ via email at TERP-Monitoring@tceq.texas.gov within ten (10) calendar days of the occurrence of loss, theft, or irreparable damage of the grant funded equipment. The grantee will replace the lost, stolen, or damaged grant-funded equipment with similar equipment that achieves the same performance or better. The grantee must replace the grant equipment no later than ninety (90) consecutive days from the occurrence of loss, theft, or damage, unless TCEQ expressly agrees to a longer period.
- d) During the activity life, grantees will submit annual usage reports provided by TCEQ. The usage reports are used to ensure compliance with the annual usage requirements identified in the contract Scope of Work and to identify any issues preventing performance.
- e) If requested by TCEQ, grant recipients must place a TCEQ-provided identifying mark or label on the grant-funded equipment to aid both TCEQ and the grant recipient in the tracking and identification of that equipment.
- f) Failure to meet the requirements of this section or other contract terms regarding disposition and ownership may invoke the contract's remedies, including termination of the contract and the return of all or a prorated share of the grant funds. The prorated share of grant funds to be returned will be based on the degree of completion of obligations material to achieving emissions reductions which may include percent of total annual usage within eligible counties, activity life, and annual usage.

4.8.2 Refueling Infrastructure

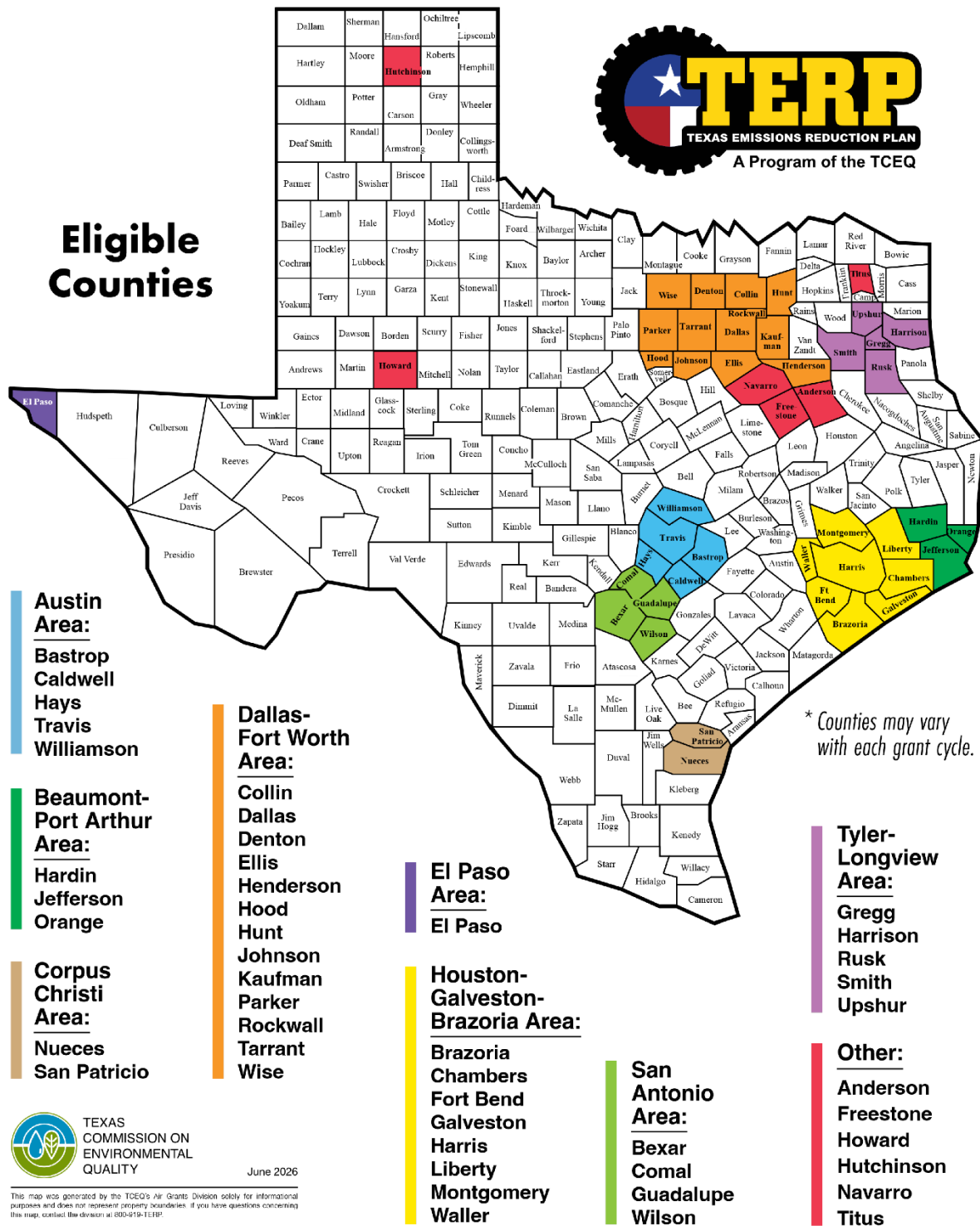
- a) Grantees must proceed in good faith and take all necessary actions to ensure the on-time implementation of their project and subsequent operation of the grant-funded infrastructure equipment.
- b) For the duration of the three-year Operation Period, a grantee must:
 - 1) Own the grant-funded equipment (refueling infrastructure must be purchased and not leased);
 - 2) Operate the grant-funded infrastructure in Texas in an eligible county (refer to Appendix A);
 - 3) Maintain records regarding the operation of the grant equipment, documents, amendments, and other reasonable information pertinent to the grant equipment, and keep these records for four (4) years after the termination of the contract;
 - 4) Maintain the grant-funded equipment and make any necessary repairs to keep it in proper operating condition;
 - 5) Obtain sufficient commercial insurance for all grant-funded equipment to protect against loss, theft, damage, or liability (proof of self-insurance will be allowed only for governmental entities);
 - 6) Provide notice to TCEQ and request approval for any changes to the use or ownership of the grant equipment, and return any funds as required by contract for circumstances including, but not limited to:
 - The termination of use,
 - The change in use,
 - The intentional destruction of grant-funded equipment, or
 - The sale of grant-funded equipment. Any sale of the grant-funded equipment during the contract period, including as a result of the sale of the grantee's business, will be subject to approval and consent to assignment by TCEQ in accordance with the contract terms; and
 - 7) Provide written notice to TCEQ via email at TERP-Report@tceq.texas.gov within ten (10) calendar days of the occurrence of loss, theft, or irreparable damage of the grant funded equipment. The grantee will replace the lost, stolen, or damaged grant with similar equipment that achieves the same performance or better. The grantee must replace the grant equipment no later than ninety (90) consecutive days from the occurrence of loss, theft, or damage, unless TCEQ expressly agrees to a longer period.
- c) To monitor the grantee's progress during the contract period, TCEQ will require biannual reports during the Implementation Period of the project and annual reports during the Operation Period of the project.
 - 1) The **Implementation Period** is the period during which grant equipment is purchased and placed into service. The Implementation Period will end upon TCEQ issuing the final payment of grant funds.
 - 2) The **Operation Period** will begin once the grantee completes the Implementation Period. The Operation Period is the three-year period during which the grantee must ensure the operation of the grant-funded facility and the maintenance of the grant-funded equipment. Grantees will report on the operational status of the grant-funded equipment and the amount of hydrogen dispensed.
- d) If during the contract period, the grantee fails to submit reports or fails to demonstrate reasonable progress toward project completion or continued operation, TCEQ may invoke the contract's remedies, including termination of the contract and the return of grant funds.

4.9 Performance Evaluation

TCEQ may prepare written performance evaluations for grantees upon the completion of the Activity Life for replacement, repower, or new purchase projects, the Operation Period for refueling infrastructure

projects, or as needed. For replacement, repower, or new purchase projects evaluations may be based upon the grantee's compliance with contract terms and providing timely, complete, and accurate requests for reimbursement, disposition, and annual usage documentation. For infrastructure projects, evaluations may be based upon the grantee's compliance with contract terms and providing timely, complete and accurate requests for reimbursement, reports, and deliverables documentation. A grantee's past performance evaluation may be considered when applying for future TCEQ grant programs. A rating of marginal or unsatisfactory performance may be used as a basis to lower or otherwise change the priority and ranking of a future application. Any misuse of the grant funds will be reported as unsatisfactory performance, and the grantee and any involved party will be barred from receiving any other grants. Grantees and any involved party may also be subject to criminal or civil penalties.

Appendix A: Map of Eligible Counties



Appendix B: Waiver Requests

This appendix explains what TCEQ will consider when reviewing a waiver request under Section 2.0 and what an applicant must submit to request a waiver of one or more of the ownership, registration, and use requirements.

Appx. B-1. Good Cause Waiver of Ownership, Registration, and Use Requirements

Sections 2.3 and 2.4 require that on-road vehicles or non-road equipment replaced under the THIVE program must have been owned, leased, or commercially financed, registered (if applicable) and operated by the applicant in Texas for at least the two years immediately preceding the application signature date. TCEQ may consider a request to waive one or more of these requirements based on a finding of good cause, which may include short lapses in registration or operation due to economic conditions, seasonal work, or other circumstances. The burden is on the applicant to demonstrate why there is good cause to grant the waiver request.

Appx. B-2. Good Cause Waiver for Ownership – Replacement and Disposition of Third-Party Vehicles or Equipment

Applicants who can demonstrate good cause may submit a waiver request to purchase on-road heavy-duty vehicles or non-road heavy-duty equipment from another entity (third-party) for the purpose of replacing and disposing of those vehicles or equipment under the THIVE program.

Applicants applying to replace and dispose of third-party vehicles or equipment must:

- a) demonstrate that a replacement activity will result in the projected NO_x emissions reductions;
- b) demonstrate that, absent the grant, the vehicle or piece of equipment being replaced would have continued to be operated in Texas;
- c) provide the requested information for the vehicles or equipment in Section 7 of the THIVE Project Application Form 20976/a for Replacement, Repower and Conversion Projects;
- d) attach to the application the documentation required in Section 4.1(c)1 of this RFGA for the third-party equipment; and
- e) certify that the third-party equipment meets the requirements of Section 2.3 or Section 2.4 of this RFGA and will be replaced in accordance with Section 2.5 or Section 2.6 of this RFGA.

Applicants that do not currently own the third-party vehicles or equipment must establish permission from the owner to include the vehicles or equipment in the application. If awarded a grant, a grantee must demonstrate ownership of the third-party vehicles or equipment before being reimbursed by TCEQ.

Appx. B-3. Waiver Request Instructions

Requests for a waiver must be submitted using Supplemental Form - Waiver Request located on the [THIVE webpage](#). Applicants must complete a separate Supplemental Form for each activity that includes a request to waive one or more of the program requirements.

Applicants requesting a waiver to one or more of the program requirements must complete **Part A** of this form. Applicants who have purchased vehicles, or who plan to purchase vehicles, from another entity (third-party vehicles) for the purpose of replacing and disposing those vehicles under the THIVE program must complete **Parts A and B** of this form.

Part A

Applicants must choose the waiver(s) that applies to the activity and provide a detailed explanation of the waiver request including:

- why the vehicle(s) being replaced does not meet the ownership, registration, and/or operation requirements; and
- how the replacement of the vehicle(s) will result in the projected NO_x emissions reductions.

Applicants must also confirm that the vehicle being replaced will continue to be operated in Texas if it is not awarded a grant.

Applicants may attach documentation to support the waiver request, such as title documents, lease and sales agreements, registration receipts, ownership agreements, etc.

The Authorized Official must sign and date Part A to certify that all information included in the request is accurate.

Part B

Part B should only be completed if the applicant has purchased vehicles, or plans to purchase vehicles, from another entity (third-party vehicles) for the purpose of replacing and disposing those vehicles under THIVE.

By signing the form, the applicant and current vehicle owner (if applicable) certifies that the third-party vehicle:

- has been registered in Texas for the two years immediately preceding the application signature date;
- has been operated in Texas for the two years immediately preceding the application signature date;
- 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.

Applicants who do not currently own the third-party vehicles must establish permission from the vehicle owner to include the vehicles in the application by completing Part B, Section 3 of Supplemental Form - Waiver Request.

Appx. B-4. Submitting a Waiver Request

A waiver request must be submitted with the application for which it is intended. See Section 4.1 of this RFGA for application submission instructions.

Appx. B-5. TCEQ's Consideration of Waivers

All waiver requests will be considered by TCEQ on a case-by-case basis, with no assurance that a waiver will be granted.

Appx. B-6. Approval of Waiver Requests

If a grant is awarded and a waiver request is approved, the conditions under which the waiver was granted may be included in the grant contract.

By signing the contract, the applicant attests to the validity of the conditions under which the waiver was granted.

Appendix C: On-Road and Non-Road Diesel Baseline Costs

This appendix lists the diesel baseline costs established by TCEQ for this grant round. For New Purchase projects, an applicant may request up to 100% of the incremental cost of the on-road or non-road hydrogen equipment. IMPORTANT: The incremental cost is the **difference between** the baseline cost of the diesel on-road or non-road equipment (shown below) and the cost to purchase the qualifying on-road or non-road hydrogen equipment.

Appx. C-1. On-Road Diesel Baseline Costs

The following are the baseline costs for diesel on road vehicles:

On-Road Vehicle Classification	Baseline Cost
Cement Truck	\$191,943
Class 4 Truck	\$55,869
Class 5 Truck	\$77,500
Class 6 Truck	\$98,373
Class 7 Truck	\$106,000
Class 8 Truck	\$131,760
Garbage Truck	\$231,326
Haul Truck	\$220,000
School Bus (Type C)	\$121,100
School Bus (Type D)	\$149,807
Terminal Tractor	\$152,000
Transit or Urban Bus	\$582,425

Appx. C-2. Non-Road Diesel Baseline Costs

If a non-road piece of equipment is not on this list, TCEQ may still consider the equipment for acceptance under the New Purchase category of the program. Please be prepared to provide a quote for new diesel equipment that is comparable to the hydrogen equipment intended to be purchased. TCEQ reserves the right to consider historical pricing of the diesel equipment type, in addition to the quote supplied, when determining what the baseline cost of a new diesel equivalent would be.

The following are the baseline costs for diesel non-road vehicles:

Agricultural Tractors

Horsepower	Baseline Cost
HP < 50	\$23,270
50 ≤ HP < 75	\$37,979
75 ≤ HP < 100	\$60,708
100 ≤ HP < 175	\$114,869
175 ≤ HP < 300	\$182,739
300 ≤ HP < 600	\$266,747
600 ≤ HP < 750	\$471,123

Forklifts

Horsepower	Baseline Cost
HP < 75	\$49,982.44
75 ≤ HP < 100	\$123,058.81
100 ≤ HP < 175	\$217,718.40
175 ≤ HP < 300	\$439,285.37
300 ≤ HP < 600	\$601,577.41

Terminal Tractors

Horsepower	Baseline Cost
175 ≤ HP < 300	\$110,000.00

Rubber Tire Loaders

Horsepower	Baseline Cost
50 ≤ HP < 75	\$77,432.76
75 ≤ HP < 100	\$74,538.90
100 ≤ HP < 175	\$165,247.55
175 ≤ HP < 300	\$290,338.05
300 ≤ HP < 600	\$741,375.20
600 ≤ HP < 750	\$1,642,991.70
HP ≥ 750	\$1,839,485.62