



Texas Natural Gas Vehicle Grant Program (TNGVGP)

This grant program encourages an entity that owns and operates a heavy-duty or medium-duty motor vehicle powered by diesel or gasoline to replace it with a natural gas vehicle or repower it with a natural gas engine.



Webinar Agenda

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



Program Highlights



- **FY 23 Funding** ~\$34 million
- First-come, first-served
- Reimbursement: up to 90% of incremental cost to **purchase, lease, commercially finance** or **repower** qualifying vehicles with natural gas (NG)
- Qualifying NG fuels: compressed natural gas (CNG), liquid natural gas (LNG), and liquid propane gas (LPG)



Eligible Applicants



- Individual or entities currently operating a heavy-duty or medium-duty motor vehicle in TX
- All business entities must have an active registration with the Texas Secretary of State by October 14, 2022.



Vehicles Being Replaced

Replacement of Vehicles Owned, Registered, and Operated by the Applicant

- Replacement of vehicles owned, leased, or otherwise commercially financed and registered and operated by the applicant in Texas for the two years immediately preceding the application signature date;
- In operating condition with at least two years of remaining useful life; and
- Applicants must certify that they have legal authority to destroy the vehicle being replaced.



Vehicles Being Replaced (continued)

Replacement of Fleet Vehicles Registered in the Clean Transportation Zone (CTZ)

- Replacement of vehicles currently owned by the Applicant or vehicles for which a special ownership preapproval has been submitted;
- Owned, leased, or otherwise commercially financed and operated in Texas as a fleet vehicle for at least the two-year period immediately preceding the application signature date;
- Registered in a county located in the CTZ for at least the two years immediately preceding the application signature date;
- In operating condition with at least two years of remaining useful life; and
- Applicants must certify that they have legal authority to destroy the vehicle being replaced.



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.
- For replacement projects only.
- Applicants must complete and submit **Supplemental Form 4: Program Waiver Request and Special Ownership Pre-approval** with the application for a waiver to be considered.
- TCEQ will review waiver requests on a case-by-case basis.



Special Ownership Preapproval

- Applicants planning to purchase a fleet vehicle from a third party for the purpose of replacing and disposing of the vehicle under the TNGVGP must request preapproval.
- Requests for a special ownership preapproval must be submitted using **Supplemental Form 4: Program Waiver Request and Special Ownership Preapproval** located at <https://www.tceq.texas.gov/airquality/terp/tngvgp.html>. Applicants must complete a separate Supplemental Form 4 for each activity that includes a special ownership preapproval request.
- Special ownership preapproval requests must be submitted with the application following the submission instructions on the cover page of the application.



Qualifying Vehicles Eligible for Grants

- A natural gas vehicle with a gross vehicle weight rating (GVWR) of more than 8,500 lbs;
- A new or used vehicle that receives at least 60% of its power from CNG, LNG or LPG;
- If used, a model year 2017 or newer, provided the model year is not more than six years older than the current model year at the time of the application signature date;
- Certified by the Environmental Protection Agency (EPA) to current federal emissions standards or a lower family emissions limit (FEL);
- Certified by the EPA to emit 25% nitrogen oxides (NO_x) than the vehicle being replaced; and
- Of the same weight classification and used in the same application or vocation as the vehicle being replaced.



Qualifying Replacement Engines

The qualifying replacement engine must be:

- Certified to receive at least 60% of its power from CNG, LNG or LPG;
- Certified by EPA to the current federal emissions standards or a lower FEL;
- Certified by EPA to emit at least 25% less nitrogen oxides (NO_x) than the engine being replaced;
- A new engine (not subject to a prior 1st sale or lease)



Qualifying Conversion Systems

The qualifying conversion system must be:

- Approved by EPA for installation on the engine being converted;
- Certified by the EPA to the current federal emissions standards or a lower FEL;
- Certified by the EPA to a NO_x emissions standard or FEL that is at least 25% less than the emissions standard or FEL of the original engine;
- Certified to receive at least 60% of its power from CNG, LNG, or LPG;
- A new conversion system (not subject to a prior 1st sale or lease)



Non-Qualifying Replacement Vehicles, Engines and Conversion Systems

A vehicle, engine, or conversion system is not eligible if it:

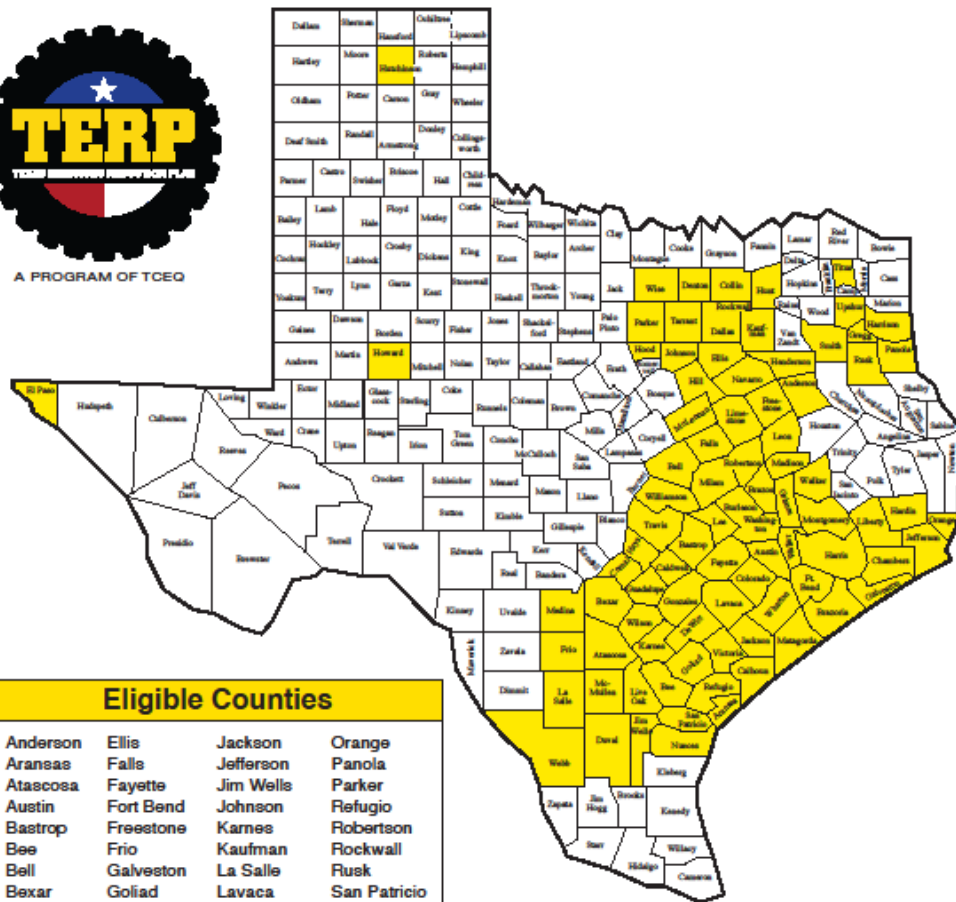
- Is capable of operating independently on either natural gas or another fuel;
- Has been previously awarded a TNGVGP grant; or
- Has received a similar grant or tax credit in another jurisdiction if that grant or tax credit program is relied upon for credit in the Texas state implementation plan.

However, a used vehicle or its engine that was previously funded under another TERP program may be considered for an award under this RFGA if all previous contractual obligations under that other TERP program have been met.

Clean Transportation Zone



A PROGRAM OF TCEQ



Eligible Counties			
Anderson	Ellis	Jackson	Orange
Aransas	Falls	Jefferson	Panola
Atascosa	Fayette	Jim Wells	Parker
Austin	Fort Bend	Johnson	Refugio
Bastrop	Freestone	Karnes	Robertson
Bee	Frio	Kaufman	Rockwall
Bell	Galveston	La Salle	Rusk
Bexar	Goliad	Lavaca	San Patricio
Brazoria	Gonzales	Lee	Smith
Brazos	Gregg	Leon	Tarrant
Burleson	Grimes	Liberty	Titus
Caldwell	Guadalupe	Limestone	Travis
Calhoun	Hardin	Live Oak	Upshur
Chambers	Harris	Madison	Victoria
Collin	Harrison	Matagorda	Walker
Colorado	Hays	Medina	Waller
Comal	Henderson	McLennan	Washington
Dallas	Hill	McMullen	Webb
Denton	Hood	Milam	Wharton
DeWitt	Howard	Montgomery	Williamson
Duval	Hunt	Navarro	Wilson
El Paso	Hutchinson	Nueces	Wise



TEXAS
COMMISSION ON
ENVIRONMENTAL
QUALITY

September 2022

This map was generated by the TCEQ's Air Quality Division solely for informational purposes and does not represent property boundaries. If you have questions concerning this map, contact the division at 800-816-1246.



Eligible Grant Amounts

Grantees will receive the lesser amount of either:

- The standardized grant amounts set by TCEQ in the Maximum Grant Amount Tables; or
- Ninety percent (90%) of the incremental cost
- Incremental cost = the eligible costs associated with the qualifying vehicle or engine minus scrappage value
 - TCEQ will use a scrappage value of \$1,000 for replacement projects and \$250 for repower projects to calculate grant awards.



Eligible Project Costs: Replacement Projects

The cost (or if leased, the lease cost basis) of the grant-funded vehicle, including:

- Taxes and government fees;
- Delivery and shipping fees;
- Factory and/or extended warranties;
- Service contracts;
- Mechanic and safety inspections;
- Cooperative fees;
- Global positioning systems (GPS) for tracking and monitoring the use of the qualifying vehicle during the activity life; and
- Dealer processing fees not related to financing.



Eligible Project Costs: Repower Projects

The cost to purchase and install the replacement engine or conversion system, including:

- Costs directly associated with replacing the existing engine with the natural gas engine or for converting the existing engine to run on natural gas;
- Purchase and installation of the natural gas fueling system and tanks; and
- Cost of the new engine or conversion system, including taxes, duty, protective in-transit insurance and freight charges;
- Cost of additional equipment with a per unit acquisition cost of \$5,000 or more and that is necessary for the completion of the repower project;
- Cost of equipment and materials not included as part of the engine with an acquisition cost of less than \$5,000 that are necessary for the repower of the vehicle.
- Removal and disposal of the old engine (if required), re-engineering the vehicle for the engine to fit, technical design, testing, and other engineering services required as part of the installation work; and



Ineligible Project Costs



- Insurance premiums;
- Finance fees and charges;
- Subscription fees for GPS tracking and monitoring services;
- Salaries and travel expenses for employees of the grantee;
- Expenses of any lobbyist registered in Texas;
- Costs associated with preparation and submission of the application;
- Administrative costs of the grantee;
- Costs that do not involve an arms-length transaction;
- Any costs paid before the grant round opened; and
- Food and drink.



Application Submission

- **Email:** TNGVGP-Apply@tceq.texas.gov

- **File Transfer Protocol Secure (FTPS) Server**

- **Regular mail:**
 - TCEQ
 - Air Grants Division
 - TNGVGP, MC-204
 - P.O. Box 13087
 - Austin, TX 78711-3087

- **Express mail:**
 - TCEQ
 - Air Grants Division
 - TNGVGP, MC-204
 - 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 March 31, 2023.
- 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 TNGVGP-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 for selection according to the program requirements.

Submission of a grant application that is not substantially complete will be disqualified from consideration under this RFGA.



List of Attachments

- **W-9**
- **Copy of State or Federal Identification Card**
 - If individual or sole proprietor
- **Copy of Registration Documents for Replacement Vehicle**
 - For the 12 months immediately preceding the application signature date
- **Copy of Vehicle Title for Replacement Vehicle**
 - For 2 years immediately preceding the application signature date



List of Attachments (continued)

- **Color Photographs of Each Vehicle Being Replaced**
 - The front, right side, left side, rear, (including tires); and
 - Engine and engine data plate
- **New Vehicle or Repower Engine/Conversion System Purchase Documentation**
 - Required only if purchase has already been completed
- **Waiver Request or Special Ownership Preapproval (if applicable)**



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.
- In addition, [Grant tables](#) are provided [on the TNGVGP 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 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.
- Grantees must receive all replacement vehicles or engines or complete all repowers and submit final reimbursement requests to TCEQ by April 30, 2025.
- Grantees must identify and report any other grants, tax credits, or governmental incentives for the TNGVGP-funded equipment. The grant will be reduced by those amounts to ensure the incremental cost of the vehicle is not exceeded.
- 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 issued.
- Old vehicle and engine rendered permanently inoperable:
 - Completely crushed;
 - 3-inch hole cut in both sides of engine block and cut both frame rails in half; or
 - Permanently removed from Texas to a destination outside North America (the US, Canada or Mexico). This method requires an alternative disposition request at the time of application submission.



Activity Life Commitments

The time-period used to determine emissions reductions for each activity is called the **Activity Life**. For its duration, a grantee must:

- Own or lease to purchase the grant-funded vehicles for the duration of the contract;
- Operate vehicles for:
 - at least **75% of annual use** in the CTZ;
 - the earlier of the 4-year activity life; or
 - 400,000 miles.
- Maintain mileage and location records for the grant-funded vehicles;
- Maintain the grant-funded vehicles in operating condition; and
- Submit annual usage reports to ensure compliance with annual usage requirements identified in the contract Scope of Work.



Annual Usage Reporting

- Annual usage reports for the Activity Life are required to ensure compliance with annual usage requirements.
- The Activity Life will begin on the date TCEQ approves disposition for an activity and will end on the earlier of:
 - The fourth (4th) anniversary of the reimbursement date for the activity; or
 - The date the vehicle reaches 400,000 miles.
- TCEQ will provide the grantee with the required record keeping start/end dates.



CONTACT US
TERP Grant Programs

www.TERPGrants.org
800-919-TERP (8377)



Maude Adjarian

Grant Specialist

Air Grants Division

Maude.Adjarian@tceq.texas.gov