

# **Request for Grant Applications (RFGA) Texas Natural Gas Vehicle Grant Program (TNGVGP)**

## **Texas Commission on Environmental Quality (TCEQ) Texas Emissions Reduction Plan (TERP)**

**Solicitation No. 582-25-70000-NV**

Este documento es la Solicitud de Aplicaciones de subvenciones para el Programa de Subvenciones para Vehículos de Gas Natural de Texas (TNGVGP 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.



<b>Important Dates</b>	<b>Date</b>
Program Opening Date	<b>September 18, 2024</b>
Application Submission Deadline	<b>March 4, 2025</b>
Request for Reimbursement Deadline	<b>April 30, 2027</b>

### **Contact Information**

TCEQ  
Air Grants Division, MC-204 (TNGVGP)  
P.O. Box 13087  
Austin, Texas 78711-3087  
800-919-TERP (8377)  
[terpgrants.org](http://terpgrants.org)

Applications will be accepted for consideration during this grant period only 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 Section 4.0 for detailed instructions for submission. The award of a TNGVGP grant is dependent 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 the TERP website at [terpgrants.org](http://terpgrants.org).

There will not be a pre-proposal conference.

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## 1.0 Purpose

The Texas Commission on Environmental Quality (TCEQ) invites applications for the Texas Natural Gas Vehicle Grant Program (TNGVGP). The TNGVGP was established to encourage an entity that has an on-road heavy-duty or medium-duty vehicle powered by diesel or gasoline to replace the vehicle with a natural gas vehicle or repower the vehicle with a natural gas engine.

## 2.0 Program Requirements

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

TCEQ may waive certain ownership and registration requirements of this section on a finding of good cause. Applicants must submit waiver requests with the application to be considered. Please refer to Appendix B for instructions on completing and submitting a waiver request.

### 2.1 Eligible Applicants

- a) Eligible applicants are individuals and entities with an on-road heavy-duty or medium-duty vehicle registered to operate in Texas.
- 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. 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

TCEQ will provide grants to offset the incremental cost for the replacement or repower of an eligible medium-duty or heavy-duty motor vehicle with a vehicle or engine powered by natural gas. Under the TNGVGP, eligible natural gas fuels include compressed natural gas (CNG), liquefied natural gas (LNG), and liquefied petroleum gas (LPG). Applicants may include up to 10 vehicles on a single application.

#### 2.2.1 Replacement Project Requirements

##### Vehicles Being Replaced

- a) An applicant may apply for a grant if the vehicle being replaced is an on-road heavy-duty or medium-duty vehicle that runs on gasoline or diesel.
  - 1) A **heavy-duty vehicle** has a gross vehicle weight rating (GVWR) greater than 8,500 pounds (lbs.) and is certified to, or has an engine certified to, the United States (US) Environmental Protection Agency (EPA) emissions standards for heavy-duty vehicles or engines.
  - 2) A **medium-duty vehicle** has a GVWR greater than 8,500 lbs. and is certified to, or has an engine certified to, the US EPA light-duty emissions standards.

##### Vehicle Replacement Projects

Vehicle replacement project requirements are outlined below.

- a) Replacement of Vehicles Owned, Registered, and Operated by the Applicant**

- 1) Applicant must replace a vehicle that has been owned, leased, or otherwise commercially financed, as well as registered and operated by the applicant in Texas 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.

- 2) Vehicle must be in operating condition with at least two years of remaining useful life; and
- 3) Applicants must certify that they have legal authority to destroy the vehicle being replaced.

**b) Replacement of Fleet Vehicles Registered in the Clean Transportation Zone**

- 1) Applicant must replace a vehicle currently owned, leased, or otherwise commercially financed by the applicant, or vehicles for which a special ownership preapproval has been submitted (see Appendix C);

**Note:** Ownership or lease by an affiliate or subsidiary of the applicant does not meet these requirements.

- 2) Vehicle must be 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;
- 3) A fleet vehicle is defined in statute under Texas Health and Safety Code Chapter 382 as a motor vehicle operated as one of a group that consists of more than 10 motor vehicles owned and operated by a public, commercial, or private entity other than a single household;
- 4) Vehicle has been registered in a county located in the Clean Transportation Zone (CTZ) for at least the two years immediately preceding the application signature date;
- 5) Vehicle must be in operating condition with at least two years of remaining useful life; and
- 6) Applicants must certify that they have legal authority to destroy the vehicle being replaced.

**c) Qualifying Replacement Vehicles (Grant-funded vehicles)**

- 1) The vehicle must be of the same weight classification and use as the vehicle being replaced.
- 2) The vehicle must be:
  - new and may not have been subject to a first sale or lease prior to the purchase or lease; or
  - if used, a model year 2018 or newer.
    - If the replacement vehicle is used and was originally purchased with grant funds under another TERP program, it may be eligible for funding as long as it has fulfilled its previous contractual obligations.
- 3) The vehicle and/or engine must be certified by the EPA to the current federal emissions standards or a lower family emissions limit (FEL).
- 4) The vehicle and/or engine must be certified by the EPA to emit at least 25% less nitrogen oxides (NO<sub>x</sub>) than the NO<sub>x</sub> emissions of the vehicle and/or engine being replaced. Refer to the Maximum Grant Amount Tables on the TNGVGP webpage to determine baseline emission standards.

- 5) The vehicle must be a natural gas vehicle with a gross vehicle weight rating (GVWR) of more than 8,500 pounds.
- 6) The engine must receive at least 60% of its power from CNG, LNG, or LPG. A vehicle with a fuel system capable of operating independently on either natural gas or another fuel will not be eligible under this program.
- 7) Dump trucks, regardless of the configuration of the vehicle(s) being replaced, may not be replaced with a dump truck that has a sleeper cab.

**d) Non-Qualifying Replacement Vehicles**

- 1) A vehicle is not eligible for TNGVGP grant funding if it:
  - Has a fuel system capable of operating independently on either natural gas or another fuel;
  - Has been previously awarded a TNGVGP or other TERP grant (unless all previous contractual obligations under that other TERP program have been met); 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.

**2.2.2 Repower Project Requirements**

**Vehicles Being Repowered**

A repower project may include the replacement of the engine in an existing vehicle with a qualifying engine. A repower project may also include conversion of the existing vehicle or engine with an eligible conversion system.

- a) The vehicle being repowered must be an on-road heavy-duty or medium-duty vehicle that runs on gasoline or diesel.
  - a heavy-duty vehicle has a gross vehicle weight rating (GVWR) greater than 8,500 pounds (lbs.) and is certified to, or has an engine certified to, the EPA emissions standards for heavy-duty vehicles or engines.
  - a medium-duty vehicle has a GVWR greater than 8,500 lbs. and is certified to, or has an engine certified to, the EPA light-duty emissions standards.
- b) The vehicle being repowered must be owned, leased, or otherwise commercially financed and registered and operated by the applicant in Texas for at least the two years immediately preceding the application signature date. At the time of repowering, the vehicle must be in operating condition with at least two years of remaining useful life.

**Qualifying Engines and Engine Conversions**

- a) A replacement engine must be certified by the EPA to the current federal emissions standards or a lower FEL.
- b) A replacement engine must be certified by the EPA to emit at least 25% less NO<sub>x</sub> than the NO<sub>x</sub> emissions of the engine being replaced. Refer to the Maximum Grant Amount Tables on the TNGVGP webpage to determine baseline emission standards.
- c) A conversion system must be certified or approved by the EPA for installation on the engine being converted.
- d) A conversion system must be certified by the EPA to the current federal emissions standards or a lower FEL, or otherwise accepted by TCEQ as meeting the emissions criteria (See Section 2.3).

- e) A conversion system must be certified by the EPA to a NO<sub>x</sub> emissions standard or FEL, or otherwise accepted by TCEQ as meeting an emissions standard, that is at least 25% less than the emissions standard or FEL of the original engine.
- f) The replacement or converted engine must receive at least 60% of its power from CNG, LNG, or LPG. A vehicle with a fuel system capable of operating independently on either natural gas or another fuel will not be eligible under this program.

### **Non-Qualifying Engines and Conversion Systems**

An engine or conversion system does not qualify if it:

- Has a fuel system capable of operating independently on either natural gas or another fuel;
- Has been previously awarded a TNGVGP or other TERP grant (unless all previous contractual obligations under that other TERP program have been met); 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.

### **2.3 List of Eligible Natural Gas Vehicles, Engines, and Conversion Systems**

- a) TCEQ maintains a list of qualifying vehicles, engines, and conversion systems certified by the EPA to the current federal emission standards. The list is available for viewing or download on the [TNGVGP webpage](#) or by calling the toll-free number at 800-919-TERP (8377).
- b) If a natural gas vehicle, engine, or conversion system is not currently on the list, but has an EPA Certificate of Conformity or the California Air Resource Board (CARB) Executive Order, applicants may provide that at the time of application submission. TCEQ will notify the applicant as to whether the vehicle, engine, or conversion system meets eligibility criteria to be included on the list.
- c) Funding eligibility will depend on whether a particular vehicle, engine, or conversion system meets all the requirements outlined in this RFGA.
- d) A vehicle or engine must be certified by the EPA at or below the following current federal emission standards:
  - 1) Heavy-duty engines: 0.2 grams per brake horsepower-hr (g/bhp-hr) of NO<sub>x</sub>.
  - 2) Chassis-certified heavy-duty vehicles: 0.2 grams per mile (g/mi) of NO<sub>x</sub> for heavy-duty vehicles with a GVWR of 8,501 - 10,000 pounds; 0.4 g/mi of NO<sub>x</sub> for heavy-duty vehicles with a GVWR of 10,001-14,000 pounds. These emission levels equate to new EPA BIN 395 (interim) and BIN 630 (interim) emission standards.
  - 3) Chassis-certified heavy-duty vehicles classified under EPA regulations as a Medium-Duty Passenger Vehicle (MDPV): 0.07 g/mi of NO<sub>x</sub>. This emission level equates to the current EPA BIN 5 standard and the new BIN 160 standard.
- e) TCEQ may accept certification or approval by the EPA of a system to convert a vehicle or engine to operate on an alternative fuel and a demonstration by the emissions data used to certify or approve the vehicle or engine, if the commission determines the testing used to obtain the emissions data is consistent with the testing required for approval of an alternative fuel conversion system for new and relatively new vehicles or engines under 40 C.F.R. Part 85.

### **2.4 Disposition**

An applicant is required to dispose of the vehicle being replaced by one of two methods:

### **a) Permanent Destruction**

If selected for a grant, the vehicle and engine being replaced must be destroyed and rendered permanently inoperable (commonly referred to as disposition) within 90 days of the reimbursement payment being issued by TCEQ. Disposition must be completed by:

- Completely crushing the vehicle and engine, or
- By making a 3-inch or larger hole in the engine block and cutting both frame rails or other main structural components of the equipment in half.

TCEQ may consider alternative methods of rendering the vehicle permanently inoperable in lieu of the standard method of destruction. See Section 9 of the application.

### **b) Permanent Removal from Texas**

Applicants must indicate intent to permanently remove vehicle(s) or engine(s) from Texas in lieu of destruction by completing Section 9 of the application. Permanent removal will only be approved for the export of vehicle(s) or engine(s) to a destination outside of the United States, Canada, and United Mexican States. Documentation of export and the transfer of ownership of the vehicle(s) or engine(s) must be submitted to TCEQ prior to reimbursement.

## **2.5 Operation of Grant-Funded Equipment (new vehicle, equipment, or engine)**

- a) Each qualifying vehicle must be operated at least 75% of its total annual use in the eligible counties of the Clean Transportation Zone (CTZ). If the on-road vehicle does not have a mechanism for tracking miles, annual usage may be calculated and monitored on a fuel usage basis or as a percentage of total annual hours of operation. A map of the eligible counties in the CTZ is provided on the [TNGVGP webpage](#). The applicant is required to indicate in the application the percentage of the qualifying vehicle's operation that will occur in the eligible counties of the CTZ.
- b) Agricultural Product Transportation. Under THSC, Chapter 386, Subchapter (B), §386.0515, projects involving the transport of raw agricultural products may be exempt from the requirements that grant-funded vehicles operate at least 75% of annual mileage in the eligible counties of the CTZ. A raw agricultural product is any agricultural commodity or product in its raw or natural form, including a commodity or product derived from livestock, fruits in their unpeeled natural form, and other commodities or products marketed in the United States for human or livestock consumption. Please see Appendix D for additional requirements and instructions on applying under the Agricultural Product Transportation exemption.

## **2.6 Marketable Emissions Reduction 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 operation as provided by THSC §386.056; and
- b) The reductions are permanently retired.

## **3.0 Available Funding, Grant Amounts, and Costs**

### **3.1 Available Funding**

- a) The total amount to be awarded under this grant program will depend upon the amount of revenue received in the TERP Trust Fund.



- b) TCEQ will award at least 60% of the total amount of the grants in the fiscal biennium to motor vehicles with a GVWR of at least 33,001 pounds, if sufficient applications are received.

### **3.2 Maximum Grant Amounts**

Amounts available for replacing or repowering an existing diesel or gasoline vehicle with a natural gas vehicle or engine are listed in the Maximum Grant Amount Tables on the TNGVGP webpage.

- a) 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 (the eligible costs associated with the qualifying vehicle or engine minus scrappage value).
    - 1) The eligible costs are identified in section 3.3.
    - 2) TCEQ will use a scrappage value of \$1,000 for replacement projects and \$250 for repower projects to calculate grant awards.

### **3.3 Eligible Costs**

#### **Replacement Projects**

Eligible costs for replacement projects include:

- a) The cost (or if leased, the lease cost basis) of the grant-funded vehicle, including taxes and government fees, delivery and shipping fees, service contracts, factory and/or extended warranties, mechanic and safety inspections, cooperative fees, and dealer processing fees not related to financing; and
- b) The cost to purchase and install a dedicated global positioning system (GPS) for tracking and monitoring the use of the qualifying vehicle during the activity life.
- c) Eligible costs must be paid after the grant program opening date listed on the cover page to be considered for funding.
- d) A 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.
- e) Emissions reductions achieved by a TNGVGP grant may not be combined with, or be assigned for use by, other incentive programs.
- f) Grant funds must be spent consistent with all applicable cost principles from 30 TAC 14.10 and the Texas Grant Management Standards (TxGMS), found at <https://comptroller.texas.gov/purchasing/grant-management>.

#### **Repower Projects**

Eligible costs to purchase and install the replacement engine or conversion system, include:

- a) Costs directly associated with replacing the existing engine with the natural gas engine or for converting the existing engine to run on natural gas;
- b) The purchase and installation of the natural gas fueling system and tanks;
- c) The cost of the new engine or conversion system, including taxes, duty, protective in-transit insurance, and freight charges;
- d) The 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;

- e) Installation costs including the cost to remove and dispose of the old engine, if needed. Installation costs may include costs to re-engineer the vehicle for the new engine to fit. Technical design, testing, and other engineering services required as part of the installation work should also be listed under this subcategory; and
- f) Miscellaneous Supplies: 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.

### **3.4 Ineligible Costs**

Ineligible costs include:

- a) Insurance premiums;
- b) Finance fees and charges;
- c) Subscription fees for GPS tracking and monitoring services;
- 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 application;
- g) Administrative costs of the grantee, including overhead and indirect costs (e.g., office supplies, rent, marketing, and advertising);
- h) Costs that do not involve an arms-length transaction, such as the use of existing inventory without a proof of purchase or a transaction with a related business affiliate;
  - Transactions between related businesses (subsidiary, sister, or parent companies) are not considered arms' length transactions, and indicate a potential conflict of interest. TCEQ will consider costs between business affiliates as 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.
- i) Any costs paid prior to the grant program opening date listed on the cover page; and
- j) Food and drink.

## 4.0 Grant Application and Administration

### 4.1 Application Process

- a) 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 a deadline to submit the missing information to TCEQ. A complete application must include:
- All pages of the application;
  - All required attachments;
  - Applicant's contact information;
  - All required signatures; and
  - All the information necessary for TCEQ to review the application for selection according to the program requirements listed in this RFGA.
- b) Applicants may include up to 10 activities on a single application. Multiple activities included on a single application must all be for the same primary area, and for the same project type: either replacement or repower. Entities may submit more than one application during this grant round.
- c) The application and this RFGA may be downloaded from TNGVGP webpage or by contacting TERP staff via email at TERP@tceq.texas.gov or by phone at 800-919-TERP (8377).
- d) A portable document format (PDF) of the draft contract may be viewed and downloaded from the [TNGVGP webpage](#). The draft 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 draft contract must be submitted to the TCEQ in writing at the time the application is submitted. However, the applicant further 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. TCEQ reserves the right to modify the draft contract terms as necessary due to statutory, rule, or policy changes. Modifications will be posted to the TERP website at [www.terpgrants.org](http://www.terpgrants.org) and the ESBD.
- e) 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, as long as funds are available.
- f) Applications may be submitted electronically using TCEQ's FTPS server. It is preferable that the application and its attachments be submitted as a single PDF, but it is not required. If the attachments for an application will be submitted as separate files, each attachment must be grouped by activity and clearly labeled with the activity number at the top of each page
- **Submitting Applications via TCEQ's FTPS Server.** Applications may be submitted securely by uploading the file to our [FTPS server](#) and selecting the share file(s) button. Enter TNGVGP-Apply@tceq.texas.gov as the email address. See [detailed directions for using TCEQ's FTPS site](#). **Please note: Applications uploaded to TCEQ's FTPS server without completing the share file(s) step will not be considered as submitted.** [Learn how to create an account and submit your application via FTPS \(FTPS: A Step by Step Video Guide\)](#).

g) 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 (TNGVGP)  
P.O. Box 13087  
Austin, TX 78711-3087

**Express Mail:**

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

- h) Applicants will be required to submit documentation and photographs with the application to demonstrate the eligibility of vehicles being replaced or repowered including:
- Color photographs of the vehicle and engine that are clearly labeled with the activity number at the top of each photograph;
  - A copy of the vehicle title or lease agreement, with the activity number clearly labeled at the top of each page, listing the applicant (or the fleet owner, if applicable) as the owner or lessee, for the two years immediately preceding the application signature date; and
  - Registration receipts, with the activity number clearly labeled at the top of each page, for the 12 months (or 24 months for fleet vehicles) immediately preceding the application signature date. An apportioned registration for operation in multiple states including Texas may be considered as proof of continuous registration and operation in Texas.
- i) Applicants must request TCEQ's preauthorization of an alternative method of disposition or permanent removal for the vehicle and engine being replaced by completing Section 9 of the application. If approved, the alternative method of disposition or permanent removal will be included in the special conditions of the contract; otherwise, the standard methods described above will be required.
- j) Private consultants may be available to assist an applicant to complete and submit 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.
- k) 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 must also sign the application and certify that the information provided in the application is true and correct and 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.

Preparation of an application by a third-party preparer who has previously submitted inaccurate or fraudulent information to the agency will result in an application being considered "high risk," and reduce the likelihood of an award.

- l) By signing the application, the applicant is certifying its understanding and compliance with the statements listed in Sections 4 and 5 of the application, as well as 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 (3) 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.
- m) 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.

## **4.2 Application Review and Selection**

The TCEQ will review and award complete and eligible applications on a first-come first-served basis. Based on the number and types of applications received, the TCEQ may establish a cut-off level for grant selections that is less than the available funding, and projects may be offered a smaller amount of funding or may be held until a later date.

TCEQ will use the baseline NO<sub>x</sub> emissions data listed in the Maximum Grant Amount Tables on the TNGVGP webpage for the replacement vehicles when reviewing applications. This will be compared to the qualifying vehicle or engine's certified emissions level to ensure that there is a reduction of NO<sub>x</sub> of at least 25%.

## **4.3 Additional Considerations**

- a) TCEQ will limit the maximum requested grant amount per applicant to \$4 million during the first 30 calendar days from the date the grant round opens. An "applicant" includes an individual or business and all of its associated legal affiliates.
- b) TCEQ provides no assurances that a project will be awarded a grant, and an applicant purchases any vehicles or equipment at its own risk prior to the execution of a contract.
- c) 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.
- d) TCEQ will not fund projects from applicants:
  - With an outstanding invoice from TCEQ or who are in non-compliance with existing or prior TERP grants;
  - Where the proposed activities are required by any state or federal law, rule or regulation, memorandum of agreement, or other legally binding contract;
  - Under federal, state, or local enforcement action for violation of environmental laws or permit conditions; or
  - 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.
- e) TCEQ may also:
  - Require additional conditions or changes to the project pertaining to vehicles, logistical considerations, expenses, and other program elements;
  - Make a determination of risks associated with the applicant and/or project and may include additional conditions to the contract to address the identified risks.

- f) If an applicant is applying for the same project under this RFGA and an RFGA under a separate TERP grant program, funding will only be awarded under one TERP program.
- g) TCEQ may conduct site visits at any point of 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 being replaced and all grant-funded vehicles 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 the application being determined ineligible, make any resulting contracts voidable, and require the return of all or a prorated share of the grant funds awarded.

#### **4.4 Grant Award and Contracting**

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. Grant recipients commit to taking all actions necessary to ensure the successful completion and subsequent operation of the qualifying replacement vehicles (referred to in the contract as Grant Equipment) within the contract's time frames and funding limitations.

Successful applicants will be notified of their selection and the amount of grant funds that may be awarded. 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.

#### **4.5 Reimbursement of Expenses**

- a) Payments will be made on a reimbursement basis for eligible costs paid in full by the grantee minus scrappage value and any incentives, as referenced in 3.2 a).
- b) 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) All costs must be paid in full by the grantee, grant-funded equipment received, and final requests for reimbursement submitted to TCEQ by the request for reimbursement deadline listed on the cover page. Grantees experiencing project delays may submit a written extension request to TCEQ via electronic mail at [terp\\_revise@tceq.texas.gov](mailto: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 and may depend on factors such as the availability of grant funds.
- d) Grantees must identify and report any other grants, tax credits, or governmental incentives for the TNGVGP-funded equipment. The TNGVGP grant will be reduced by those amounts to ensure the incremental cost of the vehicle is not exceeded.
- e) If the grantee finances the grant-funded 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).

#### **4.6 Disposition Verification by TCEQ**

The contract will specify requirements for the destruction of the vehicle and the engine, and for submitting disposition verification to TCEQ. Failure to comply with these requirements, including providing TCEQ with disposition verification within 90 days of the reimbursement payment being issued by TCEQ, may invoke the contract's remedies, including termination of the contract and the return of grant funds.

## **4.7 Annual Usage Reporting**

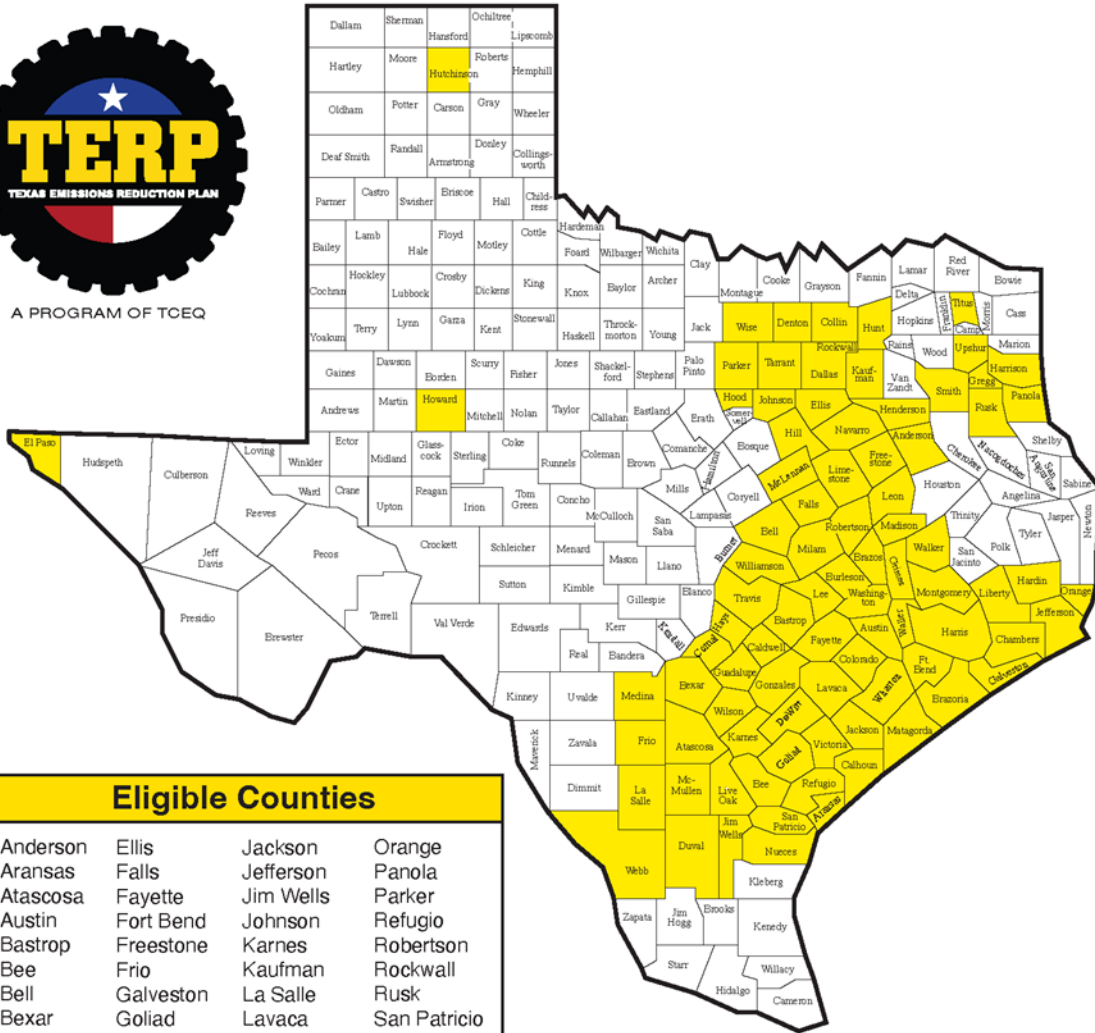
- a) The time-period used to determine the emissions reductions for each activity is referred to as the Activity Life. The Activity Life will begin on the date TCEQ approves disposition for an activity and will end on the earlier of:
- The fourth anniversary of the start date of the activity; or
  - 400,000 miles of vehicle operation after the date of disposition approval.
- b) For the duration of the Activity Life, a grantee must:
- Own or lease the grant-funded vehicles;
  - Register (unless the vocational type of the vehicle is exempt from inspection and registration requirements) and operate the grant-funded vehicles in Texas (at least 75% of the vehicles total annual miles of operation must occur in the CTZ);
  - Maintain mileage and location records for the grant-funded vehicles;
  - Maintain the grant-funded vehicles in operating condition;
  - Obtain sufficient commercial insurance for each grant-funded vehicle to protect against loss, damage, or liability (proof of self-insurance will be sufficient only for governmental entities); and
  - Request approval for any changes, including, but not limited to:
    - o The termination of use,
    - o The change in use,
    - o The intentional destruction of grant-funded vehicles, or
    - o The sale of grant-funded vehicles. Any sale of the grant-funded vehicle during the contract period will be subject to approval and consent to assignment by TCEQ in accordance with the contract terms.
  - Provide written notice to the TCEQ via email at [TERP-Monitoring@tceq.texas.gov](mailto:TERP-Monitoring@tceq.texas.gov) within 30 calendar days of the accidental destruction or repossession of grant funded vehicles.
- c) During the Activity Life, grantees will provide annual usage reports. 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.
- d) Failure to meet these usage and reporting requirements may invoke the contract's remedies, including termination of the contract and the return of all or a prorated share of the grant funds.

## **4.8 Performance Evaluation**

The TCEQ will notify the grantee in writing upon the end of performance of the activity life or more frequently, as deemed necessary.

# Appendix A: TNGVGP Map

## Clean Transportation Zone



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 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.



## **Appendix B: Waivers of Requirements**

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. Applicants requesting special ownership preapproval for the purchase of a fleet vehicle registered in the Clean Transportation Zone (CTZ) to be used as a qualifying vehicle being replaced should refer to Appendix C: Special Ownership Preapproval.

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

Section 2.2 requires that a vehicle being replaced under the TNGVGP must have been owned, leased, or commercially financed; registered; and operated by the applicant in Texas for at least the two years immediately preceding the application signature date. Under Texas Health and Safety Code (THSC), §394.005(i), 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. Waiver Request Instructions**

Requests for a waiver must be submitted using Supplemental Form 1: Program Waiver Request and Special Ownership Preapproval located on the [TNGVGP webpage](#). Applicants must complete a separate Supplemental Form 1 for each activity that includes a request to waive one or more the program requirements.

Applicants requesting a waiver to one or more of the program requirements must complete Part A of Supplemental Form 1.

Under 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 NOx 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.

### **Appx. B-3. Submitting a Waiver Request**

Waiver requests must be submitted with the application.

### **Appx. B-4. 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-5. Approval of Waiver Requests**

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

## Appendix C: Special Ownership Pre-Approval

This appendix explains what an applicant must submit and what TCEQ will consider when reviewing a request for pre-approval to purchase a fleet vehicle registered in the Clean Transportation Zone (CTZ) to be used as a qualifying vehicle to be replaced.

### **Appx. C-1. Special Ownership Pre-Approval for the Purchase of a Fleet Vehicle Registered in the CTZ to be used as a Qualifying Vehicle Being Replaced**

Under Texas Health and Safety Code (THSC), §394.008(a)(3), the TCEQ is to establish procedures for pre-approving a project where the applicant proposes to purchase a fleet vehicle that has been registered in a CTZ county in Texas for the purpose of replacing the vehicle under the grant.

### **Appx. C-2. Special Ownership Pre-Approval Instructions**

Requests for a special ownership pre-approval must be submitted using Supplemental Form 1: Program Waiver Request and Special Ownership Pre-Approval located on the [TNGVGP webpage](#).

Applicants must complete a separate Supplemental Form 1 for each activity that includes a special ownership pre-approval request.

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 complete Part B of Supplemental Form 1.

Under Part B, applicants that do not currently own the fleet vehicle must establish permission from the vehicle owner in Part B to include the vehicle in the application. By signing the form, the applicant and current vehicle owner certify that the vehicle:

- Has been 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;
- Has been registered in a county located in the CTZ for at least the two-year period immediately preceding the application signature date; and
- Is in operating condition with at least two years of useful life remaining.
- Applicants applying to replace and dispose of a third-party fleet vehicle must:
  - Certify that they will own and have legal authority to destroy the vehicle being replaced;
  - Provide the requested information for the vehicle on Section 6 of the application;
  - Demonstrate that, absent the grant, the vehicle being replaced would have continued to be operated in Texas for the duration of the contract period;
  - Certify that the vehicle has been used in the routine operations of the owner or lessee for the same or similar vocation and use as the applicant intends to use the replacement vehicle, for at least the two years prior to the signature date;
- Attach required documentation and photographs of the vehicles to the application including:
  - Color photographs of each vehicle and engine;
  - A copy of the vehicle title or lease agreement for the two years immediately preceding the application signature date;
  - Registration receipts for the 12 months immediately preceding the application signature date (an apportioned registration for operation in several states including Texas may be considered as proof of continuous registration and operation in Texas).

**Appx. C-3. Submitting a Special Ownership Pre-Approval Request**

Special ownership pre-approval requests must be submitted with the application.

**Appx. C-4. TCEQ's Consideration of Special Ownership Pre-Approvals**

All special ownership pre-approval requests will be considered by TCEQ on a case-by-case basis, with no assurance that a request will be granted.

**Appx. C-5 Approval of Pre-Approval Requests**

If the pre-approval request is approved, and a grant is awarded, TCEQ will notify the grantee in writing, and the conditions under which the pre-approval was granted will be included in the contract.

The grantee must provide proof of purchase of the vehicle to be destroyed. If the applicant purchases a vehicle to be destroyed other than the vehicle that was pre-approved, TCEQ will need to determine if that vehicle still meets the grant conditions, and a contract amendment would be necessary prior to reimbursement of the grant-funded vehicle.

## Appendix D: Agricultural Product Transportation

Under THSC, Chapter 386, Subchapter (B), §386.0515, projects involving the transport of raw agricultural products may be exempt from the requirements that grant-funded vehicles operate at least 75% of annual mileage in the CTZ.

Applicants applying under this exemption should complete Supplemental Form 2: Agricultural Product Transportation and submit the form with the required program application forms. The form is available for viewing and download from the [TNGVGP webpage](#).

Activities submitted under this exemption must be submitted on a separate application from those activities not involved in agricultural product transportation.

A raw agricultural product is any agricultural commodity or product in its raw or natural form, including a commodity or product derived from livestock, fruits in their unpeeled natural form, and other commodities or products marketed in the United States for human or livestock consumption.

To qualify under this provision, the transport of a raw agricultural product must be from the place of production to a final destination in an eligible county or a county adjacent to an eligible county listed below:

Anderson, Bandera, Blanco, Bosque, Brooks, Burnet, Camp, Cherokee, Cooke, Coryell, Delta, Dimmit, Erath, Fannin, Grayson, Hopkins, Houston, Hudspeth, Jack, Jasper, Jim Hogg, Kendall, Kleberg, Lampasas, Marion, Montague, Morris, Nacogdoches, Newton, Palo Pinto, Panola, Polk, Rains, San Jacinto, Shelby, Somervell, Trinity, Tyler, Uvalde, Van Zandt, Wood, Zapata, Zavala.

For example, a truck dedicated to transporting raw milk from a dairy to a milk processing facility in an eligible county or an adjacent county might qualify under this provision. However, a truck that does not pick up the product from the place of production or that only passes through an eligible county or adjacent county in order to deliver the product to a facility in another county would not qualify.

Projects that qualify under this provision are not required to travel at least 75% of annual mileage in the CTZ, but must operate a minimum 10% in the CTZ for each activity to be eligible for funding. **The standard grant amount is reduced for projects that will travel less than 75% of annual mileage in the CTZ.** Mileage in the counties adjacent to the CTZ does not count towards the usage percentage in determining the grant amount.

Instructions for determining maximum grant amounts are included on the TNGVGP webpage. The reduced grant amount for an activity involving raw agricultural product transport with less than 75% of annual mileage in the CTZ will be the maximum grant amount for that vehicle proportional to the percent of usage in the CTZ (i.e., 25% of annual usage in the CTZ may be awarded up to 25% of the maximum grant amount for that vehicle).