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. 582-26-86181-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.

Key Events	Date
Program Opening Date	July 22, 2026
Application Submission Deadline	October 20, 2026
Request for Reimbursement Deadline	April 30, 2029

Contact Information

TCEQ
Air Grants Division, MC-204 (TNGVGP)
P.O. Box 13087
Austin, Texas 78711-3087
800-919-TERP (8377)
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 submitting an application.

The award of a TNGVGP 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 the TERP website at terpgrants.org.

There will not be a pre-proposal conference. An informational webinar was held on July 8, 2026, and can be viewed on TERP's TNGVGP webpage.

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1.0 Purpose

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 submission to be considered for a grant.

For replacement projects, TCEQ may waive certain ownership, registration, and 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.

2.1 Eligible Applicants

a) Eligible applicants are individuals, state and local governments, corporations, or any other legal entity 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 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 may be prohibited from receiving a grant if a TCEQ employee, spouse, or family member of a TCEQ employee has a direct or indirect interest, financial or otherwise, 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(s) being replaced is an on-road heavy-duty or medium-duty vehicle(s) 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 vehicle(s) or engine(s).

    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 pre-approval 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 two years 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 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 that is no more than six (6) years older than the current model year at the time of the application signature date.
     - 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 applicable to that type of vehicle and/or engine 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_X) than the NO_X 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, (e.g., bi-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.

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 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 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 applicable to that type of engine or a lower FEL.

b) A replacement engine must be certified by the EPA to emit at least 25% less NO_X than the NO_X 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_X 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:

a) Has a fuel system capable of operating independently on either natural gas or another fuel, (e.g., bi-fuel);

b) 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.

2.2.3 Apportioned Registration

a) An apportioned registration for operation in several states may be accepted as proof of continuous registration and operation in Texas if the applicant can document that at least 75% of the vehicle's annual operation occurred in Texas over the two years immediately preceding the application signature date.

b) 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. Acceptable usage documentation may include Individual Vehicle Distance Records (IVDR) required under the International Registration Plan (IRP), and other similar travel records.

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 and/or engine must be certified by the EPA at or below the following current federal emission standards applicable to that type of vehicle and/or engine:

1) Heavy-duty engines: 0.2 grams per brake horsepower-hr (g/bhp-hr) of NO_X.

2) Chassis-certified heavy-duty vehicles: 0.2 grams per mile (g/mi) of NO_X for heavy-duty vehicles with a GVWR of 8,501 - 10,000 pounds; 0.4 g/mi of NO_X for heavy-duty vehicles with a GVWR of 10,001-14,000 pounds.

3) Chassis-certified heavy-duty vehicles classified under EPA regulations as a Medium-Duty Passenger Vehicle (MDPV): 0.07 g/mi of NO_X.

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 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 within the CTZ (see Appendix A). 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 also 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. TCEQ may require a return of grant funds if the grantee's percentage of operation of the grant-funded vehicles in the CTZ falls below 75%.

b) **Agricultural Product Transportation.** Under THSC, Chapter 386, Subchapter (B), Section 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.

2.5 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 Section 386.055; and

b) The reductions are permanently retired.

Emissions reductions achieved by a TNGVGP grant may not be combined with, or be assigned for use by, other incentive programs.

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 but is initially anticipated to be $30 million.

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:
    1) The standardized grant amounts set by TCEQ in the Maximum Grant Amount Tables; or
    2) Ninety percent (90%) of the incremental cost (as defined in Section 3.3).
b) Grant funds must be spent 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/.

3.3 Incremental Costs

The incremental cost of any proposed project 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.

Replacement Projects

The incremental cost is the eligible cost to purchase the replacement vehicle minus the scrap value of the vehicle being replaced. TERP uses a default scrap value of $1,000.

Repower Projects

The incremental cost is the eligible cost to purchase and install the replacement engine and associated equipment, minus the scrap value of the old engine. TERP uses a default scrap value of $250.

3.4 Eligible Costs

Replacement Projects

Eligible costs for replacement projects include:

a) Eligible costs must be paid after the grant program opening date listed on the cover page of this RFGA to be considered for funding.
b) Cost(s) of the grant-funded vehicle, i.e.:
    1) Invoice purchase price;
    2) Capital lease cost basis; or
    3) Sum of operating lease payments over the contract's activity life.
c) Taxes and government fees;
d) Protective in-transit insurance;
e) Delivery and shipping fees;
f) Factory and/or extended warranties;
g) Maintenance and service contracts;
h) Mechanic and safety inspections;
i) Cooperative fees; and

Manufacturer or dealer processing fees not related to financing.

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 that must be installed with the new engine or conversion system;

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;

f) Associated supplies directly related to the installation of the engine or conversion system; and

g) Other ancillary costs including shipping costs, factory and/or extended warranties, mechanic and safety inspections, cooperative fees, service and maintenance contracts, and dealer or manufacturer fees.

3.5 Ineligible Costs

Ineligible costs include, but are not limited to:

a) Any costs paid prior to the grant program opening date listed 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 application;

g) Administrative costs of the grantee, including overhead and indirect costs (e.g., office supplies, rent, marketing, and advertising);

h) Food and drink; and

i) Costs that do not involve an arm's-length transaction, such as the use of existing inventory without a proof of purchase, equipment manufactured by the grantee, or a transaction between affiliated companies.

    1) Transactions between related businesses (subsidiary, sister, or parent businesses or any businesses 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 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.

4.0 Grant Application and Administration

4.1 Application Forms

a) The application and this RFGA may be found on the TERP website at terpgrants.org.

b) All applications for funding must be complete and 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:

   1) All pages 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 review the application for selection according to the program requirements listed in this RFGA.

c) 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, subject to the limit in 4.2c), below.

d) Only one primary area, and/or project type (replacement or repower) may be included per application.

e) Applicants will be required to submit documentation and photographs with the application to demonstrate the eligibility of the vehicle(s) being replaced or repowered including:

   1) Color photographs of the vehicle(s) and engine that are clearly labeled with the activity number at the top of each photograph;
   2) A copy of the vehicle(s) 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
   3) Registration renewal 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.
      i. For vehicles with apportioned registration, submit mileage in Texas and out of state for the two years immediately preceding the application signature date. Acceptable usage documentation may include IVDR required under the IRP, and other similar travel records.

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, as long as funds are available.

b) Applications may be submitted electronically and securely using TCEQ Send. 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 Send. Applications may be submitted securely by uploading the file to our secure site.

1) Enter your email address to authenticate. In the subject field, briefly describe what you are submitting (e.g., "TNGVGP Replacement Application – ABC Company") and provide any additional information in the message field.
2) Add all files. *If you have multiple files to upload, consider packaging them all into a single ZIP file and upload this ZIP file instead of individual files.*
3) Click **Send** to complete your submission. You will automatically receive a submission confirmation email.

Submitting Applications by Mail. 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

c) TCEQ reserves the right to limit the amount awarded to a single applicant. For this grant round, an applicant includes an individual or business and all of its associated legal affiliates (for example, a subsidiary, sister, or parent businesses, or any businesses with common ownership and/or management). Applications that exceed these limitations will be disqualified in the order they were received after reaching the stated limitation. This may include reducing the requested grant amount, at the sole discretion of TCEQ, of one or more applications from an applicant so that the maximum allowable value below is not exceeded.

1) No applicant can request more than $4 million in grant funds through one or more applications per 30-day rolling period.

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 under the requirements of 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 vehicle.

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.

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.

e) **Application Certifications.** 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.

f) **Example Contract.** A PDF version of an example contract may be viewed and downloaded from the TNGVGP webpage. This 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 terms of 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 TNGVGP webpage and the ESBD.

g) Upon submission, all applications 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.

h) 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 Acceptance and Approval

a) 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.

b) TCEQ will use the baseline NO_X emissions data listed in the Maximum Grant Amount Tables on the TNGVGP webpage for the replacement vehicle(s) 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_X of at least 25%.

4.4 Additional Considerations

a) 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 the first program that awards a grant for the submitted project.

b) TCEQ will review the applications for selection pending receipt of all needed information or documentation. The issuance of a contract may be contingent upon receipt of the additional information.

c) TCEQ provides no assurances that a project will be awarded a grant, and an applicant purchases any vehicle(s) or equipment at its own risk prior to the execution of a contract.

d) 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.

e) TCEQ is not obligated to fund projects from applicants:

    1) with an outstanding invoice from TCEQ or who are in non-compliance with existing or prior TERP grants;

2) where the proposed activities 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 only 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 in TCEQ's Compliance History Database for applicants that are subject to the rating.

f) TCEQ may also:

1) require additional conditions or changes to the project pertaining to vehicles, 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 conditions to the contract to address the identified risks; or

3) hold applications to be funded at a later date.

g) TCEQ may conduct site visits at any point of the application review process or after the award of a 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 application ineligibility, make any resulting contracts voidable, and require the return of all or a prorated share of the grant funds awarded.

h) TCEQ believes this to be a taxable grant.

4.5 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 vehicle(s) (referred to in the contract as Grant 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 the grant funds or fraud.

4.6 Reimbursement of Expenses

a) All grants are paid on a reimbursement basis for eligible costs paid in full by the grantee minus scrappage value and any incentives, as referenced in Section 3.3. To receive grant funds, all grant-funded vehicles and eligible costs directly related to the use of the grant-funded vehicle(s) must have been paid for, received/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 vehicle(s) have been received and costs have been paid in full before reimbursement will be provided by TCEQ, unless otherwise approved.

b) 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.

c) Grantees experiencing project delays may submit a written extension request to TCEQ via email 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.

d) If the grantee finances the grant-funded vehicle(s), 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).

e) If the grant-funded vehicle(s) are 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 the lease term without a binding commitment is not sufficient.

4.7 Disposition

a) If awarded a grant, the grantee must dispose of the vehicle(s) and engine(s) being replaced or repowered by complete destruction or otherwise rendering them permanently inoperable. The contract will include specific provisions for the disposition of the vehicle(s) and engine(s) being replaced and for submitting disposition verification to TCEQ.

b) 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.

c) **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 vehicle, including the engine. The structural damage to the vehicle must be such that repairs are not possible.

d) **Alternative Disposition.** TCEQ may consider alternative methods of rendering the vehicle and engine permanently inoperable in lieu of the standard method of disposition. See the 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.

e) **Permanent Removal.** TCEQ may consider proposals for the permanent removal of the vehicle(s) and engine(s) being replaced in lieu of the standard method of disposition or an alternative method. Permanent removal will only be approved for the export of the vehicle(s) and engine(s) to a destination outside of the United States, Canada, and the United Mexican States. See the Permanent Removal section of the application.

The applicant must provide a detailed explanation of the plan to permanently remove the vehicle(s) and engine(s) from the United States, Canada, and the United Mexican States in the application. If approved, TCEQ will include requirements for permanent removal in the Special Terms and Conditions of the contract. If TCEQ does not approve permanent removal, the grantee must follow the Standard Disposition requirements as outlined above in Section 4.7c).

Documentation of export and the transfer of ownership of the vehicle(s) outside of the United States, Canada, and the United Mexican States must be submitted to TCEQ within 90 days of TCEQ issuing the reimbursement payment.

f) **Timing.** Within 90 days of TCEQ issuing the reimbursement payment, the grantee must complete the disposition of the vehicle and engine being replaced and submit disposition documentation to TCEQ.

g) **Documentation.** The destruction of the vehicle and engine being replaced must be documented on TCEQ's disposition form with supporting documentation. Supporting documentation includes:

    1) Before and after photographs of the vehicle and engine being destroyed or rendered inoperable.

    2) 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.

h) 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 shall provide TCEQ with any clarification and additional documentation as requested by TCEQ to approve disposition.

i) 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 vehicle(s) and engine(s), keeping records regarding who completed the disposition, the dates the disposition was completed, and any chain-of-custody tracking the disposed vehicle(s) from the grantee to the final disposition site until disposition has been approved by TCEQ.

4.8 Annual Usage and Reporting

The grantee must agree to operate and monitor the use of the grant-funded vehicle(s) for the 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 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 fourth anniversary of the activity life start date; or

    2) 400,000 miles of vehicle operation after the start of the activity life.

b) For the duration of the activity life, a grantee must:

    1) own or lease the grant-funded vehicle;

    2) register the grant-funded vehicle (unless the vocational type of the grant-funded vehicle is exempt from inspection and registration requirements);

    3) operate the grant-funded vehicle in Texas, with at least 75% of the vehicle's total annual miles occurring in the CTZ (refer to Appendix A);

    4) maintain records regarding the operation of the grant-funded vehicle, along with documents, amendments, and other reasonable information pertinent to the grant-funded vehicle, and maintain these records for four (4) years after the termination of the contract;

    5) maintain the grant-funded vehicle and make any necessary repairs to keep it in operating condition;

    6) 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);

7) request prior approval from TCEQ for any changes to the use or ownership of the grant-funded vehicle, 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 the grant-funded vehicle, or
    - the sale of the grant-funded vehicle. 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; and
8) provide written notice to TCEQ via email at TERP-Monitoring@tceq.texas.gov within ten (10) business days of the occurrence of loss, theft, irreparable damage, repairable malfunction or damage, or accidental destruction of the grant-funded vehicle. The grantee will repair the vehicle or replace the lost, stolen, or damaged grant-funded vehicle with a similar vehicle such that it achieves the same performance or better. The grantee must replace or repair the grant-funded vehicle no later than ninety (90) consecutive days from the occurrence of loss, theft, or damage, unless TCEQ expressly agrees to a longer period.

c) 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's Scope of Work and to identify any issues regarding the contract activities.

d) If requested by TCEQ, grant recipients must place a TCEQ-provided identifying mark or label on the grant-funded vehicle(s) to aid both TCEQ and the grant recipient in the tracking and identification of the vehicle(s).

e) 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 percentage of total usage within eligible counties, activity life, and annual usage.

f) Appendix A is a map of Texas highlighting the CTZ. These counties are also known as "eligible counties" where grant-funded vehicles must operate a certain amount of time. Eligible counties are listed below:

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

4.9 Performance Evaluation

TCEQ monitors grantee compliance with usage and reporting, disposition, ownership, and other contract terms. Failing to comply with these 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 percentage of total usage within eligible counties, activity life, and annual usage.

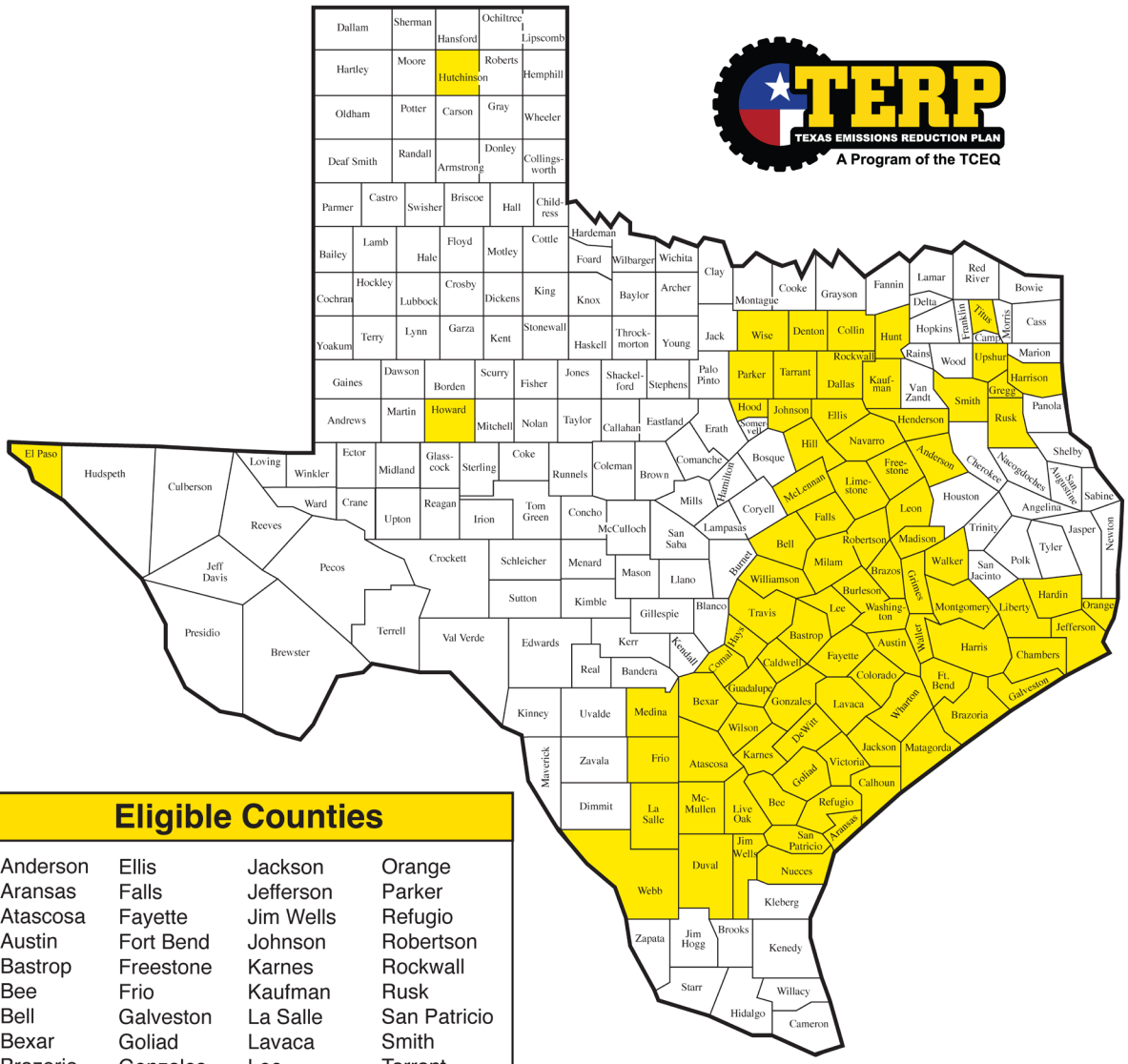
TCEQ may prepare written performance evaluations for grantees upon the completion of the activity life, or as needed. Evaluations will be based upon the grantee's compliance with contract terms and providing timely, complete, and accurate requests for reimbursement, disposition, and annual usage documentation. A grantee's past performance evaluation may be considered when applying for future TCEQ grant programs. 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 agency grants. Grantees and any involved party may also be subject to criminal or civil penalties.

5.0 Consideration of Application in Future Grant Rounds

TCEQ may, at its discretion, retain applications not selected for funding under this notice for consideration under a future grant round. Applicants will be notified by TCEQ if their application is retained for consideration under a future grant round and will be given the option of withdrawing their application from consideration.

Appendix A: TNGVGP Map

Texas Natural Gas Vehicle Grant Program



Eligible Counties

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

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

March 2026

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: Waiver Requests

This appendix explains what TCEQ will consider when reviewing a waiver request under Section 2.2.1, 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 pre-approval 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 Pre-Approval.

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

Section 2.2.1 of this RFGA 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), Section 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 - Waiver Request 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 of the ownership, registration, or operation 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 being replaced does not meet the ownership, registration, and/or operation requirements; and
- How the replacement of the vehicle 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.

Appx. B-3. Submitting a Waiver Request

Waiver requests must be submitted with the application. Waivers will not be considered if submitted after an application has been received by TCEQ.

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), Section 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 – Waiver Request 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 Parts A and 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 vehicle(s) 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).
        i. For vehicle(s) with apportioned registration, submit mileage in Texas and out of state for the two years immediately preceding the application signature

date. Acceptable usage documentation may include IVDR required under the IRP, and other similar travel records.

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

Special ownership pre-approval requests must be submitted with the application. Pre-approval requests will not be considered if submitted after an application has been received by TCEQ.

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), Section 386.0515, projects involving the transport of raw agricultural products may be exempt from the requirements that the grant-funded vehicle(s) operate at least 75% of annual mileage in the CTZ.

Applicants applying under this exemption should complete Supplemental Form 2 - Agricultural Exemption 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).