

**Texas Commission on Environmental Quality (TCEQ)
Texas Volkswagen Environmental Mitigation Program (TxVEMP)**

**Request for Grant Applications (RFGA)
Fiscal Year 2023**

Solicitation No. 582-23-44687-VW

Este documento es la Solicitud de Aplicaciones de Subvenciones para el Programa de Mitigación Ambiental de Texas (TxVEMP) por sus siglas en Inglés). La información en este documento lo ayudará a determinar si califica para una subvención. Comuníquese al 833-215-TXVW (8989) para obtener ayuda con esta información.



Key RFGA Events	Date
Program Opening Date	June 29, 2023
Application Submission Deadline	August 31, 2025
Request for Reimbursement Deadline*	October 31, 2026

*The request for Reimbursement Deadline is subject to the terms and conditions of a grantee's contract.

**Texas Commission on Environmental Quality (TCEQ)
Air Grants Division (TxVEMP), MC-204
P.O. Box 13087
Austin, Texas 78711-3087
833-215-TXVW (8989)
www.txvwfund.org**

Applications will be accepted for consideration during this grant period only if received by TCEQ via electronic mail (email) at VWsettle@tceq.texas.gov or via mail, 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 TxVEMP 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).

There will not be a pre-proposal conference.

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1.0 Purpose

This grant program implements a portion of the Texas Volkswagen (VW) Environmental Mitigation Program (TxVEMP) established and administered by TCEQ. Visit the TxVEMP website, www.TexasVWFund.org, for more information on the background and purpose of the TxVEMP.

Grants under this program are subject to: (1) Texas Water Code Section 5.124 (TCEQ's authority to award grants); (2) the Texas Grant Management Standards (TxGMS); (3) TCEQ rules and policies (pertaining to TCEQ contracts and grants); (4) the Environmental Mitigation Trust Agreement for State Beneficiaries (Trust Agreement) and the Beneficiary Mitigation Plan for Texas (RG-537) (Mitigation Plan); (5) this RFGA; and (6) other applicable Federal and State rules and statutes.

2.0 Program Requirements

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

TCEQ may waive the 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

General eligibility requirements are contained in the Trust Agreement and the Mitigation Plan available on the TxVEMP website at <https://www.tceq.texas.gov/agency/trust/about>

- a) Eligible applicants are individuals, state and local governments, corporations, or any other legal entity. This may include a corporation headquartered outside of the state of Texas, but which operates vehicles or equipment primarily in an eligible priority area in Texas (See Appendix A).
- b) All business entities such as corporations or partnerships must have an active registration with the Texas Secretary of State by no later than the program opening date listed on the cover page of this RFGA. If awarded a contract, businesses must maintain an active registration during the contract period.
- c) Applicants must disclose any known apparent, potential, or actual conflicts of interest to TCEQ in writing at the time the application is submitted. Businesses or other entities in which a TCEQ employee, spouse, or family member of a TCEQ employee has a direct or indirect interest, financial or otherwise, may be prohibited from receiving a grant, depending on the nature of the interest. Applicants with questions regarding eligibility to apply for a grant should contact TxVEMP staff at (833) 215-TXVW or VWSettle@tceq.texas.gov.
- d) This RFGA does not apply to entities intending to serve as a third party for the funding, whereby the grant funding and/or cost savings resulting from the funding will be passed through to the owners or operators of the vehicles.

2.2 Eligible Project Categories

- a) The following are the eligible vehicle and equipment categories under this grant round. To be eligible for a grant, an applicant must be replacing or repowering a vehicle or a piece of equipment from one of the categories listed below.
 - 1) **Class 8 Local Freight Trucks and Port Drayage Trucks**
 - i) Eligible vehicles include Class 8 local freight and port drayage trucks with a gross vehicle weight rating (GVWR) greater than or equal to 33,001 lbs. Vehicles must be powered by a diesel engine of a model year 1992-2009.
 - ii) This category includes any configuration of truck that meets the specifications above and is used to transport freight, cargo, or refuse.

2) Class 4-8 School Bus, Shuttle Bus, or Transit Bus

- i) Eligible school buses include buses with a bus model year of 2009 or earlier, a GVWR of 14,001 pounds or greater, and buses that are intended to carry students to and from school and related events. The school bus being repowered or replaced must have been used to transport students on a regular daily route to and from the school for at least the two years preceding the submission of grant application. The following school bus types are eligible:
 - **Type A:** A van conversion or body constructed utilizing a cutaway front-section vehicle with a left side driver's door. The entrance door is located behind the front wheels. No single rear wheel vehicles will be allowed.
 - **Type B:** Constructed utilizing a stripped chassis. The entrance door is located behind the front wheels. A manufacturer shall provide the minimum specifications for approval on a Type B prior to the sale in Texas.
 - **Type C:** A body installed upon a flat back cowl chassis or an integrated conventional chassis/body combination, with a hood and front fender assembly. The engine is in front of the windshield and the entrance door behind the front wheels. Also known as a "conventional school bus."
 - **Type D:** A body installed upon a chassis, with the engine mounted in the front, mid-bus, or rear. The engine may be behind the windshield and beside the driver's seat, or it may be at the rear of the bus, behind the rear wheels, or between the front and rear axles. The entrance door is located ahead of the front wheels. Also known as "transit-style school bus."
- ii) Eligible transit and shuttle buses include a bus with a GVWR of 14,001 pounds or greater which carry passengers on routes within a city or defined regional area. Buses intended for interstate travel or travel among regions within the state are not considered transit buses and are not eligible under this program.

3) Class 4-7 Local Freight Trucks

- i) Eligible vehicles must be used to deliver cargo and freight, including Class 4-7 local freight trucks with a gross vehicle weight rating greater than or equal to 14,001 lbs. and less than 33,001 lbs. Vehicles must be powered by a diesel engine with model year 1992-2009.
- ii) This category includes any configuration of truck that meets the specifications above and is used to transport freight, cargo, or refuse.

4) Airport Ground Support Equipment

- i) Eligible equipment includes Tier 0, Tier 1, or Tier 2 diesel-powered airport ground support equipment that is uncertified or certified to 3 g/bhp-hr or higher emissions. Eligible equipment also includes those powered by spark ignition engines.
 - Eligible airport ground support equipment includes vehicles and equipment used at an airport to service aircraft between flights, such as aircraft tugs, baggage tugs, stair trucks, pushbacks, forklifts, man lifts, and belt loaders.

Applicants who are unsure of the Tier rating of their existing equipment can find information in Appendix D of this RFGA.

5) Forklifts and Port Cargo Handling Equipment

- i) Eligible equipment includes Tier 0, Tier 1, or Tier 2 diesel-powered forklifts and port cargo handling equipment that is uncertified or certified to 3 g/bhp-hr or higher emissions. Eligible equipment also includes those powered by spark ignition engines. Eligible forklifts and port cargo handling equipment includes forklifts with greater than 8,000 pounds lift capacity.
 - Equipment referred to in this category does not have to be located on a port facility to be eligible for this program.

- Eligible port cargo handling equipment includes rubber-tired gantry cranes, straddle carriers, shuttles carriers, and terminal tractors.

Applicants who are unsure of the Tier rating of their existing equipment can find information in Appendix D of this RFGA.

- b) On-road vehicles and non-road equipment used primarily for competition or recreational purposes are not eligible for funding under any of the project categories.

2.3 On-Road Vehicles (old vehicle)

- a) An on-road vehicle eligible for replacement or repower must:
- 1) Have been owned 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;
 - i) Vehicles with apportioned registration to allow for operation in multiple states must have been operated in Texas at least 75% of the annual mileage for at least the two years preceding the application date;
 - 2) Have been used in its primary function in the routine operations of the applicant in Texas for at least the two years immediately preceding the application signature date;
 - 3) Have a diesel engine certified to the United States Environmental Protection Agency (EPA) heavy-duty on-road engine emissions standards;
 - 4) Be in operating condition with at least five years of useful life remaining; and
 - 5) Meet any other requirements for its eligible project category (See Section 2.2).

2.4 Non-Road Equipment (old equipment)

- a) Non-road equipment eligible for replacement or repower must:
- 1) Be powered by an engine rated at 25 horsepower (hp) or greater;
 - 2) Have an engine certified to the US EPA heavy-duty non-road engine emissions standards;
 - 3) Have been continuously owned and operated by the applicant in Texas for at least the two years immediately preceding the application signature date;
 - 4) Have been used in its primary function in the routine operations of the applicant in Texas for at least the two years immediately preceding the application signature date;
 - 5) Be in operating condition with at least five years of useful life remaining; and
 - 6) Meet any other requirements for its eligible project category (See Section 2.2).
- b) For the purposes of this grant round, non-road equipment includes only equipment that qualifies as an eligible project category and will not include marine vessels, locomotives, or stationary engines.

2.5 Replacement Projects

These projects replace eligible on-road vehicles or non-road equipment with newer models. If awarded a grant, the applicant must destroy the old vehicle or piece of equipment.

2.5.1 Replacement On-Road Vehicles (new vehicle)

- a) The replacement on-road vehicle must:
- 1) Be certified to emit at least 25% less nitrogen oxides (NO_x) than the old vehicle;
 - 2) Have an electric engine (including hydrogen fuel cells and battery-electric vehicles);

- 3) Have a vehicle model year no more than one year older than the calendar year in which the vehicle was purchased; and
- 4) Be of the same type and intended for the same use in the same application or vocation.
- b) Unless the vocational type of the new vehicle is exempt from registration requirements, the vehicle must be registered for operation in Texas.
- c) On-road vehicles must be replaced by another on-road vehicle unless the applicant wishes to replace an on-road vehicle with a non-road, purpose-built, port drayage truck (also known as a terminal tractor or yard truck). A non-road, purpose-built, port drayage truck is a truck which is designed to operate solely in a non-road capacity to move cargo at a facility and contains a US EPA certified, non-road engine, lacks safety features which the Department of Transportation would require of a vehicle to operate on the road (e.g., turn signal indicators), and is not required to be registered with the Texas Department of Motor Vehicles.

2.5.2 Replacement Non-Road Equipment (new equipment)

- a) The replacement non-road equipment must:
 - 1) Be certified to emit at least 25% less nitrogen oxides (NO_x) than the old equipment;
 - 2) Have an electric engine (including hydrogen fuel cells and battery-electric vehicles);
 - 3) Have an engine model year no more than one year older than the calendar year in which the equipment was purchased; and
 - 4) Be of the same type and intended for the same use in the same application or vocation.
- b) Non-road equipment must be replaced by another piece of non-road equipment unless the applicant wishes to replace a non-road, purpose-built, port drayage truck (as defined in Section 2.5.1(c)) with an on-road purpose-built port drayage truck (also known as a terminal tractor or yard truck). An on-road terminal tractor is a specialized vehicle that is designed for maneuvering heavy loads over short distances at low speeds within a shipping terminal, intermodal yard, or facility. These vehicles may also operate on local roads to transport cargo over limited distances between facilities and have safety features installed (e.g., turn signal indicators) to legally traverse these roads. These vehicles generally lack the horsepower usually found in a haul truck that is capable of driving on highspeed roadways such as highways.

2.6 Repower Projects

These projects repower an existing, eligible, on-road vehicle or a piece of non-road equipment with a new, rebuilt, or remanufactured engine. The existing on-road vehicle or piece of non-road equipment must have at least five years of useful life remaining to be eligible.

2.6.1 Repower of On-Road Vehicles and Non-Road Equipment (new engine)

The new engine must be certified or verified to emit 25% less nitrogen oxides (NO_x) than the engine being repowered or replaced. The replacement engine must be electric (including hydrogen fuel cells and battery-electric vehicles).

2.7 Refueling Infrastructure

Applicants purchasing on-road vehicles or non-road equipment may request additional funding for refueling infrastructure.

- a) Allowable alternative fuels are as follows:
 - 1) Electricity
 - 2) Hydrogen

- b) Applicants may only include one refueling infrastructure project site with a single type of alternative fuel per application.
- c) The refueling infrastructure must provide, at a minimum, refueling capacity to the on-road vehicles or non-road equipment replaced or repowered through this grant program.
- d) Applicants may expand existing onsite refueling infrastructure to accommodate the additional new grant-funded equipment in lieu of installing new service.
- e) Applicants are required to be the owner of the site where the refueling infrastructure equipment will be installed or be able to demonstrate the ability to install, operate, and maintain the refueling infrastructure at the proposed site for the duration of the contract. If an applicant does not own the property where the refueling infrastructure equipment will be installed, the Refueling Infrastructure Project Certifications under Section 5: Program Certifications of the application must be completed and signed by the applicant and the property owner.
- f) All grant-funded refueling infrastructure must be purchased by the applicant and not leased.

2.8 Usage for Grant-Funded Equipment (new vehicle, equipment, or engine)

- a) At least 51% of the grant-funded vehicle or equipment's annual operation must occur in one of the priority areas listed in Appendix A of this RFGA.
- b) Annual operation will be considered as miles traveled, hours of engine operation, or fuel consumed. For determining the total annual operation, a single unit of measurement (e.g., miles traveled) must be used. Applicants receiving a grant should be prepared to keep and maintain records of their annual operation in the unit of measurement they choose on their application.
- c) Refueling infrastructure must be owned, operated, and maintained for the duration of the activity life as defined in Section 4.7 of this RFGA.

2.9 Marketable Emissions Reductions Credits

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

- a) The project includes the transfer of the reductions that would otherwise be marketable credits to the state implementation plan, or to the project owner or operator as provided by Texas Health and Safety Code (THSC) Section 386.056; and
- b) The reductions are permanently retired.

3.0 Available Funding, Grant Amounts, and Costs

3.1 Available Funding

- a) The total amount awarded under this RFGA will depend upon the amount of funds available to TCEQ under the VW Trust Agreement. TCEQ projects that approximately \$87 million will be available to award under this RFGA.
- b) Funding will be initially allocated based upon eligible project categories and priority area as shown in Appendix C.
- c) Depending on demand and the requested grant amounts of eligible applications received, TCEQ may redistribute these allocations to best meet the purposes of the program. This may include, but is not limited to, redistributing funds between eligible project categories and priority areas.
 - 1) TCEQ will not reallocate funds until the program is open for at least 90 days.
 - 2) Where possible, TCEQ will prioritize reallocating funds to maintain the funding allocations by priority area as described in the Beneficiary Mitigation Plan for Texas.

- d) TCEQ will not be obligated to select project proposals to cover the full amount of expected or available funding even if received within the application deadline.

3.2 Maximum Grant Amounts

- a) For replacement and repower projects, applicants may request up to the lesser of the following options:
 - 1) The grant amounts shown in the TxVEMP Grant Tables; or
 - 2) The maximum reimbursement rates by entity type listed below.
 - i) Governmental entities may request up to 100% of the incremental cost of the project.
Governmental entities include a state or local government agency (including school district, municipality, city, county, special district, joint powers authority, or port authority owning fleets purchased with government funds), and a tribal government or native village. A privately-owned school bus under contract with a public school district is also eligible for this reimbursement amount. A federal government agency or entity is not included in this definition and will be considered a private entity for this grant program.
 - ii) Non-governmental entities may request up to 75% of the incremental cost of a project.
- b) Emissions reductions achieved by a TxVEMP grant may not be assigned for use by other incentive programs.
- c) 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/>.

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.

- a) Replacement Projects for On-road Vehicles and Non-Road Equipment
The incremental cost is the eligible cost to purchase the replacement equipment minus the scrap value of the equipment being replaced. TxVEMP utilizes a default scrap value of \$1,000.
- b) Repower Projects for On-Road Vehicles and Non-Road Equipment
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. TxVEMP uses a default scrap value of \$250.
- c) Refueling Infrastructure
The incremental cost is the eligible cost to purchase and install the refueling infrastructure and associated equipment, less any tax credits or deductions, other grants, or any other public financial assistance.

3.4 Eligible Costs

Eligible costs must be paid on or after the program opening date listed on the first page of this RFGA to be considered for funding.

- a) Eligible costs for replacement projects include:
 - 1) Cost(s) (of the grant-funded on-road vehicle or non-road equipment);
 - 2) Taxes and government fees;
 - 3) Delivery and shipping fees;

- 4) Factory and/or extended warranties;
 - 5) Maintenance and service contracts;
 - 6) Mechanic and safety inspections;
 - 7) Cooperative fees; and
 - 8) Manufacturer or dealer processing fees not related to financing.
- b) Eligible costs for repower projects include:
- 1) Cost of the new engine or upgrade, including sales tax and delivery charges;
 - 2) Cost(s) of additional equipment that must be installed with the new engine or upgrade;
 - 3) Associated supplies directly related to the installation of the engine or system;
 - 4) Costs to remove and dispose of the old engine, if applicable;
 - 5) Installation costs;
 - 6) Reengineering costs, if the vehicle or equipment must be modified for the new engine to fit; and
 - 7) Other ancillary costs which include:
 - i) shipping costs,
 - ii) factory and/or extended warranties,
 - iii) mechanic and safety inspections,
 - iv) cooperative fees,
 - v) service and maintenance contracts, and
 - vi) dealer or manufacturer fees.
- c) Eligible costs for refueling infrastructure projects must fall under the following categories:
- 1) Equipment
 - i) Equipment includes tangible personal property with an estimated useful life of over one year and a per-unit acquisition cost of \$5,000 or more (including sales tax and delivery). This includes equipment with separate, essential component parts if the sum of the separate component parts (including tax and delivery) has an original value of \$5,000 or more.
 - 2) Supplies and Materials
 - i) Non-construction goods and materials having a unit acquisition cost (including sales tax and delivery) of less than \$5,000 per unit.
 - 3) Construction
 - i) The costs for the enhancement or building of permanent facilities.
 - ii) Construction costs include:
 - Planning, designing, and engineering;
 - Materials and labor;
 - Subcontracts for services in connection with the construction; and
 - Facility improvements, such as paving, foundations, and covers.
 - 4) Contract Services
 - i) Non-construction related costs for subcontracted or hired-out professional services or tasks provided by a firm or individual who is not employed by the applicant.

3.5 Ineligible Costs

- a) Ineligible costs include:
- 1) Insurance premiums;
 - 2) Finance fees and charges;
 - 3) Salaries and travel expenses for employees of the grantee;
 - 4) Expenses of any lobbyist registered in Texas;
 - 5) Costs associated with the preparation and submission of the application;
 - 6) Administrative costs of the grantee, including overhead and indirect costs (e.g., office supplies, rent, marketing, and advertising);
 - 7) Any costs paid prior to the program opening date listed on the first page of this RFGA;
 - 8) Food and drink; and
 - 9) 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, but indicate a potential conflict of interest. TCEQ will consider costs between business affiliates ineligible unless sufficient documentation is provided demonstrating that procedures were 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

An application may only include activities involving one project category, replacement vehicle fuel type, and priority area. Projects involving different project categories, fuel types, or priority areas should be applied for in separate applications. Please discuss any questions with TxVEMP staff at (833) 215-TXVW (8989) before submitting an application.

4.1 Application Process

- a) The application and this RFGA may be downloaded from the TCEQ web site at www.txvwfund.org, or by contacting TxVEMP staff via email at VWSettle@tceq.texas.gov or at 833-215-TXVW (8989).
- b) A Portable Document Format (PDF) version of the draft contract may be viewed and downloaded from the TxVEMP website at www.txvwfund.org. The draft contract is for reference only and contains terms and conditions that are standard provisions for grants awarded under this program. 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. Any requested changes to the draft contract must be submitted to TCEQ in writing at the time the application is submitted. The applicant also understands that requesting changes to the draft contract's terms will delay any resulting contract. 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 TxVEMP website at www.txvwfund.org and the ESBD.
- c) All applications for funding under this RFGA must be substantially complete. Submission of an application that is not substantially complete may result in the application being determined ineligible. A substantially 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 eligibility of the project and subsequently award grant funds.

At the sole discretion of the TCEQ, applicants whose applications are missing a minor amount of required information may be provided with an additional opportunity to provide that information. In this event, TCEQ will notify the applicant in writing or by phone with the details about what is missing from the application. Applicants will be provided a deadline of three (3) full business days to submit the missing information to TCEQ. The deadline will begin on the first full business day following the date the applicant is notified by TCEQ and will end at 5:00 p.m., Central Time (CT), on the third full business day. If the missing information is not received by TCEQ by 5:00 p.m. CT on the third full business day, the application may be determined ineligible by TCEQ.

- d) 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.
- e) Applicants will be required to submit documentation and photographs with the application to demonstrate the eligibility of on-road vehicles and non-road equipment being replaced or repowered including:
 - 1) Color photographs of the vehicle and equipment being replaced including the front, right side, left side, rear, engine, and engine data plate. Photographs of the vehicle and equipment should include tires or tracks. All photographs must be clear enough to read pertinent information (e.g., engine plate information).
 - 2) On-road projects will require the following documentation:
 - i) A copy of the vehicle title listing the applicant as the owner or lessor, for the two years immediately preceding the application signature date; and
 - ii) Registration renewal 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.
- f) Applicants with projects that include refueling infrastructure must provide documentation that includes:
 - 1) A site plan with the application (including a scaled map which could be a photograph, satellite map, drawing, or similar graphic of the proposed site - none of which are required to be formally drawn or certified by an engineer or architect) that shows the planning and design of the proposed facility. The site plan must:
 - i) Demonstrate how the vehicle or equipment may access the proposed facility; and
 - ii) Provide the location of the facility within the property and include any easements, set-back requirements, and property boundaries.
 - 2) A demonstration of their ability to install, operate and maintain the refueling infrastructure at the proposed site by providing documentation, such as property ownership records, or other legal agreements, that can show the following:
 - i) The ability to complete any required construction on the proposed site; and
 - ii) The ability to operate on the proposed property for at least 5 years from the date the application is signed.
- g) Applicants must request TCEQ's preauthorization of an alternative method of disposition for the on-road vehicle, non-road equipment, and/or engine being replaced by completing Section 9 of the application. If approved, the alternative method of disposition will be included in the special conditions of the contract; otherwise, the standard methods described in Section 4.6 of this RFGA will be required.
- h) Private consultants may be available to assist an applicant 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.

- i) 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.
- j) 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 these certifications may make the application ineligible and may make any resulting contracts voidable.
- k) Applications will be accepted for consideration during this grant period only if received by TCEQ via electronic mail at VWsettle@tceq.texas.gov or via mail at one of TCEQ's addresses listed below 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.
- l) Applications may be submitted electronically using one of the methods listed below. It is preferable that the application and its attachments be submitted as a single PDF. 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.
 - 1) **Submitting Applications via Email.** For applications that are submitted via email to VWsettle@tceq.texas.gov please use the following naming convention for your application file in the subject line: 'FY23 TxVEMP and [your legal name].' Only one application may be submitted per email at a maximum total file size of 25MB.
 - 2) **Submitting Applications via TCEQ's FTPS Server.** If the application is larger than 25MB, please submit by uploading the file to TCEQ's file transfer protocol secure (FTPS) server and selecting the share file(s) button. Enter VWsettle@tceq.texas.gov as the email address. Detailed directions for using TCEQ's FTPS Server can be found at <https://ftps.tceq.texas.gov/help/>. Please note: Applications uploaded to TCEQ's FTPS server without completing the share file(s) step will not be considered as submitted. See [detailed instructions on how to share files via TCEQ's FTPS server](#).
- m) 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 (TxVEMP), MC-204
P.O. Box 13087
Austin, TX 78711-3087

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

- n) 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 Selection Process

Substantially complete applications that meet the eligibility criteria of the program will be separated by project category and priority area as shown in Appendix C. Projects will be reviewed and awarded in the order they are received until all available funding is exhausted for that eligible project category and priority area combination.

TCEQ may make selections for funding contingent upon agreement by the applicant with additional conditions or changes to the project pertaining to equipment, logistical considerations, expenses, and other program elements.

TCEQ reserves the right to limit the award of more than 50% of a funding allocation to a single applicant (see Appendix C). For the purposes of this limitation, applicant includes an individual or business and all its associated legal affiliates. At the sole discretion of TCEQ, this may include reducing the requested grant amount of one or more applications from an applicant.

4.3 Miscellaneous Provisions

- a) TCEQ provides no assurances that a project will be awarded a grant. An applicant purchases the grant-funded vehicles or equipment at its own risk prior to the execution of a contract.
- b) TCEQ is not obligated to fund any particular project for any reason or may offer to fund less than the eligible grant amounts for any reason.
- c) TCEQ is not obligated to fund projects from applicants:
 - 1) With an outstanding invoice from TCEQ or who are in non-compliance with existing or prior TERP or TxVEMP 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;
 - 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.
- d) TCEQ may also:
 - 1) Make determinations of risks associated with the applicant and/or project and may include additional conditions to the contract to address the identified risks; or
 - 2) Hold applications to be funded at a later date.
- e) 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 or TxVEMP program.
- f) TCEQ will not consider activities that were included in a project previously awarded a TERP or TxVEMP grant and subsequently canceled by the grant recipient after the date of issuance of this RFGA.
- g) 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 and infrastructure for the purpose of on-site inspections, and/or audit. Failure to respond to or cooperate with any authorized review, inspection or audit of the grant activities will result in the application being determined ineligible and make any resulting contracts voidable.

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 new vehicles, equipment, and/or refueling infrastructure (referred to in the contract as Grant Equipment) within the contract's time frames and funding limitations.

4.5 Reimbursement of Expenses

- a) Payments will be made on a reimbursement basis for eligible costs paid in full by the grantee minus the scrap value and any incentives, as referenced in Section 3.3.
- 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 in the contract. 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 and will depend on factors such as the availability of grant funds.
- d) If the grantee finances the grant equipment, the reimbursement will be assigned to the company that provided the financing. To be paid directly, the grantee must show that the grantee paid eligible expenses that are equal to, or greater than, the reimbursement amount with cash on hand (non-borrowed funds).

4.6 Disposition Verification by TCEQ

If selected for a grant, the old on-road vehicles, non-road equipment, and engines being replaced must be destroyed and rendered permanently inoperable before the reimbursement payment will be issued by TCEQ (commonly referred to as disposition) by:

- a) Completely crushing the vehicle or equipment and engine; or
- b) Cutting a 3-inch or larger hole on both sides of the engine block and cutting both frame rails in half;
- c) (For airport ground support equipment like pushback tractors only) Destroying the equipment via a professional metal recycler in such a manner that the equipment cannot be recovered, repurposed, or reused, and cutting a 3-inch or larger hole on both sides of the engine block (or otherwise destroying it); or
- d) (For repower projects only) Cutting a 3-inch or larger hole on both sides of the engine block.

TCEQ may consider alternative methods of rendering the vehicles, equipment, or engines permanently inoperable in lieu of the standard method of destruction. See the Alternative Disposition section of the application.

Failure to comply with these requirements and those included in the contract with TCEQ, may invoke the contract's remedies, including termination of the contract.

This provision does not apply to any refueling infrastructure activities.

4.7 Monitoring & Annual Usage Reporting

- a) After the grant is awarded and new equipment purchased, TCEQ requires a five-year activity life for the vehicles and/or equipment. The activity life begins on the date the final reimbursement payment is issued and will end on the fifth anniversary of that start date. This time period is used to determine the emissions reductions for each activity.
- b) For the duration of the activity life, a grantee must:
 - 1) Own the grant-funded equipment (refueling infrastructure must be purchased and not leased);

- 2) Register (unless the vocational type of the vehicle is exempt from inspection and registration requirements) and operate the grant-funded vehicles or equipment in Texas, with at least 51% of the vehicle's total annual miles or equipment's total annual hours of operation occurring in the priority area listed on the contract;
 - 3) Maintain usage and location records for the grant-funded equipment;
 - 4) Maintain the grant-funded equipment in proper operating condition;
 - 5) Obtain sufficient commercial insurance for each grant-funded piece of equipment to protect against loss, damage, or liability (proof of self-insurance will be sufficient for governmental entities);
 - 6) Request approval for any changes regarding the grant-funded vehicles and/or equipment, including, but not limited to:
 - i) Termination of use,
 - ii) Change in use,
 - iii) Intentional destruction, or
 - iv) Sale. Any sale of the grant-funded vehicle during the activity life will be subject to approval and consent to assignment by TCEQ in accordance with the contract terms.
 - 7) Provide written notice to TCEQ via email at TERP-Monitoring@tceq.texas.gov within 30 calendar days of the accidental destruction or repossession of grant-funded equipment.
- c) During the activity life, grantees will not be required to provide annual usage reports; however, grantees must maintain records sufficient to demonstrate they are complying with these usage requirements. At any time during the activity life, applicants may be subject to a random audit of these records.
- d) Failure to meet the requirements of Section 4.7 may invoke the contract's remedies, including termination of the contract and the return of all or a pro-rata share of the grant funds.

4.8 Performance Evaluation

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

Appendix A - Priority Areas Table & Map

The priority areas are listed in Table A.1 and illustrated in Figure A.1. The counties in the priority areas represent approximately 71% of the Texas population.

Table A.1 Priority Areas

Area	Counties
Dallas-Fort Worth Area	Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, Tarrant, Wise
Houston-Galveston-Brazoria Area	Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, Waller
San Antonio Area	Bexar, Comal, Guadalupe, Wilson
Austin Area	Bastrop, Caldwell, Hays, Travis, Williamson
El Paso County	El Paso
Bell County	Bell
Beaumont-Port Arthur Area	Hardin, Jefferson, Orange

Appendix B - Waiver Process

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

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

Equipment replaced under the TxVEMP program must have been owned or commercially financed, and operated by the applicant in Texas for at least the two years immediately preceding the application signature date. Under the Beneficiary Mitigation Plan, TCEQ may waive the ownership and registration requirements in certain cases. TCEQ will consider a request to waive one or more of these requirements based on a finding of good cause, which may include short lapses of operation due to economic conditions, seasonal work, or other circumstances. The burden is on the applicant to demonstrate why there is good cause to grant the waiver request.

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

Applicants who can demonstrate good cause may submit a waiver request to purchase diesel equipment from another entity (third-party) for the purpose of replacing and disposing of that equipment under the TxVEMP program.

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

- a) Demonstrate that a replacement activity will result in the projected NO_x emissions reductions;
- b) Demonstrate that, absent the grant, the equipment being replaced would have continued to be operated in Texas for the duration of the activity life;
- c) Provide the requested information for the equipment in Section 6 of the application;
- d) Attach to the application the documentation required in Section 4.1(e) of this RFGA for the third-party equipment; and
- e) Certify on Supplemental Form 1: Program Waiver Request that the third-party equipment meets the requirements of Section 2.2 of this RFGA and will be replaced in accordance with Sections 2.3, 2.4, 2.5, and 2.6 of this RFGA.

Applicants that do not currently own the third-party equipment must establish permission from the owner on Supplemental Form 1: Program Waiver Request to include the equipment in the application. If awarded a grant, a grantee must demonstrate ownership of the third-party equipment before being reimbursed by TCEQ.

Appx. B-3. Submitting a Waiver Request

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

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

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

Appendix C – Initial Allocations by Project Category and Priority Area

Upgrade or Replacement of Electric Forklifts & Port Cargo Handling Equipment with Electric Models

Project Category	Allocation
Dallas/Fort-Worth	\$1,635,703
Houston/Galveston/Brazoria	\$3,392,556
San Antonio	\$7,057,074
Austin	\$1,503,946
El Paso	\$1,986,703
Bell County	\$248,135
Beaumont/Port-Arthur	\$933,819
Total	\$16,757,936

Upgrade or Replacement of Airport Ground Support Equipment with Electric Models

Dallas/Fort-Worth	\$1,635,703
Houston/Galveston/Brazoria	\$3,392,556
San Antonio	\$7,057,074
Austin	\$1,503,946
El Paso	\$1,986,703
Bell County	\$248,135
Beaumont/Port-Arthur	\$933,819
Total	\$16,757,936

Upgrade or replacement with Electric Models for the following:

- Class 8 Local Freight Trucks and Port Drayage Trucks
- Class 4-7 Local Freight Trucks
- Class 4-8 School Bus, Shuttle Bus, or Transit Bus

Dallas/Fort-Worth	\$5,201,559
Houston/Galveston/Brazoria	\$10,788,377
San Antonio	\$22,441,598
Austin	\$4,782,568
El Paso	\$6,317,743
Bell County	\$789,073
Beaumont/Port-Arthur	\$2,969,560
Total	\$53,290,478
Total	\$86,806,350

Appendix D: Non-road Engine Emission Standards

Non-Road Diesel Compression Ignition Engine NO_x Emission Standards by Model Year

Engine Power (hp): Equal to or greater than 25 hp (19 kW) but less than 50 hp (37 kW)

Tier	Model Year	Emissions (NO _x) g/bhp-hr	Emissions (NO _x + NMHC) g/bhp-hr
Tier 0 (uncontrolled)	pre-1999	7.2	N/A
Tier 1	1999-2003	6.745	7.1
Tier 2	2004-2012	5.32	5.6
Tier 4	2013+	3.325	3.5

Engine Power (hp): Equal to or greater than 50 hp (37 kW) but less than 75 hp (56 kW)

Tier	Model Year	Emissions (NO _x) g/bhp-hr	Emissions (NO _x + NMHC) g/bhp-hr
Tier 0 (uncontrolled)	pre-1998	8.8	N/A
Tier 1	1998-2003	6.9	N/A
Tier 2	2004-2007	5.32	5.6
Tier 3	2008-2013	3.325	3.5
Tier 4	2013+	3.325	3.5

Engine Power (hp): Equal to or greater than 75 hp (56 kW) but less than 100 hp (75 kW)

Tier	Model Year	Emissions (NO _x) g/bhp-hr	Emissions (NO _x + NMHC) g/bhp-hr
Tier 0 (uncontrolled)	pre-1998	8.8	N/A
Tier 1	1998-2003	6.9	N/A
Tier 2	2004-2007	5.32	5.6
Tier 3	2008-2012	3.325	3.5
Tier 4 (Phase-In)	2012-2013	0.30-3.325	N/A
Tier 4	2014+	0.30	N/A

Engine Power (hp): Equal to or greater than 100 hp (75 kW) but less than 175 hp (130 kW)

Tier	Model Year	Emissions (NO _x) g/bhp-hr	Emissions (NO _x + NMHC) g/bhp-hr
Tier 0 (uncontrolled)	pre-1997	9.5	N/A
Tier 1	1997-2002	6.9	N/A
Tier 2	2003-2006	4.655	4.9
Tier 3	2007-2011	2.85	3.0
Tier 4 (Phase-In)	2012-2013	0.30-2.85	N/A
Tier 4	2014+	0.30	N/A

Engine Power (hp): Equal to or greater than 175 hp (130 kW) but less than 300 hp (225 kW)

Tier	Model Year	Emissions (NO _x) g/bhp-hr	Emissions (NO _x + NMHC) g/bhp-hr
Tier 0 (uncontrolled)	pre-1996	9.3	N/A
Tier 1	1996-2002	6.9	N/A
Tier 2	2003-2005	4.655	4.9
Tier 3	2006-2010	2.85	3.0
Tier 4 (Phase-In)	2011-2013	0.30-2.85	N/A
Tier 4	2014+	0.30	N/A

Engine power (hp): Equal to or greater than 300 hp (225 kW) but less than 600 hp (450 kW)

Tier	Model Year	Emissions (NO _x) g/bhp-hr	Emissions (NO _x + NMHC) g/bhp-hr
Tier 0 (uncontrolled)	pre-1996	9.5	N/A
Tier 1	1996-2000	6.9	N/A
Tier 2	2001-2005	4.56	4.8
Tier 3	2006-2010	2.85	3.0
Tier 4 (Phase-In)	2011-2013	0.30-2.85	N/A
Tier 4	2014+	0.30	N/A

Engine power (hp): Equal to or greater than 600 hp (450 kW) but less than 750 hp (560 kW)

Tier	Model Year	Emissions (NO _x) g/bhp-hr	Emissions (NO _x + NMHC) g/bhp-hr
Tier 0 (uncontrolled)	pre-1996	9.7	N/A
Tier 1	1996-2001	6.9	N/A
Tier 2	2002-2005	4.56	4.8
Tier 3	2006-2010	2.85	3.0
Tier 4 (Phase-In)	2011-2013	0.30-2.85	N/A
Tier 4	2014+	0.30	N/A

Engine power (hp): Equal to or greater than 750 hp (560 kW)

Tier	Model Year	Emissions (NO _x) g/bhp-hr	Emissions (NO _x + NMHC) g/bhp-hr
Tier 0 (uncontrolled)	pre-2000	9.1	N/A
Tier 1	2000-2005	6.9	N/A
Tier 2	2006-2010	4.56	4.8
Tier 4 (Phase-In)	2011-2014	2.6/0.50 ¹	N/A
Tier 4	2015+	2.6/0.50 ²	N/A

¹The 0.50 g/bhp-hr standard applies to gensets over 1200 hp.

²Applies to all gensets.

Appendix E – On-Road Vehicle Emission Standards

On-Road Heavy-Duty Diesel NO_x Emission Standards by Model Year

Year of Manufacture	NO _x Only (g/bhp-hr)	NO _x +NMHC (g/bhp-hr)
1989 and earlier	10.7	N/A
1990	6.0	N/A
1991-1997	5.0	N/A
1998-2003	4.0	N/A
2004 -2006	2.375	2.5
2007-2009 ¹	2.375 - 0.2	N/A
2010+	0.2	N/A

¹For these years, a phase-in program was in place to allow manufacturers flexibility in implementing the new 0.2 g/bhp-hr standard. Engines produced during these years will have varying standards. Please contact TxVEMP staff for assistance in determining the emission rate for a vehicle produced during these years.