



TxVEMP All Electric Grant Program Application Workshop



Webinar Agenda

- About TxVEMP
- Program Highlights
- Program Requirements
- Available Funding and Allocations
- Grant Amounts and Eligible Expenses
- Submitting a Grant Application
- Selection, Award, and Contracting
- Disposition, Reimbursement, and Reporting
- Review of an Example Application
- Questions

Volkswagen Settlement

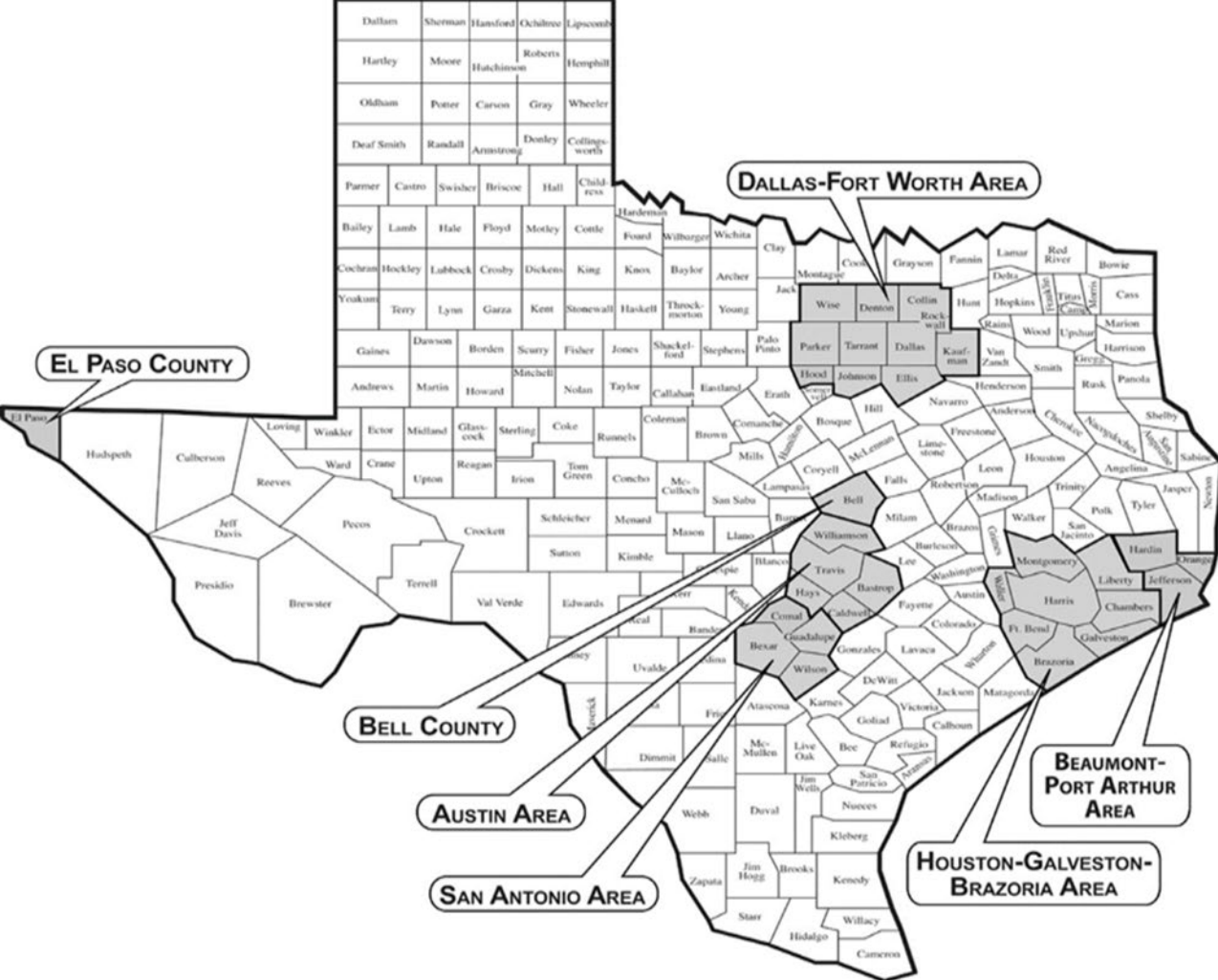
- Volkswagen (VW) entered into settlement agreements to resolve violations for vehicles that emitted nitrogen oxides (NO_x) above the federal standards. VW was required to pay approximately \$2.9 billion into the Environmental Mitigation Trust Agreement.
- Estimated \$87 million in grants available.

Program Highlights

- FY 23 Funding estimated ~ \$87 million
- Funding will be allocated based on:
 - Priority Area
 - Project Category
- Reimbursement Rates
 - 100% of the incremental cost for government entities
 - 75% of the incremental cost for non-government entities
- All remaining funds may be reallocated after 90 days to best meet the purpose of the program

Priority Areas

Priority Areas	
Austin Area: Bastrop, Caldwell, Hays, Travis, and Williamson Counties	
Beaumont-Port Arthur Area: Hardin, Jefferson, and Orange Counties	
Dallas-Fort Worth Area: Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties	
El Paso Area: El Paso County	
Houston-Galveston-Brazoria Area: Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties	
San Antonio Area: Bexar, Comal, Guadalupe, and Wilson Counties	
Other Eligible Counties: Bell	
Total % of Annual Operation: The total amount must be at least 51%, but cannot be more than 100%	



Eligible Project Categories

- Class 8 Local Freight Trucks and Port Drayage Trucks
- Class 4-8 School Bus, Shuttle Bus, or Transit Bus
- Class 4-7 Local Freight Trucks
- Airport Ground Support Equipment
- Forklifts and Port Cargo Handling Equipment

*Exclusion: On-road and non-road equipment used primarily for competition or recreational purposes

Eligible Applicants

- Individuals, state and local governments, corporations, or any other legal entity
- Business entities: Active registration with the Texas Secretary of State
- Conflict of interest disclosure: Required at the time of application
- Third-Party entities: Not eligible for funding

On-Road Vehicles (Old Vehicle)

- Eligibility criteria for on-road vehicles:
 - Ownership, registration, and operation by the applicant in Texas for two years prior to application signature date;
 - Used in its primary function in the applicant's routine operation in Texas for two years prior to application signature date;
 - Diesel engine certified to United States Environmental Protection Agency (EPA) heavy-duty on-road engine emission standards; and
 - Operating condition with at least five years of useful life remaining

Non-Road Equipment (Old Equipment)

- Eligibility criteria for non-road equipment:
 - Engine rated at 25 horsepower (hp) or greater;
 - Owned and operated by the applicant in Texas for two years prior to application signature date;
 - Used in the applicant's routine operation in Texas for two years prior to application signature date; and
 - Operating condition with at least five years of useful life remaining
- Exclusions: Marine vessels, locomotives, and stationary engines

Replacement On-Road Vehicles (New Vehicle)

- Certified to emit at least 25% less NO_x than the old vehicle;
- Electric engine (including hydrogen fuel cells and battery-electric vehicles);
- Vehicle model year no more than one year older than the calendar year in which the vehicle was purchased; and
- Same type and intended use as the old vehicle

Replacement Non-Road Equipment (New Equipment)

- Certified to emit at least 25% less NO_x than the old equipment;
- Electric engine (including hydrogen fuel cells and battery-electric vehicles);
- Engine model year no more than one year older than the calendar year in which the engine was purchased;
- Same type and intended use as the old equipment; and
- Non-road equipment must be replaced by another piece of non-road equipment unless replacing a non-road, purpose-built, port drayage truck with an on-road purpose-built port drayage truck.

Repower of On-Road Vehicles and Non-Road Equipment (New Engine)

- Repowering of existing eligible on-road vehicles or non-road equipment with a new, rebuilt, or remanufactured engine.
- Existing vehicle or equipment must have a least five years of useful life remaining.
- New engine certified or verified to emit 25% less nitrogen oxides (NO_x) than the engine being repowered.
- Replacement engine must be electric (including hydrogen fuel cells and battery-electric vehicles).

Refueling Infrastructure

- Additional funding available for refueling infrastructure for on-road vehicles or non-road equipment replaced or repowered through this grant program
- Allowable alternative fuels: Electricity and hydrogen
- Requirement: Ownership or ability to install, operate, and maintain the infrastructure at proposed site for contract duration and throughout the activity life
- Must be purchased by the applicant and not leased

Usage for Grant-Funded Equipment

- Requirement: At least 51% of grant-funded vehicle or equipment's annual operation must occur in Priority Areas
- Measurement: Annual operation in miles traveled, hours of engine operation, or fuel consumed
- Ownership and maintenance: Refueling infrastructure owned, operated, and maintained throughout the contract duration

Marketable Emissions Reductions Credits

- Projects generating marketable credits under emissions reduction credit program are not eligible unless the reductions are transferred to the state implementation plan or permanently retired.

Available Funding

- Total funding available is an estimated \$87 million
- Initial allocations based upon eligible project categories and priority area
- TCEQ may redistribute allocations to best meet the purpose of the program
- TCEQ will not reallocate funds until the program is open for at least 90 days

Initial Allocation by Project Category and Priority Area

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

Initial Allocation by Project Category and Priority Area

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**

Area	Allocation
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
Overall Total	\$86,806,350

Maximum Grant Amounts

- Maximum grant amounts based on entity type and project category:
 - Governmental entities: Up to 100% of the incremental project cost
 - Non-governmental entities: Up to 75% of the incremental project cost

Incremental Costs

- The incremental cost of a proposed project must be reduced by the value of any existing financial incentives or assistance.
- Replacement Projects for On-Road Vehicles and Non-Road Equipment
 - The incremental cost is the eligible cost to purchase the replacement equipment minus the default scrap value (\$1000) of the equipment being replaced.
- 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 default scrap value (\$250) of the old engine.
- 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.

Eligible Costs for Replacement Projects

- Eligible cost must be paid on or after the program opening date to be considered for funding.
- Eligible Cost for Replacement Projects include:
 - Cost(s) of the grant-funded on-road vehicle or non-road equipment;
 - Taxes and government fees;
 - Delivery and shipping fees;
 - Factory and/or extended warranties;
 - Maintenance and service contracts;
 - Mechanic and safety inspections;
 - Cooperative fees; and
 - Manufacturer or dealer processing fees not related to financing.

Eligible Costs for Repower Projects

- Cost of the new engine or upgrade, including sales tax and delivery charges;
- Cost(s) of additional equipment that must be installed with the new engine or upgrade;
- Associated supplies directly related to the installation of the engine or system;
- Costs to remove and dispose of the old engine, if applicable;
- Installation costs;
- Reengineering costs, if the vehicle or equipment must be modified for the new engine to fit; and
- Other ancillary costs which include:
 - shipping costs,
 - factory and/or extended warranties,
 - mechanic and safety inspections,
 - cooperative fees,
 - service and maintenance contracts, and
 - dealer or manufacturer fees.

Eligible Costs for Refueling Infrastructure Projects

- Equipment
 - 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).
- Supplies and Materials
 - Non-construction goods and materials having a unit acquisition cost (including sales tax and delivery) of less than \$5,000 per unit.

Eligible Costs for Refueling Infrastructure Projects (continued)

- Construction
 - The costs for the enhancement or building of permanent facilities, including:
 - Planning, designing, and engineering;
 - Materials and labor;
 - Subcontracts for services in connection with the construction; and
 - Facility improvements, such as paving, foundations, and covers.
- Contract Services
 - Non-construction related costs for subcontracted or hired-out professional services or tasks not performed by the applicant.

Ineligible Costs

- Insurance premiums;
- Finance fees and charges;
- Salaries and travel expenses for employees of the grantee;
- Expenses of any lobbyist registered in Texas;
- Costs associated with the preparation and submission of the application;
- Administrative costs of the grantee, including overhead and indirect costs (e.g., office supplies, rent, marketing, and advertising);
- Any costs paid prior to the program opening date listed on the first page of this RFGA;
- Food and drink; and
- Costs that do not involve an arms-length transaction (refer to Section 3.5 of the RFGA for additional information)

Application Submission

Email: VWSettle@tceq.Texas.gov

File Transfer Protocol Secure (FTPS) Server

Standard mail:

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

Express mail:

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

Application Submission (continued)

- Substantially complete application, required attachments, contact information, signatures, and necessary information for TCEQ to review the project eligibility.
- Waiver request: Applicants must submit waiver request for ownership and registration requirements at time of application.
- Application assistance: option to seek assistance from private consults. Application preparation by third party requires their signature and certification.

Application Submission Requirements

- Only one application per email (max file size: 25MB). If larger than 25MB, please submit by uploading the file to TCEQ's FTPS server and sharing with VWSettle@tceq.texas.gov.
- For applications submitted electronically, each attachment must be grouped by activity and clearly labeled with the activity number at the top of each page. It is preferable that the application and attachments be submitted as a single PDF.
- Only 10 activities may be submitted per application.
- Only one refueling infrastructure project site with a single type of alternative fuel per application.

Required Documentation

- 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.
- On-road projects will require documentation of ownership and registration for the two years immediately preceding the application signature date

Required Documentation (continued)

Refueling infrastructure projects:

- Site plan (including a scaled map which could be a photograph, satellite map, drawing, or similar graphic of the proposed site that shows the planning and design of the proposed facility. The site plan must:
 - Demonstrate how the vehicle or equipment may access the proposed facility; and
 - Provide the location of the facility within the property and include any easements, set-back requirements, and property boundaries.
- Documentation of the ability to install, operate and maintain the refueling infrastructure at the proposed site such as property ownership records, or other legal agreements, that can show the following:
 - The ability to complete any required construction on the proposed site; and
 - The ability to operate on the proposed property for at least 5 years from the date the application is signed.

Selection Process

- Substantially complete applications reviewed in order received for each eligible project category and priority area until funding is exhausted.
- TCEQ reserves the right to limit the award of more than 50% of a funding allocation to a single applicant and all its associated legal affiliates.

Grant Award and Contracting

- Grant recipients are required to sign a contract with TCEQ.
- Contract Scope of Work includes approved activities outlined in the application.
- Grant recipients commit to the successful completion and operation of new vehicle equipment and/or refueling infrastructure within contract time frames and funding limitations.

Disposition

- Requirement: old vehicles, equipment, and engines being replaced must be destroyed and rendered permanently inoperable **before reimbursement**.
- Disposition methods: crushing, cutting holes in engine block and frame rails, professional metal recycler (for airport ground support equipment only).
- Alternative methods: may be considered for requests submitted with the application.
- Noncompliance consequences: Contract remedies, including termination.

Reimbursement of Expenses

- Reimbursement process: payments made on a reimbursement basis for eligible costs paid in full by the grantee, minus scrap value and incentives.
- Documentation requirement: proof of grant-funded equipment receipt and full payment before reimbursement.
- Deadline: all costs paid, equipment received, and final reimbursement request submitted by deadline specified in the contract.
- Financing: reimbursement assigned to financial company unless grantee demonstrates eligible expenses were paid using non-borrowed funds.

Annual Usage and Reporting Commitments

- Obligation during activity life: own and operate grant-funded vehicles or equipment in Texas, maintain usage and location records, keep equipment in operating condition, obtain sufficient commercial insurance, notify TCEQ of changes in use, intentional destruction, or sale.
- Annual usage reports: not required but must maintain records documenting compliance and random audits may be conducted.
- Noncompliance consequence: contract remedies including termination and return of grant funds.

Performance Evaluation

- Notice from TCEQ: Grant recipient notified in writing the end of the activity life.

Helpful Documents

- Request for Grant Applications (RFGA)
- Sample Contract
- Application form

CONTACT US

TxVEMP Grant Programs

www.tceq.Texas.gov/agency/trust

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