Request for Grant Applications (RFGA)

Texas Commission on Environmental Quality (TCEQ)

Emissions Reduction Incentive Grants Program (ERIG)

Texas Emissions Reduction Plan (TERP)
ERIG Solicitation No. 582-25-70255-ER

Ferry, Tug, and Switcher Grant Program

Texas Volkswagen Environmental Mitigation Program (TxVEMP)
TxVEMP Solicitation No. 582-25-70256-VW

Este documento es la Aplicación para Solicitud de Subvenciones (RFGA por sus siglas en inglés) para el Programa de Subvenciones de Incentivos para la Reducción de Emisiones y para el Programa de Mitigación Ambiental de Texas Volkswagen (ERIG y TxVEMP, por sus respectivas siglas en inglés). La información de este documento le ayudará a determinar si reúne los requisitos para recibir una subvención en virtud de cualquiera de estos programas. Comuníquese al 800-919-TERP (8377) para obtener ayuda con la información sobre ERIG o comuníquese al 833-215-TXVW (8989) para obtener ayuda con la información sobre TxVEMP.

Important Dates	Date
Program Opening Date	December 2, 2024
Application Submission Deadline	February 14, 2025
Request for Reimbursement Deadline	April 30, 2027

Contact Information

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Applications will only be accepted for consideration during this grant period 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 11.0 for detailed instructions for submission.

The award of a 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), posted on the TxVEMP website at texasvwfund.org, as well as posted on the TERP website at terpgrants.org.

There will not be a pre-proposal conference.

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1.0 Invitation

TCEQ invites applications under the Texas Emissions Reduction Plan (TERP) Emissions Reduction Incentive Grants (ERIG) Program and Texas Volkswagen Environmental Mitigation Program (TxVEMP).

While separate grant programs, opportunities for funding both ERIG and certain TxVEMP projects are described in this RFGA. Note that for TxVEMP, this RFGA covers only marine and locomotive projects operating in the priority areas referenced in Appendix B. Additional projects are eligible under ERIG and will be fully described below.

Applicants applying for marine or locomotive projects meeting the eligibility requirements under both ERIG and TxVEMP may submit project applications under both programs. TCEQ will review and evaluate both applications but will only award a single grant under either ERIG or TxVEMP.

2.0 Purpose

The ERIG program provides financial incentives to repower or replace older locomotives, marine vessels, stationary equipment, and select non-road equipment in order to reduce nitrogen oxides (NO_X) emissions in nonattainment areas and affected counties in Texas. The ERIG program is established under Texas Health and Safety Code (THSC), Chapter 386, Subchapter C, to implement a portion of TERP. Rules for the program have been adopted by TCEQ in Title 30 Texas Administrative Code, Chapter 114 (30 TAC 114), Subchapter K, Division 3. TCEQ has also adopted the Texas Emissions Reduction Plan: Guidelines for Emissions Reduction Incentive Grants (ERIG Guidelines, August 2020), which contain more specific standards governing this program.

This RFGA also implements a portion of TxVEMP. TxVEMP is established and administered by TCEQ and subject to the requirements of the Environmental Mitigation Trust Agreement for State Beneficiaries (Trust Agreement) and the Beneficiary Mitigation Plan for Texas (RG-537). The ferry, tug, and switcher grant program provide financial incentives to repower or replace older locomotive freight switchers and repower marine ferries or tugs in order to reduce NO_X emissions in priority areas in Texas. Non-governmental entities applying under TxVEMP will be limited to replacement or repower projects that are all electric. Visit the TxVEMP website for more information on the background and purpose of the TxVEMP.

3.0 Eligible Applicants

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

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 that operates equipment primarily in an eligible county in Texas (See Appendix A and B).

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 throughout 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.

4.0 ERIG Program Requirements

All 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 use requirements of this section upon a finding of good cause. Applicants must submit waiver requests with the application to be considered. Please refer to Appendix C for instructions on completing and submitting a waiver request.

4.1 Eligible Project Categories

a) Replacement or repower emissions-reducing projects are eligible under ERIG for the categories listed below. A repower project refers to the replacement or upgrade of the engine on an existing piece of equipment with a new, rebuilt, or remanufactured engine.

    1) Limited, specific non-road equipment or stationary equipment;

    2) marine vessels; and

    3) locomotives.

b) General information, definitions, and criteria for eligible activities are available in the ERIG Guidelines. This RFGA may contain additional requirements that apply to this application period. Potential applicants should review this RFGA, the ERIG Guidelines, and the application forms.

4.1.1 Non-Road or Stationary Equipment

Stationary equipment includes equipment used in non-mobile applications that converts fuel into mechanical motion, including turbines and other internal combustion devices. Stationary equipment is used either in a fixed application or in a portable (i.e., transportable) application in which it stays at a single site for at least a full year (12 consecutive months).

Non-road equipment includes a piece of equipment, excluding a motor vehicle or on-road heavy-duty vehicle, powered by a non-road engine subject to the United States (US) Environmental Protection Agency (EPA) emission standards for non-road engines. Non-road equipment categories included in the 2024 Rebate Grants program are not eligible for funding under this ERIG grant round. See Appendix D for a list of these ineligible non-road equipment types.

To be eligible for replacement or repower, the **old** non-road or stationary equipment must:

a) be powered by an engine, turbine, or other internal combustion device that is 25 horsepower (hp) or greater;

    Note: This requirement refers to the horsepower of the engine being replaced only and does not apply to the replacement engine or technology.

b) have been continuously owned and operated by the applicant in Texas for at least the two years immediately preceding the application signature date;

c) currently be used in its primary function in the routine operations of the applicant;

d) have been used in its primary function in the routine operations of the applicant in Texas for the two years immediately preceding the application signature date; and

e) be in operating condition with at least five years of useful life remaining.

4.1.2 Marine Vessels

Marine vessels eligible under this program must have at least one propulsion engine that is subject to the EPA emission standards for marine vessels. Marine vessels may have more than one propulsion

or auxiliary engine. This category does not include marine vessels that are subject to the EPA recreational marine vessel standards or are otherwise used for sport purposes.

To be eligible for replacement or repower, the **old** marine vessel must:

a) contain one or more propulsion or auxiliary engines that is 25 hp or greater. Only engines that are 25 hp or greater are eligible in the consideration for and calculation of any grant award;

   Note: This requirement refers to the horsepower of the engine being replaced and does not apply to the replacement engine or technology.

b) have been continuously owned and operated by the applicant in Texas for at least the two years immediately preceding the application signature date;

c) currently be used in its primary function in the routine operations of the applicant;

d) have been used in its primary function in the routine operations of the applicant in Texas for the two years immediately preceding the application signature date;

e) be in operating condition with at least five years of useful life remaining;

f) currently be registered in the applicant's name for operation in Texas, where required under Texas boating regulations; and

g) have United States Coast Guard (USCG) registration of the vessel (if applicable) in the applicant's name.

4.1.3 Locomotives

Locomotives include linehaul or switcher locomotives that are subject to the EPA emission standards for locomotives.

To be eligible for replacement or repower, the **old** locomotive must:

a) have been continuously owned and operated by the applicant in Texas for at least the two years immediately preceding the application signature date;

b) currently be used in its primary function in the routine operations of the applicant;

c) have been used in its primary function in the routine operations of the applicant in Texas for the two years immediately preceding the application signature date; and

d) be in operating condition with at least five years of useful life remaining.

4.2 Non-Road or Stationary Equipment Replacement Qualifications

This category is for the replacement of non-road or stationary equipment with newer models.

a) The engine on the replacement equipment must be certified or verified to the EPA emissions standards for non-road engines or is otherwise authorized by applicable rule or air permit.

b) The engine on the replacement equipment must be certified to emit at least 25% less NO_X compared with the engine being replaced. TCEQ requires "Certification" by either the EPA, the California Air Resources Board (CARB), or another entity that has been deemed acceptable by TCEQ.

c) The engine on the replacement equipment must have an engine manufacture year no more than three years older than the calendar year in which it was purchased.

d) The replacement equipment must be of the same type and intended for use in the same application or vocation as the equipment being replaced. On a case-by-case basis, TCEQ may accept equipment of a different type to account for the latest technology or equipment type used for a specific vocation. In addition, TCEQ may allow a different number of engines on the

replacement equipment compared to the old equipment if the new equipment will have the same use as the equipment being replaced and the emissions reductions can be adequately documented.

4.3 Non-Road or Stationary Equipment Repower Qualifications

This category is for the replacement of an existing engine on a piece of non-road or stationary equipment with a new, used, rebuilt, or remanufactured engine, or electric motors, drives, or fuel cells.

a) Repower projects may also include the:

   1) retrofit (or add-on of emissions reduction technology) of an existing engine on a piece of non-road or stationary equipment; or

   2) the upgrade of an existing engine on a piece of non-road or stationary equipment with an emissions upgrade kit certified by the EPA or CARB.

b) The replacement engine must be certified or verified to the EPA emissions standards for non-road engines or otherwise authorized by applicable rule or air permit.

c) Rebuilt or remanufactured engines must use only components from the original engine manufacturer (OEM) and be purchased from the OEM or its authorized reseller unless otherwise approved by TCEQ on a case-by-case-basis.

d) The replacement engine or upgrade kit must be certified to emit at least 25% less NO_X than the engine being replaced or upgraded. TCEQ requires "Certification" by either the EPA, the CARB, or another entity that has been deemed acceptable by TCEQ.

e) The retrofit (or add-on of emissions reduction technology) must be verified to emit at least 25% less NO_X than the engine prior to the retrofit or add-on. "Verification" means approval by the EPA, the CARB, or another entity that has been deemed acceptable by TCEQ.

f) The new, rebuilt, or remanufactured engine must have an engine manufacture year no more than three years older than the calendar year in which the engine was purchased.

4.4 Marine Vessel Replacement Qualifications

Replacement projects include the replacement of a marine vessel with a new or newer marine vessel.

a) The combined NO_X emissions of the engines on the replacement vessel must be certified to be at least 25% less than the combined NO_X emissions of the engines on the vessel being replaced, based on the emissions standard for those engines. TCEQ requires "Certification" by either the EPA, the CARB, or another entity that has been deemed acceptable by TCEQ.

b) The replacement vessel must be of the same type and intended for use in the same application or vocation (for example, tug, fireboat, pusher) as the vessel being replaced. TCEQ may accept a vessel of a different type to account for the latest technology or vessel type used for a specific vocation. In addition, TCEQ may allow a different number of engines on the replacement vessel compared to the old vessel if the new vessel will have the same use as the vessel being replaced and the emissions reductions can be adequately documented.

c) The engine(s) in the replacement vessel must have an engine manufacture year no more than three years older than the calendar year in which it was purchased.

4.5 Marine Vessel Repower Qualifications

Repower projects include the replacement of an existing engine on a marine vessel with a new, used, rebuilt, or remanufactured engine, or electric motors, drives, or fuel cells.

a) Repower projects may also include:

    1) the retrofit (or add-on of emissions reduction technology) of an existing engine on a marine vessel;

    2) the upgrade of an existing engine on a marine vessel with an emissions upgrade kit certified by the EPA or CARB; or

    3) a marine engine low-NO_X rebuild kit that results in a new engine family code or test group number being assigned by the EPA and a new emissions information label being affixed to the rebuilt engine, subject to TCEQ approval.

b) Rebuilt or remanufactured engines must use only components from the OEM and be purchased from the OEM or its authorized reseller unless otherwise approved by TCEQ on a case-by-case-basis.

c) The replacement engine or upgrade kit must be certified to emit at least 25% less NO_X than the engine being replaced or upgraded. TCEQ requires "Certification" by either the EPA, the CARB, or another entity that has been deemed acceptable by TCEQ.

d) The retrofit (or add-on of emissions reduction technology) must be verified to emit at least 25% less NOX than the engine prior to the retrofit or add-on. "Verification" means approval by the EPA, the CARB, or another entity that has been deemed acceptable by TCEQ.

4.6 Locomotive Replacement Qualifications

This category is for the replacement of a locomotive with a new or newer locomotive. Replacement projects include maintaining the frame rails and wheels of the original locomotive.

a) The engine on the replacement locomotive must be certified to emit at least 25% less NOx (in other words, no more than 75% as much NO_X) compared with the engine being replaced. TCEQ requires "Certification" by either the EPA, the CARB, or another entity that has been deemed acceptable by TCEQ.

b) The replacement locomotive must be of the same locomotive type and be intended for the same or similar purpose as the locomotive being replaced. On a case-by-case basis, TCEQ may accept locomotives of a different type to account for the latest technology used for a specific vocation. In addition, TCEQ may allow a different number of engines on the replacement locomotive compared to the old locomotive if the new locomotive will have the same use as the locomotive being replaced and the emissions reductions can be adequately documented.

c) Replacement of a locomotive over 1,005 hp with a locomotive 1,005 or less hp may be considered by TCEQ, on a case-by-case basis, if it is shown that the design of the lower horsepower locomotive allows it to perform the same switcher functions that the higher horsepower locomotive was performing.

d) The engine in the replacement locomotive must have an engine manufacture year that is no more than three years older than the calendar year in which the locomotive is purchased.

4.7 Locomotive Repower Qualifications

This category is for the replacement of an existing engine on a locomotive with a new, rebuilt, or remanufactured engine, or one or more electric motors, drives, or fuel cells. Repower projects include only the replacement of the engine and all necessary associated drivetrain components.

a) Repower projects may also include:

    1) the retrofit (or add-on of emissions reduction technology) of an existing engine on a locomotive; or

2) the upgrade of an existing engine on a locomotive with an emissions upgrade kit certified by the EPA or CARB.

b) Rebuilt or remanufactured engines must use only components from the OEM and be purchased from the OEM or its authorized dealers and distributors.

c) The replacement engine or upgrade kit must be certified to emit at least 25% less NO_X than the engine being replaced or upgraded. TCEQ requires "Certification" by either the EPA, the CARB, or another entity that has been deemed acceptable by TCEQ.

d) The retrofit (or add-on of emissions reduction technology) must be verified to emit at least 25% less NOX than the engine prior to the retrofit or add-on. "Verification" means approval by the EPA, the CARB, or another entity that has been deemed acceptable by TCEQ.

4.8 Refueling Infrastructure

Applicants purchasing a qualifying select non-road or stationary piece of equipment, marine vessel, or locomotive powered by an alternative fuel may request additional funding for on-site refueling infrastructure.

a) Allowable alternative fuels are as follows:

1) Electricity
2) Hydrogen
3) Compressed Natural Gas (CNG)
4) Liquefied Natural Gas (LNG)
5) Propane (LPG)
6) Methanol

b) Applicants may only include one refueling infrastructure project site and one type of alternative fuel per application.

c) The refueling infrastructure must provide, at a minimum, refueling capacity to the non-road or stationary equipment, marine vessel, or locomotive 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 7: Refueling Infrastructure (Optional) of the project application must be completed and signed by the property owner.

f) Applicants are required to be the owner of the refueling infrastructure equipment.

4.9 Operation of the Grant-Funded Equipment

a) At least 55% of the grant-funded equipment operation must occur in one or more of the nonattainment areas and affected counties (see Appendix A).

1) At the time of application, applicants may elect to increase this commitment up to a maximum of 95% of their operation in these same areas.

2) Higher usage commitments may increase the competitiveness of a project and will increase the maximum amount of grant funds that can be requested.

3) Usage is a binding commitment in any grant award.

b) For marine vessels, eligible operation must occur within eligible counties or within the coastal county lines of eligible counties which is approximately 3 leagues (10.35 miles) offshore. Marine vessels may operate in the intercoastal waterways or bays adjacent to a nonattainment area or affected county in Texas. Operation in these intercoastal waterways or bays outside of eligible counties may be used to meet the 55% requirement but will not be considered in any emissions reduction calculations for scoring purposes.

c) Annual operation may be measured through miles traveled, hours of engine operation, or fuel consumed. For determining the total annual operation, only one type of measurement (e.g., miles traveled) can be used. Applicants receiving a grant must be prepared to keep and maintain records of their annual operation in the unit of measurement they choose on their application.

d) Refueling infrastructure must be owned, operated, and maintained for the duration of its annual usage reporting requirement as defined in Section 11.13 of this RFGA.

5.0 TxVEMP Program Requirements

All 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 use requirements of this section upon a finding of good cause. Applicants must submit waiver requests with the application to be considered. Please refer to Appendix C for instructions on completing and submitting a waiver request.

5.1. Eligible Project Categories

a) The following emissions-reducing project categories are eligible under TxVEMP:

1) Repower of ferries and tugs; and

2) Replacement or repower of freight switchers.

b) General information, definitions, and criteria for eligible activities are available in the Trust Agreement and Beneficiary Mitigation Plan for Texas. This RFGA may contain additional requirements that apply to this application period. Potential applicants should review this RFGA, the Trust Agreement, Beneficiary Mitigation Plan for Texas, and the application forms.

5.1.1 Ferries and Tugs

A **ferry** includes any vessel that is being used to provide transportation only between places that are no more than 300 miles apart, and to transport only passengers, vehicles, or railroad cars which are being used, or have been used, in transporting passengers or goods.

A **tug** includes any dedicated vessels that push or pull other vessels in ports, harbors, and inland waterways (e.g., tugboats and towboats).

To be eligible for repower, the old ferry or tug must:

a) include unregulated, Tier 1, or Tier 2 marine engines;

b) be owned by the applicant at the time of application and have been continuously owned by the applicant for a minimum of two years immediately preceding the application signature date;

c) currently be used in its primary function in the routine operations of the applicant;

d) have been used in its primary function in the routine operations of the applicant in Texas for the two years immediately preceding the application signature date;

e) be in operating condition with at least five years of useful life remaining; and

f) currently be registered in the applicant's name for operation in Texas, where required under Texas boating regulations. Any United States Coast Guard documentation of the vessel must also be in the applicant's name.

5.1.2 Freight Switchers

Freight switchers include locomotives that move rail cars within a rail yard as compared to a line-haul engine that moves freight long distances.

To be eligible for replacement or repower, the old freight switcher must:

a) be a pre-Tier 4 switcher locomotive that operates 1,000 or more hours per year;

b) be owned by the applicant at the time of application and have been continuously owned by the applicant for a minimum of two years immediately preceding the application signature date;

c) currently be used in its primary function in the routine operations of the applicant;

d) have been used in its primary function in the routine operations of the applicant in Texas for the two years immediately preceding the application signature date; and

e) be in operating condition with at least five years of useful life remaining.

5.2 Ferry and Tug Repower Qualifications

This category is for the replacement of an existing engine on a ferry or tug with a newer, cleaner engine or power source.

a) Government-owned ferries and tugs may be repowered with:

   1) any new Tier 3 or Tier 4 diesel or alternative fuel engines;

   2) with new all-electric engines; or

   3) may be upgraded with an EPA Certified Remanufacture System or an EPA Verified Engine Upgrade.

b) Non-government-owned ferries and tugs must be repowered with new all-electric engines.

c) The engine in the repowered ferry or tug may not have a model year more than one year older than the calendar year in which it was purchased.

5.3 Freight Switcher Replacement and Repower Qualifications

a) Eligible government-owned freight switchers may:

   1) be repowered with any new diesel or alternative fuel or all-electric engine(s) (including generator sets); or

   2) be replaced with any new diesel or alternative fuel or all-electric (including generator sets) freight switcher.

   The replacement or repowered freight switcher must be certified to meet the applicable EPA emissions standards as published in the Code of Federal Regulations for the engine model year in which the grant equipment is purchased.

b) Eligible non-government-owned freight switchers may:

1) be repowered with any new all-electric engine(s) (including generator sets); or
2) be replaced with any new all-electric (including generator sets) freight switcher.

c) The engine in the replacement or repowered freight switcher may not have a model year more than one year older than the calendar year in which it was purchased.

d) The replacement freight switcher must be of the same type and intended for the same use in the same application or vocation.

5.4 Electric Charging Infrastructure

Applicants purchasing a qualifying ferry, tug, or freight switcher powered by electricity may request additional funding for on-site electric charging infrastructure.

a) Applicants may only include one electric charging infrastructure project site per application.

b) The electric charging infrastructure must provide, at a minimum, refueling capacity to the ferries, tugs, or freight switchers replaced or repowered through this grant program.

c) Applicants may expand existing on-site charging infrastructure to accommodate the additional new grant-funded equipment in lieu of installing new service.

d) Applicants are required to be the owner of the site where the charging infrastructure equipment will be installed or be able to demonstrate the ability to install, operate, and maintain the charging infrastructure at the proposed site for the duration of the contract. If an applicant does not own the property where the charging infrastructure equipment will be installed, the Charging Infrastructure Project Certifications under Section 7: Refueling Infrastructure (Optional) of the project application must be completed and signed by the property owner.

e) Applicants are required to be the owner of the charging infrastructure equipment.

5.5 Operation of Grant Funded Equipment

a) At least 51% of the grant-funded equipment operation must occur in one of the priority area counties (see Appendix B).

1) At the time of application, applicants may elect to increase this commitment up to a maximum of 95% of their operation in these same areas.

2) Higher usage commitments may increase the competitiveness of a project and may increase the maximum amount of grant funds that can be requested.

3) Usage is a binding commitment in any grant award.

b) For marine vessels, eligible operation must occur within eligible counties or within the coastal county lines of eligible counties which is approximately 3 leagues (10.35 miles) offshore.

c) 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.

d) Charging infrastructure must be owned, operated, and maintained for the duration of its annual usage reporting requirement as defined in Section 11.13 of this RFGA.

6.0 Annual Usage Rates

Standard default annual usage rates are used by TCEQ to calculate the NO_X emissions reductions that are achieved by each activity, and are measured either in miles, hours, or fuel use, depending on the equipment type. Annual usage rates are applied to each activity for the duration of the Activity Life.

a) Standard Usage

   1) The applicant should identify the Standard Usage rate established for each type of equipment in the application's technical supplement, and list it in the application.

   2) The Standard Usage rate will be used for emissions reduction calculations only. The grant recipient will not be obligated to use the equipment for the exact number of annual miles, hours, or fuel use listed as the Standard Usage rate.

b) Non-Standard Usage

   1) If a Standard Usage rate is not listed in the application's technical supplement for a particular type of equipment, or if the applicant elects to apply using the historical annual usage rate (average annual use for the two years immediately preceding the application signature date), a Non-Standard Usage rate may be applied. TCEQ will consider non-standard usage on a case-by-case basis. Refer to Supplemental Form 2: Non-Standard Annual Usage Rates for more information and to apply under this option.

c) Non-Standard Usage is not available for locomotive projects, which may be applied for only using a Standard Usage rate.

7.0 Marketable Emissions Reductions Credits Requirements

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 the ERIG or TxVEMP 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 THSC, Section 386.055; and

b) the reductions are permanently retired.

8.0 ERIG Available Funding and Grant Amounts

8.1 Available Funding

a) The total amount to be awarded under this RFGA will depend upon the amount of revenue received in the TERP Trust Fund but is initially anticipated to be $55 million.

b) Depending on demand and the requested grant amounts of eligible ERIG applications received, TCEQ may redistribute funds to best meet the purposes of ERIG and other TERP programs. This may include, but is not limited to, moving funds to another TERP grant program, or allocating additional funds to ERIG. Funding will not be redistributed between ERIG and TxVEMP programs.

8.2 Determining Eligible Grant Amounts

8.2.1 Replacement and Repower Projects

a) For replacement and repower projects, grant recipients may be eligible for reimbursement of up to 80% of the eligible incremental costs associated with the purchase or lease of the

replacement equipment, not to exceed an incentive amount that results in a cost per ton (CPT) of NO_X reduced as specified below:

1) Marine and Locomotive Projects: $20,000 CPT
2) Stationary Projects: $35,000 CPT
3) Non-Road Equipment Projects: $35,000 CPT

b) Individual activities submitted in a project application may exceed the cost per ton limits so long as the cost per ton of the overall project remains at or under the established cost per ton limitations associated with each project category.

8.2.2 Refueling Infrastructure Projects

a) Applicants may apply for refueling infrastructure associated with replacement or repower projects. Applicants will be reimbursed up to 50% of the eligible incremental cost of the refueling infrastructure project, not to exceed an incentive amount that results in an overall project CPT of NO_X reduced as specified below:

1) Marine and Locomotive Projects with Infrastructure: $20,000 CPT
2) Stationary Projects with Infrastructure: $35,000 CPT
3) Non-Road Equipment Projects with Infrastructure: $35,000 CPT

b) For the purposes of determining if a project including refueling infrastructure meets these limits, the requested grant amount for the refueling infrastructure will be added to any other requested grant amounts in an application with no additional NO_X emissions reductions. The overall CPT of the project cannot exceed the CPT limit.

9.0 TxVEMP Available Funding and Grant Amounts

9.1 Available Funding

a) The total amount to be awarded under this RFGA will depend upon the amount of funds available to TCEQ under the Trust Agreement but is initially anticipated to be $13 million.

b) Depending on demand and the requested grant amounts of eligible TxVEMP applications received, TCEQ may redistribute funds to best meet the purposes of TxVEMP. This may include, but is not limited to, moving funds to another TxVEMP grant program, or allocating additional funds to this TxVEMP solicitation. Funding will not be redistributed between TxVEMP and ERIG or other TERP programs.

9.2 Determining Eligible Grant Amounts

9.2.1 Replacement and Repower Projects

a) Governmental entities may request up to 100% of the incremental cost of an eligible replacement or repower 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 federal government agency or entity is not included in this definition and will be considered a private entity for this grant program.

b) Non-governmental entities may request up to 75% of the incremental cost of an eligible all-electric replacement or repower project.

9.2.2 Charging Infrastructure

a) Applicants may apply for electric charging infrastructure associated with an eligible replacement or repower project.

b) Governmental entities may request up to 100% of the incremental cost of the charging infrastructure.

c) Non-governmental entities may request up to 75% of the incremental cost of the charging infrastructure.

10.0 Determining Eligible Costs

10.1 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 Non-Road Equipment

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

b) Repower Projects for 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. TERP uses a default scrap value of $250.

c) Replacement Projects for Stationary Equipment, Marine Vessels, and Locomotives

The incremental cost is the eligible cost to purchase the replacement equipment minus the scrap value of the equipment being replaced. Applicants must submit documentation with the application to show the scrap value of the equipment being replaced.

d) Repower Projects for Stationary Equipment, Marine Vessels, and Locomotives

The incremental cost is the eligible cost to purchase and install the replacement engine and associated equipment minus the scrap value of the engine being replaced. Applicants must submit documentation with the application to show the scrap value of the equipment being replaced.

e) Refueling or Charging Infrastructure

The incremental cost is the eligible cost to purchase and install the refueling or charging infrastructure and associated equipment.

10.2 Eligible Costs

a) Eligible costs for replacement projects include:

1) cost(s) of the grant-funded equipment, i.e.:

- Invoice purchase price;
- Capital lease cost basis; or
- Sum of operating lease* payments over the contract's Activity Life.

*A regular lease is not eligible for reimbursement under TxVEMP. The grant funded equipment must be purchased, or leased with the obligation to purchase and own the equipment.

2) taxes and government fees;

3) protective in-transit insurance;
4) delivery and shipping fees;
5) factory and/or extended warranties;
6) maintenance and service contracts;
7) mechanic and safety inspections;
8) cooperative fees;
9) manufacturer or dealer processing fees not related to financing; and
10) purchase and installation of a dedicated global positioning system (GPS) for tracking and monitoring the use of grant-funded equipment during the Activity Life.

b) Eligible costs for repower projects include:
1) cost of the new engine or upgrade, including sales tax, protective in-transit insurance, 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) the cost to remove and dispose of the old engine, if applicable;
5) installation costs;
6) reengineering costs, if the equipment must be modified for the new engine to fit (including technical design, testing, and other engineering services required as part of the installation); and
7) other ancillary costs, which include shipping costs, factory and/or extended warranties, mechanic and safety inspections, cooperative fees, and dealer or manufacturer fees.

c) Eligible Costs for Refueling or Charging Infrastructure include:
1) **Equipment** includes tangible personal property having a unit acquisition cost of $5,000 or more (including sales tax and delivery) with an estimated useful life of over one year. Equipment purchased with grant funds should be budgeted as equipment if the sum of the separate component parts (including tax and delivery) has an original value of $5,000 or more. TCEQ will require an itemized invoice and proof of payment for reimbursement of all equipment costs.
    - Eligible equipment costs for natural gas and alternative fuel dispensing equipment include natural gas and alternative fuel storage tanks, compressors, electrical infrastructure, and other equipment at the facility directly needed to store and dispense eligible alternative fuels.
    - Eligible equipment-related costs include contractual costs, and supplies and non-capital items necessary for the installation of the equipment.
2) **Supplies and Materials** includes non-construction related costs for goods and materials having a unit acquisition cost (including sales tax and delivery) of less than $5,000 per unit. An itemized invoice and proof of payment will be required for reimbursement of all supplies and materials costs.
3) **Construction** includes the costs for the enhancement or building of permanent facilities. 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) **Contractual** includes 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. List each subcontractor/consultant separately.

10.3 Ineligible Costs

Ineligible costs include, but are not limited to:

a) Insurance premiums;

b) Finance fees and charges;

c) Salaries and travel expenses for employees of the grantee;

d) Expenses of any lobbyist registered in Texas;

e) Costs associated with the preparation and submission of the grant application;

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

g) Costs that do not involve an arm's-length transaction, such as the use of existing inventory without a proof of purchase or a transaction with a related business affiliate;

1) Transactions between related businesses (subsidiary, sister, or parent companies) are not considered arm's 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;

h) Food and drink; and

i) Any costs incurred prior to the opening of the grant round.

Grant funds must be spent consistent with all applicable cost principles from 30 TAC 14.10 and the Texas Grant Management Standards (TxGMS). TxGMS documents are available on the Texas Comptroller of Public Accounts website.

11.0 Grant Application and Administration

11.1 Application Forms

a) The application and this RFGA may be downloaded from the TCEQ website at terpgrants.org or www.txvwfund.org.

b) A Portable Document Format (PDF) version of the draft contract may be viewed and downloaded from the TCEQ website at terpgrants.org or 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. Any requested changes to the draft contract must be submitted to TCEQ in writing at the time the application is submitted. However, the applicant further understands that TCEQ will not normally change the contract language in response to individual requests from grant recipients and is under no obligation to do so. TCEQ reserves the right to modify the draft contract terms as necessary due to statutory

rule, or policy changes. Modifications will be posted to the TCEQ website at terpgrants.org and www.txvwfund.org as well as the ESBD.

c) All applications for funding must be submitted by the application deadline listed on the cover 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 score and rank the project according to the scoring criteria listed in this RFGA.

d) TCEQ reserves the right to limit the award of more than $10 million to a single applicant per program. For the purposes of this limitation, an "applicant" includes an individual or business and all of 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.

e) 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. Marine replacement or repower projects may not include activities for more than one vessel in a single application.

f) A project application may only include activities involving one type of emission source, project category, and Activity Life. Projects involving different emission sources, project categories, or activity lives must be applied for on separate applications.

g) Applicants will be required to submit documentation and photographs with the application to demonstrate the eligibility of the equipment being replaced or repowered, including color photographs of the equipment and its associated engine(s).

h) The applicant must provide proof of ownership, which may include a copy of the bill of sale, maintenance records, or in some cases a title.

i) Where required under Texas boating regulations, a marine vessel must currently be registered in the applicant's name for operation in Texas. Any USCG documentation of the vessel must also be in the applicant's name.

j) Applicants with projects that include refueling or charging infrastructure must provide documentation that includes:

   1) a 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 (not just an arrow on a map). The site plan must:
      - demonstrate how the locomotive, marine vessel, 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.
   2) a demonstration of their ability to install, operate, and maintain the refueling infrastructure at the proposed site, such as property ownership records, lease agreements, 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 a length of time equal to the Activity Life of the grant-funded equipment.

k) Applicants must request TCEQ's preauthorization of an alternative method of disposition for the 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 11.10 of this RFGA will be required.

l) 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.

m) The applicant must indicate in the application if the application was prepared by a third-party (someone other than the applicant or an employee of an applicant). If a third-party prepares the application, the third-party must also sign the application and certify that the information provided in the application is true and correct and as represented to the third-party by the applicant. A third-party's failure to sign the application or signing it with a false statement may make the application ineligible, may make any resulting contracts voidable, and may subject the third-party preparer to criminal or civil penalties.

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

n) By signing the application, the applicant is certifying its understanding and compliance with the statements listed in Sections 5 and 7 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.

11.2 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 using TCEQ's FTPS server. It is preferable that the application and its attachments be submitted as a single PDF, but it is not required. If the attachments for an application will be submitted as separate files, each attachment must be grouped by activity and clearly labeled with the activity number at the top of each page.

   1) **Submitting Applications via TCEQ's FTPS Server.** Applications may be submitted securely by uploading the file to our FTPS site and selecting the share file(s) button. Enter ERIG-Apply@tceq.texas.gov as the email address. See detailed directions for using TCEQ's FTPS site. Please note applications uploaded to the FTPS site without completing the share file(s) step will not be considered as submitted. Here are the detailed instructions on how to share files via TCEQ's FTPS site. Learn how to create an account and submit your application via FTPS (FTPS: A Step-by-Step Video Guide).

c) 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 (ERIG / TxVEMP)
P.O. Box 13087
Austin, TX 78711-3087

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

d) 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.

11.3 Selection Process

Applications for eligible projects will be evaluated, scored, and ranked according to the scoring criteria provided below. Project scores and ranking will be based upon the representations made in the application at the time of application submission. Once selected for a grant, any changes made to the representations in the application that reduce the total project score will make any resulting contracts voidable.

a) **Cost per ton of NO_X projected to be reduced.**

Projects with the lowest CPT of NO_X reduced, as compared to all other projects, will receive the most points. The CPT of NO_X reduced will be determined by using the methodology described in the Technical Supplement for the submitted project type, found in Step 3 on the ERIG webpage and Step 3 on the TxVEMP webpage.

b) **Total projected NO_X reductions.**

Projects with the highest projected NO_X reductions (tons of NO_X), as compared to all other projects, will receive the most points. Projected NO_X reductions will be determined by using the methodology described in the Technical Supplement for the submitted project type, found in Step 3 on the ERIG webpage and Step 3 on the TxVEMP webpage.

Applicants are not required to compute the CPT of NO_X reduced or the total projected NO_X reductions as these values will be determined by TERP staff. For those wishing to perform their own calculations, instructions are provided in the Technical Supplements. Grant Estimators are also provided in Step 3 on the ERIG webpage and Step 3 on the TxVEMP webpage.

Applicants that meet the eligibility criteria for both ERIG and TxVEMP may submit applications under both programs. However, a project may only be awarded a grant from one of the programs and not both.

To be eligible for consideration under both ERIG and TxVEMP, projects must meet the following location and equipment type criteria:

a) Projects must be for the repower of a ferry or tug, or replacement or repower of a locomotive switcher; and

b) Projects must be located in a county eligible both for ERIG and TxVEMP. See Appendices A and B for the map of eligible counties for both programs.

Applications submitted under both the ERIG and TxVEMP will be considered for each program. If both of the applications for the same project receive a high enough score to be selected for funding under

both the ERIG and TxVEMP scoring criteria, the applicant will only receive a single grant award under either ERIG or TxVEMP for that project.

11.4 Scoring Criteria

Eligible projects will be evaluated, scored, and ranked according to the Scoring Criteria outlined in Section 11.3 of this RFGA. TCEQ provides no assurances that a project will be awarded a grant. If an applicant purchases the new equipment prior to the execution of a contract for that equipment, they do so at their own risk.

a) **CPT of NO_X projected to be reduced (up to 50 points).** The CPT is determined by dividing the grant amount by the projected tons of reduction in NO_X emissions to be achieved over the life of the project. Projects that include infrastructure will have the requested infrastructure grant amount included in the CPT calculation. Projects with the lowest CPT of emissions reduced, as compared to all other projects, will receive the most points.

b) **Total projected NO_X reductions (up to 50 points**). Projects with the highest projected NO_X reductions (tons of NO_X), as compared to all other projects, will receive the most points.

11.5 Additional Considerations

In addition to the selection criteria explained above, and regardless of the scores and ranking assigned to a project, TCEQ may consider the following factors when reviewing applications for grant funding.

a) 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.

b) 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 projects 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) on TCEQ's Compliance History Database for applicants that are subject to the rating.

c) TCEQ may also:

   1) require additional conditions or changes to the project pertaining to equipment, logistical considerations, expenses, and other program elements;

   2) make a determination of risks associated with the applicant, the third-party preparer, and/or project, which may result in non-selection of award or the inclusion of additional conditions in the contract to address the identified risks;

   3) determine minimum acceptable scores under each scoring category or factor;

   4) limit or prioritize the number of grants awarded for projects in a specific area based on the scores assigned to the projects; or

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

d) If an applicant is applying for the same project under this RFGA and an RFGA under a separate TERP or TxVEMP grant program, funding will only be awarded under the first program that awards a grant for the submitted project.

e) 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.

f) TCEQ may conduct site visits at any point of the application review process or after award of the grant. Applicants must cooperate with TCEQ, the State of Texas, the State Auditor's Office, and any of their authorized representatives to allow access to all equipment, marine vessels, and locomotives being replaced and all grant-funded equipment, marine vessels, and locomotives 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.

11.6 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 equipment and any refueling or charging infrastructure (referred to in the contract as Grant Equipment) within the contract's time frames and funding limitations.

Successful applicants will be notified of their selection and the amount of grant funds that may be awarded. Upon the applicant's signature and final execution of the contract by TCEQ, a copy of the signed contract will be returned to the applicant, at which time the grant will be considered awarded and executed.

11.7 Reimbursement of Expenses

a) All grants are paid on a reimbursement basis for eligible costs paid in full by the grantee minus the scrappage value and any incentives, as referenced in Section 10.1.

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.

   For TxVEMP, the grantee must also complete the disposition of the old equipment and engines being replaced or repowered before the reimbursement payment will be issued by TCEQ.

c) All costs must be paid in full by the grantee, grant-funded equipment received and operational, and final requests for reimbursement submitted to TCEQ by the request for reimbursement deadline listed in the contract.

d) 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.

e) Grantees experiencing project delays may submit a written extension request to TCEQ via electronic mail 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 may depend on the availability of grant funds.

f) 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).

g) If the ERIG grant equipment is leased, the lease must have a term sufficient to cover the entirety of the Activity Life or a binding commitment to purchase at the end of the term. For lease purchase arrangements, an option to buy at the end of a lease term without a binding commitment is not sufficient.

If the TxVEMP grant equipment is leased, the lease must include the obligation to purchase and own the equipment. For lease purchase arrangements, an option to buy at the end of a lease term without a binding commitment is not sufficient.

11.8 ERIG Disposition Requirements

a) If selected for a grant, the grant recipient is responsible for completing the disposition of the old equipment and engines being replaced or repowered and providing disposition verification to TCEQ within 90 days after the reimbursement is issued by TCEQ.

b) Disposition requires that the old equipment and engine be destroyed and rendered permanently inoperable. The structural damage to the equipment must be such that repairs are not possible.

c) 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 and the return of grant funds.

d) This section does not apply to refueling infrastructure projects.

11.9 TxVEMP Disposition Requirements

a) If selected for a grant, the grant recipient is responsible for completing the disposition of the old equipment and engines being replaced or repowered and providing disposition verification to TCEQ *before* the reimbursement payment will be issued by TCEQ.

b) Disposition requires that the old equipment and engine be destroyed and rendered permanently inoperable. The structural damage to the equipment must be such that repairs are not possible.

c) 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.

d) This section does not apply to refueling infrastructure projects.

11.10 Standard Method of Disposition

The grant recipient must dispose of the old equipment and engine by:

a) completely crushing the equipment and engine; or

b) making a 3-inch or larger hole in the engine block and, for a replacement project, cutting both frame rails or other main structural components of the equipment in half.

11.11 Alternative Methods of Disposition

a) TCEQ may consider alternative methods of rendering the equipment or engines permanently inoperable in lieu of the standard method of disposition. See the Alternative Disposition section of the application.

b) The applicant must provide a detailed explanation of the alternative method of disposition in Section 9 of the application. If approved, TCEQ will include the alternative disposition method in the Special Conditions of the contract. If TCEQ does not approve the alternative disposition method, the grantee must follow the Standard Disposition requirements outlined above in Section 11.10. Grant applicants must request TCEQ's preauthorization of an alternative method for rendering the equipment and engine permanently inoperable.

11.12 Disposition Verification to TCEQ

a) The contract will include specific provisions for the disposition of the equipment and engine(s) being replaced and for submitting disposition verification to TCEQ.

b) The applicant must provide a certification of the disposition of the equipment and engine being replaced on forms provided by TCEQ.

11.13 ERIG Annual Usage and Reporting

a) The time period used to determine the required emissions reductions for each activity is referred to as the Activity Life. The Activity Life will start on the date TCEQ approves disposition of an activity. When disposition is approved, TCEQ will notify the grantee to start keeping records beginning on the specified Activity Life start date.

b) For stationary projects, the Activity Life will run for a minimum of 5 years to a maximum of 7 years, including any associated infrastructure.

c) For marine or locomotive projects, the Activity Life will run for a minimum of 5 years to a maximum of 10 years, including any associated infrastructure.

d) For the duration of the Activity Life, a grantee must:

1) own or lease the grant-funded equipment (refueling infrastructure must be owned and not leased);

2) operate the grant-funded equipment in Texas, with at least 55% of the equipment's total annual operation occurring in the eligible areas (refer to Appendix A);

3) maintain usage, location records, documents, amendments, and other reasonable information pertinent to the grant-funded equipment, and maintain these records for 4 years after the termination of the contract;

4) maintain the grant-funded equipment in proper operating condition;

5) obtain sufficient commercial insurance for each grant-funded equipment to protect against loss, damage, or liability (proof of self-insurance will be sufficient for governmental entities);

6) request approval for any changes, including, but not limited to:

- the termination of use,
- the change in use,
- the intentional destruction of grant-funded equipment, or
- the sale of grant-funded equipment. Any sale of the grant-funded equipment during the contract period 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.

e) 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 Scope of Work and to identify any issues preventing performance.

f) Failure to meet the requirements of Section 11.13 may invoke the contract's remedies, including termination of the contract and the return of all or a pro-rated share of the grant funds.

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

11.14 TxVEMP Annual Usage and Reporting

a) The time period used to determine the required emissions reductions for each activity is referred to as the Activity Life.

b) The Activity Life will start on the date the reimbursement payment is issued for each grant activity under the grant. When reimbursement is issued, TCEQ will notify the grantee to start keeping records beginning on the specified Activity Life start date.

c) For TxVEMP projects, the Activity Life will be for 5 years.

d) For the duration of the Activity Life, a grantee must:

1) own the grant-funded equipment (charging infrastructure must be owned and not leased);

2) operate the grant-funded equipment in Texas, with at least 51% of the equipment's total annual operation occurring in one of the TxVEMP priority areas (refer to Appendix B);

3) maintain usage, location records, documents, amendments, and other reasonable information pertinent to the grant-funded equipment, and maintain these records for 4 years after the termination of the contract;

4) maintain the grant-funded equipment in proper operating condition;

5) obtain sufficient commercial insurance for each grant-funded equipment to protect against loss, damage, or liability (proof of self-insurance will be sufficient for governmental entities);

6) request approval for any changes, including, but not limited to:

- the termination of use,
- the change in use,
- the intentional destruction of grant-funded equipment, or
- the sale of grant-funded equipment. Any sale of the grant-funded equipment during the contract period will be subject to written 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.

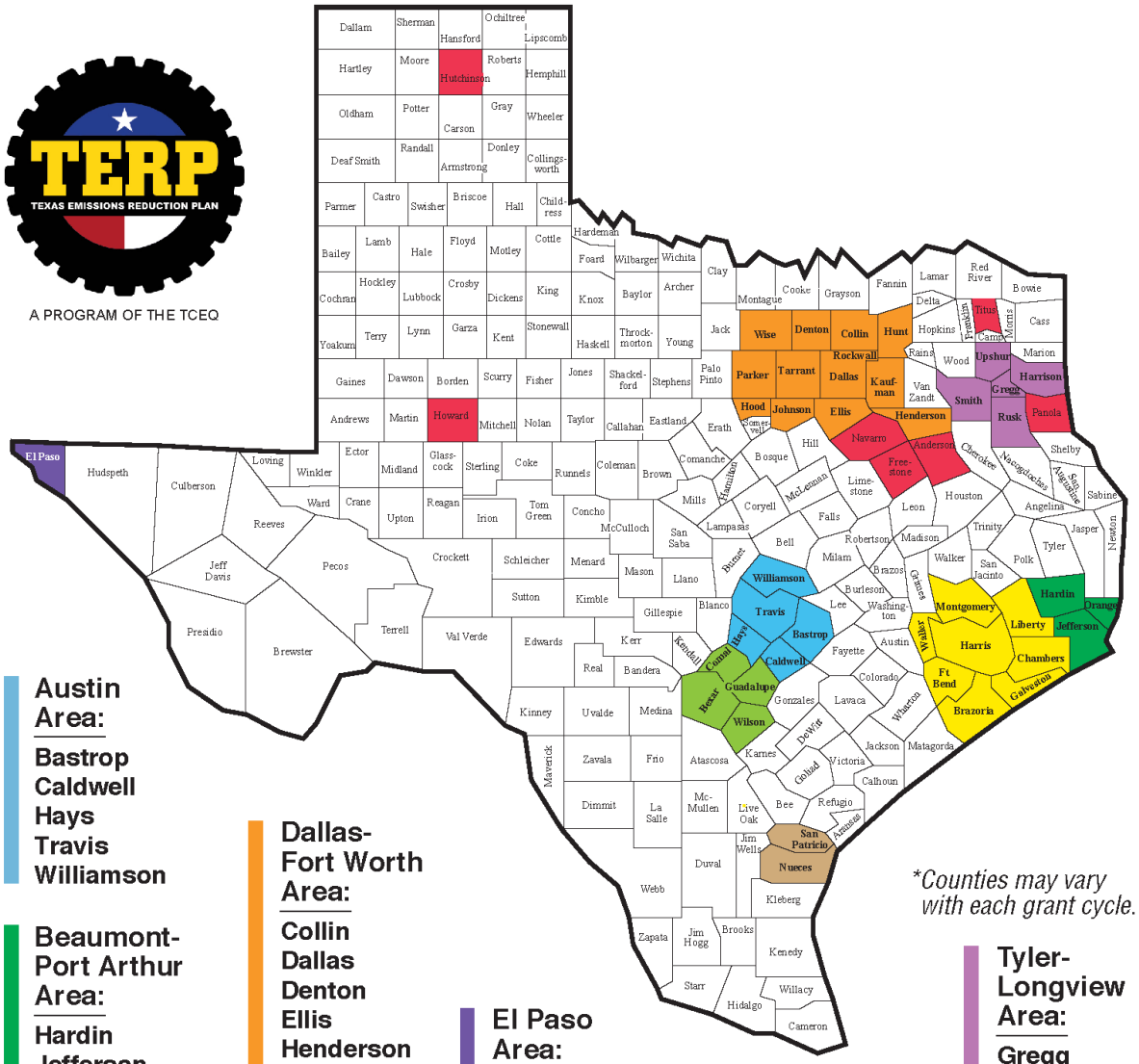
e) During the Activity Life, grantees will not be required to provide annual usage reports; however, grantees must maintain records sufficient to demonstrate they are complying with these usage requirements. At any time during the Activity Life, applicants may be subject to a random audit and inspection of these records.

f) Failure to meet the requirements of Section 11.14 may invoke the contract's remedies, including termination of the contract and the return of all or a pro-rated share of the grant funds.

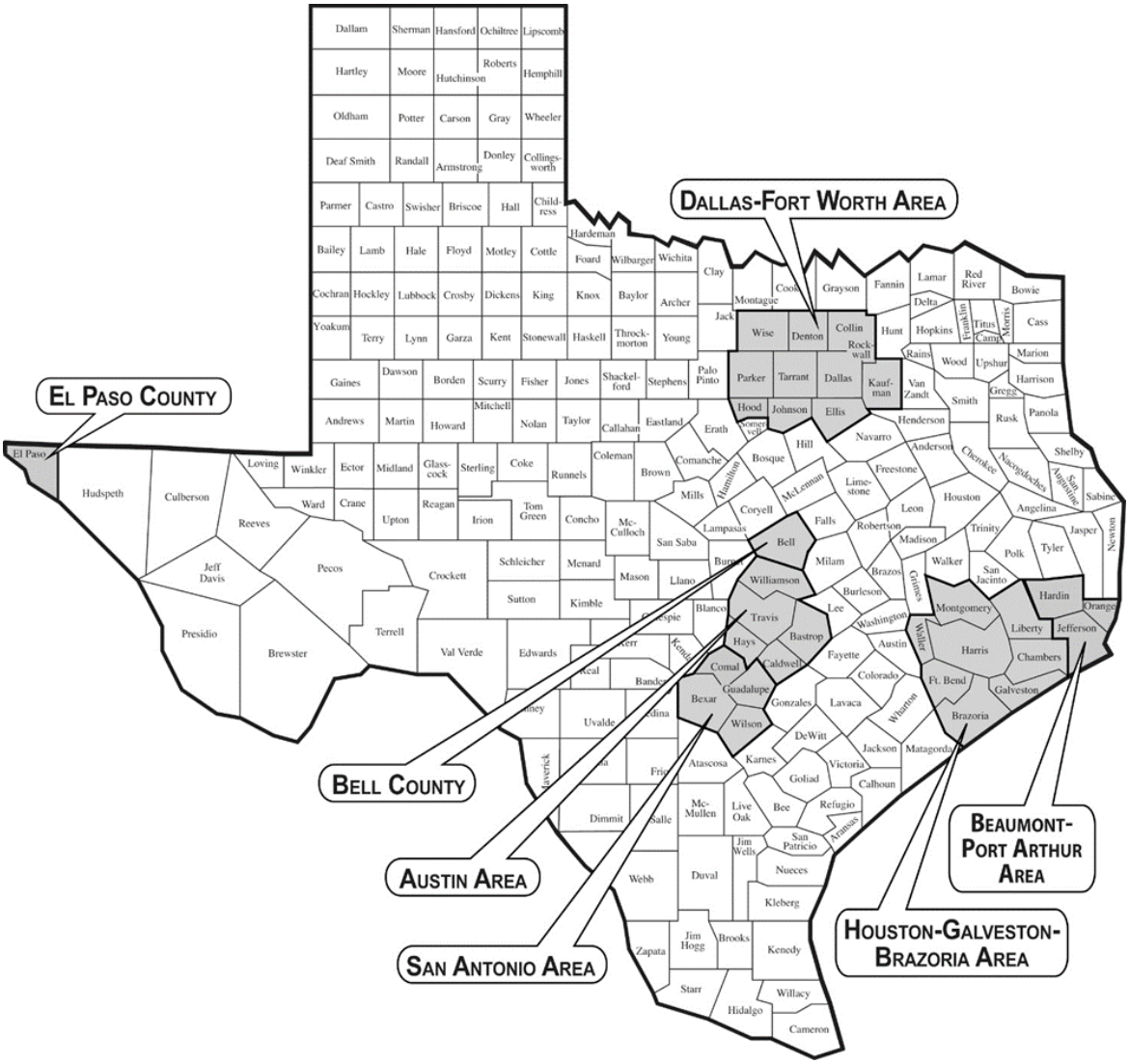
12.0 Performance Evaluation

TCEQ will notify the grantee in writing upon the end of performance of the Activity Life or more frequently, as deemed necessary. The grantee must maintain equipment and records until the grantee has received notification from TCEQ that the requirements of the contract have been met. The grantee may be evaluated by TCEQ on its compliance with contract terms, the timeliness of reporting, meeting usage commitments, communication, and providing complete and accurate disposition documentation and requests for reimbursement.

Appendix A: ERIG's Map of Nonattainment and Affected Counties



Appendix B: TxVEMP's Map of Priority Areas



Priority Areas

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

Appendix C: Waivers of Requirements

This appendix explains what TCEQ will consider when reviewing a waiver request under Sections 4.0 and 5.0 and what an applicant must submit to request a waiver of one or more of the ownership and use requirements.

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

Sections 4.1.1, 4.1.2, 4.1.3, 5.1.1, and 5.1.2 require that equipment replaced under the programs must have been owned and operated by the applicant in Texas for at least the two years immediately preceding the application signature date. Under THSC, §386.104(j), 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 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. C-2. Good Cause Waiver of Ownership, Replacement and Disposition of Third-Party Equipment

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

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 contract period;

c) provide the requested information for the equipment in Section 6 of the application;

d) attach to the application the documentation required in Section 11.1(g) 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 Sections 4.1.1, 4.1.2, 4.1.3, 5.1.1, or 5.1.2 of this RFGA and will be replaced in accordance with Sections 4.0 and 5.0 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. C-3. Submitting a Waiver Request

Waiver requests must be submitted with the application for which it is intended. See Section 11.2 of this RFGA for application submission instructions.

Appx. C-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. C-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 D: List of Equipment Types Not Eligible Under this Solicitation

- Agricultural Tractors
- Airport Equipment – Pushback Tractors
- Combines
- Crawler Tractors
- Excavators
- Forklifts (including telehandlers)
- Graders
- Non-Road Terminal Tractors
- Rollers
- Rough Terrain Forklifts (including telehandlers)
- Rubber Tire Loaders
- Skid Steer Loaders
- Sprayers
- Swathers
- Tractor Backhoe Loaders