

Request for Grant Applications (RFGA)
Seaport and Rail Yard Areas Emissions Reduction Program
(SPRY)

Texas Commission on Environmental Quality (TCEQ)

Texas Emissions Reduction Plan (TERP)

Solicitation No. 582-24-85385-DT

Este documento es la Solicitud de Aplicaciones de Subvenciones para el Programa de Reducción de Emisiones en Áreas de Patios Ferroviarios y Puertos Marítimos (SPRY, por sus siglas en inglés). Consultar terpgrants.org para ver si este documento está disponible en español. Comuníquese al 800-919-TERP (8377) para obtener ayuda con esta información.



Important Dates	Date
Program Opening Date	April 18, 2024
Application Submission Deadline	March 4, 2025
Request for Reimbursement Deadline	April 30, 2026

Contact Information

TCEQ
Air Grants Division, MC-204 (SPRY)
P.O. Box 13087
Austin, TX 78711-3087
800-919-TERP (8377)
terpgrants.org

Applications will be accepted for consideration during this grant period only if received by TCEQ via [TCEQ's File Transfer Protocol Secure \(FTPS\) site](#), 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 SPRY grant is dependent in part upon the availability of funding. Any changes to this solicitation will be made through an addendum in the Electronic State Business Daily (ESBD), as well as posted to the TERP website at terpgrants.org.

There will not be a pre-proposal conference.

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1.0 Purpose

The Texas Commission on Environmental Quality (TCEQ) invites applications from persons or entities who operate drayage trucks and cargo handling equipment at seaports and rail yards located within the air quality nonattainment areas of Texas. Incentive funding is available for the replacement or repower of drayage trucks and cargo handling equipment that will reduce emissions of nitrogen oxides (NO_x) and other pollutants, including particulate matter (PM), at these facilities and in the nonattainment areas and other affected counties (Appendix A). Eligibility is limited to persons who own or lease the drayage truck or cargo handling equipment to be replaced or repowered. (**Note:** TCEQ may refer to drayage trucks and cargo handling equipment collectively as “equipment” throughout this RFGA.)

The Seaport and Rail Yard Areas Emissions Reduction (SPRY) Program is established under Chapter 386, Subchapter D-1, of the Texas Health and Safety Code (THSC) to implement a portion of the Texas Emissions Reduction Plan (TERP). Rules for the program have been adopted by TCEQ in Title 30 Texas Administrative Code, Chapter 114 (30 TAC 114), Subchapter K, Division 8. TCEQ has also adopted the Texas Emissions Reduction Plan: [Guidelines for the Seaport and Rail Yard Areas Emissions Reduction Program](#) (Guidelines, Revised August 2020), which contain more specific standards governing this program.

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.

2.1 Eligible Applicants

General eligibility requirements are contained in the Guidelines.

A person or legal entity is eligible to apply for funding if, for at least the two years immediately preceding the application signature date, the applicant has:

- owned or leased a drayage truck or cargo handling equipment eligible to be replaced or repowered under the program; and
- operated the drayage truck or cargo handling equipment in one or more of the eligible seaports or rail yards for a minimum of 200 days per year (12-month period) for the preceding two years (24-month period).

Additional eligibility information:

- a) Eligible applicants include individuals, corporations, organizations, governments or governmental subdivisions or agencies, business trusts, partnerships, associations, or any other legal entity. This may include a corporation headquartered outside of Texas, but which operates eligible equipment in an eligible county in Texas.
- b) All corporations, partnerships, and other business entities must have an active registration and be in good standing with the Texas Secretary of State and Texas Comptroller by the program opening date listed on the cover page of this RFGA. If awarded a grant, businesses must maintain an active registration during the contract period.

- c) Businesses or other entities in which a TCEQ employee, spouse, or family member of a TCEQ employee has a direct or indirect interest, financial or otherwise, may be prohibited from receiving a grant, depending upon the nature of the interest. Any questions regarding the eligibility of an entity to apply for a grant should be referred to TERP staff early in the application process.
- d) The applicant must have the legal authority to dispose of the equipment and engine being replaced or repowered in accordance with the grant requirements at the time the application is submitted. Applicants must certify compliance with these requirements in the application and may be required to provide documentation of such authority.
- e) 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 equipment, are not considered eligible applicants.

2.2 Eligible Seaports and Rail Yards

Seaports and rail yards eligible under this program include those located within the air quality nonattainment areas of Texas. Refer to Appendix A for a map of counties eligible for the location of seaports and rail yards.

TCEQ may supplement the list of eligible seaports and rail yards provided below to include additional seaports and rail yards. A complete list of eligible seaports and rail yards will be published on the [SPRY webpage](#).

If an applicant is not able to determine the eligibility of a seaport (including facilities located in a ship channel security district) or rail yard, or believes that a seaport or rail yard is eligible and not included on the list, the applicant should contact TERP staff at TERP@tceq.texas.gov or 800-919-TERP (8377). TCEQ will review this information and, if eligible, will include the seaport or rail yard on the Eligible Seaports and Rail Yards List published on the [SPRY webpage](#).

2.2.1 Seaport Terminals & Facilities

An eligible seaport is a publicly or privately owned property associated with the primary movement of cargo or materials from oceangoing vessels or barges to shore or vice-versa, including structures and property devoted to receiving, handling, holding, consolidating, and loading or delivery of waterborne shipments. An eligible seaport also includes publicly or privately owned property within a ship channel security district established under Texas Water Code, Chapter 68.

Eligible seaports include, but are not limited to, the following:

- Port of Houston
 - Barbours Cut Container Terminal
 - Bayport Container Terminal
 - Bayport Auto Terminal
 - Bulk Materials Handling Plant (aka Houston Bulk Terminal)
 - Care Terminal
 - Jacintoport Terminal
 - Public Elevator No. 2
 - Turning Basin Terminal (includes Turning Basin Terminal Northside, Jacob Stern and Sons Terminal, Empire Terminal, and Old Manchester Terminal)

- Woodhouse Terminal (aka Richardson Steel Terminal)
- Sims Terminal
- Participating facilities of the Houston Ship Channel Security District (HSCSD)
- Port of Galveston
 - Refrigerated Warehouse Terminal (aka Del Monte Terminal)
 - Export Grain Elevator (aka ADM Terminal)
 - Project and General Cargo Terminal (aka Pier 34 Terminal)
 - Bulk Cargo Terminal (aka CHS Terminal)
 - West End Roll-On/Roll-off and General Cargo Terminal
 - Gulf Sulfur, Storage Savage Sulfur Terminal
 - Texas International Terminals
 - Cruise Terminals 1 and 2
 - Pelican Island Storage Terminal, Inc. (aka PISTI)
- Port of Freeport
 - Inner Harbor – Berths 1,2,3,4,5
 - Velasco Terminals – Berths 6,7,8,9
 - Enterprise Seaway Pipeline Terminal
 - Freeport LNG

2.2.2 Rail Yards

An eligible rail yard is a rail facility where cargo is routinely transferred from drayage truck to train or vice versa, including structures that are devoted to receiving, handling, holding, consolidating, and loading or delivery of rail-borne cargo.

Eligible rail yards include, but are not limited to, the following:

- San Antonio
 - Union Pacific San Antonio Intermodal Terminal
- El Paso
 - Burlington Northern Santa Fe El Paso Intermodal Terminal
- Houston-Galveston-Brazoria
 - Burlington Northern Santa Fe Houston Port Facility
 - Burlington Northern Santa Fe Houston Intermodal Facility (Pearland)
 - Kansas City Southern (Rosenberg)
 - Union Pacific (Englewood)
 - Union Pacific Houston (Settegast)

- Dallas/Fort Worth
 - Burlington Northern Santa Fe Alliance Intermodal Facility
 - Kansas City Southern Wylie Intermodal Facility
 - Union Pacific Mesquite
 - Union Pacific Dallas Intermodal Terminal

2.3 Eligible Project Categories

Activities eligible for funding under this program include the replacement of a drayage truck or cargo handling equipment with a newer model or the repower of a drayage truck or cargo handling equipment.

Drayage trucks and cargo handling equipment eligible for replacement or repower under this program include:

- a heavy-duty on-road vehicle with a gross vehicle weight rating (GVWR) over 26,000 pounds;
- a non-road yard truck; and
- other cargo handling equipment.

The specific types of drayage trucks and cargo handling equipment eligible for replacement or repower under this program include those that are listed in the Fiscal Year (FY) 2024 SPRY Grant Tables and provided on the [SPRY webpage](#).

If an applicant is not able to determine the eligibility of a specific type of drayage truck or cargo handling equipment, or believes that a specific type of drayage truck or cargo handling equipment is eligible and not included in the FY 2024 SPRY Grant Tables, the applicant should contact TERP staff at TERP@tceq.texas.gov or 800-919-TERP (8377). TCEQ will review this information and, if eligible, will include the specific type of drayage truck or cargo handling equipment in the Fiscal Year 2024 SPRY Grant Tables provided on the [SPRY webpage](#).

General information, definitions, and criteria for eligible activities are available in the [SPRY Guidelines](#). This RFGA may contain additional requirements that apply to this application period. Potential applicants should review this RFGA, the SPRY Guidelines, and the application form.

Equipment used primarily for competition or recreational purposes is not eligible for funding.

2.3.1 Drayage Trucks and Cargo Handling Equipment Eligible for Replacement or Repower

- a) For **drayage trucks and cargo handling equipment being replaced**, the applicant must have continuously owned or leased the equipment and have been listed as the owner on the title (or other ownership document for non-road equipment) or the lessee on the lease agreement for the two years immediately preceding the application signature date.
- b) For **drayage trucks and cargo handling equipment being repowered**, the applicant must have continuously owned the equipment and have been listed as the owner on the title (or other ownership document for non-road equipment) for the two years immediately preceding the application signature date.
- c) TCEQ may consider situations, on a case-by-case basis, where the ownership of the company has changed, the assets of the company have been purchased by another company, or the company has changed names or incorporation status. The use or vocation

of the equipment being replaced may not have changed.

- d) The drayage truck or cargo handling equipment must 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) The drayage truck or cargo handling equipment must currently be used in its primary function in the routine operations of the applicant and be capable of performing its primary function for the same duration as the proposed activity life.
- f) The drayage truck or cargo equipment must have been operated by the applicant in one or more of the eligible seaports or rail yards for a minimum of 200 days per year (12-month period for the preceding two years (24-month period).
- g) Unless the vocational type of the drayage truck or cargo handling equipment is exempt from registration requirements, the equipment must currently be registered for operation in Texas and registered in Texas for the two years immediately preceding the application signature.
- h) TCEQ may consider and make exceptions for registration requirements on a case-by-case basis for certain situations including the following:
 - A purpose-built on-road drayage truck (e.g., a haul truck) being used exclusively for non-road vocational purposes such as moving cargo within an eligible seaport or rail yard.
 - Short lapses in registration and/or use may also be considered if the owner or lease holder of the equipment did not change.
- i) An apportioned registration for operation in several states will not normally be accepted as proof of continuous registration and operation in Texas, unless the applicant can document that at least 55% of the equipment operation occurred in Texas over the two years immediately preceding the application signature date.
- j) Applicants with apportioned registration are required to submit annual mileage summaries for the two years immediately preceding the application signature date that includes a detailed, accurate breakdown of the total miles driven within and outside of the state of Texas.
- k) TCEQ may request additional evidence or documentation relating to the ownership and/or operation of the drayage truck or cargo handling equipment to confirm compliance with this section.

2.3.2 Drayage Trucks and Cargo Handling Equipment Eligible for Purchase

- a) To be eligible for purchase under this program, a drayage truck or cargo handling equipment must:
 - be powered by an electric motor or contain an engine certified to the current federal emissions standards applicable to that type of engine as determined by TCEQ;
 - emit NO_x at a rate that is at least 25% less than the emissions rate of the engine on the equipment being replaced; and
 - have an equipment model year (on-road) or engine model year (non-road) no more than three years older than the calendar year in which it was purchased.

- b) Unless otherwise determined by TCEQ, the NO_x emissions rate of the engines replaced or purchased under this program will be based on the emissions standard or family emissions limit to which the engine is certified by the United States Environmental Protection Agency (EPA) or the California Air Resources Board (CARB) or, for replacement of an uncontrolled engine, a baseline emissions rate established by TCEQ.
- c) In general, the replacement drayage or cargo handling equipment must be of the same type, horsepower range, weight category, and body and axle configuration as the drayage truck or cargo handling equipment being replaced.
- d) TCEQ may accept, in specific cases equipment of a different type, horsepower range, weight category, or body and axle configuration to account for the latest technology, or equipment type used for certain drayage or other cargo handling purposes. Examples include, but are not limited to the following:
 - replacement of a purpose-built on-road drayage truck (e.g., a haul truck) used solely for moving cargo in an eligible facility with a purpose-built on-road or non-road yard truck;
 - replacement of a purpose-built on-road yard truck with a purpose-built non-road yard truck, or vice versa; and
 - replacement of certain types of cargo handling equipment used specifically for container handling with a different type of cargo handling equipment that is also used for container handling.
 - Some cargo handling equipment, including rough terrain forklifts and some rubber tire loaders with certain affixtures, may be used specifically for container handling as opposed to other drayage activities. Applicants must identify whether eligible cargo handling equipment is used primarily for container handling in the application. Eligible cargo handling equipment, not including non-road yard trucks, used primarily for container handling will be classified as "Container Handling Equipment" for purposes of determining maximum grant amounts (see the Maximum Eligible Grant Amount Tables on the [SPRY webpage](#)).

2.3.3 Engines or Motors Eligible for Purchase

- a) To be eligible for purchase for repowering drayage or cargo handling equipment under this program, an engine or motor must:
 - be powered by an electric motor or contain an engine certified to the current federal emissions standards applicable to that type of equipment, as determined by TCEQ;
 - emit NO_x at a rate that is at least 25% less than the emissions rate of the engine on the equipment being replaced.
- b) Unless otherwise determined by TCEQ, the NO_x emissions rate of the engines replaced or purchased under this program will be based on the emissions standard or family emissions limit to which the engine is certified by the United States Environmental Protection Agency (EPA) or the California Air Resources Board (CARB) or, for replacement of an uncontrolled engine, a baseline emissions rate established by TCEQ.

2.4 Usage of Grant-funded Equipment

- a) Grant recipients must agree to operate the grant-funded equipment at one or more of the eligible seaports or rail yards for a minimum of 200 days per year (12-month period) for the duration of the five-year activity life of the project. (See Appendix B)

- b) Grant recipients must also agree to operate the grant-funded equipment for at least 50% or 80% of the annual and total usage in the nonattainment areas and affected counties for the duration of the five-year activity life of the project.
- c) Applicants that are awarded grants must agree to submit annual usage reports for the grant-funded equipment as outlined below.

2.5 Marketable Emissions Reduction Credits

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

- a) the activity includes the transfer of the reductions that would otherwise be marketable credits to the state implementation plan, or the owner or operator as provided under Texas Health and Safety Code Section 386.055; and
- b) the reductions are permanently retired.

3.0 Available Funding, Grant Amounts, and Costs

3.1 Available Funding

- a) The total amount to be awarded under this grant program will depend upon the amount of revenue received into the TERP account. TCEQ is not obligated to select project proposals to cover the full amount of expected or available funding and may select projects that exceed the anticipated revenue amount.
- b) TCEQ will not be obligated to select applications for funding, even if received within the application deadline. TCEQ may also select parts of a proposal for funding and may offer to fund less than the dollar amount requested in a proposal.
- c) TCEQ may suspend the first-come, first-served provisions and hold additional applications from a particular applicant after that applicant has been awarded approximately 35% of the funds available. 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.
- d) To assist applicants in determining whether sufficient funds will be available to cover their application, TCEQ may post updates on the TERP website, terpgrants.org, regarding the amount of unobligated funds that remain available. Information will also be available by contacting TERP staff at TERP@tceq.texas.gov or 800-919-TERP (8377).

3.2 Replacement Activity Eligible Costs and Grant Amounts

- a) For replacement projects, the grant recipient may be eligible for reimbursement of up to 80% of the eligible costs associated with the purchase or lease of the replacement equipment, not to exceed the maximum grant amount listed in the Maximum Eligible Grant Amount Tables found on the [SPRY webpage](#). TCEQ may fund projects at less than the maximum grant amounts.
- b) Only finance leases with a binding commitment to buy and retain ownership of the replacement equipment at the end of the lease are eligible under SPRY. Other types of leases, such as an option to buy, are not eligible for reimbursement.

- c) The invoice cost of grant-funded equipment, taxes, government fees, warranties, and delivery fees.
- d) Additional equipment or features necessary for the normal operation and vocation of the equipment.

3.3 Repower Activity Eligible Costs and Grant Amounts

- a) For repower projects, the grant recipient may be eligible for reimbursement of up to 80% of the eligible costs associated with the repower of the equipment, not to exceed the maximum grant amount listed in the Maximum Eligible Grant Amount Tables found on the [SPRY webpage](#). TCEQ may fund projects at less than the maximum grant amounts.
- b) Repower costs that may be reimbursed, subject to approval by TCEQ, include:
 - 1) the invoice cost of the new engine or upgrade, including taxes, government fees, warranties, and delivery charges;
 - 2) the invoice cost of additional equipment that must be installed with the new engine or upgrade as necessary for the normal operation and vocation of the equipment;
 - 3) associated supplies directly related to the installation of the engine or system;
 - 4) the costs 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; and
 - 7) other costs directly related to the project.
- c) In some cases, the repower of a drayage truck or cargo handling equipment to a new technology, such as an electric drive, may include the complete remanufacturing of the equipment. TCEQ may consider additional costs, case by case, where the repower of the equipment is part of a complete remanufacture of the equipment. Applicants should consult with TERP staff to determine eligibility of costs before applying for this type of repower activity.

3.4 All Projects - Ineligible Costs

- a) Any costs paid prior to the opening of the grant round.
- b) Insurance premiums.
- c) Administrative costs and other internal costs of the grant recipient, including but not limited to, personnel expenses, internal salaries, indirect costs, and travel. This restriction also applies to situations where the grant recipient provides its own reengineering and installation services or acts as the freight/delivery provider for delivery of the grant-funded equipment before or after acceptance of the equipment.
- d) Fees for a third-party consultant hired by the grant recipient to manage and administer the grant-funded activities, including coordination of the work and submission of reports and paperwork to TCEQ for the grant recipient. These are considered administrative costs and are not eligible for reimbursement. This restriction is not intended to limit the ability of the equipment vendor or engine installer to include reasonable and necessary costs for overseeing the work to be performed in the price of the equipment, engine, and/or installation services.
- e) Finance fees and charges.

3.5 Deduct Incentives from Eligible Grant Amounts

Initial grant amounts for any project types must be reduced by the value of any existing financial incentives that directly reduces the cost of the proposed project. This includes:

- a) Tax credits or deductions;
- b) Other grants; or
- c) Any other public financial assistance.

4.0 Grant Application and Administration

4.1 Application Forms

- a) The application and this RFGA may be downloaded from the [SPRY webpage](#). Copies of the forms may also be obtained by calling the TERP toll-free number at 800-919-TERP (8377).
- b) All applications for funding must be submitted within the application submission period listed on the cover page of the RFGA. If an application is found to be incomplete, TCEQ will notify the applicant in writing and provide details about what is missing from the application. Applicants will be provided a deadline to submit the missing information to TCEQ. A complete application must include:
 - 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.
- c) Only one primary area, project type (replacement/repower), and/or emissions source (on-road/non-road) may be included per application.
- d) An activity is not eligible if it is currently required by any state or federal law, rule, regulation, memorandum of agreement, or other legally binding document. This restriction does not apply to the purchase of equipment that is required only by local law or regulation or by corporate or controlling board policy of a public or private entity.

4.2 Application Process

- a) Applications will be accepted for consideration during this grant period only if received by TCEQ no later than 5:00 p.m. Central Time on the application submission deadline listed on the cover page of this RFGA, as long as funds are available.
- b) Applications may be submitted electronically using one of the methods listed below. 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.
- c) **Submitting Applications via [TCEQ's FTPS Server](#).** Applications may be submitted securely by uploading the file to TCEQ's FTPS site and selecting the share file(s) button. Enter SPRY-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. [Learn how to create an account and submit your application via the FTPS site using this step-by-step video guide.](#)

- d) Applications may also be submitted by mailing a physical copy to one of these addresses:

Standard Mail:

TCEQ
Air Grants Division, MC-204 (SPRY)
P.O. Box 13087
Austin, TX 78711-3087

Express Mail:

TCEQ
Air Grants Division, MC-204 (SPRY)
12100 Park 35 Circle, Building F, 1st Floor, Suite 1301
Austin, TX 78753

- e) **Consultants and Third-Party Preparers.** Applicants may enlist private consultants to assist with completing and submitting an application. TCEQ neither encourages nor discourages the use of a consultant to assist with the application process. Consultants do not represent TCEQ, and TCEQ has no agreements where applications submitted by a particular consultant will receive more favorable treatment than other applications. As noted under the requirements of Section 3.4, any fees charged by a consultant are the responsibility of the applicant and may not be charged to the grant, either directly or as an addition to the cost basis of the grant-funded equipment.

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 the 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.

- f) **Application Certifications.** By signing the application, the applicant is certifying its understanding and compliance with the statements in the application, including the General Certifications. If any of these certifications change after submittal of the application, you will provide prompt notification to TCEQ within three (3) business days of becoming aware of the change. Failure to notify TCEQ and/or any changes to your certifications may make the application ineligible and may make any resulting contracts voidable.
- g) **Sample Contract.** A PDF version of the draft contract may be viewed and downloaded from the TERP website at terpgrants.org. This 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 a draft contract must be submitted to TCEQ in writing at the time the application is submitted. However, by signing and submitting the application, the applicant understands that TCEQ will not normally change the contract language in response to individual requests from grant recipients and is under no obligation to do so. Requesting to negotiate contract terms may also result in a delay in receiving an award and may result in TCEQ rescinding an award if the parties are not able to come to a mutual agreement. TCEQ reserves the right to modify the draft contract terms as necessary due to statutory, rule, or policy changes. Modifications will be posted to the TERP website at terpgrants.org and the ESBD.
- h) 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.
- i) Individuals are entitled to request and review their personal information the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, contact TERP staff at 800-919-TERP (8377) or TERP@tceq.texas.gov.

4.3 Acceptance and Approval

Applications will be date stamped as they are received by TERP program staff. Properly completed applications with eligible projects will be processed for approval and awarded on a first-come, first-served basis until all available funding is exhausted.

4.4 Additional Considerations

- a) If an applicant is applying for the same project under this RFGA and an RFGA under a separate TERP or Texas Volkswagen Environmental Mitigation Plan (TxVEMP) grant program, funding will only be awarded under the first program that awards a grant for the submitted project.
- b) TCEQ will review the applications for selection pending receipt of all needed information or documentation. The issuance of a contract may be contingent upon receipt of the additional information.
- c) Based on the number and types of applications received, TCEQ may establish a cut-off level for grant selections that is less than the available funding, and projects may be offered a smaller amount of funding or may be held until a later date.
- d) TCEQ is not obligated to fund any project for any reason or may offer to fund less than the eligible grant amounts for any reason.
- e) TCEQ is not obligated to fund projects from applicants:
 - 1) With an outstanding invoice from TCEQ or who are not in compliance with existing or prior TERP 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.
- f) 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 and/or project and may include additional conditions to the contract to address identified risks;
 - 3) Hold applications to be funded at a later date.

- g) TCEQ may conduct site visits at any point of the application review process or after 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 being replaced or repowered and all grant-funded equipment 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.

4.5 Grant Award and Contracting

Applicants selected to receive grant funding will be required to sign a contract with TCEQ. The approved activities outlined in the application will be represented in the contract's Scope of Work. Grant recipients commit to taking all actions necessary to ensure the successful completion and subsequent operation of the new equipment (referred to in the contract as Grant Equipment) within the contract's time frames and funding limitations. This includes the annual submission of usage reports for the grant-funded equipment to TCEQ throughout the activity life of the contract.

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

4.6 Reimbursement of Expenses

- a) All grants are paid on a reimbursement basis. To receive grant funds, all grant-funded equipment must have been paid for and received by the applicant, on or before the Request for Reimbursement Deadline indicated in the contract. All final requests for reimbursement (RFR) must be received by TCEQ by this deadline. Any expenses incurred by grant recipients prior to receiving a fully executed contract will be at the grant recipient's own risk. The RFR form is available on the TERP website terpgrants.org or by calling TERP at 800-919-TERP (8377).
- b) If the grant recipient finances the Grant Equipment, reimbursement may be paid directly to the grant recipient only if the grant recipient has used cash on hand (non-borrowed funds) to pay eligible expenses that are equal to or greater than the grant amount, otherwise the reimbursement will be assigned to the finance company. Supporting documentation must be submitted to establish that the equipment was received, and that the reimbursement amount is owed to the company that provided the financing.
- c) If the reimbursement is assigned to the finance company, the finance agreement must permit an upfront payment, and the reimbursement must be applied to principal only. The reimbursement cannot be used to pay interest.
- d) Eligible costs will be reduced by the scrap value of the old equipment and by any other financial incentives or assistance including tax credits received or expected to be received. The resulting amount is the Incremental Cost. Reimbursement cannot exceed 80% of the Incremental Cost. The scrap value will be a default amount set by TCEQ. For this solicitation, the default scrap value is set at \$1,000 for replacement projects and \$250 for repower projects.
- e) 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.

4.7 Disposition of Equipment and Engine

If selected for a grant, the equipment and engine(s) being replaced must be destroyed and rendered permanently inoperable within 90 days of TCEQ issuing the reimbursement payment (commonly referred to as "disposition"). The structural damage to the equipment and engine(s) must be such that repairs are not possible.

Failure to comply with these requirements and those included in the contract with TCEQ, including failing to provide TCEQ with disposition verification within 90 days of TCEQ issuing the reimbursement payment, may invoke the contract's remedies, including termination of the contract and the return of grant funds.

4.7.1. Standard Disposition

Methods of standard disposition include:

- Completely crushing the equipment and engine; or
- Making a 3-inch or larger hole in the engine block on both sides and cutting the frame rails or other main structural components of the equipment in half.

4.7.2 Alternative Disposition

TCEQ may consider alternative methods of rendering the equipment and engine(s) permanently inoperable in lieu of the standard method of disposition. See the Alternative Disposition section of the application.

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 as outlined above in Section 4.7.1. Grant applicants may request TCEQ's preauthorization of an alternative method for rendering the equipment and engine permanently inoperable.

4.7.3 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.
- c) To provide verification of disposition for titled equipment, grant recipients must also submit a copy of a Texas Nonrepairable Vehicle Title issued by the Texas Department of Motor Vehicles (TxDMV). To obtain a Texas Nonrepairable Vehicle Title, a grant recipient must complete and submit Form VTR-441 to the TxDMV.

4.8 Annual Usage and Reporting

The grant recipient must agree to use and monitor the use of the grant-funded equipment for the five-year activity life.

- a) The beginning and ending dates for the activity life of each grant-funded activity will be established by TCEQ. The activity life start date begins on the date that TCEQ approves disposition of the equipment or engine. At that time, the grant recipient will be notified in writing of the beginning and end date of the activity life.
- b) Annual reports on the use of the grant-funded equipment, beginning with the activity life start date, will be required using TCEQ forms.
- c) The grant recipient will maintain, for the term of the activity life, commercial property loss insurance coverage on any grant-funded equipment purchased, leased, or repowered, using these funds in an amount enough to reimburse the grant award. The grant recipient must also make necessary repairs of any grant-funded equipment to keep it in proper operating condition. Please see the contract for additional insurance requirements.
- d) 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.

4.9 Performance Evaluation

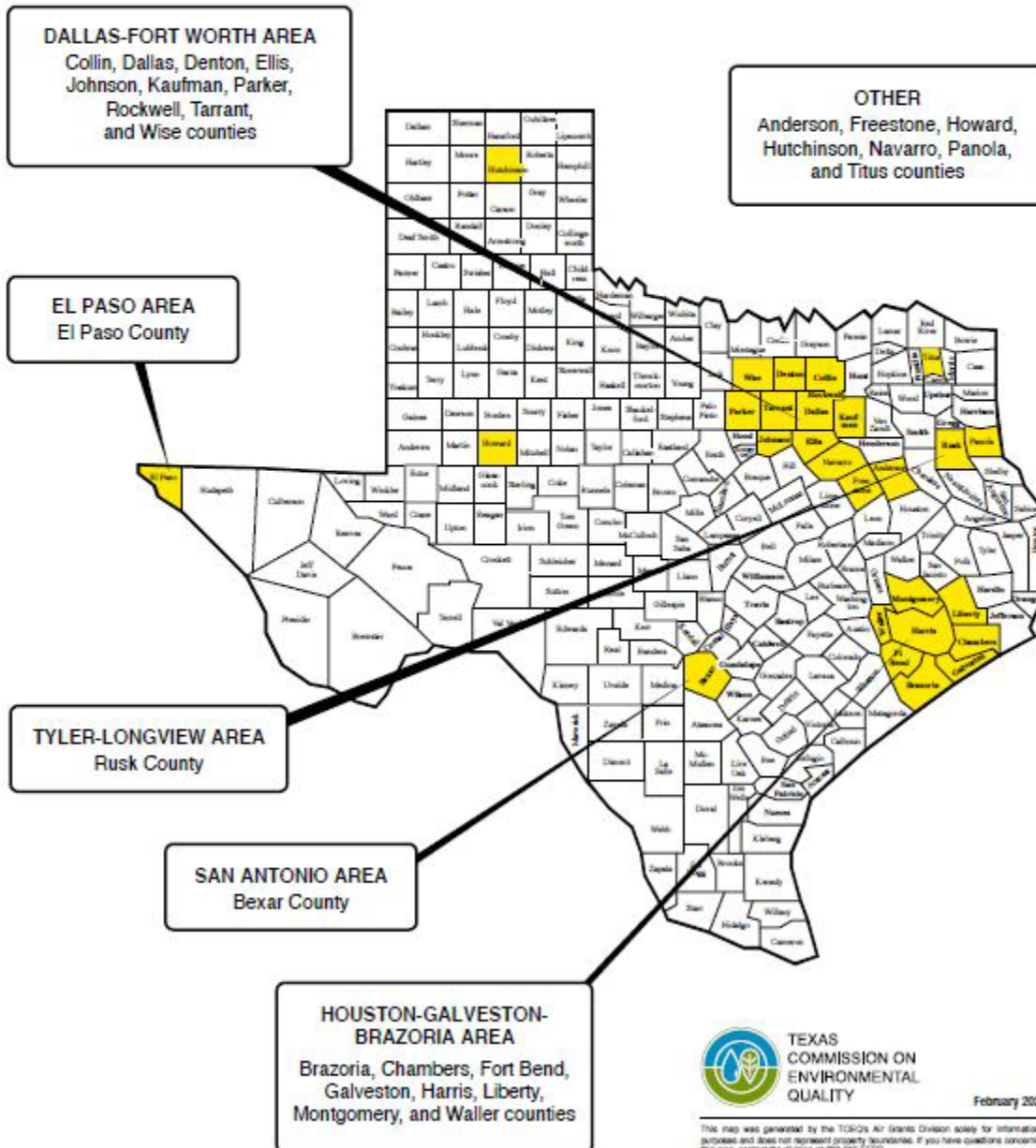
TCEQ will notify the grant recipient in writing upon the end of performance of the activity life or more frequently, as deemed necessary. The grantee must maintain equipment and records until the grantee has received notification from TCEQ that the requirements of the contract have been met. The grantee 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: Map of Eligible Counties for Location of Seaports and Rail Yards



Seaport and Rail Yard Areas Emissions Reduction Program

Eligible Counties for Location of Seaports and Rail Yards

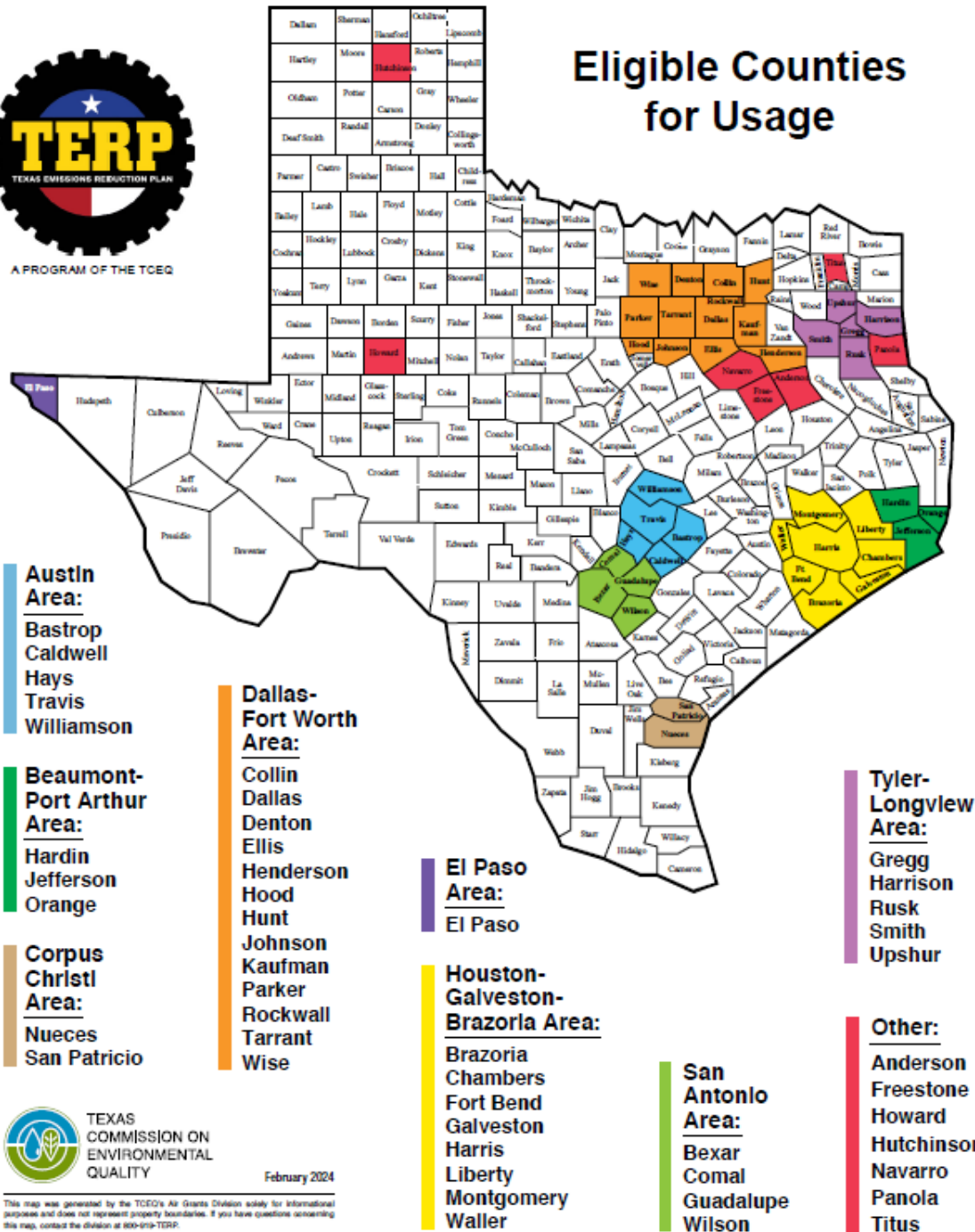


Appendix B: Map of Nonattainment and Affected Counties for Eligible Usage

Seaport and Rail Yard Grants Program



Eligible Counties for Usage



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
 February 2024
 This map was generated by the TCEQ's Air Grants Division solely for informational purposes and does not represent property boundaries. If you have questions concerning this map, contact the division at 800-919-TERP.

Appendix C: On-Road Gross Vehicle Weight Rating Instructions

Gross Vehicle Weight Rating (GVWR). The weight listed for the equipment may not exceed the maximum weight allowed by the Texas Department of Transportation (TxDOT). In general, the maximum weight listed for the equipment may not exceed 20,000 pounds (lbs.) per axle.

The gross combined weight rating (GCWR) of the equipment and trailer may be used for haul trucks or similar trucks that permanently operate in combination with a trailer. An applicant should contact TCEQ if unsure whether an equipment and trailer combination meets these conditions.

TCEQ may, at its discretion, accept a weight over 20,000 lbs. per axle for equipment operating under an annual over the weight tolerance permit or other annual specialty permit issued by TxDOT for certain uses. A copy of the annual permit and/or other documentation of permanent operation in the higher weight category must be provided with the application. Registration of the equipment at a higher weight and/or a temporary overweight permit will not be sufficient documentation that the equipment is permanently operated at the higher weight.

Proof of the registered GVWR is required with the grant application.

Examples

Class 7: 26,001-33,000 pounds GVWR

Class 8a: 33,001-60,000 pounds GVWR

Class 8b: Greater than 60,000 pounds GVWR or GCWR