

Request for Grant Applications (RFGA)
Texas Commission on Environmental Quality (TCEQ)
Texas Emissions Reduction Plan (TERP)
Texas Hydrogen Infrastructure, Vehicle, and Equipment Grant Program
(THIVE)
Fiscal Year 2024
Solicitation No. 582-24-50564-HD

Este documento es la Solicitud de Aplicaciones de Subsidios para el Programa de Subvenciones de Infraestructura, Vehículos y Equipos de Hidrógeno de Texas (THIVE por sus siglas en Inglés). La información en este documento lo ayudará a determinar si califica para una subvención. Comuníquese al 800-919-TERP (8377) para obtener ayuda con esta información.



Key RFGA Events	Date
Request for Public Comments Period	August 22, 2023 - September 22, 2023
Program Open Date	November 29, 2023
Application Submission Deadline	February 27, 2024
Request for Reimbursement Deadline*	April 30, 2026

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

Texas Commission on Environmental Quality (TCEQ)
Air Grants Division
THIVE, MC- 204
P.O. Box 13087
Austin, Texas 78711-3087
1-800-919-TERP (8377)
www.terpgrants.org

Applications will be accepted for consideration during this grant period only if received by TCEQ via electronic mail (email) at THIVE-Apply@tceq.texas.gov, via [TCEO's File Transfer Protocol Secure 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 THIVE grant is dependent upon the availability of funding. Any changes to this solicitation will be made through an addendum in the Electronic State Business Daily (ESBD).

There will not be a pre-proposal conference.

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1.0 Purpose

The THIVE program is established to encourage the adoption of hydrogen infrastructure, vehicles, and equipment. Funding is available for projects that reduce nitrogen oxide (NO_x) emissions in Texas nonattainment areas and affected counties. Projects may be for hydrogen infrastructure; purchase of new hydrogen vehicles and equipment; replacing, repowering, or converting older heavy-duty on-road vehicles and non-road heavy duty equipment with hydrogen power.

2.0 Program Requirements

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

TCEQ may waive the requirements for ownership, registration, or operation on a finding of good cause. Applicants must submit waiver requests with the application to be considered. Please refer to Appendix B for instructions on completing and submitting a waiver request.

2.1 Eligible Applicants

- a) Eligible applicants are individuals, state and local governments, corporations, or any other legal entity.
- b) All business entities such as corporations or partnerships must have an active registration with the Texas Secretary of State by the program opening date listed on the cover page of this RFGA. If awarded a contract, businesses must maintain an active registration during the contract period.
- c) Applicants must disclose any known apparent, potential, or actual conflicts of interest to TCEQ in writing at the time the application is submitted. Businesses or other entities 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.

2.2 Eligible Project Categories

2.2.1 Replacement of On-Road or Non-Road Heavy-Duty Vehicles or Equipment

Project requirements for older vehicle or equipment being replaced:

- a) Vehicle or equipment has been continuously owned, leased, or otherwise commercially financed and operated by the applicant in Texas for at least the two years immediately preceding the application signature date. On-road vehicles must also be continuously registered by the applicant in Texas for at least the two years immediately preceding the application signature date;
- b) Vehicle or equipment has 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;
- c) Vehicle or equipment is currently in good operating condition; and
- d) Applicants must certify that they have legal authority to destroy the old vehicle or equipment being replaced.

2.2.2 Repower or Conversion of On-Road or Non-Road Heavy-Duty Vehicles or Equipment

Project requirements for vehicle or equipment being repowered or converted:

- a) Replacement of the old engine with a new, rebuilt, or remanufactured engine on an existing on-road vehicle or non-road piece of equipment that has been continuously owned, leased, or otherwise commercially financed and operated by the applicant in Texas for at least the two years immediately preceding the application signature date. On-road vehicles must also be continuously registered by the applicant in Texas for at least the two years immediately preceding the application signature date;
- b) Vehicle or equipment has 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;
- c) At the time of repower or conversion, the vehicle or piece of equipment must be in good operating condition; and
- d) Applicants must certify that they have legal authority to repower or convert the old vehicle or equipment or to destroy the old engine.

2.2.3 New Purchase Projects

New Purchase projects are defined as the purchase or lease of new hydrogen-powered on-road vehicles and non-road equipment without the requirement to dispose of an old vehicle or piece of equipment.

2.2.4 Refueling Infrastructure Projects

Refueling infrastructure projects are defined as installation and operation of hydrogen refueling infrastructure capable of fueling or charging hydrogen-powered vehicles or equipment. Priority will be given to hydrogen refueling infrastructure projects that will be accessible and available to the public for a minimum of eight hours per day, between the hours of 8:00 a.m. and 6:00 p.m., for at least five days per week.

2.3 On-Road Vehicles (old vehicle)

An on-road vehicle eligible for replacement, repower, or conversion must:

- a) Be a heavy-duty on-road vehicle with a gross vehicle weight rating (GVWR) of 8,501 pounds (lbs.) or greater and is certified to or has an engine certified to the United States Environmental Protection Agency (EPA) heavy-duty engine emissions standards;
- b) Have been owned, leased, or otherwise commercially financed and registered and operated by the applicant in Texas for at least the two years immediately preceding the application signature date;
- c) Have been used in its primary function in the routine operations of the applicant in Texas for at least the two years immediately preceding the application signature date; and
- d) Be in good operating condition.

2.4 Non-Road Equipment (old equipment)

Non-road equipment eligible for replacement, repower, or conversion must:

- a) Be a heavy-duty non-road piece of equipment powered by an engine rated at 25 horsepower (hp) or greater and certified to the applicable EPA non-road emissions standards;
- b) Have been continuously owned, leased, or otherwise commercially financed and operated by the applicant in Texas for at least the two years immediately preceding the application signature date;
- c) Have been used in its primary function in the routine operations of the applicant in Texas for at least the two years immediately preceding the application signature date; and
- d) Be in good operating condition.

2.5 On-Road Vehicle or Non-Road Equipment Replacement Qualifications (new vehicle or equipment)

This category is for the replacement of eligible on-road vehicles or non-road equipment with newer models. If awarded a grant, the applicant must destroy the old vehicle or piece of equipment.

2.5.1 The replacement on-road vehicle must:

- a) Be powered by hydrogen, or have a powertrain that runs on or is powered by hydrogen;
- b) Be certified to emit at least 25% less NO_x than the old vehicle;
- c) Have a vehicle model year no more than three years older than the calendar year in which it was purchased;
- d) Be of the same type, weight category, and body and axle configuration as the vehicle being replaced unless otherwise agreed to by TCEQ. The replacement vehicle must be configured and intended for use in the same application or vocation as the vehicle being replaced. TCEQ may accept vehicles of a different type, weight category, or body and axle configuration to account for the latest technology or vehicle type used in a specific vocation; and
- e) Be registered for operation in Texas unless the vocational type of the new vehicle is exempt from registration requirements.

2.5.2 The replacement non-road equipment must:

- a) Be powered by hydrogen, or have a powertrain that runs on or is powered by hydrogen;
- b) Be certified to emit at least 25% less NO_x than the old equipment;
- c) Have an engine model year no more than three years older than the calendar year in which it was purchased; and
- d) Be of the same type and intended for the same use in the same application or vocation as the equipment being replaced.

2.6 On-Road Vehicle or Non-Road Equipment Repower or Conversion Qualifications

The new, rebuilt, or remanufactured engine must:

- a) Be powered by hydrogen, or have a powertrain that runs on or is powered by hydrogen;

- b) Be certified or verified to emit 25% less NO_x than the engine being replaced or converted. TCEQ requires certification or verification by either EPA, the California Air Resources Board (CARB), or another entity that has been deemed acceptable by TCEQ;
- c) Be certified or verified to meet the same category of emission standards as the original engine (i.e., on-road or non-road); and
- d) Use only components procured from the original engine manufacturer (OEM) or an authorized reseller unless otherwise approved by TCEQ on a case-by-case basis.

2.7 New Purchase Projects

This category is for the purchase or lease of new on-road vehicles or non-road equipment without the requirement to destroy an old vehicle or piece of equipment.

New purchase projects must:

- a) Be powered by hydrogen, or have a powertrain that runs on or is powered by hydrogen;
- b) Be a heavy-duty on-road vehicle or heavy-duty non-road piece of equipment;
- c) Be a new vehicle or piece of equipment that has not been subject to first retail sale; and
- d) Be certified by EPA or CARB to be less than or equal to 0.15 g/bhp-hr.

2.8 Refueling Infrastructure

This category is for the funding of new or expanded hydrogen refueling infrastructure.

- a) Applicants are required to own the site where the refueling infrastructure equipment will be installed or be able to demonstrate the ability to install, operate, and maintain the refueling infrastructure at the proposed site for the duration of the contract.

If an applicant does not own the property where the refueling infrastructure equipment will be installed, the Refueling Infrastructure Project Certifications under Section 5: Program Certifications of the project application must be completed and signed by the applicant and the property owner.
- b) Only one refueling infrastructure project at a single location may be submitted per application.
- c) All grant-funded hydrogen refueling infrastructure projects must be capable of dispensing hydrogen for vehicles or equipment at the project site.
- d) All grant-funded refueling infrastructure must be purchased or owned by the applicant and not leased.

2.9 Usage of Grant-funded Equipment

- a) Any applicant selected for funding will be contractually required to operate their vehicles or equipment for five years.
- b) During the five-year period, no less than 55% of the grant-funded on-road vehicle or non-road equipment operation must occur in one or more of the nonattainment areas or affected counties shown in Appendix A. For on-road replacement projects, a project will be complete once a vehicle reaches 400,000 miles, if that occurs before five years.
 - Applicants may elect to increase the 55% operational commitment up to a maximum of 95% in these same areas. Higher usage commitments may increase the competitiveness of a project.

- c) Annual operation will be measured as miles traveled (on-road) or hours of engine operation (non-road). Applicants receiving a grant must maintain records of their annual usage in the unit of measurement they choose on their application.
- d) Refueling infrastructure must be owned, operated, and maintained by the grantee within an eligible county during the contract period.

2.10 Annual Usage Rates for On-Road Vehicles and Non-Road Equipment

TCEQ has determined standard annual usage rates for vehicles and equipment to calculate the NO_x emissions reductions for the five-year life of the project. Usage is measured either in miles or hours.

a) Standard Usage

- 1) The applicant must select the standard usage rate established for each type of equipment from the appropriate technical supplement and include it in the application.
- 2) The standard usage rate will be used for emissions reductions calculations only. The grant recipient will not be obligated to use the equipment for the exact number of annual miles or hours listed as the standard usage rate.

b) Standard Usage Not Listed in the Technical Supplement

- 1) If a standard usage rate is not listed in the appropriate technical supplement for a particular type of equipment, TCEQ may consider, on a case-by-case basis, the average annual use for the two years immediately preceding the application signature date.
- 2) The applicant must provide sufficient supporting documentation of historical use. Supporting documentation of historical usage must be either a maintenance record, pages from an official logbook, registration, or other official record showing the odometer or hour meter readings.
- 3) The record must include information identifying the vehicle or equipment. For vehicles, this identifier must be the vehicle identification number (VIN).
- 4) In the application, the applicant must also provide a photo of the odometer or hour meter showing the current reading.

2.11 Marketable Emissions Reductions Credits

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

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

3.0 Available Funding, Grant Amounts, and Costs

3.1 Available Funding

The total amount to be awarded under this grant program may not exceed \$16 million over the state fiscal year biennium of 2024-2025, with up to \$8 million available each state fiscal year.

3.2 Determining Initial Eligible Grant Amounts

Applicants may request a specific grant amount, based on the methods and factors below.

3.2.1 For Replacement Projects:

- a) Applicants may request up to 100% of the *incremental cost* of the purchase of the hydrogen-fueled vehicle or equipment.
 - The *incremental cost* for replacement projects is the cost to purchase the replacement equipment minus the scrap value of the equipment being replaced. TERP uses a default scrap value of \$1,000.
- b) Applicants must submit a detailed price quote, invoice, purchase order, or other price estimate prepared by the vehicle or equipment manufacturer or dealer.
 - Use the vehicle or equipment cost from the price quote when calculating the grant amount on the application form.
 - If a purchase has already been made at the time of the application, provide the invoice or lease agreement showing the cost. Any purchases prior to September 1, 2023, are ineligible for grant funding.

3.2.2 For Repower or Conversion Projects

- a) Applicants may request up to 100% of the *incremental cost* of the repower or conversion of the hydrogen-fueled vehicle or equipment.
 - The *incremental cost* for repower projects is the cost to purchase and install the replacement engine or conversion system and associated equipment, minus the scrap value of the old engine. TERP uses a default scrap value of \$250.
 - The *incremental cost* for conversion projects is the cost to purchase and install the replacement engine or conversion system and associated equipment.
- b) Applicants must submit a detailed price quote, invoice, purchase order, or other price estimate prepared by the equipment manufacturer or converter.
 - Use the equipment cost from the price quote when calculating the grant amount on the application form.
 - If a purchase has already been made at the time of the application, provide the invoice or lease agreement showing the cost. Any purchases prior to September 1, 2023, are ineligible for grant funding.

3.2.3 For New Purchase Projects

- a) Applicants may request up to 100% of the *incremental cost* of the purchase of the hydrogen-fueled vehicle or equipment.
 - The *incremental cost* for new purchase projects is the difference between the baseline cost of a diesel-fueled on-road vehicle or non-road equipment and a qualifying hydrogen-fueled on-road vehicle or non-road equipment.
 - TCEQ has established baseline diesel costs for on-road vehicles and non-road equipment. Refer to Appendix C.
- b) Applicants must submit a detailed price quote, invoice, purchase order, or other price estimate prepared by the hydrogen vehicle or equipment manufacturer or dealer.
 - Use the vehicle or equipment cost from the price quote when calculating the grant amount on the application form.

- If a purchase has already been made at the time of the application, provide the invoice or lease agreement showing the cost. Any purchases prior to September 1, 2023, are ineligible for grant funding.

3.2.4 For Infrastructure Projects

- a) Applicants may request up to 50% of the *incremental cost* of the hydrogen refueling infrastructure project.
 - The *incremental cost* for infrastructure projects is the eligible costs to purchase and install the hydrogen refueling infrastructure and associated equipment.
- b) Applicants must submit an estimated budget categorizing and outlining the eligible project costs.

3.3 Deduct Incentives from Initial Eligible Grant Amounts

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

- Tax credits or deductions;
- Other grants; or
- Any other public financial assistance.

3.4 Eligible Costs

- a) **Eligible Costs for Replacement and New Purchase Projects may include, but are not limited to:**
 - 1) Cost(s) of the grant-funded 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; and
 - 9) Manufacturer or dealer processing fees not related to financing.
- b) **Eligible Costs for Repower and Conversion Projects may include, but are not limited to:**
 - 1) Costs directly associated with replacing the existing engine with the hydrogen engine or for converting the existing engine to run on hydrogen technology;
 - 2) The purchase and installation of the hydrogen fuel system and tanks, if applicable. Installation costs may include costs to re-engineer the vehicle or equipment for the new engine to fit (including technical design, testing, and other engineering services required as part of the installation);
 - 3) The cost of the new engine or conversion system, including the cost(s) of additional equipment that must be installed with the new engine or upgrade, as well as taxes, duty, protective in-transit insurance, freight charges;
 - 4) The cost to remove and dispose of the old engine, if applicable; and

- 5) 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 Cost Categories for Refueling Infrastructure Projects

- 1) **Equipment**, which 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 intended to be purchased with grant funds must be categorized in the application budget 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 THIVE equipment costs may include liquid and compressed hydrogen storage tanks, liquid hydrogen pumps and vaporizers, electrolyzers, and other equipment at the facility directly needed to store and dispense hydrogen or charge hydrogen fuel cells.
- 2) **Supplies and Materials**, which 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**, which 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**, which 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.

3.5 Ineligible Costs

Ineligible costs for all projects include:

- 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) Facility improvements and equipment not directly related to the installation of the hydrogen refueling or fuel cell charging equipment;
- h) Structure, land, or an interest in land;
- i) Permitting costs for TCEQ-issued permits;

- j) Costs that do not involve an arms-length transaction, such as the use of existing inventory without a proof of purchase, or transactions between affiliated companies;
- k) Any costs paid prior to September 1, 2023; and
- l) Food and drink.

4.0 Grant Application and Administration

4.1 Application Forms

- a) The applications and this RFGA may be downloaded from the TCEQ web site at, www.terpgrants.org or by contacting TERP staff via email at TERP@tceq.texas.gov or by phone at 800-919-TERP (8377).
- b) A Portable Document Format (PDF) version of the draft contract may be viewed and downloaded from the TERP website at www.terpgrants.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 TERP website at www.terpgrants.org and the ESBD.
- c) 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 score and rank the project according to the scoring criteria listed in this RFGA.
- d) TCEQ reserves the right to limit the amount awarded to a single applicant. For the purposes of this limitation, 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) Make sure to use the application that matches your project type. Applications must only contain one project type. Multiple project types must be separated into multiple applications. On-road and non-road projects may not be combined in a single application.
 - 1) **Replacement, Repower, and Conversion Projects**
 - Applicants will be required to submit documentation and photographs with the application to demonstrate the eligibility of on-road vehicles and non-road equipment being replaced, repowered, or converted including:

- 1) Color photographs of the on-road vehicle or non-road equipment, and its associated engine(s);
 - 2) On-road projects require the following documentation:
 - A copy of the vehicle title or lease agreement, listing the applicant as the owner or lessee, for the two years immediately preceding the application signature date; and
 - Registration renewal receipts for the 12 months immediately preceding the application signature date. An apportioned registration for operation in several states including Texas may be considered as proof of continuous registration and operation in Texas.
 - 3) Non-road projects require proof of ownership or lease, which may include a copy of the bill of sale, lease agreement, maintenance records, or in some cases, a title.
- No more than 10 activities may be submitted on a single application. Additional applications may be submitted.

2) New Purchase Projects

- No more than 10 activities may be submitted on a single application. Additional applications may be submitted.

3) Infrastructure Projects

- Only one refueling infrastructure project at a single location may be submitted per application.
- Applicants with refueling infrastructure projects must provide documentation that includes:
 1. A site plan with the application (including a scaled map which could be a photograph, satellite map, drawing, or similar graphic of the proposed site) that shows the planning and design of the proposed facility. The site plan must:
 - a. Illustrate vehicle or equipment access to the proposed facility; and
 - b. Provide the location of the facility within the property and include any easements, set-back requirements, and property boundaries.
 2. A demonstration of their ability to install, operate and maintain the refueling infrastructure at the proposed site by providing documentation, such as property ownership records, lease agreements, or other legal agreements, that can show the following:
 - a. The ability to complete any required construction on the proposed site; and
 - b. The ability to operate on the grant-funded equipment on the proposed property for at least the length of the contract.

- f) Applicants applying as individuals or sole proprietors must provide a copy of their state or federal identification card.

- g) 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 score and rank the project according to the scoring criteria listed in this RFGA.

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.
- 1) **Submitting Applications via Email.** Please note that sending your application by standard email may not be secure. Applicants may use TCEQ's FTPS Server to submit their application securely. Instructions for submitting applications using the FTPS Server can be found below in next section. For applications that are submitted via email to THIVE-Apply@tceq.texas.gov, please use the following naming convention for your application file in the subject line: "FY24 THIVE and [your legal name]." Only one application may be submitted per email at a maximum total file size of 25MB.
 - 2) **Submitting Applications via [TCEQ's FTPS Server](#).** Applications may be submitted securely by uploading the file to our FTPS site and selecting the share file(s) button. Enter THIVE-Apply@tceq.texas.gov as the email address. For detailed directions using TCEQ's FTPS Server, please visit [TCEQ FTPS Help Page](#). Please note: Applications uploaded to TCEQ's FTPS server 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 server](#). You can also watch this video to [learn how to create an account and submit your application via the FTPS Server](#).
- 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 (THIVE)
P.O. Box 13087
Austin, TX 78711-3087

Express Mail:

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

- d) **Consultants & 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.

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.

- e) **Application Certifications.** By signing the application, the applicant is certifying its understanding and compliance with the statements listed in the General Certifications and in the Program Certifications (if applicable) sections of the application, as well as with any state statutes, regulations, policies, guidelines, and requirements as they relate to the application, acceptance, and use of funds for the project. If any of these certifications change between submittal of the application and award of a contract, the applicant must notify TCEQ within three (3) business days of becoming aware of the change. Failure to notify TCEQ of any changes to your certifications may make the application ineligible and may make any resulting contracts voidable.
- f) **Sample Contract.** A Portable Document Format (PDF) version of the draft contracts for the different THIVE project types may be viewed and downloaded from the TERP website at www.terpgrants.org. These draft contracts are for reference only and contain 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 www.terpgrants.org and the ESBD.
- g) TCEQ reserves the right to limit the amount awarded to a single applicant. For the purposes of this limitation, 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.
- 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.

4.3 Selection Process

TCEQ provides no assurances that a project will be awarded a grant. See Section 4.4 for additional factors that could affect selection consideration. Any purchases made prior to the execution of a contract are at the applicant's own risk.

Eligible projects will be scored, ranked, and selected competitively based upon the following:

- a) **Priority Categories** – Grants will be prioritized by project category in the following order:
 - 1) Projects to replace on-road heavy-duty vehicles with newer on-road hydrogen vehicles.
 - 2) Projects to purchase, lease, repower, or convert on-road heavy-duty vehicles with a powertrain that runs on or is powered by hydrogen.
 - 3) Projects to implement hydrogen refueling infrastructure that is open and accessible to the public for a minimum of eight hours per day, between the hours of 8:00 a.m. and 6:00 p.m., for at least five days per week.
 - 4) Projects to replace non-road heavy-duty equipment with newer non-road hydrogen equipment.
 - 5) Projects to purchase, lease, repower, or convert non-road heavy-duty equipment with a powertrain powered by hydrogen.
- b) **Preference Scoring** – An applicant's cost effectiveness and total reductions will be compared against those of other applications submitted to determine the score for each category. TCEQ will give preference to the most cost-effective projects that will result in the greatest reduction in emissions of NO_x. Applications will be evaluated, scored, and ranked *within* each priority category according to the cost effectiveness of the project and the total amount of NO_x projected to be reduced over the five-year activity life.
 - 1) **Total NO_x Reductions:** projects with the highest projected NO_x reductions (tons of NO_x), as compared to all other projects in the same priority category, will receive the most points in that scoring category (up to 50 points).
 - **Replacement, Repower, or Conversions.** Total NO_x reductions will be based on the difference between the certified NO_x emissions rate of the vehicle, equipment, or engine to be replaced, repowered, or converted, and the NO_x emissions rate of the grant-funded vehicle or equipment, over the five-year activity life for the project.
 - **New Purchase.** Total NO_x reductions will be based on the difference between the NO_x emissions rate of the grant-funded vehicle or equipment and the most current certified NO_x emissions rate for the equivalent diesel vehicle or equipment, over the five-year activity life.
 - **Infrastructure.** A total NO_x reduction score will be based on the following emissions reduction points assigned to the infrastructure project:
 - The throughput rate of the facility, measured in kilograms per day (kg/day).
 - an additional 5 points will be added for facilities that will dispense *green* hydrogen. Green hydrogen is defined as hydrogen produced by splitting water into hydrogen and oxygen (electrolysis) using renewable electricity.

- 2) **Cost Effectiveness:** projects with the lowest cost per ton of NO_x reduced, as compared to all other projects within the same priority category, will receive the most points in that scoring category (up to 50 points).
 - **Infrastructure.** Cost effectiveness will be determined by dividing the requested grant amount by the throughput rate of the proposed facility.
- 3) **Overall Score:** the overall score for each project will be calculated by adding the “Cost Effectiveness” and “Total NO_x Reductions” scores together.

Projects will be reviewed for eligibility, and funding will be awarded in the order of the priority categories above. If funds are insufficient to fully award all eligible projects within a category, those eligible projects will be scored and ranked. Projects that receive the highest overall scores within the priority category will be awarded from the remaining available funds. When all funds are exhausted, remaining priority categories will not be considered.

- c) **Selection** – TCEQ will select for award the eligible projects in the order of:
 - 1) the priority categories listed above. and then
 - 2) the highest-ranking projects within a priority category.
- d) **Tie-breaking provisions** – In the event of a tied score, the following will be used as tiebreakers in no order of preference:
 - 1) Applicant is (or is owned by) a service-disabled veteran who is a Texas resident. (Tex. Gov. Code 2155.444).
 - 2) Applicant is a Texas bidder meaning it is incorporated in this state; has its principal place of business in this state; or has established a physical presence in this state. (Tex. Gov. Code 2155.444).
 - 3) Applicant will use USA-produced supplies, materials, or equipment in fulfilling its grant obligations. (Tex. Gov. Code 2155.444).
 - 4) Applicant is a Historically Underutilized Business (Tex. Gov. Code 2155.505).
 - 5) Applicant is a Women-Owned Small Business as defined by the of the United States Small Business Administration.
 - 6) Applicant is a Veteran-Owned Small Business or Service-Disabled Veteran-Owned Small Business.
 - 7) Applicant is a Disadvantaged Business Enterprise (DBE) as defined by the United States Department of Transportation.
 - 8) Applicant is a Small Business Concern as defined by the regulations of the United States Small Business Administration in 13 C.F.R. Section 121.201. (Tex. Gov. Code 2155.505).
 - 9) Applicant will use products made of recycled, remanufactured, or environmentally sensitive materials in fulfilling its grant obligations. (Tex. Gov. Code 2155.445).
 - 10) Applicant will purchase and use energy efficient products in fulfilling its grant obligations. (Tex. Gov. Code 2155.442).
 - 11) Applicant will purchase and use products made by persons with disabilities in fulfilling its grant obligations. (Tex. Gov. Code 2155.441).
 - 12) Facility will be located on formerly contaminated property. (Tex. Gov. Code 2155.450).
 - 13) Facility will be in an economically depressed or blighted area. (Tex. Gov. Code 2155.449, 2306.004).

4.4 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 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.
- 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 and/or project and may include additional conditions to the contract to address the identified risks;
 - 3) Limit or prioritize the number of grants awarded for projects in a specific area based on the scores assigned to the projects; or
 - 4) 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 grant program, funding will only be awarded under the first program that awards a grant for the submitted project.
- e) Applicants must cooperate with TCEQ, the State of Texas, the State Auditor's Office, and any of their authorized representatives to allow access to all vehicles and equipment being replaced and all grant-funded vehicles, equipment, and refueling infrastructure for the purpose of on-site inspections, and/or audit. Failure to respond to or cooperate with any authorized review, inspection, or audit of the grant activities will result in the application being determined ineligible and make any resulting contracts voidable.

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

4.6 Reimbursement of Expenses

4.6.1 Replacement, Repower, and New Purchase Projects

- a) Eligible expenses must have been incurred on or after September 1, 2023, to be considered for funding;
- b) Payments will be made on a reimbursement basis for eligible costs paid in full by the grantee minus the scrappage value and any incentives, as referenced in Section 3.3;
- c) Grantees will be required to provide documentation in accordance with the contract to show that grant-funded vehicles or equipment have been received and costs have been paid in full before reimbursement will be provided by TCEQ unless otherwise approved;
- d) All costs must be paid in full by the grantee; grant-funded vehicles or equipment must be received and operational; and final requests for reimbursement submitted to TCEQ by the request for reimbursement deadline listed in the contract. Grantees experiencing project delays may submit a written extension request to TCEQ via 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 will depend on factors including the availability of grant funds;
- e) If the grantee finances the grant-funded vehicles or 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); and
- f) If the grant-funded vehicles or equipment are leased, the lease must have a term sufficient to extend to the end of the activity life or a binding commitment to purchase at the end of the term. TCEQ will consider a lease to be a purchase if that lease has a binding commitment to buy and retain ownership of the grant-funded vehicles or equipment at the end of the lease.

4.6.2 Refueling Infrastructure Projects

- a) Eligible expenses must have been incurred on or after September 1, 2023, to be considered for funding;
- b) Payments will be made on a reimbursement basis for eligible costs paid in full by the grantee minus any incentives, as referenced in Section 3.3;
- c) 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;
- d) All costs must be paid in full by the grantee; grant-funded refueling infrastructure must be installed and operational; and final requests for reimbursement submitted to TCEQ by the request for reimbursement deadline listed in the contract. Grantees experiencing project delays may submit a written extension request to TCEQ via 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 will depend on factors including the availability of grant funds;
- e) If the grantee finances the grant-funded 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); and

- f) **Notice to Proceed.** Signing the contract will not be the final commitment required by TCEQ to provide the funds. The grantee must provide the required documentation identified below before a “Notice to Proceed” may be issued by the TCEQ. The “Notice to Proceed” provides the grantee with approval to begin grant activities. Eligible expenses incurred prior to receipt of this notice will be at the grantee’s own risk.
- **Proof of Insurance.** The grantee will be required to purchase commercial insurance for the grant-funded equipment to protect against loss or damage, and to carry liability damage to protect persons and property. Insurance must be maintained during the contract period. Documentation of required insurance coverage must be submitted to the TCEQ in accordance with the contract. Governmental entities may provide proof of self-insurance in lieu of purchasing commercial insurance.
 - **Site-Host Agreement or Site Ownership Documentation.** The grantee must be able to adequately demonstrate through agreements or other legal documentation that it can construct the proposed facility at the location designated in its application.

4.7 Disposition Verification by TCEQ (not applicable to refueling infrastructure or new purchase projects)

If selected for a grant, the grantee is responsible for completing the disposition of the old on-road vehicle or non-road equipment and engines being replaced. Disposition requires that the old vehicle, equipment, or engine must be destroyed and rendered permanently inoperable. Within 90 days after the reimbursement payment issued by TCEQ, the grantee must dispose of the old vehicle, equipment, or engine by:

- a) Completely crushing the vehicle or equipment and engine;
- b) Making a 3-inch or larger hole in the engine block and permanently destroying the frame of the vehicle; or
- c) For repower projects only, making a 3-inch or larger hole in the engine block.

For all on-road replacement projects, a Texas non-repairable vehicle title is required as proof of destruction for on-road vehicles.

TCEQ may consider alternative methods of rendering the equipment or engines permanently inoperable in lieu of the standard method of destruction. See the Alternative Destruction section 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 method, the grantee must follow the general disposition requirements outlined in a) through c) above.

Failure to comply with these requirements and those included in the contract with TCEQ, including providing TCEQ with disposition verification within 90 days of the reimbursement payment being issued by TCEQ, may invoke the contract’s remedies, including termination of the contract and the return of grant funds.

4.8 Annual Usage and Reporting

4.8.1 On-road Vehicles and Non-road Equipment

- 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 (or the date of reimbursement if disposition is not applicable)

of an activity. When disposition is approved, TCEQ will notify the grantee to start keeping records beginning on the specified activity life start date. The activity life will end on the earlier of:

- 1) The fifth anniversary of the start date for the activity life; or
 - 2) For on-road vehicle replacement projects, 400,000 miles of vehicle operation after the start of the activity life.
- b) For the duration of the activity life, a grantee must:
- 1) Own or lease the grant-funded equipment (exception: refueling infrastructure must be purchased and not leased);
 - 2) Operate the grant-funded equipment or infrastructure 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 and location records for the grant-funded equipment;
 - 4) Maintain the grant-funded equipment in proper operating condition;
 - 5) Obtain sufficient commercial insurance for each grant-funded equipment to protect against loss, damage, or liability (self-insurance will be allowed only for governmental entities);
 - 6) Request approval in advance 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, including the sale of the business or the filing of bankruptcy, during the contract period will be subject to approval and consent to assignment by TCEQ in accordance with the contract terms; and
 - 7) Provide written notice to TCEQ via email at TERP-Monitoring@tceq.texas.gov within 30 calendar days of the accidental destruction or repossession of grant-funded equipment.
- c) During the activity life, grantees will submit annual usage reports provided by TCEQ. The usage reports are used to ensure compliance with the annual usage requirements identified in the contract's Scope of Work and to identify any issues preventing performance.
- d) Failure to meet the requirements of Section 4.7 may invoke the contract's remedies, including termination of the contract and the return of all or a prorated share of the grant funds.

4.8.2 Refueling Infrastructure Implementation and Operation

- a) Grantees must proceed in good faith and take all necessary actions to ensure the on-time implementation of its project and subsequent operation of the grant-funded infrastructure equipment.
- b) Grantees must meet the ownership, operational and maintenance, permitting, and insurance requirements specified by TCEQ in the contract during the contract period. Failure to do so may invoke the contract's remedies, including termination of the contract and the return of grant funds.

c) To monitor the grantee's progress during the contract period, TCEQ will require biannual reports during the Implementation Period of the project and annual reports during the Operation Period of the project.

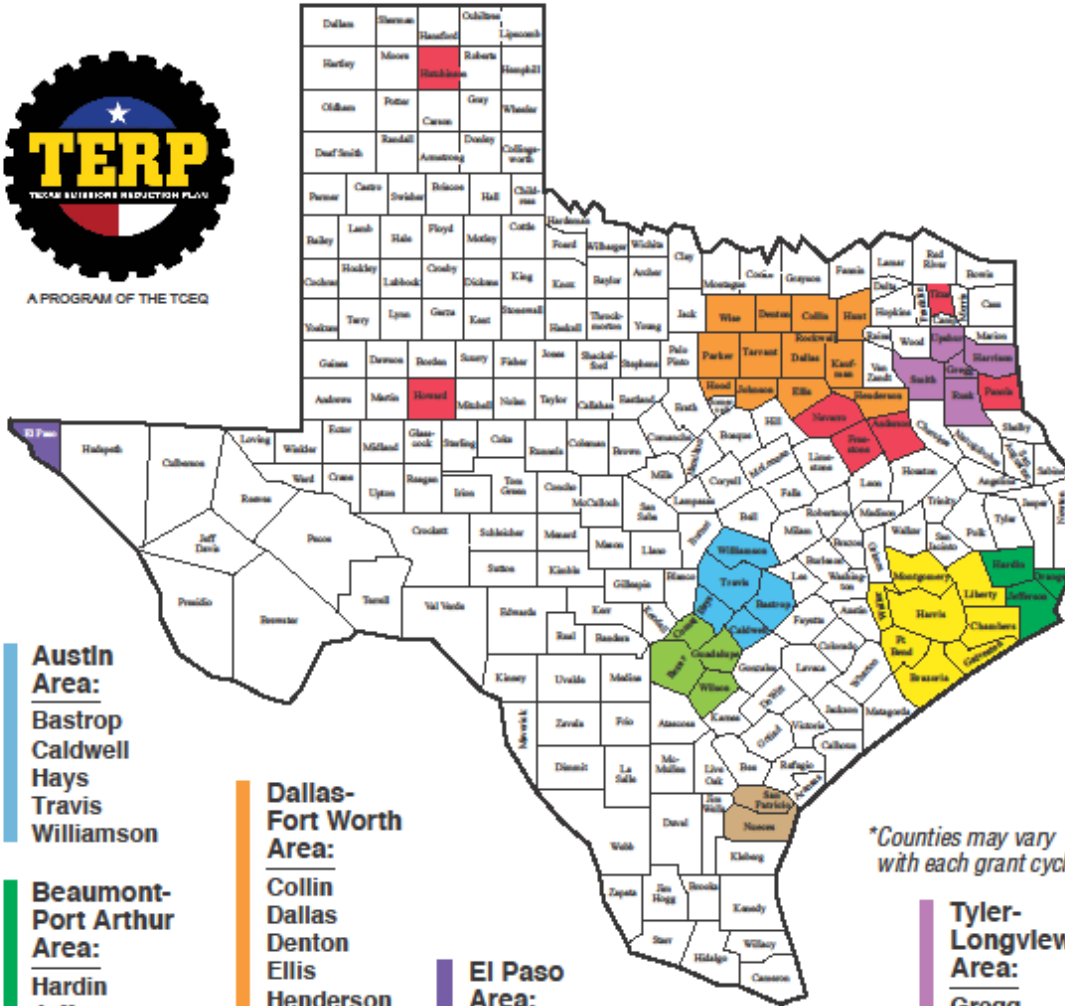
- 1) The **Implementation Period** is the period during which grant equipment is purchased and placed into service. The Implementation Period will end upon TCEQ issuing the final payment of grant funds.
- 2) The **Operation Period** will begin once the grantee completes the Implementation Period, and it will end on the contract expiration date. The Operation Period is the period during which the grantee must ensure the operation of the grant-funded facility and the maintenance of the grant-funded equipment. Grantees will report on the operational status of the grant-funded equipment and the amount of hydrogen dispensed.

If during either period, the THIVE grantee fails to submit reports or fails to demonstrate reasonable progress toward project completion or continued operation, TCEQ may invoke the contract's remedies, including termination of the contract and the return of grant funds.

4.9 Performance Evaluation

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

Appendix A: Map of Nonattainment and Affected Counties



Austin Area:
 Bastrop
 Caldwell
 Hays
 Travis
 Williamson

Beaumont-Port Arthur Area:
 Hardin
 Jefferson
 Orange

Corpus Christi Area:
 Nueces
 San Patricio

Dallas-Fort Worth Area:
 Collin
 Dallas
 Denton
 Ellis
 Henderson
 Hood
 Hunt
 Johnson
 Kaufman
 Parker
 Rockwall
 Tarrant
 Wise

El Paso Area:
 El Paso

Houston-Galveston-Brazoria Area:
 Brazoria
 Chambers
 Fort Bend
 Galveston
 Harris
 Liberty
 Montgomery
 Waller

San Antonio Area:
 Bexar
 Comal
 Guadalupe
 Wilson

Tyler-Longview Area:
 Gregg
 Harrison
 Rusk
 Smith
 Upshur

Other:
 Anderson
 Freestone
 Howard
 Hutchinson
 Navarro
 Panola
 Titus

**Counties may vary with each grant cycle.*



January 2023

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 800-914-1227.

Appendix B: Waivers of Requirements

This appendix explains what TCEQ will consider when reviewing a waiver request under Section 2.0 and what an applicant must submit to request a waiver of one or more of the ownership, registration, and use requirements.

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

Section 2.2 requires that on-road vehicles or non-road equipment replaced under the THIVE program must have been owned, leased, or commercially financed, registered (if applicable) and operated by the applicant in Texas for at least the two years immediately preceding the application signature date. TCEQ may consider a request to waive one or more of these requirements based on a finding of good cause, which may include short lapses in registration or operation due to economic conditions, seasonal work, or other circumstances. The burden is on the applicant to demonstrate why there is good cause to grant the waiver request.

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

Applicants who can demonstrate good cause may submit a waiver request to purchase on-road heavy-duty vehicles or non-road heavy-duty equipment from another entity (third-party) for the purpose of replacing and disposing of those vehicles or equipment under the THIVE program.

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

- a) Demonstrate that a replacement activity will result in the projected NO_x emissions reductions;
- b) Demonstrate that, absent the grant, the vehicle or piece of equipment being replaced would have continued to be operated in Texas;
- c) Provide the requested information for the vehicles or equipment in Section 8 of the THIVE Project Application Form 20976/a for Replacement, Repower and Conversion Projects;
- d) Attach to the application the documentation required in Section 4.1(e) of this RFGA for the third-party equipment; and
- e) Certify on Supplemental Form 1: Program Waiver Request that the third-party equipment meets the requirements of Section 2.3 or Section 2.4 of this RFGA and will be replaced in accordance with Section 2.5 or Section 2.6 of this RFGA.

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

Appx. B-3. Submitting a Waiver Request

Waiver requests must be submitted with the application for which it is intended. See Section 4.0 of this RFGA for application submission instructions.

Appx. B-4. TCEQ's Consideration of Waivers

All waiver requests will be considered by TCEQ on a case-by-case basis, with no assurance that a waiver will be granted.

Appx. B-5. Approval of Waiver Requests

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

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

Appendix C: On-Road and Non-Road Diesel Baseline Costs

This appendix lists the diesel baseline costs established by TCEQ for this grant round. For New Purchase projects, an applicant may request up to 100% of the difference in the baseline cost of the diesel on-road or non-road equipment and the cost of the qualifying on-road or non-road hydrogen equipment. The incremental cost is the difference in the baseline cost of the diesel on-road or non-road equipment and the baseline cost of the qualifying on-road or non-road hydrogen equipment.

Appx. C-1. On-Road Diesel Baseline Costs

The following are the baseline costs for diesel on road vehicles:

On-Road Vehicle Classification	Baseline Cost
Cement Truck	\$191,943
Class 4 Truck	\$55,869
Class 5 Truck	\$77,500
Class 6 Truck	\$98,373
Class 7 Truck	\$106,000
Class 8 Truck	\$131,760
Garbage Truck	\$231,326
Haul Truck	\$220,000
School Bus (Type C)	\$121,100
School Bus (Type D)	\$149,807
Terminal Tractor	\$152,000
Transit or Urban Bus	\$582,425

Appx. C-2. Non-Road Diesel Baseline Costs

If a non-road piece of equipment is not on this list, TCEQ may still consider the equipment for acceptance under the New Purchase category of the program. Please be prepared to provide a quote for a new diesel equipment that is comparable to the hydrogen equipment intended to be purchased. TCEQ reserves the right to consider historical pricing of the diesel equipment type, in addition to the quote supplied, when determining what the baseline cost of a new diesel equivalent would be.

The following are the baseline costs for diesel non-road vehicles:

Agricultural Tractors

Horsepower	Baseline Cost
HP < 50	\$23,270
50 ≤ HP < 75	\$37,979
75 ≤ HP < 100	\$60,708
100 ≤ HP < 175	\$114,869
175 ≤ HP < 300	\$182,739
300 ≤ HP < 600	\$266,747
600 ≤ HP < 750	\$471,123

Forklifts

Horsepower	Baseline Cost
HP < 75	\$49,982.44
75 ≤ HP < 100	\$123,058.81
100 ≤ HP < 175	\$217,718.40
175 ≤ HP < 300	\$439,285.37
300 ≤ HP < 600	\$601,577.41

Terminal Tractors

Horsepower	Baseline Cost
175 ≤ HP < 300	\$110,000.00

Rubber Tire Loaders

Horsepower	Baseline Cost
50 ≤ HP < 75	\$77,432.76
75 ≤ HP < 100	\$74,538.90
100 ≤ HP < 175	\$165,247.55
175 ≤ HP < 300	\$290,338.05
300 ≤ HP < 600	\$741,375.20
600 ≤ HP < 750	\$1,642,991.70
HP ≤ 750	\$1,839,485.62