

NORTH TEXAS DIESEL EMISSIONS REDUCTION PROJECT

CALL FOR PROJECTS

2024 APPLICATION GUIDELINES

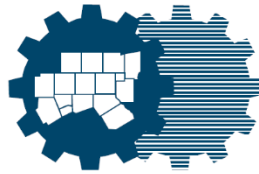
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**North Central Texas
Council of Governments**

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INTRODUCTION

The North Central Texas Council of Governments (NCTCOG) was awarded rebate funds through the Environmental Protection Agency's (EPA) Diesel Emissions Reduction Act Program. NCTCOG will open the North Texas Diesel Emissions Reduction (NTDER) 2024 Call for Projects (CFP) in order to obtain competitive, nitrogen oxides reducing projects. This CFP will fund replacement of existing diesel-powered heavy-duty vehicles or equipment to newer, cleaner heavy-duty vehicles or equipment operating in the Dallas-Fort Worth (DFW) ten-county ozone nonattainment area and areas of air toxics concern housing goods movement and transportation hubs.

Under the 2008 8-hour ozone National Ambient Air Quality Standards (NAAQS) Ten counties in the North Central Texas Region - Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise are classified as severe nonattainment, with an attainment deadline of July 20, 2027. Nine of these counties (excluding Rockwall) are also classified as serious nonattainment under the more stringent 2015 8-hour ozone NAAQS, with an attainment date of August 3, 2027. This means ground-level ozone pollution levels in these counties are higher than the level that EPA has identified as safe for human and environmental health. Ozone is formed when nitrogen oxides (NO_x) and volatile organic compounds mix in the presence of sunlight and heat. Breathing ground-level ozone can result in several health effects that are observed in broad segments of the population. Observational studies indicate that higher daily ozone concentrations are associated with increased hospital admissions and other markers of morbidity.¹ In addition to threatening human health, high ozone concentrations pose a risk to the environment, wildlife, agriculture, and manufactured structures in the region. Ozone nonattainment can also cost the region economically, as funding to build new roadways could be placed at risk, and businesses could become subject to more strict regulations (e.g., requirements to install emission control devices) including federal sanctions.

Programs to reduce NO_x emissions from both on-road and non-road mobile sources are crucial for achieving ozone attainment. These sources contribute to about half of all ozone-forming emissions. To continue improving air quality and working towards lower ozone levels, it is essential to implement emissions-reduction projects. For additional information about ozone emissions and efforts to improve air quality in North Central Texas, visit www.nctcog.org/airquality.

CONTACT INFORMATION

Please submit any questions or comments to:

Email: AQgrants@nctcog.org

Subject Line: ATTN: NTDER 2024 CFP

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SCHEDULE

Applications will be accepted and reviewed on a competitive basis. See the “Application Process” section for more details.

Milestone	Estimated Timeframe
Call for Projects Opens (will open at 90-day intervals until available EPA funds are obligated)	December 16, 2024
Project Application and Supplemental Documents Deadline	Round 2 June 13 March 14 , 2025
Evaluate Proposals and Select Projects	Round 2 June/July March/April 2025
Action by Executive Board	Round 2 July/August April/May 2025
Execute Agreements	Round 2 August/September May/June 2025

NCTCOG expects notifying rebate recipients of award after evaluating and selecting projects. Rebate projects will need to be completed within 2024 months of the award.

ELIGIBLE REBATE RECIPIENTS AND PROJECT AREA

NCTCOG will open the CFP to private sector fleets and public fleets including public agencies for high-use diesel vehicles and equipment operating at goods movement facilities like airports, rail yards, terminals, and distribution centers (see Glossary for definitions). Additionally, projects will be located in any of the ten counties (Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise counties) currently classified as nonattainment for the pollutant ozone under either the 2008 or 2015 ozone standards and/or within the counties identified as area of air toxics concern² which includes Dallas, Denton and Tarrant counties. Projects operating within the above counties as well as within environmental justice areas and freight-oriented development areas are most desirable and will receive higher scoring evaluation. See Exhibit 1.

To be eligible, all rebate recipients must have adopted a policy which is consistent with the Regional Transportation Council (RTC) Clean Fleet Policy prior to the application submittal. To meet this requirement, the policy should include goals or elements which meet the following objectives:

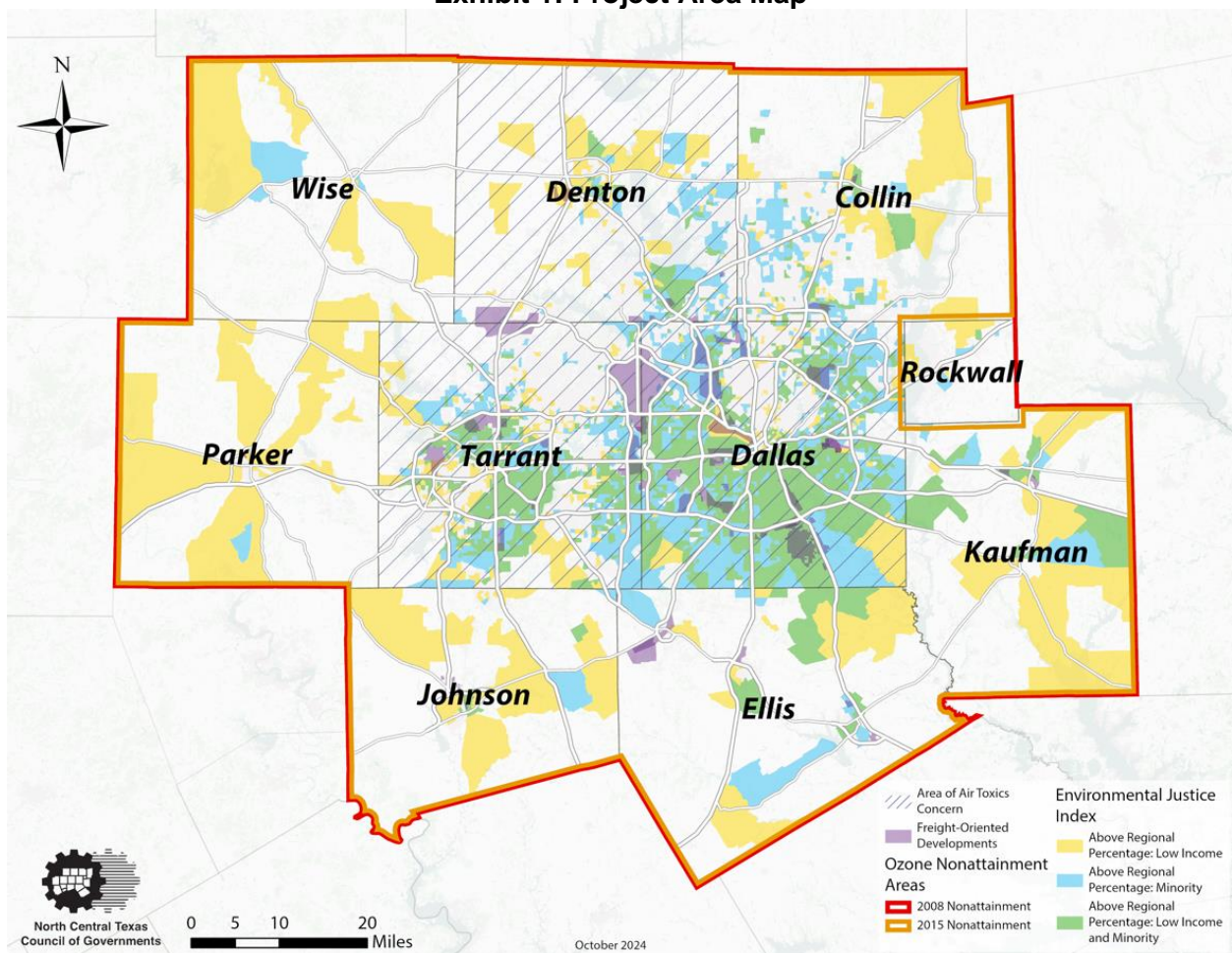
- 1) Reduce emissions from fleet activities;
- 2) Reduce fuel consumption among fleet vehicles and equipment;
- 3) Decrease idling time;
- 4) Support partnership with the NCTCOG and DFW Clean Cities Coalition; and
- 5) Educate fleet personnel on air quality and fuel consumption efforts.

More information, including a template policy, guidance documents and details on what these five objectives entail, can be found at www.nctcog.org/fleetpolicy.

In addition, all rebate recipients must submit an online risk assessment questionnaire and provide financial statements for review:

- NCTCOG will conduct a risk assessment on all anticipated rebate recipients prior to final selection. This assessment includes the following elements:
 - Financial/organizational capacity
 - History of performance for federal/state funds
 - Results of previous audits
 - Past performance on NCTCOG-related grants
- NCTCOG is not obligated to fund a proposal from a rebate recipient that has demonstrated marginal or unsatisfactory performance on previous grants or contracts with NCTCOG and/or other federal or state agencies.
- NCTCOG is not obligated to fund a proposal from a rebate recipient based on a determination of the risks, including the financial condition of the recipient and other risk factors as may be determined by NCTCOG.

Exhibit 1: Project Area Map



PROJECT ELIGIBILITY

All projects must reduce NO_x emissions from existing in-use medium and heavy-duty diesel-powered on-road vehicles and diesel powered nonroad vehicles or equipment, and fit one of the following categories:

The following requirements will apply to all rebate recipients under this program. NCTCOG reserves the right to withhold rebate payment or request return of funds if these requirements are not met and/or not sufficiently documented. Potential rebate recipients should consider these conditions carefully when evaluating whether to submit a project application and price quote.

Project Type 1: On-Road Replacements

On-road Vehicle Replacement

Replacement of an existing (old) diesel on-road vehicle with a newer, cleaner model year on-road vehicle. The existing vehicle must be a diesel-powered vehicle with a gross vehicle weight rating of 16,001 or more pounds. To be eligible for funding, the existing on-road vehicle must have accumulated at least 7,000 miles during each 12-month period during the 24 months prior to upgrade. The mileage of two or more units may be combined to reach the threshold where two or more units will be scrapped and replaced with one single unit. Eligible replacement on-road/highway vehicles and engines include those certified by EPA and/or the California Air Resources Board (CARB) to run on diesel or clean alternative fuel engines (including gasoline), electric generators, hybrid engines, and zero tailpipe emissions power sources (grid, battery, or fuel cell).

See Tables 1a and 1b below for more on-road replacements details.

Table 1a: Replacement of Diesel On-road Vehicle Eligibility Details

Gross Vehicle Weight Rating (GVWR)	Existing Engine Model Years (EMY)	Vehicle Replacement: EMY 2021+ (2017+ for Drayage)	Vehicle Replacement: EMY 2021+ Zero Emissions** or Low-NO _x ***	Maximum Funding Levels
16,001 and Up	Older – 2009	Yes	Yes	45% Cost if New is Zero Emission*
	2010 – Newer	No	Yes	35% Cost if New is CARB Optional Low-NO _x Certified*** 25% Cost if New is for All Others

*Eligible costs for battery electric powered vehicle, equipment and engine replacement projects can include the purchase and installation of one charging unit per vehicle, including the unit and charging cable, mount and/or pedestal. These costs are subject to the mandatory cost share requirements.

**Eligible fuel cell projects are limited to hydrogen fuel cell engine replacements for eligible urban transit buses, shuttle buses and drayage trucks, and hydrogen fuel cell vehicle replacements for eligible urban transit buses, shuttle buses, and drayage trucks.

***CARB=California Air Resources Board; Please see the Low-NOx Engine Factsheet found on the Diesel Emission Reduction Act (DERA) National Grants website for guidance on identifying engines certified to meet CARB's Optional Low NOx Standards - <https://nepis.epa.gov/Exe/ZyPDF.cgi/P10119PZ.PDF?Dockey=P10119PZ.pdf>

Table 1b: Drayage Replacement Eligibility Details

A “drayage truck” means any Class 8 highway vehicle operating on or transgressing through port or intermodal rail yard property for the purpose of loading, unloading, or transporting cargo, such as containerized, bulk, or break-bulk goods.

GVWR	Eligible Old EMY	Eligible New Vehicle EMY and Power Source	Maximum Funding Levels
33,001 and Up	Older – 2009	2017 or Newer; Diesel, Alternative Fuel Vehicle, Gasoline, Zero Emission Vehicle*, or CARB Low-NOx**	50% Cost
	2010 – Newer	2021 or Newer; Zero Emission* or CARB Low-NOx**	

*Eligible fuel cell projects are limited to hydrogen fuel cell engine replacements for eligible urban transit buses, shuttle buses and drayage trucks, and hydrogen fuel cell vehicle replacements for eligible urban transit buses, shuttle buses, and drayage trucks.

**CARB=California Air Resources Board; Please see the Low-NOx Engine Factsheet found on the DERA National Grants website for guidance on identifying engines certified to meet CARB's Optional Low NOx Standards - <https://nepis.epa.gov/Exe/ZyPDF.cgi/P10119PZ.PDF?Dockey=P10119PZ.pdf>

Additional drayage truck details:

Drayage truck must have a history of operating at the intermodal rail terminal(s) for at least 24 months. To be eligible for funding, the existing drayage vehicle must have accumulated at least 50 trips to one or more of the intermodal rail terminal(s) during each 12-month period during the 24 months prior to upgrade.

Diesel on-road vehicles defined:

Medium-duty or heavy-duty trucks includes diesel powered medium-duty and heavy-duty highway vehicles with gross vehicle weight rating (GVWR) as defined below:

Class 5 (16,001 – 19,500 lbs. GVWR);

Class 6 (19,501 – 26,000 lbs. GVWR);

Class 7 (26,001 – 33,000 lbs. GVWR);

Class 8 (33,001 lbs. GVWR and over)

School buses include diesel powered school buses of Type A, B, C and D. A “school bus” is defined as a passenger motor vehicle, designed to carry a driver and more than 10 passengers, that the Secretary of Transportation decides is likely to be used significantly to transport preprimary, primary, and secondary school students to or from school or an event related to school.

Transit buses include diesel powered medium-duty and heavy-duty transit buses (see definition of eligible Class 5-8 vehicles).

On-road Engine Replacement

Replacement of an existing (old) diesel on-road vehicle engine with a newer model year on road vehicle engine. To be eligible for funding, the existing on-road vehicle engine must have accumulated at least 7,000 miles during each 12-month period during the twenty-four months prior to upgrade.

See Table 1c below for more details.

Table 1c: On-road Engine Replacement Eligibility Details

GVWR	Eligible Old EMY	Engine Replacement: EMY 2021+ (2017+ for Drayage)	Engine Replacement: EMY 2021+ Zero Emission or Low-NOx*	Maximum Funding Levels
16,001 and Up	Older – 2009	Yes	Yes	60% Cost if New Engine is with Zero Emission
	2010 – Newer	No	Yes	50% Cost if New Engine is CARB Optional Low-NOx Certified** 40% Cost if New Engine is EPA Certified***

EMY=Engine Model Year

*Eligible fuel cell projects are limited to hydrogen fuel cell engine replacements for eligible urban transit buses, shuttle buses and drayage trucks, and hydrogen fuel cell vehicle replacements for eligible urban transit buses, shuttle buses, and drayage trucks.

**CARB=California Air Resources Board; Please see the Low-NOx Engine Factsheet found on the DERA National Grants website for guidance on identifying engines certified to meet CARB's Optional Low NOx Standards -

<https://nepis.epa.gov/Exe/ZyPDF.cgi/P10119PZ.PDF?Dockey=P10119PZ.pdf>

***EPA=Environmental Protection Agency; a list of currently available engines certified to EPA's standards are available at: <https://www.epa.gov/emission-standards-reference-guide/all-epa-emission-standards>

Project Type 2: Non-Road Replacements

Nonroad Engines, Vehicles and Equipment Replacement

Replacement of existing, older diesel nonroad equipment that operates 500 or more hours per year, with a newer model year nonroad equipment. To be eligible for funding, nonroad engines must operate at least 500 hours during each 12-month period for the 24 months prior to upgrade. The engine operating hours of two or more units may be combined to reach the

threshold where two or more units will be scrapped and replaced with one single unit. Agricultural pumps must operate for at least 250 hours during each 12-month period for the 24 months prior to upgrade. Eligible replacement nonroad equipment and locomotives include those powered by EPA and/or CARB certified diesel or clean alternative fuel engines (including gasoline), electric generators (gensets), hybrid engines. Nonroad equipment and locomotives powered by zero tailpipe emissions power sources (grid, battery, or fuel cell) do not require EPA or CARB certification. Non-road equipment includes vocations such as handling of cargo at a port or airport, construction, agriculture, and industrial uses.

Table 2a: Replacement of Diesel Nonroad Vehicle and Equipment Eligibility Details

Eligible Existing Engine Tier	Vehicle/Equipment Model Year 2021 or Newer				Maximum <u>Vehicle</u> or <u>Equipment</u> Funding Levels
	Eligible New Compression Ignition Tier		Eligible New Spark Ignition Tier	Zero Emission**	
	Tier 3-4i*	Tier 4	Tier 2		
Unregulated through Tier 2	Yes	Yes	Yes	Yes	45% Cost if New is Zero Emission
Tier 3	No	Yes	Yes	Yes	35% Cost if New is CARB Optional Low-NOx Certified*** 25% Cost for All Others****

Table 2b: Replacement of Diesel Nonroad Engine Eligibility Details

Table 2: Replacement of Diesel Nonroad Engine Emissions Details					
Eligible Existing Engine Tier	Engine Model Year 2021 or Newer				Maximum <u>Engine</u> Funding Levels
	Eligible New Compression Ignition Tier		Eligible New Spark Ignition Tier	Zero Emission**	
	Tier 3-4i*	Tier 4	Tier 2		
Unregulated through Tier 2	Yes	Yes	Yes	Yes	60% Cost if New Engine is Zero Emission
Tier 3	No	Yes	Yes	Yes	50% Cost if New Engine is CARB Optional Low-NOx Certified*** 40% Cost if New Engine is EPA Certified****

*Tier 3 and Tier 4 interim (4i) allowed for vehicle/equipment replacement only when Tier 4 final is not yet available from OEM for 2021 model year equipment under the Transition

Program for Equipment Manufacturers (TPEM). Tier 3 and Tier 4i engines may be used for engine replacement only if Tier 4 is demonstrated to not be available or feasible through a best achievable technology analysis.

**Eligible fuel cell projects are limited to hydrogen fuel cell equipment replacements for eligible terminal tractors/yard hostlers, stationary generators, and forklifts. Fuel cell engine replacement is not eligible.

***CARB=California Air Resources Board; Please see the Low-NOx Engine Factsheet found on the DERA National Grants website for guidance on identifying engines certified to meet CARB's Optional Low NOx Standards -

<https://nepis.epa.gov/Exe/ZyPDF.cgi/P10119PZ.PDF?Dockey=P10119PZ.pdf>

****EPA=Environmental Protection Agency; a list of currently available engines certified to EPA's standards are available at: <https://www.epa.gov/emission-standards-reference-guide/all-epa-emission-standards>

Project Type 3: Replacement of Diesel Transport Refrigeration Unit Equipment

Table 3: Transport refrigeration units (TRUs) trailers are eligible as nonroad equipment.

Existing Equipment	Equipment Replacement	Maximum Funding Level
Diesel TRU Trailer ONLY and does <u>not</u> include tractor or tractor trailer combo	Zero Emission eTRU Trailer ONLY includes charging unit	45% Cost

The 45 percent EPA funding is only eligible if the new unit will operate solely on grid, battery, or other zero emission power sources. Any eTRUs powered by diesel engines or diesel gensets are not eligible for funding. Please see the TRU Factsheet found at [420f23005_0.pdf \(epa.gov\)](#).

Project Type 4: SmartWay Verified Idle Reduction Technology

Table 4: SmartWay Verified Auxiliary Power Unit Technology is eligible.

Existing Vehicle	Technology	Maximum Funding Level
EMY 2006 and Older On-road Highway Vehicle with New or Previously Installed Exhaust After-Treatment Retrofit	EPA SmartWay Verified Auxiliary Power Units for on-road highway vehicle when combined with new or previously installed exhaust after-treatment retrofit	100% Cost*

*Funding cannot be used for the purchase of idle reduction technologies if similar technologies have previously been installed on the truck. Auxiliary power units and generators are not eligible on vehicles with EMY 2007 or newer. Truck will need to spend 51 percent or more of its time operating in one of the ten nonattainment counties, within the nonattainment area and/or area of air toxics concern counties. No funds will be used for electrified parking spaces or truck stop electrification.

An idle reduction project is generally defined as the installation of a technology or device that reduces unnecessary idling of diesel engines and/or is designed to provide services (such as heat, air conditioning, and/or electricity) to vehicles and equipment that would otherwise require

the operation of the main drive or auxiliary engine(s) while the vehicle is temporarily parked or remains stationary. EPA SmartWay verified technologies must be used and currently include options to reduce idling for long haul Class 8 trucks equipped with sleeper cabs.

Project Type 5: Locomotive Engine Replacement and Shore Power Connection Systems

Locomotive Engine Replacement

Locomotive includes diesel powered line-haul, passenger, and switch engines and locomotives. To be eligible for funding, the existing locomotive engine must operate at least 1,000 hours during each 12-month period for the 24 months prior to upgrade. The engine operating hours of two or more units may be combined to reach the thresholds below where two or more units will be scrapped and replaced with one single unit. Some locomotive engine projects may be subject to the restriction on mandated measures.

Mandated Measures

No funds will be awarded to fund emission reductions mandated by federal statute. Specifically, projects involving locomotives are not eligible if the emissions reductions are required by EPA's locomotive rule "Control of Emissions of Air Pollution from Locomotives Compression- Ignition Engines Less than 30 liters per Cylinder. Voluntary or elective emissions reduction measures shall not be considered "mandated," regardless of whether the reductions are included in the State Implementation Plan (SIP). Applicants must be able to clearly demonstrate justification for why/how the proposed emissions reductions are not subject to the restriction for mandated measures by demonstrating:

- the engines are exempt from the requirements of EPA's rule; or
- emissions reductions funded with EPA funds will be implemented prior to the effective date of any applicable requirements under the rule; and/or
- emissions reductions funded with EPA funds will not be used to satisfy any applicable requirements under the rule but are in excess of (above and beyond) those required by the applicable mandate.

Table 5a: Locomotive Engine Replacement Eligibility

Existing Locomotive Tier	Engine Replacement		Maximum Funding Levels
	Tier	Zero Emission**	
Unregulated through Tier 2	Tier 3*; Tier 4	Eligible	60% Cost if Zero Emission Power Source
Tier 3	Tier 4	Eligible	50% Cost if CARB Optional Low-NOx Certified Engine*** 40% Cost if EPA Certified****
Tier 4	Not Eligible	Not Eligible	

*Tier 3 engines may be used for engine replacement only if Tier 4 is demonstrated to not be available or feasible through a best achievable technology analysis. Locomotive engine replacements must commit to using Tier 4 engines if Tier 4 engines with the appropriate physical and performance characteristics are available. Applicants anticipating the use of Tier 3 or Tier 4i engines should discuss their rationale for proposing Tier 3 or Tier 4i engine replacements. Tier 3 is not eligible for locomotive replacement.

**Fuel cell engine and locomotive replacements are not eligible.

***CARB=California Air Resources Board; Please see the Low-NOx Engine Factsheet found on the DERA National Grants website for guidance on identifying engines certified to meet CARB's Optional Low NOx Standards -

<https://nepis.epa.gov/Exe/ZyPDF.cgi/P10119PZ.PDF?Dockey=P10119PZ.pdf>

****EPA=Environmental Protection Agency; a list of currently available engines certified to EPA's standards are available at: <https://www.epa.gov/emission-standards-reference-guide/all-epa-emission-standards>

Note: Tier 0+, Tier 1+, Tier 2+, Tier 3, and Tier 4 represent locomotives manufactured or remanufactured under the more stringent Tier standards promulgated under the 2008 (current) locomotive rule. Tier 0, Tier 1, and Tier 2 represent locomotives originally manufactured or remanufactured under the less stringent Tier standards promulgated in 1997.

All new nonroad and locomotive engines are now manufactured to meet the EPA Tier 4 standards. Applicants replacing nonroad and locomotive engines with internal combustion engines must demonstrate in their application that they commit to using Tier 4 engines if Tier 4 engines with the appropriate physical and performance characteristics are available. Applicants anticipating the use of Tier 3 engines should discuss their rationale for proposing lower tiered engine replacements in their application. If selected for funding, recipients must submit a best achievable technology analysis to EPA for approval before Tier 3 or Tier 4i vehicles, equipment, or engines can be purchased.

Locomotive Shore Power Connection Systems

Table 5b: Idling Control Strategies Eligibility Details

Eligible Equipment	Operational Minimum for Funding	Maximum Funding Levels
Locomotive shore power connection systems. Technologies used must be on the EPA SmartWay verified list*	Funds shall be used for locomotive shore connection system projects that are used more than 1,000 hours/year.	40% Cost Coverage**

*SmartWay Verified locomotive technologies -- including the specified categories -- are listed in a table at: <https://www.epa.gov/verified-diesel-tech/smartway-verified-list-idling-reduction-technologies-irts-locomotives>

**Eligible costs include the purchase and installation of certain equipment required for power delivery directly related to the new equipment such as design and engineering, electrical panels, upgrades to existing electrical panels or electrical service, transformers, wiring/conduit, and installation. (Funding cannot be used for power distribution to the property line, electricity, operation and maintenance, stationary energy storage systems that power the equipment (e.g., batteries) and their installation, and on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation).

Project Resilience

Priority for funding is given to applications which demonstrate the ability to protect grant funded investments from severe weather events. NCTCOG will evaluate applications based on the quality and extent to which the project assesses and implements adaptation considerations described below to help ensure that the project achieves its expected outcomes despite the threat of increasing frequency of severe weather events.

Adapting to climate change involves actions by individuals, businesses, governments, and others to build project resiliency and reduce vulnerability of human and natural systems to unavoidable climate impacts. Adaptation also reduces the long-term costs of responding to these impacts. Applicants can demonstrate consideration of climate change adaptation through measures taken to anticipate, prepare for, and avoid adverse impacts of climate change. For example, assessing project vulnerability to climate impacts can be incorporated into project planning, such as siting decisions and operational plans. Measures taken to avoid damages could include ensuring fleets and equipment are protected from impacts such as flooding and protecting infrastructure from storm damage.

REBATE REQUIREMENTS

The following requirements will apply to all rebate recipients under this program. NCTCOG reserves the right to withhold rebate payment or request return of funds if these requirements are not met and/or not sufficiently documented. Potential rebate recipients should consider these conditions carefully when evaluating whether to submit a rebate application.

Existing Engine, Vehicle or Equipment:

- The existing vehicle, engine, or equipment must be fully operational. Operational equipment must be able to start, move, and have all necessary parts to be operational.
- The participating fleet owner must currently own and operate the existing vehicle or equipment and have owned and operated the vehicle during the 24 months prior to upgrade. If awarded, NCTCOG may request proof of ownership for a vehicle or equipment which can be provided through registration documentation and/or insurance documentation.
- The existing vehicle, engine, or equipment must have spent 51 percent or more of its time operating in one of the ten nonattainment counties, within the nonattainment area and/or area of air toxics concern counties.
- The existing vehicle, engine, or equipment will need to be destroyed properly as detailed in the "REBATE ADMINISTRATION AND PROJECT IMPLEMENTATION REQUIREMENTS" section of this guidelines.
- The existing vehicle, engine, or equipment must have at least three years of remaining life at the time of upgrade. The remaining life is the fleet owner's estimate of the number of years until the unit would have been retired from service if the unit were not being upgraded or scrapped because of the grant funding. The remaining life estimate is the number of years of operation remaining even if the unit were to be rebuilt or sold to another fleet. The remaining life estimate depends on the current age and condition of the vehicle at the time of upgrade, as well as things like usage, maintenance, and climate. Funding will not be awarded to replacement projects that would have occurred with less than three years of remaining life.

New Engine, Vehicle or Equipment for Replacement:

- The new replacement vehicle, engine, or equipment will continue to perform similar function and operation as the vehicle, engine, or equipment that is being replaced.
- The cost of optional components or “add-ons” that significantly increase the cost of the vehicle may not be eligible for funding under the grant; the replacement vehicle should resemble the replaced vehicle in form and function.
- The new replacement vehicle, engine, or equipment will be of similar type and gross vehicle weight rating or horsepower as the vehicle, engine, or equipment being replaced.
 - Nonroad: Horsepower increases of more than 40 percent will require specific approval by EPA prior to purchase, and the applicant may be required to pay the additional costs associated with the higher horsepower equipment.
 - Onroad: The replacement vehicle must not be in a larger weight class than the existing vehicle (Class 5, 6, 7, or 8). Exceptions may be granted for vocational purposes and will require specific EPA approval prior to purchase.
- The new replacement vehicle, engine, or equipment will need to spend 51 percent or more of its time operating in one of the ten nonattainment counties, within the nonattainment area and/or area of air toxics concern counties.
- The new replacement vehicles, engines, or equipment must remain operational in the DFW ozone nonattainment area for at least five years.

COST ELIGIBILITY

Please note that rebate funds and matching funds cannot be used for stationary energy storage systems that power the equipment (e.g., batteries) and their installation. Rebate funds and matching funds cannot be used for on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation. Applicants and their partners may add these components at their own expense outside the scope of the rebate.

Rebate recipients must notify NCTCOG of the value of any existing financial incentives that directly reduce the cost of the proposed activity, including tax credits or deductions, other rebates, anticipated scrap value, or any other financial assistance, to allow for accurate calculation of incremental cost.

Eligible and Ineligible Costs

- **Eligible project costs** include the purchase price of eligible vehicles, engines, and equipment.
- **Eligible project costs** can include mechanic/driver training related to the maintenance and operation of new technologies.
- **Eligible costs** for battery electric powered vehicle, equipment and engine replacement projects can include the purchase and installation of one charging unit per vehicle, including the unit and charging cable, mount and/or pedestal.
 - **Ineligible costs** include power distribution to the pedestal, electrical panels and their installation, upgrades to existing electrical panels or electrical service, transformers and their installation, wiring/conduit and its installation, electricity, operation and maintenance, stationary energy storage systems that power the equipment (e.g. batteries) and their installation, and on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation.

- **Eligible costs** for drayage truck replacement projects include the required/scheduled vehicle maintenance, as specified in the owner's manual, which is necessary to meet the warranty requirements for diesel particulate filters installed on drayage trucks. Funding for required maintenance is available for the duration of the project period.
- **Eligible costs** for grid electric powered engine and equipment replacement projects can include the purchase and installation of certain equipment required for power delivery directly related to the new equipment. Eligible costs include design and engineering, electrical panels, upgrades to existing electrical panels or electrical service, transformers, wiring/conduit, and installation.
 - **Ineligible costs** include power distribution to the property line, electricity, operation and maintenance, stationary energy storage systems that power the equipment (e.g., batteries) and their installation, and on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation.
- **Eligible costs** for engine replacement projects can include equipment and parts included in the certified engine configuration and/or are required to ensure the effective installation and functioning of the new technology. Eligible costs include design and engineering, parts and materials, and installation. For engine replacement with battery, fuel cell, and grid electric, eligible costs include electric motors, electric inverters, battery assembly, direct drive transmission/gearbox, regenerative braking system, vehicle control/central processing unit, vehicle instrument cluster, hydrogen storage tank, hydrogen management system and fuel cell stack assemblies.
 - **Ineligible costs** include cabs, tires, wheels, axles, paint, brakes, and mufflers.
- **Eligible costs** for locomotive shore power connection projects can include the purchase and installation of certain equipment required for power delivery directly related to the new equipment. Eligible costs include design and engineering, electrical panels, upgrades to existing electrical panels or electrical service, transformers, wiring/conduit, and installation.
 - **Ineligible costs** include power distribution to the property line, electricity, operation and maintenance, stationary energy storage systems that power the equipment (e.g., batteries) and their installation, and on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation.
- Other **ineligible costs** include;
 - Administrative costs and other internal costs of the rebate recipient including, but not limited to, personnel expenses, internal salaries, indirect costs, and travel.
 - Fees associated with cooperative procurement organizations (e.g., BuyBoard, Sourcewell).
 - Fees for a third-party consultant or dealer hired to coordinate the application or manage and administer rebate-funded activities, including coordination of the work and submission of reports and paperwork. This restriction is not intended to limit the ability of the equipment supplier or installer to include reasonable and necessary costs for managing the work to be performed in the price of the engine, equipment, or installation services. Per the Uniform Grant Management Standards, the cost-plus-percentage-of-cost method of contracting for professional services shall not be used.

- Optional components or “add-ons” that significantly increase the cost of the vehicle or equipment
- Federal matching funds
- Expenses incurred prior to the project period executed agreement
- Emissions testing
- Fueling infrastructure
- Federally mandated measures
- Leasing
- Fleet expansion
- Replacement retrofit technologies

Please note: DERA funds may not be used to meet mandatory cost sharing requirements for projects funded with environmental mitigation funds resulting from federal settlements (e.g., Volkswagen Environmental Mitigation Trust). Further, federal environmental mitigation funds may not be used to meet non-federal mandatory cost share requirements of any DERA grant.

Workforce Development

Evaluation criteria points will be given to applications that demonstrate plans and activities to prepare their workforce for the project, such as conducting robust workforce planning to ensure current drivers, mechanics, electricians, and other essential personnel receive training to safely operate and maintain the new vehicles, engines, infrastructure, and equipment, in order to maximize the useful life of any certified engine configuration, verified technology, or emerging technology used or funded by the eligible entity. Additionally, evaluation criteria points will be given to applications which demonstrate policies and protections that currently exist or will be put in place to prevent existing workers from being replaced or displaced because of new technologies purchased with funding awarded. Evaluation criteria points will be given to applicants who demonstrate that they engage with workers and their representatives directly in the development of workforce planning activities to incorporate worker voice into the project.

NCTCOG will evaluate this criterion based on the quality and extent of the workforce planning activities. Applicants can demonstrate workforce planning by clearly articulating which types of jobs will be impacted by the project, how they have or will engage those workers, how they will provide training, resources, and support to those workers for implementing the project (including the amount of time workers will spend in training and the skills they will develop), and clarifying if workers will be compensated with their regular wages for their time spent in training. Plans should make clear how they prioritize the health and safety of workers through evidence of a health and safety program that adheres to Occupational Safety and Health Administration regulations or other applicable regulations.

APPLICATION REQUIREMENTS

Cost Estimate:

- Rebate recipients are advised to consult multiple sources to ensure that estimated costs are as accurate and realistic as possible. As part of the application, rebate recipients must attach at least one price quote from a sales company for each project type, that will be the basis for determining the applicable funding thresholds.

UEI Number and SAM Registration:

- Rebate Participants are required to provide a Unique Identifier (UEI) number, and a current registration with the System for Award Management (SAM). Rebate participants can receive a UEI by creating an account on SAM.gov. The process for entity registrations includes obtaining Unique Entity ID (UEI), a 12-character alphanumeric ID assigned to an entity by SAM.gov, and requires assertions, representations, and certifications, and other information about the organization. Rebate recipients can receive free SAM registration at www.SAM.gov.

Emissions Credit:

- Rebate recipients must surrender all emissions reductions to NCTCOG to meet air quality requirements and goals. The recipient may not utilize emissions reductions to satisfy other air quality commitments unless otherwise agreed to by NCTCOG.

Voluntary Reductions:

- Projects must be voluntary in nature and not required by any local, state, or federal law, rule, regulation, memorandum of agreement, or other legally binding document.

APPLICATION PROCESS

Application forms are available through www.nctcog.org/aqfunding; click the “North Texas Diesel Emissions Reduction 2023 Call for Projects” link under Hot Topics. Applications must include original signatures from the rebate recipient’s Authorized Official on the certification statements in Part 4 of the application. As part of applying, rebate recipients must also complete a Risk Assessment Questionnaire available at <https://www.surveymonkey.com/r/2024NTDER>.

The application deadline is 5 p.m. Central Time on Friday, ~~June 13~~ March 14, 2025 (Round 2).

Submit a hard copy signed application, price quote, copy of signed Clean Fleet Policy and Idle Reduction Policy and all needed attachments by 5 p.m. on the deadline date. This hard copy submittal with signatures will count as the official submittal and must be mailed or delivered to the following address by 5 p.m. Central Time by the appropriate deadline:

**North Central Texas Council of Governments
Transportation Department
NTDER 2024 CFP
Attention: AQ Grants
616 Six Flags Drive
Arlington, TX 76011**

In addition to the hard copy submittal, NCTCOG requires an electronic submission of the Application (in Excel format) and all needed attachments to AQgrants@nctcog.org. Electronic-only submissions will **not** be evaluated.

Applications for the North Texas Diesel Emissions Reduction 2024 Call for Partners will be accepted on a competitive basis. **The evaluation will be based on the selection criteria outlined on pages 19 and 20.** Applications must be in a sealed envelope with a return address

on the outside. Mailed applications which are postmarked by this time but have not yet been received are not considered “in hand.” Faxed applications will not be accepted.

Rebate applicants are encouraged to submit in advance of the deadline to allow staff time to review for completeness.

Steps to Apply: All the items listed below must be “in hand” by the application deadline for a project to be deemed complete.

- ☐ Online Risk Assessment Questionnaire (including financial statements and any required attachments)
- ☐ Completed and Signed Application Form (including Part 1, Part 2, Part 3, Part 4, Part 5, and Part 6)
- ☐ Price Quote (at least one price quote for each project type)
- ☐ Completed and Signed Copy of Clean Fleet Policy and Idle Reduction Policy (if not already on file with NCTCOG)

Use of Consultants:

Private consultants may be available to assist in completing and submitting an application. These consultants do not represent NCTCOG, and NCTCOG neither encourages nor discourages the use of a consultant to assist with the application process. NCTCOG has no agreement with any consultant and applications submitted by a particular consultant will not receive any more favorable treatment than other applications. Fees charged by a consultant are the responsibility of the applicant and may not be charged to the rebate, either directly or as an addition to the cost basis of the rebate-funded equipment. Moreover, NCTCOG staff are available to field application questions as needed.

SELECTION CRITERIA

NCTCOG will evaluate submitted applications based upon a competitive process using the following criteria:

- **Quantitative Analysis: Cost Effectiveness (65 percent of total project score)**
 - Cost per ton of NO_x reduced in the ten-county project area per year.
- **Qualitative Analysis: Rebate Recipient Oversight (25 percent of total project score)**
 - The project’s emissions benefits will be compared to NCTCOG’s burden to administer the project.
 - NCTCOG will give scoring preference to projects where rebate recipients indicate they plan to install telematics and are willing to provide NCTCOG access to the information.
- **Qualitative Analysis: Priority Project Location Criteria (5 percent of total project score)**
 - NCTCOG will also give scoring preference to projects that are located or operate within the (Please refer to Exhibit 1):
 - Ozone 2008 and/or 2015 standard nonattainment area
 - Area of air toxics concern
 - Areas of freight-oriented development
 - Areas in which poverty levels are above regional percentages
 - Areas in which minority populations are above regional percentages

- Areas in which poverty levels and minority populations are above regional percentages
- **Qualitative Analysis: Project Resilience and Workforce Development (5 percent of total project score)**
 - NCTCOG will evaluate applications based on the quality and extent to which the project assesses and implements the climate change adaptation measures to help ensure that the project achieves its expected outcomes even as the climate changes. The proposed applicant has demonstrated planning or action taken towards building project resilience and reducing vulnerabilities to climate impacts.
 - NCTCOG will evaluate applications that demonstrate plans and activities to prepare their workforce for the project, such as conducting robust workforce planning to ensure current drivers, mechanics, electricians, and other essential personnel receive training to safely operate and maintain the new vehicles, engines, infrastructure, and equipment, in order to maximize the useful life of any certified engine configuration, verified technology, or emerging technology used or funded by the eligible entity. Additionally, evaluation criteria points will be given to applications which demonstrate policies and protections that currently exist or will be put in place to prevent existing workers from being replaced or displaced because of new technologies purchased with funding awarded under this NOFO. Evaluation criteria points will be given to applicants who demonstrate that they engage with workers and their representatives directly in the development of workforce planning activities to incorporate worker voice into the project.

NCTCOG may base funding decisions on factors associated with best achieving the purpose of the CFP and is not obligated to select a project for funding. Additionally, NCTCOG may select parts of an application for funding or offer to fund less than the amount requested in an application.

REBATE ADMINISTRATION AND PROJECT IMPLEMENTATION REQUIREMENTS

Rebates are participant support costs used for subsidies, and similar one-time, lump-sum payments to recipients for the purchase of eligible emission control technologies and vehicle replacements. They are not considered subawards/subgrants as defined in 2 CFR Part 200, under this award and should not be treated as such.

NCTCOG will notify all rebate recipients whether the project has been awarded and, if so, rebate amounts awarded. The notification will be sent to all points of contact identified on the rebate application. *This notification is not authorization to begin work.* Entities selected to receive rebate funding will be required to execute an agreement with NCTCOG in order to formally accept rebate funding.

Rebate recipients who receive a rebate award will be required to meet with NCTCOG staff prior to implementing their project to explain all rebate expectations. If awarded, the steps to implement generally are as follows:

Step 1: Sign Agreement with NCTCOG

No rebate activities may begin until after the agreement between NCTCOG and the rebate recipient is fully executed. "Rebate activities" in this case includes vendor

selection or placement of vehicle/equipment purchase orders. All activities must be on hold until execution of a rebate agreement by NCTCOG.

Step 2: Complete Purchases in Accordance with Agreement and Scope Requirements

Rebate recipients will be required to complete purchases per the executed agreement and as detailed in the project scope of work.

Step 3: Submit for Reimbursement

Rebates will be made on a reimbursement basis for eligible expenses incurred and paid by the rebate recipient. A cost may not be considered incurred until the rebate-funded vehicle/equipment has been paid for by the rebate recipient. Requests for reimbursement shall include documentation to show that the vehicle/equipment has been received, expenses paid by the rebate recipient, and proper vehicle/equipment disposition has occurred. **All eligible expenses must be paid in full with cash on hand (not financed, etc.) in order to be reimbursed.** Reimbursement request forms are available at www.nctcog.org/aqfunding/forms.

Rebate recipients must notify NCTCOG of the value of any existing financial incentives that directly reduce the cost of the proposed activity, including tax credits or deductions, other rebates, anticipated scrap value, or any other public financial assistance, to allow for accurate calculation of incremental cost.

Rebate recipients must identify expected local match sources, which must fund at least 75, 65, 55, 50 or 40 percent of total replacement project cost depending on type of replacement vehicle/equipment. Matching funds should be sourced from cash on hand. Matching funds must not already be tied to other emission reduction commitments (i.e., funding from the Texas Emissions Reduction Plan or Texas Volkswagen Environmental Mitigation Program may not be used as matching funds).

Step 4: Disposition

All vehicles/equipment/engines being replaced must be rendered permanently disabled. Disabling the engine requires cutting, drilling, or punching a three inch by three-inch (3" x 3") hole in the engine block (the part of the engine containing the cylinders). Disabling the chassis consists of cutting completely through the frame/frame rails on each side of the vehicle/equipment at a point located between the front and rear axles. Both the engine and chassis of each vehicle/equipment must be disabled for each replacement activity.

Rebate recipients must apply for a non-repairable vehicle title in advance of completing disposition.

NCTCOG staff must be present to witness vehicle/equipment and engine destruction and to take the required photos. Rebate recipients must schedule the destruction in coordination with NCTCOG to ensure staff attendance.

Complete documentation of vehicle/equipment disposition must be included with the reimbursement request submitted for preliminary review. Documentation will include a standard form identifying the destroyed vehicle/equipment and a standard set of photos. The Vehicle/Equipment and Engine Disposition Form (available for download at www.nctcog.org/aqfunding/forms) shows the highlighted fields to be completed by the rebate recipient. NCTCOG will facilitate completion of this documentation through the

destruction site visit. **NCTCOG will notify the performing party of preliminary approval of reimbursement, and if disposition should proceed.**

Alternative disabling methods must be approved by NCTCOG in advance on a case-by-case basis. If other, pre-approved scrappage methods are used, details and documentation must be submitted to NCTCOG. Disposition documentation requirements will apply and will be detailed as part of the NCTCOG approval.

Existing Eligible Vehicle Year for Scrappage	Replacement Vehicle Year	Requirement*
Older – 2009 EMY	2010 EMY or newer	If a 2010 engine model year (EMY) or newer vehicle is replaced, the 2010 EMY or newer vehicle may be retained or sold if the 2010 EMY or newer vehicle will replace a pre-2009 EMY vehicle, and the pre-2009 EMY vehicle will be scrapped. It is preferred that the scrapped unit currently operates within the same project location(s) as the 2010 EMY or newer vehicle currently operates, however alternative scenarios will be considered. All existing and replacement vehicles are subject to the funding restrictions. All equipment must operate within the United States. Under this scenario, a detailed scrappage plan must be submitted and will require prior EPA approval.

*The term “project location” refers to the primary area where the affected vehicles/engines operate, or the primary area where the emissions benefits of the project will be realized.

While NCTCOG does not endorse nor recommend any particular facilities, the Texas Department of Motor Vehicles maintains a list of salvage dealer facilities. This list may be a useful reference for locating facilities who can ensure compliance with this rebate program’s requirements. A list of salvage yards is located at: <https://txdmv.force.com/dealers/salvagedealeragentstaging>. A list of used auto recyclers is located at: https://www.tdlr.texas.gov/dbproduction2/Ltuaprcl_rcy.csv.

Step 5: Reporting and Vehicle/Equipment Use

- **Project Status Report:** Rebate recipients must submit reports regarding project status on a monthly basis until final reimbursement is issued.
- **Annual Usage Reporting:** Rebate recipients will be required to submit annual reports which will be available through the NCTCOG website at www.nctcog.org/aqfunding. Required reporting will include, but is not limited to, the following information for each activity:
 - Hours/Mileage
 - Asset Condition
 - Location/Area of Operation

- **Geographic Area of Use:** All rebate-funded vehicles, engines, and equipment must be utilized 51 percent or more of its time in the ten-county nonattainment project area and/or area of air toxics concern counties.
- **Automatic Vehicle Locator Service:** Rebate recipients who have automatic vehicle locator service (AVLS) device on rebate funded equipment may use the data for usage reporting.
- **Public Awareness:** To further enhance the partnership and marketing of emission reduction efforts, the rebate recipient must agree to place a label on rebate-funded vehicles/equipment if requested by NCTCOG.
- **Notification of Changes:** Recipients must agree to notify NCTCOG of changes in the following for the duration of the five-year operation requirement: termination of use, change in use or location, sale, transfer, or accidental or intentional destruction of rebate-funded equipment/engines.

Awarded rebate recipients are obligated to fulfill agreement requirements including, but not limited to, surrender of eligible emissions credits, and completion of reporting requirements to NCTCOG for the duration of the five-year operation requirement. Failure to comply with these requirements may result in return of all or a pro-rata share of the rebate funds to NCTCOG.

GLOSSARY

Airports – places where aircraft operate that have paved runways and terminals which include cargo, baggage and/or passenger-movement operations.

Rail Yards – a system of tracks, other than main tracks and sidings, used for making up trains, for storing cars, and for other purposes.

Terminals – freight and passenger stations at the end of carrier lines, or that serve as junctions at any point with other lines, that have facilities for the handling of freight and/or passengers.

Distribution Centers – facilities that perform consolidation, warehousing, packaging, decomposition, and other functions linked with handling freight, often in proximity to major transport routes or terminals, and/or which generate large amounts of truck traffic.

¹ <https://www.epa.gov/ozone-pollution-and-your-patients-health/health-effects-ozone-general-population>

² <https://www.epa.gov/system/files/documents/2023-07/fy22-23-priority-county-list-2023-06.pdf>