The purpose of the Tennessee Natural Gas and Propane Vehicle Grant Program is to incentivize the investment in and purchase of natural gas or propane-powered light, medium, and heavy-duty vehicles. The program, managed by the Tennessee Department of Environment & Conservation’s Office of Energy Programs (TDEC OEP), provides financial assistance to public, non-profit, and private fleets in Tennessee that apply to receive funding to purchase or convert a minimum of one eligible vehicle. The grant program is limited to one application per entity, per location.

$1,700,000 in grant funding will be available under this solicitation. The program will provide up to 70% of the incremental purchase cost of eligible vehicles or 70% of the cost of vehicle conversion to compressed natural gas (CNG), liquefied natural gas (LNG), or propane. This grant will fund up to $25,000 per vehicle and will not exceed $250,000 per awardee. Eligible applications may include a variety of vehicle types and uses. The terms and conditions of the program are outlined in this application manual.

Applications must be received by 8:00 pm CST on March 15, 2018. Acceptable delivery methods include: mail, express delivery service, hand delivery, or email. Awards are expected to be announced by April 16, 2018, and the expected timeframe for award negotiations will be June 2018.

Hard copies should be mailed to:
Tennessee Department of Environment and Conservation
The Office of Energy Programs – Tennessee Natural Gas and Propane Vehicle Incentive Program
C/o Alexa Voytek
William R. Snodgrass Tennessee Tower
312 Rosa L. Parks Avenue, 2nd Floor
Nashville, TN 37243

Digital copies should be emailed to: TDEC.OEP@tn.gov with the subject line “Tennessee Natural Gas and Propane Grant Application.”

- Public, non-profit, and private Tennessee-based fleets shall be eligible to receive grant funding.
- A project must propose to receive funding for at least one eligible vehicle purchase or conversion.
- Eligible vehicles must be either:
  - Purchased new, from an original equipment manufacturer (OEM) or OEM-authorized dealer, and be fully equipped by the manufacturer or by a third party at the direction of the manufacturer to operate on an alternative fuel prior to the initial purchase and
registration of the vehicle; or
  o Converted to run on natural gas or propane through an EPA and/or CARB-certified, after-market vehicle conversion.

• Each eligible vehicle for which a grant is awarded must be certified/approved by the U.S. Environmental Protection Agency (EPA) and/or the California Air Resources Board (CARB) and must comply with all federal and state safety requirements.
• Pre-commercial vehicles should not be included in grant applications.
• Eligible vehicles must be registered within the State of Tennessee, unless the vehicle is to receive International Registration Plan (IRP) apportioned registration. In the case of the latter, the organization applying for a grant must submit a letter certifying the percentage of time that the vehicle is expected to operate within the State of Tennessee.
• Eligible vehicles shall include dedicated CNG vehicles, dedicated LNG vehicles, and dedicated propane-powered vehicles.
  o Natural gas or propane-powered bi-fuel vehicles, or vehicles that are capable of operating on gasoline or diesel in addition to natural gas or propane, shall be eligible for emergency response vehicle purchases or conversions only.
    o All bi-fuel vehicles will be required to utilize either natural gas or propane for no less than 75% of the vehicle’s fuel use for a period of no less than five years. The grant amount available to bi-fuel vehicles will be 75% that of dedicated vehicles. Bi-fuel vehicles will therefore only be eligible to receive no more than 52.5% of the vehicle conversion or incremental cost, up to $25,000 for each eligible vehicle.
• Light, medium, and heavy-duty vehicles will be considered eligible, as there will be no gross vehicle weight restrictions or requirements.
• Eligible costs under this grant program are limited to either the purchase costs of eligible vehicles or the conversion costs of eligible vehicles to natural gas or propane. Each grant will cover no more than 70% of these costs.
• Applicants must intend to maintain operations in Tennessee for a minimum of six years.
• Grants will not provide more than $25,000 for each eligible vehicle.
• The total dollar amount of awards to a grantee may not exceed $250,000.
• The Grantee will have 18 months from the effective date of the project contract to complete the project.
• Payment of project expenses will take place on a reimbursement basis. The Grantee must purchase the vehicle(s) or undergo the vehicle conversion and submit required invoice documentation to TDEC before payment can occur. TDEC will not pay project expenses that are incurred prior to the start date the project contract.
• Projects may begin after the Grantee is notified by State that the grant has been fully approved.
• A list is provided under the Application Evaluation Section identifying items that, if not included in the application, may result in an incomplete application and cause your application to be ineligible for an award.
• Grant applications are public documents and are subject to disclosure to the public upon request. Any information included in the grant application that the applicant wishes Tennessee to consider as proprietary must be submitted as a separate attachment and must be clearly marked as proprietary. Tenn. Code Ann. § 4-3-514 (b)(2) defines "proprietary information" as "trade secrets and commercial or financial information that is used either directly or indirectly in the business of any person...and that gives such person an advantage or an opportunity to obtain an advantage over competitors who do not know or use such
By submitting an application for a grant, applicants agree to allow the use of applicant and project information as provided in application and grant documents to be published or distributed in various print or electronic media publications.

OEP reserves the right to not award funds to applicants that have:
- Not submitted an application that is administratively complete;
- Failed to complete previously funded projects with TDEC;
- Exhibited poor performance in complying with the expectations and requirements of grant contracts with TDEC; or
- Have non-compliance issues with TDEC or outstanding obligations to the State of Tennessee.

By signing the Application, the Applicant certifies that he/she, along with any other officers, directors, owners, partners, employees, or agents is (are) not presently debarred, suspended, proposed for debarment, or declared ineligible for an award by any State or Federal agency.

TDEC may terminate and cancel this Grant Program at any time. If for any reason the funds become unavailable, TDEC may cancel the Contract and not be obliged to make any payments under the Contract after the termination date. In such a case, TDEC will give the Grantee 30 days written notice.

APPLICATION EVALUATION:

TDEC OEP will conduct a comprehensive review of all complete and eligible grant applications, including supporting documentation (e.g., price quotes and cost calculations). Applications will be competitively evaluated based solely on the data provided; therefore, completeness and accuracy are important. Each applicant is responsible for submitting all relevant, factual and correct information with the application. Funding will be awarded based on the merits of the applications. Please note that OEP may select parts of a proposal for funding and may offer to fund less than the eligible grant amounts and/or a smaller amount than requested in the application.

Projects will be evaluated, in part, on the following criteria:

- Quantity of gasoline or diesel displaced by the use of natural gas or propane;
- Cost-effectiveness of the project;
- Whether the project results in the establishment of a new fueling station or an expanded fueling station such that the station will have expanded fueling capacity installed during the period of performance, including expanded fuel storage, increased compressor capacity, or increased fueling rate;
- Whether the vehicles operate mainly in a maintenance area for ozone or PM 2.5; and
- Whether the vehicle to be purchased or engine to be converted will replace an older vehicle or engine that will be permanently retired and scrapped.

Projects may be determined to be incomplete and ineligible for an award if the information provided in the application:

- Requests funding for greater than 70% of the incremental purchase cost or conversion cost;
- Does not provide any financial commitment documentation, such as a letter that
documents financial commitment for the purchase or conversion of eligible vehicles;
• Does not state that the applicant and other vehicle owners intend to maintain operations in Tennessee for at least six years from the project start date;
• Does not provide a letter from the owner or operator of the fueling station(s) within Tennessee stating that the primary fueling station or fueling station(s) is or will be capable of supporting the projected fuel consumption within the grant period of performance;
• Requests funding for greater than the maximum grant amount $250,000.

APPLICATION REQUIREMENTS:

Applicants must complete and provide the items listed below in their grant request. Details for completing the items below are provided in this grant manual.

• Applicants must complete and submit the Tennessee Natural Gas and Propane Vehicle Grant Program Application form.
• The application must state the intent of the applicant and all project partners to:
  o Maintain operations in Tennessee for no less than six years;¹
  o Register all purchased vehicles within Tennessee, unless vehicles are to receive International Registration Plan (IRP) apportioned registration.

Supplementary documentation – (All supplementary documentation must be letter-sized (8 ½ X 11 inches), double sided, with one-inch margins. The recommended font is Open Sans, 10 point font):

• The application must include a project description, which must contain:
  o A description of the number and type of eligible vehicles to be purchased or converted;
  o Confirmation of the existence or planned construction of fueling infrastructure within Tennessee that will be available to supply all vehicles to be supported with grant funds;
  o An explanation of the public accessibility of the natural gas or propane fueling facility to be used;
  o A statement of the projected use of natural gas or propane in gasoline gallon equivalents (GGEs) or gallons, accompanied by the methodology utilized to determine the projected use;
  o A plan which demonstrates the financial viability of the project, the proposed project purchase or conversion schedule, and the expected payback;
  o A description of the total incremental purchase cost or vehicle conversion cost of eligible vehicles, as well as the amount of incremental cost or vehicle conversion cost requested as grant share; and
  o A description of the expected driving route of the vehicles to be supported with grant funds (i.e., whether the vehicle will be in service on a daily, weekly, or monthly basis and the expected length of vehicle trips; where the vehicle is expected to travel (will it serve a local route, regional route, state-wide route), the highways/roadways that the vehicle is expected to travel on, etc.).
• If the vehicle is to receive IRP apportioned registration, the application must include a letter certifying the percentage of time that the vehicle is expected to operate within the State of

¹ For six years following the date upon which grant-funded vehicles are put into service, TDEC OEP will follow-up with Grantees on a bi-annual basis to confirm that Grantees are still in possession of and operating the vehicles.
Tennessee.

- The application must include a budget justification and supporting documentation to detail the calculations, assumptions and information used to determine the new vehicle purchase price or vehicle fuel conversion price, the equivalent diesel or gasoline vehicle purchase price, the total incremental purchase costs or conversion costs of eligible vehicles, the amount of incremental cost or vehicle conversion cost requested as grant share, applicant or project partner match amount, total project cost, the financial viability of the project, and the expected payback. Supporting documentation should include price quotes and/or other verifiable sources for incremental cost calculations.
- The application must contain letter(s) documenting financial commitment to the project. Letters of financial commitment from each source, including the applicant, should clearly state the amount and source of matching funds (i.e., non-incremental costs) to be committed to the project. Funding “applied for” but not yet awarded from other sources may not be included.
- The application must contain documentation confirming the existence of fueling infrastructure available in Tennessee to supply eligible vehicles to be supported with grant funds.
  - For existing fueling stations, the applicant must provide a letter from the owner or operator of the station stating that the fueling station is or will be capable of supporting the projected fuel consumption within the grant period of performance.
  - For proposed new fueling stations, the applicant must provide a letter from the owner/operator of the station identifying the online date, the supplier of the fuel, and the capabilities of the fueling station to support the projected fuel consumption of the project within the grant period of performance.

Note: For questions regarding natural gas refueling infrastructure, please contact the Tennessee Gas Association at 615-872-2411. For questions regarding propane autogas refueling infrastructure, please contact the Tennessee Propane Gas Association at 888-240-8742.

**GENERAL GRANT AND CONTRACT CONDITIONS:**

- Projects selected for funding will receive a letter from the TDEC Commissioner, addressed to the contact person specified in the application.
- After the announcement of a grant award, TDEC OEP will forward a Grant Contract to the recipient. Grantees will be required to execute (sign) the Grant Contract, which will include a detailed scope-of-work, project schedule, budget and other information.
- Grantees will be required to obtain a vendor identification number and will need to submit a Form W-9, Request for Taxpayer Identification Number and Certification. Grantees will also be required to submit bank information via an original Automated Clearing House (ACH) form, in order to receive grant reimbursements electronically. The ACH form must be signed by an authorized account representative and a representative of the associated financial institution.
- TDEC OEP will make payment to the Grantee based on review of the required form detailing incremental costs or vehicle conversions costs with accompanying invoices, actual incremental costs and vehicle conversion costs at time of purchase or conversion, and documentation of the delivery or conversion of the vehicle. TDEC OEP will not fund costs in excess of the requested grant amount. For vehicles that are expected to utilize new fueling stations, TDEC OEP will not make payment unless said fueling stations are operable.
Grantees will be reimbursed for costs incurred by the Grantee only during the grant period of performance.

Procurement of vehicles shall be made on a competitive basis, including the use of competitive bidding procedures, where practical. In each instance where it is determined that use of a competitive procurement method is not practical, supporting documentation shall include a written justification for the decision and for use of a non-competitive procurement. The Grantee shall obtain prior approval from the State before purchasing any equipment under the Grant Contract.

**Reporting:**

- The Grantee must submit quarterly reports to include updates on procurement, vehicle operator training, and fueling infrastructure until the grant-funded vehicles are purchased or converted, delivered, and put into service. Quarterly reports are due by the 20th of the month following the end of the quarter that is being reported.
- The Grantee shall submit, within three months of the conclusion of each year of the grant period, and for three years thereafter, an annual report. Such reporting shall include the demonstrated usage of compressed natural gas, liquefied natural gas, or propane in purchased vehicles, the number of GGEs or gallons purchased, purchase price, refueling locations, miles driven, driving or route habits, metrics regarding emissions reductions, and savings or cost avoidance.
- Grantees must submit a final project report within three months of the completion of the grant period. (Please note that this report may be combined with the annual report for the final year of the grant period.) In addition to the information requested for the annual report, the final project report must also include cumulative financial information to match the final reimbursement request as well as inventory documentation for all equipment or vehicles purchased with funding through the Grant Contract. The inventory documentation must include, at a minimum, the following:
  a. Description of the equipment or vehicles;
  b. Manufacturer’s serial number or other identification number, when applicable;
  c. Consecutive inventory equipment or vehicles tag identification;
  d. Acquisition date, cost, and check number;
  e. Fund source, State Grant number, or other applicable fund source identification;
  f. Percentage of state funds applied to the purchase or conversion;
  g. Location within the Grantee’s operations where the equipment or vehicles are used;
  h. Condition of the property or disposition date if Grantee no longer has possession;
  i. Depreciation method, if applicable; and
  j. Monthly depreciation amount, if applicable.
- Failure to submit quarterly, annual, or final reports may result in the required refund of any and all payments made to the Grantee by the State.
- The Grantee will use quarterly, annual, and final report templates provided by OEP. These templates will be referenced in the Grant Contract and will be attached to the corresponding grant program manual.
- The Grantee will be responsible for providing all the information required to complete the reports.
TDEC OEP will exercise stewardship in overseeing the project activities performed under the Grant Contract. Stewardship activities include, but are not limited to, conducting site visits; reviewing performance and financial reports; providing technical assistance and/or temporary intervention in unusual circumstances to address deficiencies that develop during the project; assuring compliance with Grant Contract terms and conditions; and reviewing technical performance after project completion to ensure that the project objectives have been accomplished.

Accounting and Financial Controls:

- Grantees must properly manage and account for funding received. A complete spending record for all expenditures will be required, including invoice receipts, logs of record and other properly certified documents.
- No credit will be given for costs incurred prior to the grant period of performance. Making a deposit to hold/order vehicles does not exclude that vehicle from receiving incremental costs which are subsequently incurred and the vehicle delivered during the grant period of performance. Documentation will be required for all funds requested. Any applicant who starts a project and incurs costs before receiving a fully executed Grant Contract does so at its own risk.
- All funding must be spent in accordance with the Grant Contract.
- OEP reserves the right to terminate the Grant Contract and/or recover funding from Grantees that OEP determines are not in compliance with the conditions of this solicitation or the Grant Contract.
- OEP will not automatically grant project extensions. Requests for extensions will be evaluated on a case by case basis.
- OEP reserves the right to monitor projects and to audit any Grantee’s financial transactions or compliance with the Grant Contract.

Public Notice: OEP encourages Grantees to publish or otherwise make publicly available the results of work performed and vehicle purchases made under their Grant Contracts. All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by Grantees in relation to their Grant Contract should include the statement, “This project was funded in part under a Grant Contract with the State of Tennessee’s Department of Environment & Conservation’s Office of Energy Programs, under the Tennessee Natural Gas and Propane Vehicle Grant Program.”

**DEFINITIONS:**

**Bi-Fuel Vehicle** – A motor vehicle that is capable of operating on gasoline or diesel fuel in addition to another type of fuel, such as natural gas or propane. Both fuels are stored on board and the driver can switch between the fuels. The vehicle is equipped with fuel tanks, fuel injection systems, and fuel lines for both fuels.

**Conversion** – A modification that enables a vehicle or engine to use a different fuel or power source than the one for which it was originally designed, such as a conversion of a diesel vehicle to run on natural gas or propane.

**Dedicated Compressed Natural Gas (CNG) Vehicle** – A motor vehicle that is produced by an original equipment manufacturer and operates on 100% CNG fuel.

**Dedicated Liquefied Natural Gas (LNG) Vehicle** – A motor vehicle that is produced by an original
equipment manufacturer and operates on 90% or more LNG fuel and 10% or less on gasoline or diesel fuel.

**Dedicated Propane-Powered Vehicle** - A motor vehicle that operates on 100% propane autogas.

**Emergency Response Vehicle** – An emergency response vehicle is any vehicle that is designated and authorized to respond to an emergency situation that threatens or negatively impacts public health, safety, and welfare. These vehicles are usually operated by designated government agencies or first responders (including fire, police, and emergency medical personnel), but may also be operated by charities, non-governmental organizations, and some commercial companies. Examples of emergency response vehicles include police cars, firetrucks, ambulances, and other similar on-road vehicles necessary for transporting first responders, other emergency services personnel, patients, and equipment in times of emergency.

**Gasoline Gallon Equivalent (GGE)** – The amount of alternative fuel it takes to equal the energy content of one liquid gallon of gasoline.

**Grantee** – An applicant that has an executed Grant Contract with TDEC.

**Incremental Purchase Cost** – The excess cost of a dedicated CNG vehicle, a dedicated LNG vehicle or a dedicated propane-powered vehicle over the price for a gasoline or diesel fuel motor vehicle of a similar model.

**International Registration Plan (IRP) Apportioned Registration** – The registration required for vehicles over 26,000 pounds that cross state lines.

**Match** – The non-grant share of the total project cost.

**Original Equipment Manufacturer (OEM)** – The entity that originally manufactures the engine or the vehicle for sale.

**Project Partner** – An entity that will contribute some or all of the matching funds (i.e., non-incremental costs) towards the purchase of eligible vehicles.

**Pre-commercial vehicle** – A vehicle that is not commercially available for purchase.

**CONTACT:**

All communications (regular mail, express mail, electronic mail, or fax), concerning this application and award process must be addressed to:

Alexa Voytek  
The Office of Energy Programs – Tennessee Natural Gas and Propane Vehicle Incentive Program  
Tennessee Department of Environment and Conservation  
William R. Snodgrass Tennessee Tower  
312 Rosa L. Parks Avenue, 2nd Floor  
Nashville, TN 37243