

MODEL COMMITMENT LETTER

(To be provided on contributor's letterhead)

Date

Heather Ball
Railroad Commission of Texas
Alternative Fuels Research & Education Division
P.O. Box 12967
Austin, Texas 78711-2967

Dear Ms. Ball:

The purpose of this letter is to confirm [*organization name*]'s commitment to participate in the Railroad Commission's proposal to the State Energy Conservation Office for RFA No. TR-AG1-2010, Alternative Fuels and Technology Stimulus Grant Program.

If the proposal is selected for funding, [*organization name*] agrees to purchase ___ new propane school buses and/or ___ dedicated propane vehicles. In addition, we commit to upgrade our existing propane refueling infrastructure at ___ site(s). Our organization understands that if awarded, the grant can be used for:

- 1) Up to 80 percent of the incremental cost for the purchase of new Original Equipment Manufacturer (OEM) Alternative Fuel Vehicles (AFVs). The incremental cost of new dedicated propane vehicle purchases is limited to \$4,000 per vehicle for light- and medium-duty vehicles and up to \$8,000 per vehicle for heavy-duty vehicles. Only OEM and U.S. Environmental Protection Agency (EPA) or California Air Resources Board (CARB) certified vehicles are eligible.
- 2) Up to 100 percent reimbursement for the cost of conversion kits for retrofitting, conversion and repowering of vehicles originally designed to operate using diesel or gasoline to run on authorized alternative fuels. The incremental cost of new dedicated propane vehicle conversions is limited to \$4,000 per vehicle for light- and medium-duty vehicles and up to \$8,000 per vehicle for heavy-duty vehicles. Only U.S. Environmental Protection Agency (EPA) or California Air Resources Board (CARB) certified equipment is eligible.
- 3) Up to 80 percent of the cost of upgrading existing propane refueling equipment. The value of land and existing related equipment may be considered as part of the required 20 percent match.

I understand that, in order to be eligible under this grant, the funds to purchase the vehicles may not come from federal sources, such as stimulus monies.

I hereby represent that the above information is true and correct, and my proposed cost-sharing contribution meets all of the requirements of the proposal.

Sincerely,

Typed name of signatory

Title

Railroad Commission of Texas DOE Grant Proposal FAQ

On October 19, 2009, the Railroad Commission, through its Alternative Fuels Research and Education Division, plans to submit a proposal to the State Energy Conservation Office to help Texas public fleets reduce their petroleum consumption by purchasing propane-fueled vehicles.

If awarded, the grant would fund \$4,000 (light-duty) to \$8,000 (medium-duty) of the incremental cost of new or retrofitted propane light- and medium-duty vehicles, if the vehicle owner puts up the rest of the cost of the vehicle as cost share. All vehicles and retrofit fuel systems must be EPA or CARB-certified.

All public entities statewide are eligible. Participating fleets that are subject to the alternative-fueled vehicle acquisition requirements of the federal Energy Policy Act may apply for funding only for vehicles in excess of their annual AFV acquisition requirements.

We need responses in our offices by October 12.

Q: What constitutes a “response”?

A: We need the commitment letter and the completed fleet worksheet.

Q: Since this is not a replacement program, why do you need the spreadsheet?

A: So we can determine if your planned purchases have EPA- or CARB-certified propane systems and to determine the amount of petroleum that the new propane vehicles will displace.

Q: Does the grant cover infrastructure costs such as fueling stations?

A: Yes, but only for upgrades of existing propane refueling stations.

Q: I own a private business. Can I use the program to buy a vehicle for it?

A: No. Eligibility is limited to governmental entities such as school districts, state or local government agencies, special-purpose districts or authorities, or public colleges and universities.

Q: Can I combine another federal grant with the SECO grant funding?

A: No. You cannot use federal dollars as matching funds for this grant.

Q. Can I combine TERP funding with SECO funding under this grant?

A: Yes. The TERP grant administered by the RRC applies only to medium-duty trucks or school buses fueled by propane.

Q: How much is a new propane-fueled pickup?

A: Prices vary, depending on the propane system. From your Fleet Worksheet, we'll be able to determine which system is EPA- or CARB-certified for your vehicle. For example, the OEM cost for a dedicated propane F-250 is about \$10,000 more than its gasoline counterpart.

Q: Is propane cheaper than gasoline or diesel?

A: Propane is about half the price at present market rates, but making it even more attractive is the \$0.50/gallon Federal excise tax credit that applies to alternative fuelers who fuel their own vehicles. The credit is in effect through December 31, 2009, and may be extended by Congress.

Q: I'm a state entity with no tax liability. How do I take advantage of the fuel tax credit?

A: The federal government will issue a check to qualified tax-exempt entities in an amount equivalent to \$0.50/gallon for the propane you use.

Q: Is the grant proposal confined to the non-attainment counties?

A: No, users in all counties are eligible.

Q: Can I finance the new purchase?

A: Yes, but leases are not permitted.

Q: How long must I keep the new vehicle if I get the grant?

A: A minimum of four years to satisfy the reporting requirements.

Q: Which vehicles are eligible?

A: Vehicles that have received EPA or CARB emissions certifications and whose propane fuel systems are approved by the Railroad Commission.

Q: Which dealers participate in the program?

A: For new medium-duty trucks and school buses, the authorized distributors are Rush Enterprises and Blue Star Bus Sales. For OEM vehicles, ROUSH Enterprises offers the Ford dedicated propane F250 and F350 pickups and E350 and E450 vans. For light-duty bi-fuel conversions, the installer must hold a Category L license from the Railroad Commission.