



Emissions Reduction Incentive Grants (ERIG) Program

The ERIG program provides financial incentives to repower or replace older locomotives, marine vessels, stationary equipment, and select non-road equipment to reduce nitrogen oxides (NO_x) emissions in nonattainment areas and affected counties in Texas.



Webinar Agenda

- Program Highlights
- Program Requirements
- Grant Amounts and Eligible Expenses
- Submitting a Grant Application
- Application Scoring & Selection
- Reimbursement, Disposition, & Reporting
- Questions



Program Highlights

- ~\$45 million in available funding.
- Funding for a wide variety of equipment like line-haul & switcher locomotives, commercial fishing boats, tugboats, stationary turbines over 25 hp, off-highway trucks, and more.
- Refueling infrastructure is available for qualifying equipment.
- 60-day window to submit grant applications.
- Grants will be awarded on a competitive basis.
- At least 55% operation in eligible areas.



Eligible Applicants



- Eligible applicants are individuals, state and local governments, corporations, or any other legal entity (including its associated legal affiliates).
- All business entities such as corporations or partnerships must have an active registration with the Texas Secretary of State by the program opening date. If awarded a contract, businesses must maintain an active registration during the contract period.



Eligible Project Categories

- Replacement or repower of select non-road equipment
- Replacement or repower of stationary equipment
- Replacement or repower of marine vessels
- Replacement or repower of locomotives
- Refueling Infrastructure



Non-Road and Stationary Equipment Being Replaced or Repowered

Only non-road equipment categories that were NOT included in the Rebate Grants program are eligible.

All equipment must be:

- Non-road equipment powered by an engine rated at 25 horsepower or greater.
- Stationary Equipment powered by an engine, turbine or other internal combustion device that is 25 hp or greater and has an engine that is certified to the EPA emissions standards for non-road engines or is otherwise authorized by applicable rule or air permit.
- 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.
- 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.
- In operating condition with at least five years of useful life remaining.

Applicants must certify that they have legal authority to destroy the equipment being replaced.



Marine Vessels Being Replaced or Repowered

The vessel must:

- Have been continuously owned, leased, or otherwise commercially financed by the applicant for at least the two years immediately preceding the application signature date.
- Have been continuously used in Texas, in its primary function in the routine operations of the applicant, for the two years immediately preceding the application signature date.
- Be in operating condition with at least five years of useful life remaining.
- Contain one or more propulsion or auxiliary engines that is 25 hp or greater.
- Where required under Texas boating regulations, the vessel must currently be registered in the applicant's name for operation in Texas. Any United States Coast Guard documentation of the vessel must also be in the applicant's name.



Locomotives Being Replaced or Repowered

The locomotive must be:

- Continuously owned, lease, or otherwise commercially financed* for at least two years immediately preceding the application signature date.
- Continuously located and used in Texas, in its primary function in the routine operations of the applicant, for the two years immediately preceding the application signature date.
- In operating condition with five years of useful life remaining.

*The applicant must provide proof of ownership, which may include a copy of the bill of sale, maintenance records, or in some cases a title.



Refueling Infrastructure

- Applicants seeking to replace or repower non-road pieces of equipment, stationary equipment, marine vessels, or locomotives with alternatively fueled equivalents may request additional funding for the installation of new refueling infrastructure, or expansion of existing onsite refueling infrastructure that includes the following fuel types:
 - Electricity
 - Hydrogen
 - Compressed Natural Gas (CNG)
 - Liquefied Natural Gas (LNG)
 - Propane (LPG)
 - Methanol
- Applicants may only include one refueling infrastructure project site and one type of alternative fuel per application.



Refueling Infrastructure Continued

- The refueling infrastructure must provide, at a minimum, refueling capacity to the non-road or stationary equipment, marine vessel, or locomotive purchased, replaced, or repowered through this grant program.
- Applicants are required to be the owner of 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.
- All grant-funded refueling infrastructure must be purchased by the applicant and not leased.



Waiver Requests

- TCEQ may consider a request to waive one or more of the ownership or operation requirements on a finding of good cause, which may include:
 - Short lapses in operation due to economic conditions, seasonal work, or other circumstances.
- For replacement projects only.
- Applicants must complete and submit **Supplemental Form 1: Program Waiver Request** with the application.
- TCEQ will review waiver requests on a case-by-case basis.



Qualifying (Replacement) Non-Road and Stationary Equipment

- Non-road equipment categories that were included in the Rebate Grants program are not eligible for ERIG.
- The manufacture year of the engine must not be more than three years older than the calendar year in which it was purchased.
- The engine must be certified or verified to emit at least 25% less NO_x than the engine being replaced or repowered.
- Must be of the same type and should be intended for use in the same application or vocation as the equipment being replaced.



Qualifying (Repower) Non-Road and Stationary Equipment

- Be certified or verified to meet the same category of emission standards as the original engine (e.g., non-road).
- The manufacture year of the engine must not be more than three years older than the calendar year in which it was purchased.
- Use only components procured from the original engine manufacturer (OEM) or an authorized reseller. TCEQ may approve exceptions to this on a case-by-case basis.
- Subject to approval by TCEQ, a non-road engine emissions upgrade rebuild kit certified or verified by the EPA or CARB to result in a reduction in NO_x emissions of at least 25% may be considered a repower.



Qualifying Marine Vessels (Replacement and Repower)

- Must have at least one propulsion engine that is subject to the EPA emission standards for marine vessels.
- The manufacture year of the engines installed must not be more than three years older than the calendar year in which it was purchased.
- The combined NO_x emissions must be certified to be at least 25% less than the combined NO_x emissions of the engines on the vessel being replaced, based on the emissions standard for those engines.
- Must be intended for the same or similar purpose as the vessel being replaced.



Qualifying Locomotives (Replacement and Repower)

- Locomotives includes line-haul or switcher locomotives that are subject to the EPA emission standards for locomotives.
- The year of manufacture of the engine installed on the replacement locomotive cannot be more than three years older than the year in which it was purchased.
- The engine must be certified to emit at least 25% less NO_x than the engine being replaced, based on the federal standard for that engine.
- The replacement locomotive must be of the same locomotive type and be intended for the same or similar purpose as the locomotive being replaced.



Usage Commitment

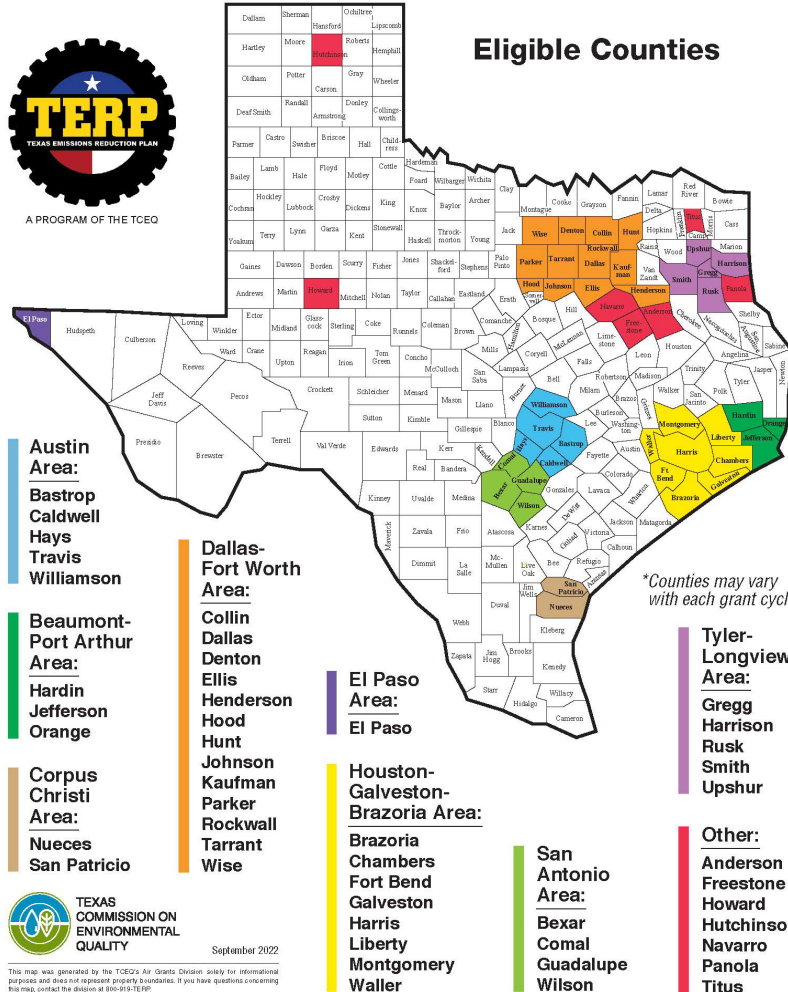
- The grant-funded equipment must operate at least 55% of the time in one or more of the nonattainment areas and affected counties. Applicants may elect to increase this commitment in increments of 10% up to a maximum of 95% of their operation in these same areas.
- For marine vessels, eligible operation must occur within eligible counties or within the coastal county lines of eligible counties which is approximately 3 leagues (10.35 miles) offshore. Operation in intercoastal waterways or bays adjacent to nonattainment areas or affected counties may be used to meet the 55% requirement but will not be considered in any emissions reduction calculations for scoring purposes.
- Annual operation will be considered as miles traveled, hours of engine operation, or fuel consumed.
- Refueling infrastructure must be owned, operated, and maintained for the duration of its annual usage reporting requirement as defined in Section 4.8 of the RFGA.



Eligible Counties Map



A PROGRAM OF THE TCEQ



September 2022

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 800-695-TERP.



Grant Amounts

- Replacement and repower projects:
 - Grant recipients may be eligible for reimbursement of up to 80% of the eligible incremental costs associated with the purchase or lease of the replacement equipment, not to exceed an incentive amount that results in a cost per ton (CPT) of NO_x reduced as specified below:
 - Marine and Locomotive Projects: \$20,000 CPT
 - Stationary Projects: \$35,000 CPT
 - Non-Road Equipment Projects: \$35,000 CPT



Grant Amounts Continued

- Refueling Infrastructure Projects:
 - Subject to the cost per ton of NO_x reduced limits as specified in the previous slide. For the purposes of determining if a project including refueling infrastructure meets these limits, the requested grant amount for the refueling infrastructure will be added to any other requested grant amounts in an application with no additional NO_x emissions reductions.
 - Applicants will receive up to 50% of the incremental cost of the refueling infrastructure project.



Ineligible Costs



- Insurance Premiums
- Finance fees and charges
- Salaries and travel expenses for employees of the grantee
- Expenses of any lobbyist registered in Texas
- Costs associated with the preparation and submission of the grant application
- Administrative costs of the grantee, including overhead and indirect costs (e.g., office supplies, rent, marketing, and advertising)
- Costs that do not involve an arms-length transaction, such as the use of existing inventory without a proof of purchase
- Any costs paid prior to the opening of the grant round
- Food and drink



Application Submission

- **Email:** ERIG-Apply@tceq.texas.gov

- **File Transfer Protocol Secure (FTPS) Server**

- **Standard mail:**
Texas Commission on Environmental Quality
Air Grants Division, MC-204 (ERIG)
P.O. Box 13087
Austin, TX 78711-3087

- **Express mail:**
Texas Commission on Environmental Quality
Air Grants Division, MC-204 (ERIG)
12100 Park 35 Circle, Building F, 1ST Floor, Suite 1301
Austin, TX 78753



Application Submission Requirements

- Applications must be received by no later than 5:00 p.m. Central Time on April 4, 2023.
- Only one application per email (max file size: 25MB). If larger than 25MB, please submit by **uploading** the file to TCEQ's FTPS server **and sharing** with ERIG-Apply@tceq.texas.gov.
- For applications submitted electronically, each attachment must be grouped by activity and clearly labeled with the activity number at the top of each page. It is preferable that the application and attachments be submitted as a single PDF.



Application Submission Requirements continued

- All applications must be substantially complete, which includes:
 - All pages of the application
 - All required attachments
 - Applicant's contact information
 - All information necessary for TCEQ to score and rank the project according to the scoring criteria listed in the RFGA



List of Attachments For All Applications

- **W-9**
 - Download, fill out entirely. Signature Required.
- **Copy of State or Federal Identification Card**
 - If Individual or Sole Proprietor
- **Color Photographs of Equipment and Engine Being Replaced**
 - The front, rear, right side, left side
 - Engine and engine data plate



Other Attachments

- **For Refueling Infrastructure:**
 - Site plan
 - Site property rights or ownership documentation
- **Supplemental Forms (if applicable):**
 - Program Waiver Requests
 - Non-standard Annual Usage Rates



Grant Scoring and Selection

- Properly completed applications for eligible projects will be evaluated, scored, and ranked according to the Scoring Criteria.
 - **Cost Per Ton.** The cost per ton is determined by dividing the grant amount by the projected tons of reduction in NO_x emissions to be achieved over the life of the project.
 - **Total NO_x reductions.** Projects with the highest projected NO_x reductions (tons of NO_x), as compared to all other projects, will receive the most points.



Additional Selection Criteria

In addition to the selection criteria explained in the previous slide, and regardless of the scores and ranking assigned to a project, TCEQ may consider the following factors when reviewing applications for grant funding.

- 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.
- TCEQ is not obligated to fund projects from applicants:
 - with an outstanding invoice from TCEQ or who are in non-compliance with existing or prior TERP grants;
 - where the proposed activities are required by any state or federal law, rule or regulation, memorandum of agreement, or other legally binding contract;
 - under federal, state, or local enforcement action for violation of environmental laws or permit conditions; or
 - 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.



Contracting

- Applicants selected for grant funding will be required to sign a contract with TCEQ.
- Approved activities 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 vehicles and equipment.



Reimbursement of Expenses

- Payments will be made on a reimbursement basis for eligible costs paid in full by the grantee minus scrappage value and any incentives.
- Grantees must provide documentation to show that grant-funded equipment has been received and costs paid in full before TCEQ will provide reimbursement.
- All costs must be paid in full by the grantee, grant-funded equipment received, and final requests for reimbursement submitted to TCEQ by the request for reimbursement deadline listed in the contract.
- If the grantee finances the equipment, the reimbursement will be assigned to the company that provided the financing.
- If the grant equipment is 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.



Disposition



- Within 90 days after reimbursement issued.
- Old equipment and engines must be destroyed and rendered permanently inoperable by:
 - Completely crushing the equipment; or
 - 3-inch hole cut in both sides of engine block and cut both frame rails in half; or
 - For repower projects only, cutting a 3-inch or larger hole on both sides of the engine block.
- If requested and approved, an alternative disposition method will be included in the special conditions of the contract and the grant recipient must commit to implementing those provisions. If the alternative method is not approved, the general disposition requirements outlined in general above, must be followed.
- Locomotives may reuse the frame rails of an old locomotive in lieu of destroying that component of the old locomotive when completing a replacement project.



Annual Usage Reporting

- Annual usage reports for the Activity Life are required to ensure compliance with annual usage requirements.
- The Activity Life will start on the date TCEQ approves disposition for an activity and will extend for:
 - a minimum of 5 years to a maximum of 7 years for non-road or stationary projects
 - A minimum of 5 years to a maximum of 10 years for marine or locomotive projects
- TCEQ will provide the grantee with the required record keeping start/end dates.



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