



**Texas Commission on Environmental Quality (TCEQ)**  
**Texas Emissions Reduction Plan (TERP)**  
**Texas Clean Fleet Program (TCFP)**  
**Summary**  
*April 21, 2010*

**1. Statutory and Regulatory Basis**

- Senate Bill 1759, 81st Texas Legislature, 2009 (SenWatson)
- The TCFP is established under a new Chapter 391, Texas Health and Safety Code
- Program rules were adopted by the commission on February 24, 2010 (30 TAC §§114.650-114.658)

**2. Funding**

- The funding for fiscal years (FY) 2010 and 2011 is approximately \$12 million.

**3. Purpose**

- To encourage entities that operate large fleets of vehicles in Texas to replace diesel-powered vehicles with alternative fuel or hybrid vehicles.
- Projects must result in a reduction of emissions of nitrogen oxides (NO<sub>x</sub>) of at least 25 percent.

**4. Eligible Applicants**

- Entities or individuals that operate at least 100 vehicles in Texas may be eligible to apply. At least 25 of those vehicles must be diesel-powered.
- Applicants must commit to replacing at least 25 eligible diesel-powered vehicles with qualifying alternative fuel or hybrid vehicles over a 12 month period.

**5. Vehicles Eligible for Replacement**

- Light-duty and heavy-duty on-road diesel vehicles that have been owned, registered, and operated by the applicant in Texas for at least the two years immediately preceding the submission of a grant application.
- Vehicles must be in operating condition with at least two years of remaining useful life.

**6. Qualifying Vehicles Eligible for Purchase**

- Vehicles must be powered by an alternative fuel or hybrid engine certified to the current federal emissions standards.
- The vehicle must be new.
- An alternative fuel is a fuel other than gasoline or diesel fuel and limited to the following: electricity, compressed natural gas, liquefied natural gas, hydrogen, propane, or a mixture of fuels containing at least 85% methanol by volume.
- A hybrid vehicle is a motor vehicle with at least two different energy converters and two different energy storage systems on board the vehicle for the purpose of propelling the vehicle.
- Under the contract requirements, vehicles with engines that can operate independently on either an alternative fuel or gasoline or diesel must be operated at least 75 percent of operation using the alternative fuel.

**7. Eligible Grant Amounts**

- Set by statute and based on the model year of the vehicle and engine being replaced.

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- Eligible grant amounts range from 50 percent to 80 percent of the cost of purchasing the new vehicle.
- Grants will be paid on a reimbursement basis, after the new vehicle is purchased.

#### 8. Vehicle Disposition

- The vehicles being replaced must be permanently destroyed within 90 days of receiving reimbursement from the state. The vehicle must either be completely crushed or a three inch or greater hole placed in the engine block and the frame rails cut.

#### 9. Usage Commitment

- Applicants must commit to operate the grant-funded vehicles in Texas for at 75 percent of the annual mileage for the five-year activity life.
- Applicants must also agree to operate the vehicles in the eligible areas for the percentage of annual mileage selected in the grant application, which must be either 25 percent, 50 percent, or 75 percent of annual mileage over the five-year activity life.
- Grant recipients must monitor and report on annual mileage and location of use at least annually over the five-year activity life.

#### 10. Prioritization for Funding

- Grants will be competitively awarded.
- For this grant round, the cost per ton of NO<sub>x</sub> reduced in certain eligible counties will be the primary selection factor. Based on analysis of the costs of many of these vehicles, it is expected that the cost per ton of projects submitted for consideration will range from \$25,000 to over \$1 million per ton of NO<sub>x</sub> reduced. Applicants may request less than the eligible grant amounts in order to have a more competitive cost per ton score.
- The NO<sub>x</sub> emissions reduction calculations will use a default annual mileage amount set by the TCEQ for each size of vehicle.
- Applicants must commit to operate the grant-funded vehicles in the eligible counties for 25 percent, 50 percent, or 75 percent of annual mileage over the five-year activity life. Only the operation in the eligible counties will be used to calculate the NO<sub>x</sub> emissions reductions and the cost per ton of NO<sub>x</sub> reduced. Applicants that commit to a higher percentage of annual mileage in the eligible counties will be able to count a greater amount of use towards calculating the NO<sub>x</sub> emissions reductions, giving them a better score under the selection process.
- The eligible counties (grouped by area) include:
  - **Austin Area:** Williamson, Travis, Bastrop, Caldwell, and Hays Counties
  - **Beaumont-Port Arthur:** Hardin, Orange, and Jefferson Counties.
  - **Dallas-Fort Worth:** Denton, Collin, Tarrant, Dallas, Rockwall, Kaufman, Ellis, Johnson, and Parker Counties.
  - **Houston-Galveston-Brazoria:** Brazoria, Fort Bend, Waller, Montgomery, Liberty, Chambers, Galveston, and Harris Counties.
  - **San Antonio Area:** Comal, Guadalupe, Wilson, and Bexar Counties.
  - **Tyler-Longview:** Upshur, Gregg, Rusk, Smith and Harrison Counties.

#### 11. For More Information

- For more information and to obtain copies of grant application forms, visit [www.terpgrants.org](http://www.terpgrants.org) or call the toll-free TERP hotline at 800-919-TERP (8377).
- Applications are currently being accepted through June 30, 2010.