

Chapter 6

Small-Business Grants Program

In accordance with Texas Health and Safety Code 386.116, the TCEQ is required to establish and administer a grant program targeted at small businesses and other entities that operate only a limited number of eligible vehicles and equipment.

Eligible Applicants

Applicants are potentially eligible for incentive funding if they operate or plan to operate on-road heavy-duty vehicles, non-road equipment, marine vessels, locomotives, or stationary engines primarily in one or more of the eligible counties, or if they otherwise contribute to NO_x emissions in the eligible counties.

For particular funding periods, the TCEQ may limit eligibility to certain types of applicants. The TCEQ may also allow a person other than the owner or operator of the vehicle or equipment to apply for and receive a grant, as long as the grant-funded project supports activities that meet these guidelines and will help to achieve the goals of the TERP.

Under this program, a “small business” is defined as a “person” (that is, an individual or organization; see Glossary [Chapter 2] for a more specific definition) that has owned (for more than one year) and operates not more than two vehicles or pieces of equipment, one of which is an on-road diesel heavy-duty vehicle with an engine from a model year before 1994 or a non-road diesel-powered piece of equipment with an engine with uncontrolled emissions.

Eligible Activities

Activities eligible for small-business grants are intended to reduce NO_x emissions in the designated eligible counties from on-road heavy-duty vehicles, non-road equipment, marine vessels, locomotives, or stationary engines.

Most of the engines eligible under this program will be powered by diesel-fueled compression-ignition engines. However, engines powered by other fuels may also be eligible, subject to decisions by the TCEQ for particular funding periods and geographic areas.

All project categories listed under the Emissions Reduction Incentive Grants program described in Chapter 4 of these guidelines may be eligible for funding in the small-

business grants program. At a minimum, the grants will be available for the replacement or repower of an on-road heavy-duty vehicle with an engine from a model year before 1994, and for the replacement or repowering of non-road equipment with an engine with uncontrolled emissions.

Grant-Program Procedures

This section contains the general procedures that will be used for applying for, awarding, and administering grants under this program. The TCEQ may adjust these procedures and develop more detailed procedures, as needed, to ensure the effectiveness of the program.

Project Solicitation

The TCEQ will make information available on times when applications may be filed for small-business grants, based on the expected availability of funding for the program. To the extent possible, the TCEQ will keep dealers and installers informed of the availability of funds for the program. The TCEQ may also limit the grants to certain geographic areas, based on the needs of the program. Small-business grants may be funded through another grant program, such as the Rebate Grants program. Information and funds available for small-business grants will be posted in the Requests for Applications or Notices of Rebate Grants (NRGs).

The TCEQ may establish a cost-effectiveness threshold for particular funding periods and geographic areas.

Application Review and Selection

Grant applications will be reviewed and evaluated according to criteria established in these guidelines and the NRG. In general, the selection priorities may include allocation of the funding among a subset of the eligible counties, as well as allocation among the various types of project categories.

Verification of Vehicle, Equipment, and Engine Disposition

The applicant must agree to decommission any old vehicle, equipment, or engine replaced under this program no later than 90 days after receiving reimbursement by the TCEQ.

Unless the executive director agrees to an alternative method, the decommissioning must be carried out by complete crushing or other complete destruction of the vehicle, equipment, or engine, or by making a hole in the engine block on both sides large enough to prevent repairs (usually at least 3 inches) and, for a replacement

project, permanently destroying the frame by cutting the frame rails or main structural components of the vehicle or equipment.

For a locomotive-replacement project, the executive director may allow permanent removal from Texas, in lieu of destruction, in specific grants where the applicant has furnished adequate assurances that the old locomotive will not be returned to Texas. This option will not normally be available for other types of projects, although exceptions may be established for specific grant rounds to meet the goals of the program.

The applicant must certify the disposition of the vehicle, equipment, or engine using forms supplied by the TCEQ. The executive director may require a certified or duplicate Texas Nonrepairable Vehicle Title as evidence that an on-road vehicle has been rendered permanently inoperable. Grantees may be required to return grant funds if they fail to meet the disposition requirements, including if the vehicle, equipment, or engine is later returned to operation.

Monitoring and Reporting

The grant recipient must agree to monitor and track the use of grant-funded vehicles and equipment for the activity life designated in the grant contract. The activity life is used to determine the total reductions in NO_x emissions and cost-effectiveness of the activities and the project.

Monitoring reports must be submitted to the TCEQ twice a year, unless the TCEQ authorizes an alternative reporting schedule. The reports will document the usage over the required reporting period. The TCEQ, at its sole discretion, may authorize an annual or longer reporting schedule, including suspending the reporting requirements, if a grant recipient is meeting the reporting requirements and is otherwise complying with all program requirements. The TCEQ may require applicants to use global-positioning-system units to monitor grant-funded equipment or allow voluntary use of a GPS unit in lieu of filing the required reports. All applicants monitoring via GPS will be required to use a vendor the TCEQ selects.

If an alternative disposition plan is approved for a locomotive project, the grant recipient must agree to monitor and track the location of the old locomotive to ensure that it is not returned to Texas. The grant recipient must also agree to supply the monitoring information to the TCEQ upon request. The grant recipient must notify the TCEQ immediately if the use of the locomotive, including where it is used, deviates from any approved alternative disposition plan.

Emissions-Reduction Commitment

Over the activity life of each grant-funded activity, the grant recipient commits the generated emissions reductions to the State Implementation Plan. The recipient is responsible for performing the activities, as defined in the contract, necessary to

achieve the calculated reductions in NO_x emissions within the eligible areas. Except when the TCEQ determines that the intent of the program has been met, recipients will be required to return all or a pro rata share of the grant funds to the TCEQ if the emissions reductions are not achieved.

A small-business grant may be awarded under the criteria for either the Emissions Reduction Incentive Grants Program or the Rebate Grants Program. The requirements for emissions reductions and usage for the applicable program will apply.