



Texas Commission on Environmental Quality (TCEQ) Texas Emissions Reduction Plan (TERP) Emissions Reduction Incentive Grant (ERIG) Program Summary

1. Funding

- The funding for this fiscal biennium is approximately \$40 million.

2. Purpose

- To encourage entities to upgrade or replace heavy-duty on-road vehicles, equipment, locomotives, marine vessels, stationary equipment, refueling infrastructure, on-site electrification and idle reduction infrastructure, on-vehicle electrification and idle reduction infrastructure, and rail relocation and improvement projects in Texas.
- Projects must result in a reduction of emissions of nitrogen oxides (NO_x) of at least 25%.

3. Eligible Applicants

- Entities or individuals that operate or plan to operate on-road heavy-duty vehicles, non-road equipment, marine vessels, locomotives, or stationary engines in the eligible counties are eligible to apply for a grant. For infrastructure projects, persons owning and operating the infrastructure in those counties are also eligible to apply.

4. Vehicles and Equipment Eligible for Replacement Category

- Heavy-duty equipment that has been owned and operated by the applicant in Texas for at least the two years immediately preceding the submission of a grant application are eligible.
- Heavy-duty on-road vehicles that have been owned, leased, or commercially financed, and registered and operated by the applicant in Texas for at least the two years immediately preceding the submission of a grant application are eligible.
- Vehicles and equipment must be in operating condition.

5. Vehicles and Equipment Eligible for New Purchase or Lease Category

- The new heavy-duty on-road vehicle must be certified to emit 25% less NO_x than required under the current federal standards.
- The engine for the new piece of equipment must be certified to emit 25% less NO_x under the current federal standards for that horsepower of the non-road engine.
- A lease is considered the use and control of a new heavy-duty on-road vehicle or non-road equipment in accordance with a lease contract for the life of the activity.

6. Vehicles and Equipment Eligible for Repower Category

- Heavy-duty on-road vehicles and equipment that are currently owned and operated by the applicant in Texas are eligible.
- The engine must be certified to emit 25% less NO_x than the engine being replaced.

7. Model/Manufacture Year of New Vehicle/Equipment

- On-road vehicles must have an engine model year 2010 and later.
- Non-road equipment must have an engine manufacture year 2009 and later.

8. Eligible Grant Amounts

- Grants will be paid on a reimbursement basis, after the new vehicle is purchased.
- Grants may pay up to 80% of the incremental cost for replacement or repower projects, 50% for on-site and refueling infrastructure, and 100% for other types of projects.

9. Disposition

- Unless otherwise approved by the TCEQ, the vehicles, equipment, or engine being replaced must be permanently destroyed within 90 days of receiving reimbursement from the state.
- The vehicle or equipment, including the engine, must either be completely crushed or a three inch or greater hole placed on both sides of the engine block and the frame rails cut completely through.
- For on-road vehicle disposition, a non-repairable title must be submitted at the time the disposition forms are submitted

10. Percentage of Use Commitment

- Applicants must list a percentage of use in the eligible counties.
- For non-road equipment activities, the applicant must commit to at least 75% annual usage in the eligible counties.
- For on-road vehicles, the applicant must designate the percentage of annual mileage or fuel use that will occur in the eligible counties, which may not be less than 25%. In addition to the percentage of use in the eligible counties, the applicant must commit to operating the vehicles at least 75% use in a combination of eligible counties and designated highways and roadways.
- Applicants must commit to a minimum Activity Life of at least 5 years.
- The grantee must meet the number of years of the designated Activity Life unless 400,000 miles is reached before their number of years is met. This option only applies to applicants who commit to a total usage commitment of less than 400,000 miles.
- Grantees with a total usage commitment greater than 400,000 miles must meet the number of years of the designated Activity Life regardless of when the total usage commitment is met.

11. Usage Commitment

- Applicants must choose one of the two usage commitment options for determining usage rates for the emissions reduction calculations.
- **Option 1 – Standard Default Usage Rate.** Usage rates are based on certain vehicle classes and equipment types. The applicant must commit to using the grant-funded vehicle or equipment in the eligible counties for the percentage of annual use as listed in the application and contract documents. The applicant will not be required to use the vehicle or equipment for a specific amount of usage each year.
- **Option 2 – Activity-Specific Usage Rate.** The applicant will propose an annual usage rate and must provide an explanation and supporting documentation of use to verify that the usage is valid. If the proposed usage rate is accepted, that usage rate will be established as the activity-specific default and the applicant will not be required to operate a specific usage amount over the Activity Life. If the TCEQ does not accept the explanation and documentation for the proposed usage rate, the applicant will have the option to 1) install a GPS device on the grant-funded activities for that usage rate, 2) revert to the standard default usage rate, or 3) withdraw the application.
- The applicant must request the same usage rate option for all activities in a project application.
- Grant recipients must monitor and report on a semi-annual basis the mileage, hours, or fuel use and location of use of the grant-funded vehicles or equipment over the Activity Life.

12. Prioritization for Funding

- For this grant round the cost per ton of the project is the primary selection factor. Those projects which calculate to a lower cost per ton will be more likely to be selected than those projects at the maximum cost per ton.
- Only the operation in the eligible counties will be used to calculate the NO_x emissions reductions and the cost per ton of NO_x reduced.
- The eligible counties (grouped by area) include:
 - **Austin Area:** Williamson, Travis, Bastrop, Caldwell, and Hays Counties
 - **Beaumont-Port Arthur:** Hardin, Orange, and Jefferson Counties.
 - **Corpus Christi Area:** Nueces and San Patricio Counties.
 - **Dallas-Fort Worth:** Denton, Collin, Tarrant, Dallas, Rockwall, Kaufman, Ellis, Hood, Johnson, Parker, and Wise 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.
 - **Victoria Area:** Victoria County.

13. For More Information

- For more information, visit www.terpgrants.org or call the toll-free TERP hotline at 800-919-TERP (8377).