Texas Emission Reduction Plan (TERP)
Seaport and Rail Yard Areas Emissions Reduction (SPRY) Program

Grant Application Workshop
Workshop Agenda

- Program Overview
- Application Forms
- Questions and Answers
Purpose

Reduce emissions of nitrogen oxides (NO$_x$) and other pollutants, including particulate matter (PM), at seaports and Class I rail yards in the areas of Texas designated as nonattainment under the Federal Clean Air Act by providing financial incentives for the replacement or repower of vehicles and equipment operating at seaports and Class I rail yards in the nonattainment areas.
Ground level ozone is created by chemical reactions of NO$_{x}$ and volatile organic compounds (VOC) in the presence of sunlight.

\[
\text{NO}_x + \text{VOC} + \text{Sunlight} = \text{OZONE}
\]
Funding

More than $9.2 million is available under this Request for Grant Applications.
Eligible Applicants

For the two years preceding the application date, applicants must have:

- owned or leased the vehicle or equipment (ownership or lease by an affiliate or subsidiary of the applicant does not meet these requirements); and operated the vehicle or equipment at one or more of the designated seaports or Class I rail yards for a minimum of 200 days per year.
Eligible Counties for Location of Seaports & Class I Rail Yards

- A list of designated seaports and Class I rail yards will be made available by the TCEQ.

- Eligible seaports and Class I rail yards may be located in one of the nonattainment area counties listed below (some nonattainment area counties do not currently have an eligible seaport or class I rail yard).

<table>
<thead>
<tr>
<th>Bexar</th>
<th>Denton</th>
<th>Harris</th>
<th>Parker</th>
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<tbody>
<tr>
<td>Brazoria</td>
<td>Ellis</td>
<td>Johnson</td>
<td>Rockwall</td>
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<tr>
<td>Chambers</td>
<td>El Paso</td>
<td>Kaufman</td>
<td>Tarrant</td>
</tr>
<tr>
<td>Collin</td>
<td>Fort Bend</td>
<td>Liberty</td>
<td>Waller</td>
</tr>
<tr>
<td>Dallas</td>
<td>Galveston</td>
<td>Montgomery</td>
<td>Wise</td>
</tr>
</tbody>
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Eligible Areas of Operation
### Designated Seaport Terminals

<table>
<thead>
<tr>
<th>Port of Houston</th>
<th>Port of Galveston</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Barbours Cut</td>
<td>• East End Roll On-Roll Off</td>
</tr>
<tr>
<td>• Bayport</td>
<td>• West End Roll On-Roll Off</td>
</tr>
<tr>
<td>• Bulk Materials Handling Plant</td>
<td>• Refrigerated Warehouse</td>
</tr>
<tr>
<td>• Houston Bulk Terminal</td>
<td>• Export Grain Elevator</td>
</tr>
<tr>
<td>• Care Terminal</td>
<td>• Project and General Cargo</td>
</tr>
<tr>
<td>• Jacintoport Terminal</td>
<td>• Bulk Cargo Terminal</td>
</tr>
<tr>
<td>• Public Elevator No. 2</td>
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</tr>
<tr>
<td>• Turning Basin Terminal</td>
<td></td>
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<tr>
<td>• Woodhouse Terminal</td>
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**Port of Freeport**

(all terminal facilities)

*Additional seaport terminals may be added prior to the opening of this grant round.*
Designated Seaport Terminals (cont.)

Houston Ship Channel Security District (HSCSD)

- Participating facilities of the HSCSD
- Applicants may contact the TCEQ if uncertain whether a facility is part of the HSCSD
### Designated Class I Rail Yards

<table>
<thead>
<tr>
<th>Dallas-Fort Worth</th>
<th>Houston-Galveston-Brazoria</th>
</tr>
</thead>
<tbody>
<tr>
<td>• BNSF Alliance</td>
<td>• BNSF Houston Port Facility</td>
</tr>
<tr>
<td>• KCS Wylie</td>
<td>• BNSF Houston (Pearland)</td>
</tr>
<tr>
<td>• UP Mesquite</td>
<td>• KCS Rosenberg</td>
</tr>
<tr>
<td></td>
<td>• UP Barbours Cut</td>
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<td></td>
<td>• UP Englewood</td>
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<td></td>
<td>• UP Houston (Settegast)</td>
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<tr>
<td><strong>El Paso</strong></td>
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<tr>
<td>• BNSF El Paso</td>
<td></td>
</tr>
</tbody>
</table>

Additional rail yards may be added prior to the opening of this grant round.
Eligible Vehicles and Equipment for Replacement or Repower

• Drayage trucks and cargo handling equipment eligible for replacement or repower under this program include:
  – a heavy-duty vehicle with a gross vehicle weight rating (GVWR) over 26,000 pounds; or
  – a yard truck or terminal tractor; or
  – other cargo handling equipment.

• Drayage trucks and cargo handling equipment must be in good operating condition, and currently being used in their primary function in the routine operations of the applicant, and be capable of performing that function for at least five additional years.
Types of Cargo Handling Equipment

Cargo handling equipment is defined as any heavy-duty non-road, self-propelled vehicle or equipment used at a seaport or rail yard to lift or move cargo such as containerized, bulk, or break-bulk goods, including, but not limited to:

- rubber-tired gantry cranes;
- top handlers;
- side handlers;
- reach stackers;
- forklifts;
- loaders;
- aerial lifts; and
- container handling equipment.
Types of Container Handling Equipment (cont.)

- Eligible equipment used primarily for container handling must be classified as “container handling equipment” in the grant application for purposes of determining maximum grant amounts.

  - rough terrain forklifts and some rubber tire loaders with certain affixtures used specifically for container handling as opposed to other cargo and drayage activities.
Vehicles and Equipment Eligible for Purchase

For replacement projects, the new vehicles or equipment must:

• be powered by an electric motor or contain an engine certified to the current federal emissions standards applicable to that type of engine, as determined by the commission; and

• emit NO\textsubscript{X} at a rate that is at least 25\% less than the emissions rate of the engine on the truck or equipment being replaced.

  – The NO\textsubscript{X} emissions rate of the engines replaced or purchased under this program will be based on the emissions standard or family emissions limit to which the engine is certified by the United States Environmental Protection Agency or the California Air Resources Board.
Vehicles and Equipment Eligible for Purchase (cont.)

For replacement projects, the new vehicles or equipment must:

- be of the same type, power range, weight category, and body and axle configuration as the drayage truck or cargo handling equipment being replaced.
Engines and Motors
Eligible for Purchase

For repower projects, the new engines or motors must:

• be powered by an electric motor or contain an engine certified to the current federal emissions standards applicable to that type of engine, as determined by the commission; and

• emit NO\textsubscript{X} at a rate that is at least 25\% less than the emissions rate of the engine on the truck or equipment being replaced.

  – The NO\textsubscript{X} emissions rate of the engines replaced or purchased under this program will be based on the emissions standard or family emissions limit to which the engine is certified by the United States Environmental Protection Agency or the California Air Resources Board.
Eligible grant amounts are based on the age and certified NO$_X$ emissions rate of the engine in the drayage truck or cargo handling equipment being replaced or repowered, and the total percentage of annual use in the eligible areas.

Tables are provided for the calculation of maximum grant amounts.
Limits to Eligible Grant Amount

Eligible grant amounts:

- **may not exceed $25,000/ ton of NO\textsubscript{x} reduced**, the cost-effectiveness limit set by the TCEQ; and

- **may not exceed 80% of the incremental cost.**
  
  - For **replacement projects**, the incremental cost is the cost to purchase the replacement vehicle minus any other financial incentives received, and minus a TCEQ-established default scrap value of $1,000 for the old equipment.

  - For **repower projects**, the incremental cost is the cost to purchase and install the replacement engine and associated equipment minus any other financial incentives received, and minus a TCEQ-established default scrap value of $250 for the old engine.
Applicants must submit with the application:

- color photos of the equipment and engine;
- copy of the authorized official’s valid photo ID;
- signed and completed W-9 Form; and
- documentation of ownership or leasing for the previous two years, including title and registration for on-road vehicles.
Activity Life Commitment

- The **Activity Life** is the period used to determine the emissions reduction, and is set at **five years** under the SPRY program.

- Grant recipients must commit to use the grant-funded vehicle or equipment in accordance with the terms of the grant contract for the **five-year Activity Life** of the project.

- All grant recipients must track and report **annually** on the use and location of all grant-funded equipment over the **five-year Activity Life** of the project.
Usage Commitment

All grant-funded vehicles and equipment under the SPRY program must visit or operate in one or more of the designated seaports or Class I rail yards for a minimum of 200 days per year throughout the five-year Activity Life of the project.
Usage Commitment (cont.)

For at least the **five-year Activity Life** of the project, grant recipients must agree to:

- operate the grant-funded *on-road drayage truck* for **50%, 75%, or 100%** of the annual and total usage in the nonattainment areas and affected counties; or
- operate the grant-funded *non-road yard truck or other cargo handling equipment* for **75% or 100%** of the annual and total usage in the nonattainment areas and affected counties.
Global Positioning System

Global Positioning Systems (GPS) *optional*:

- The costs to purchase and install a GPS unit to track and log the location and use of the equipment may be included in the incremental cost calculation.
- The applicant will be responsible for ongoing operational and maintenance charges.
- If the applicant uses the TCEQ-authorized service provider, the TCEQ may allow the vendor to provide the required usage reports.
Use of Consultants

Consultants may be available to assist with the application process.

- The TCEQ has no business relationship with these consultants.
- It is the applicant’s choice to work with a consultant.
- Consultant fees may not be paid for with grant funds, nor can the cost basis for determining the total costs include consultant fees, even if those fees are to be paid by the dealer.
Grant Selection

Properly completed applications for eligible projects will be processed for approval on a first-come, first-served basis.
What happens next if my project is selected for award? (Part I)

Contracting

- A contract will be sent to an applicant selected for award to sign and return.

- The TCEQ will provide a Notice to Proceed (NTP) to the grant recipient when/if funds are available to cover the grant. Most times, the NTP is included when the executed contract is returned to the grantee.
Reimbursement

• Payments will be made on a reimbursement basis for eligible expenses incurred by the grant recipient.
• The grant-funded goods and services must have been paid for, received, and accepted by the grant recipient before the grantee can request reimbursement.
• Grant recipients may assign the grant payment to a dealer or financing entity.
What happens next if my project is selected for award? (Part III)

Disposition

- Grantee must **destroy the old equipment** by:
  - crushing vehicle and engine; or
  - putting a hole in the engine block on both sides and cutting both frame rails all the way through.
- Grantee must submit a **Non-Repairable Vehicle Title** for each vehicle destroyed.
- Disposition **must occur within 90 days** of receiving payment from TCEQ.
- Destruction is verified by TERP staff through **photos and documentation, with site visits as needed.**
Sample Disposition Photo (cont.)

- Engine Serial Plate
- Hole in the Engine Block
- Cut Frame
Reporting Requirements

- The grant recipient must submit usage reports once per year for the duration of the five-year Activity Life.
- TCEQ will conduct on-site visits to view the equipment and ensure usage records are being maintained.
- Failure to report or failure to meet the usage commitments may result in the recipient having to return a share or all of the grant funds.
TERP Email Updates

www.terpgrants.org

Texas Commission on Environmental Quality

Texas Emissions Reduction Plan (TERP)

The TERP program provides financial incentives to eligible individuals, businesses, or local governments to reduce emissions from polluting vehicles and equipment.

New and upgraded equipment pollutes less, improving the air quality in Texas. Grant applications are accepted at different times throughout the year, depending on available funds.

We believe these to be taxable grants. Please consult with your tax advisor.

NEW ITEMS:

Proposed Revisions to TERP Rules and Guidelines

Proposed Rulemaking

The TCEQ has proposed revisions to the rules for the TERP Drayage Truck Incentive Program under 30 Texas Administrative Code Chapter 114, Control of Air Pollution From Motor Vehicles, §114.680 and §114.682. Copies of the proposed revisions are available for public review. The TCEQ will accept public comments on the proposed rule through January 25, 2007.

Upcoming TERP Meetings and Workshops

- Information for potential applicants and interested parties: grant program workshops, application assistance sessions, and public meetings.

Get money to upgrade or replace your truck or equipment—and clear the air!

Sign up for e-mail updates.

Need more information?
Call (toll-free)
800-919-TERP (8377)
Or see other contact info.
Contacts

Website: www.terpgrants.org

Email: terp@tceq.texas.gov

Toll Free: 800-919-TERP (8377)