



**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 \$50 million.

2. Purpose

- To encourage entities to upgrade or replace heavy-duty on-road vehicles or non-road equipment, 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

- Heavy-duty on-road vehicles and equipment 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.
- Vehicles must be in operating condition with at least five years of remaining useful life.

5. Qualifying Vehicles or Equipment Eligible for Purchase or Lease

- 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. Cost Per Ton Limits

- On-road vehicles, non-road equipment, and stationary projects may not exceed \$15,000 cost per ton of NO_x reduced
- Marine and Locomotive Projects may not exceed \$10,000 cost per ton of NO_x reduced
- Model / Manufacture Year of New Vehicle/Equipment
 - On-road vehicles must have an engine model year 2011 and newer.
 - Non-road equipment must have an engine manufacture year 2011 and newer.

7. Eligible Grant Amounts

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

8. Vehicle Disposition

- Unless otherwise approved by the TCEQ, 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 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.

9. 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 an Activity Life of at least 5 years.
- The activity life for vehicle replacement and new purchase could end before the 5 year period if the vehicle mileage reaches 400,000 miles of operation. This option only applies to applicants who commit to a total usage commitment of less than 400,000 miles. 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.
- Grantees with a 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.
- Grant recipients must monitor and report on semi-annual mileage and location of use over the activity life.

10. 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 a required percentage of annual use. 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 the annual usage and must provide an explanation and supporting documentation of use to verify if the usage is valid. If the usage is accepted, that usage rate will be established as the activity-specific default and the applicant will not be required to commit to a specific usage amount over the Activity Life. If the TCEQ does not accept the

explanation and documentation for the 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 annual mileage and location of use at least annually over the activity life.

11. Prioritization for Funding

- For this grant round the cost per ton of the project is the primary selection factor. Although an applicant may submit an application using the maximum cost per ton allowed, applicants will have a better chance of selection if they submit projects at less than 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.

12. For More Information

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