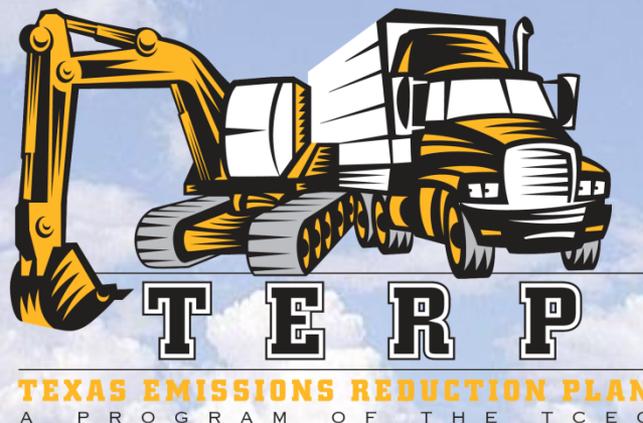


Texas Emissions Reduction Plan (TERP)

Emissions Reduction Incentive Grants (ERIG) Program

Grant Application Workshop





Workshop Agenda

- TERP Overview
- Emissions Reduction Incentive Grants (ERIG)
- Application Forms
- How to Calculate Emissions Reductions
- Questions and Answers



What is TERP?

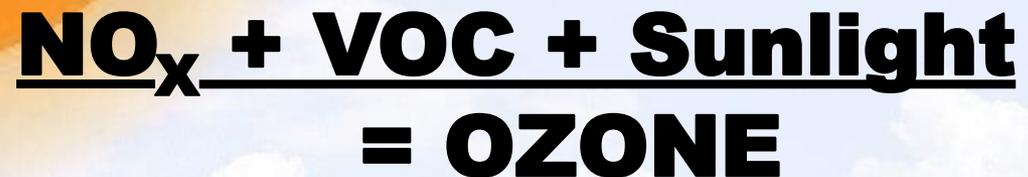
- Provides grants to reduce nitrogen oxides (NO_x) emissions from mobile sources
- Supports programs to encourage the use of alternative fuels for transportation in Texas
- Helps to keep the air in Texas clean

**GET MONEY TO UPGRADE OR REPLACE
YOUR TRUCK OR EQUIPMENT - AND KEEP
THE AIR CLEAN!**



Why Reduce NO_x Emissions?

Ground level ozone is created by chemical reactions of NO_x and volatile organic compounds (VOC) in the presence of sunlight.





Mobile Sources of NO_x





How Does TERP Reduce NO_x Emissions from Mobile Sources?

- Through the early retirement of heavy-duty vehicles and pieces of equipment, particularly those with large diesel engines
- By replacing older engines with newer models with more stringent federal emission standards for NO_x and other pollutants





TERP Grant Programs

Diesel Emissions Reduction Incentive (DERI) Program

Emissions Reduction Incentive Grants (ERIG) Program

Rebate Grants Programs

Third-Party Grants Program

Texas Clean Fleet Program (TCFP)

Texas Natural Gas Vehicle Grant Program (TNGVGP)

Drayage Truck Incentive Program (DTIP)

Clean Transportation Triangle (CTT) Program

Alternative Fueling Facilities Program (AFFP)

Texas Clean School Bus Program (TCSB)

New Technology Implementation Grants (NTIG) Program



EMISSIONS REDUCTION INCENTIVE GRANTS (ERIG)



T E R P

TEXAS EMISSIONS REDUCTION PLAN

A P R O G R A M O F T H E T C E Q



Eligible Applicants

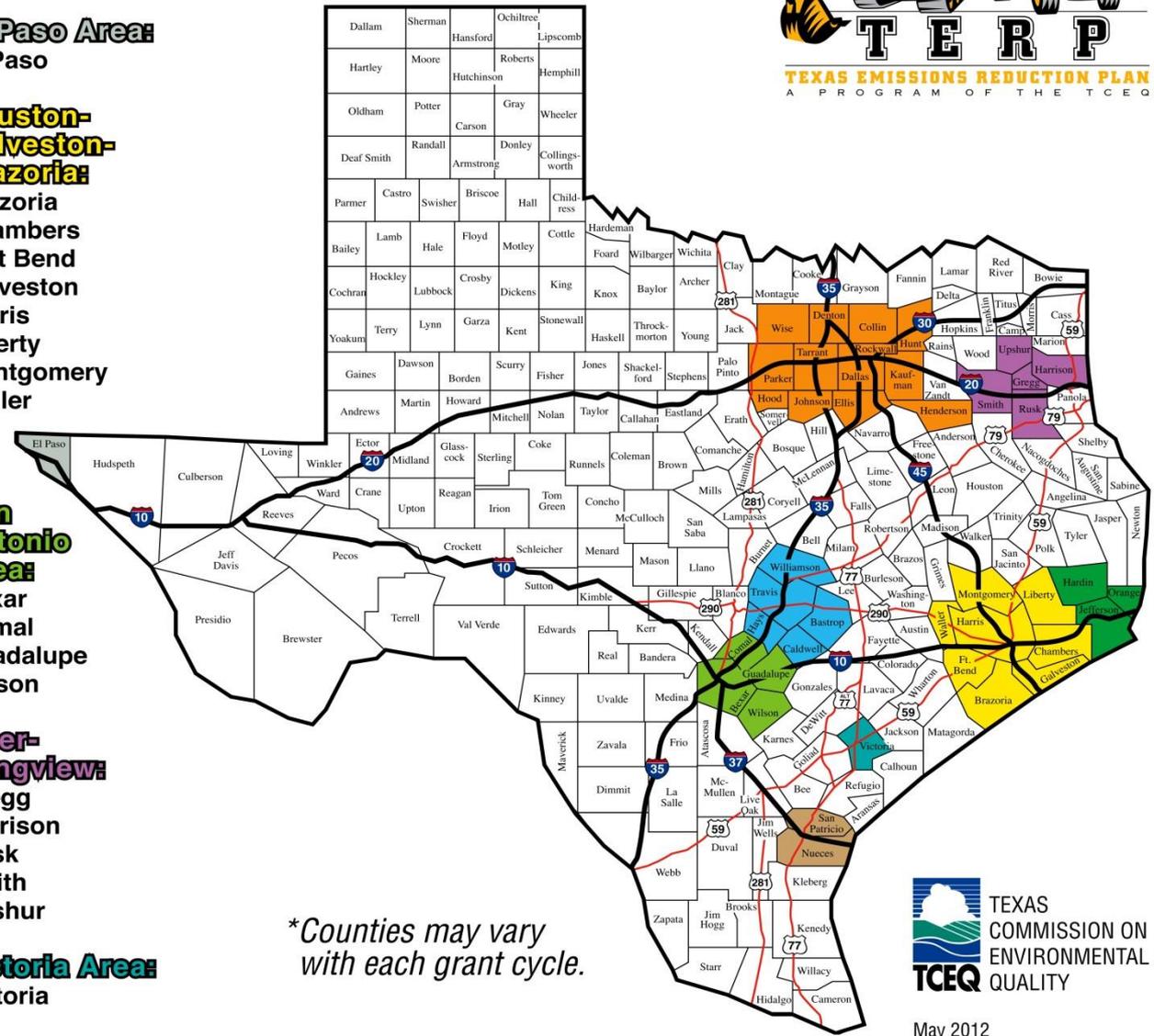
Eligible applicants include individuals, corporations, organizations, governments or governmental subdivisions or agencies, business trusts, partnerships, associations, or any other legal entity.

TERP Eligible Counties and Designated Highways and Roadways*



- Austin Area:**
 - Bastrop
 - Caldwell
 - Hays
 - Travis
 - Williamson
- Beaumont-Port Arthur:**
 - Hardin
 - Jefferson
 - Orange
- Corpus Christi Area:**
 - Nueces
 - San Patricio
- Dallas-Fort Worth:**
 - Collin
 - Dallas
 - Denton
 - Ellis
 - Henderson
 - Hood
 - Hunt
 - Johnson
 - Kaufman
 - Parker
 - Rockwall
 - Tarrant
 - Wise

- El Paso Area:**
 - El Paso
- Houston-Galveston-Brazoria:**
 - Brazoria
 - Chambers
 - Fort Bend
 - Galveston
 - Harris
 - Liberty
 - Montgomery
 - Waller
- San Antonio Area:**
 - Bexar
 - Comal
 - Guadalupe
 - Wilson
- Tyler-Longview:**
 - Gregg
 - Harrison
 - Rusk
 - Smith
 - Upshur
- Victoria Area:**
 - Victoria



*Counties may vary with each grant cycle.



May 2012



Eligible Activities

- On-road heavy-duty vehicles
- Non-road heavy-duty equipment
- Stationary engines
- Marine vessels
- Locomotives



General Requirements

- **On-road heavy-duty vehicles** must have a gross vehicle weight rating (GVWR) of 8,500 pounds or more and be certified by the Environmental Protection Agency (EPA) to the heavy-duty vehicle federal emission standard.
- **Non-road heavy-duty equipment, stationary equipment, and marine engines** must have horsepower (hp) rating of 25 or greater.
- **Locomotives** must have engines greater than or equal to 1,006 hp.
 - A switcher locomotive in which the total horsepower of the replacement unit is less than 1,006 will be considered a non-road project, unless otherwise specified by the TCEQ.



Eligible Project Categories

- **New Purchases or Lease:** The expansion of an existing fleet
- **Replacement:** The replacement of an eligible vehicle or piece of equipment with a newer vehicle or piece equipment
- **Repower:** The replacement (repower) of an existing engine in an eligible vehicle or piece of equipment with a new, rebuilt, or remanufactured engine
- **Retrofit or Add-On of Emission Reduction Technology:** The retrofit or add-on of emission-reduction technology to an existing engine in an eligible vehicle or piece of equipment
- **Retrofits with Dual-Fuel Conversion Systems:** Retrofit activities to convert a heavy-duty on-road or non-road engine to operate under a dual-fuel configuration that uses natural gas and diesel fuel
- **On-Site and On-Vehicle Electrification and Idle Reduction:** The purchase and installation of equipment that enables a vehicle or equipment to use electric power to operate
- **Rail Relocation and Improvement:** The relocation of rail lines to reduce the number of grade crossings, improvements at rail intersections, and other improvements that will directly result in the reduction of locomotive and/or vehicle engine idling at rail intersections
- **Qualifying Fuel:** The purchase and use of a qualifying fuel or fuel additives in an eligible vehicle or piece of equipment



Replacement Project Requirements

- For at least the two years immediately preceding the submission of the grant application, **on-road heavy-duty vehicles** being replaced must have:
 - been owned, leased, or commercially financed by the grant applicant;
 - been continually registered and used in Texas; and
 - continuously had an up-to-date safety inspection.
- For at least the two years immediately preceding the submission of the grant application, **non-road heavy-duty equipment, stationary equipment, and locomotives** being replaced must have been:
 - owned by the grant applicant; and
 - located and used in Texas.



Replacement Project Requirements

- **Marine vessels** being replaced must currently be registered for operation in Texas in the applicant's name, and for at least the two years immediately preceding the submission of the grant application must have:
 - been owned by the grant applicant; and
 - been continually located and used in Texas.
- **On-road heavy-duty vehicles, non-road heavy-duty equipment, stationary equipment, marine vessels, and locomotives** being replaced must be in good operating condition with a remaining useful life of at least **five years, or the designated activity life.**
- The new engine must be certified to emit at least 25% less NO_x than the engine being replaced.



Replacement Project Requirements

- **Update:** The new vehicle/equipment must have an engine with a manufacture year of **2013** or later.
- For **on-road heavy-duty vehicles**, the replacement must be of the same vehicle type, weight category, and body and axle configuration as the vehicle being replaced.
- For **non-road heavy-duty equipment, stationary equipment, marine vessels, and locomotives**, the replacement must be of the same equipment type and intended for the same or similar purpose as the equipment being replaced.
- The vehicle or equipment being purchased may not have been acquired before the start of the grant application.



Repower Project Requirements

- This category is for the replacement (repower) of an existing engine.
- Applicant must have the authority to destroy the old engine.
- The new engine must be certified to emit at least 25% less NO_x than the engine being replaced.
- The repower of an existing engine may not have occurred prior to 12 months before the end date of the application period.



Eligible Grant Amount

- The requested grant amount may not exceed the incremental cost and cost per ton limits set by the TCEQ.
- Applicants may be eligible for reimbursement of up to 80% of the incremental cost of the project.
 - For **replacement** projects, the incremental cost is the cost to purchase the replacement vehicle minus the scrap value (\$1,000) of the vehicle being replaced.
 - For **repower** projects, the incremental cost is the cost to purchase and install the replacement engine and associated equipment, minus the scrap value (\$200).



Eligible Grant Amount

$$\text{Total Requested Grant Amount} / \text{Total NO}_x \text{ Emissions Reduction} = \text{Cost Per Ton of NO}_x \text{ Reduced}$$

- The cost per ton limit for marine and locomotive projects is \$10,000 cost per ton.
- The cost per ton limit for on-road, non-road, and stationary projects is \$15,000 cost per ton.



Percentage of Use Commitment

- Applicants must list a primary area for use of the vehicles or equipment included in the project application.

NOTE: Activities with different primary areas must be applied for under separate applications.

- For **on-road heavy-duty vehicles**, the applicant must designate in the application the percentage of the annual mileage or fuel use that will occur in the eligible counties.
 - The applicant must commit to operating the vehicle at least 75% of the annual miles or fuel use in a combination of the eligible counties and on one or more of the designated highways or roadways.
 - The percentage of the annual mileage or fuel use that will occur in the eligible counties may not be less than 25% of the annual mileage.



Percentage of Use Commitment

- For **non-road heavy-duty equipment, stationary equipment, and locomotives**, the applicant must commit to use the equipment at least 75% of the annual hours of operation or fuel use in the eligible counties.
- For **marine vessels**, the applicant must commit to use the vessel at least 75% of the annual hours of operation in the Texas portion of the Gulf Intracoastal Waterway or in bays adjacent to an eligible county.



Usage Commitment

- Usage commitments are how the TCEQ verifies that the NO_x emissions reductions are actually achieved by the projects.
- Usage will be measured by:
 - hours of operation for non-road equipment and marine vessels
 - fuel use for locomotives
 - on-road vehicles will normally be measured by mileage.
- Applicants must list a usage rate in the application for each activity.



Usage Commitment

- ERIG provides applicants with two options for determining the usage rates for the emissions reduction calculations.
 - **Option 1 – Standard Default Usage Rate**
 - Under this option, standard default usage rates are established for certain classes of vehicles and types of equipment.
 - A grant recipient will not be required to operate the vehicle or equipment for a specified amount of use (miles, hours, or fuel use) over the activity life, although the percentage of use in the eligible counties must be met.



Usage Commitment

- **Option 2 – Activity-Specific Usage Rate**
 - The usage rate is proposed by the applicant.
 - The applicant will be required to provide an explanation and documentation to verify that the proposed usage rate is valid.
 - Usage Rate Accepted: The TCEQ may establish that usage rate as an activity-specific default and the applicant would not be required to commit to meeting a specific usage amount over the Activity Life.
 - Usage Rate Not Accepted: The applicant will have the option of 1) using that rate with a GPS-monitored usage commitment, 2) reverting to the standard default under Option 1, or 3) withdrawing the application.



Usage Commitment

- **Option 2 – Activity-Specific Usage Rate (Continued)**
 - **CAUTION:** Do not overstate the annual usage or the percentage of use in the eligible counties. You may be obligated to return grant funds if you do not meet the higher usage commitment.
 - Option 2 is available for on-road vehicle, non-road equipment, marine vessels, and stationary equipment activities. It is not available for locomotive projects.
 - By choosing Option 2, the applicant agrees to a pre-award site visit by TCEQ or its representative to assess the historical use records held by the applicant and to verify the condition of the vehicle or equipment listed in the application.



Activity Life Commitment

- The activity life is the period used to determine the emissions reduction.
- The minimum activity life for most projects is five years.
- All grant recipients must track and report on the use and location of all grant-funded equipment for the Activity Life.
- Reports will be due annually over the activity life.



FY17 Grant Round Updates

The TCEQ has changed its method of calculating the emissions reduction for non-road and stationary replacement and repower projects.

- To calculate the emissions reduction, the TCEQ will use a hp for the new equipment/engine that is 110% of the old equipment/engine hp, regardless of the horsepower listed in the application for the new equipment.
- Applicants should still list the actual maximum rated brake hp for both the old and the new engines in the application.
- The program still requires that the equipment being replaced and the new equipment is like-for-like, regardless of the hp.



FY17 Grant Round Updates

Trucks with apportioned tags will need to submit documentation showing that the truck has been operated in Texas for least 75% of its total use for the previous two years. The required documentation may include, but is not limited to, fuel tax records or copies of annual reports required by the International Registration Program (IRP).



Application Review and Selection

- The TCEQ will review the applications and will, to the extent possible, notify applicants of any needed changes or additional information.
- The TCEQ will work with applicants, to the extent possible, to correct problems with applications and to obtain all necessary information and documentation in order to consider the application complete.
- Properly completed applications for eligible projects will be evaluated, scored, and ranked.
 - Project cost per ton
 - Potential for the project to best address the goals of the TERP and the air quality needs of the area
 - Potential for the project to achieve the projected emissions reductions



What happens next if my project is selected for award?

- **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 and paid by the grant recipient.
 - A cost may not be considered incurred until the grant-funded goods and services have been received and accepted by the grant recipient.
 - Grant recipients may assign the grant payment to a dealer or financing entity.



What happens next if my project is selected for award?

- **Disposition of Old Vehicles and Equipment**
 - Old vehicles and equipment must be destroyed.
 - Disposition verification must occur no later than 90 days after payment from the TCEQ.
 - A non-repairable title will be required for on-road vehicle disposition.



What happens next if my project is selected for award?

- **Monitoring and Enforcement**
 - The grant recipient must submit usage reports once per year for the duration of the 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.



Global Positioning System

- If the applicant uses the TCEQ-authorized service provider, the TCEQ may allow the vendor to provide the required usage reports.
- Only 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 (these costs will count towards the applicable cost limits).
- The applicant will be responsible for ongoing operational and maintenance charges.
- If Option 2 was selected for the usage commitment, the applicant may be required to install GPS.



How can I get help?

- **TERP staff is available to assist with the application process free of charge.**
 - Application assistance sessions will be scheduled in several of the eligible areas.
 - TCEQ staff are available to answer questions by phone or walk-in appointment at the TERP offices in Austin.
- 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 for the preparation of a grant application, either directly or as an addition to the cost basis of the grant funded vehicle, equipment, or engine, are not eligible costs.



TERP E-Mail Updates

www.terpgrants.org

Org Chart | A to Z index |

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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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.



GET MONEY TO UPGRADE OR REPLACE YOUR TRUCK OR EQUIPMENT—AND CLEAR THE AIR!

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

Upcoming TERP Meetings and Workshops

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

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

Sign up for e-mail updates.

Receive TERP Updates



Contacts

- **Website: www.terpgrants.org**
- **E-mail: terp@tceq.texas.gov**
- **Toll Free: 800-919-TERP (8377)**





DERI Projects Awarded October 2001 - August 2016

AREA	NUMBER OF PROJECTS	NUMBER OF ACTIVITIES	TOTAL NOX REDUCED (TONS)	GRANT AMOUNT	COST PER TON
Dallas/Fort Worth	4,233	6,900	60110	\$348,878,660	\$5,804
Houston/Galveston/Brazoria	3,869	6,653	75739	\$423,637,953	\$5,593
Austin	966	1,414	9436	\$74,818,997	\$7,929
San Antonio	944	1,411	9975	\$71,535,878	\$7,171
Beaumont/Port Arthur	224	476	8714	\$45,301,562	\$5,199
Tyler/Longview	200	300	5156	\$32,234,368	\$6,252
El Paso	137	173	715	\$3,261,310	\$4,564
Victoria	67	82	533	\$4,850,571	\$9,107
Corpus Christi	58	220	1568	\$8,739,923	\$5,575
Grand Total	10,698	17,629	171,945	\$1,013,259,223	\$5,893