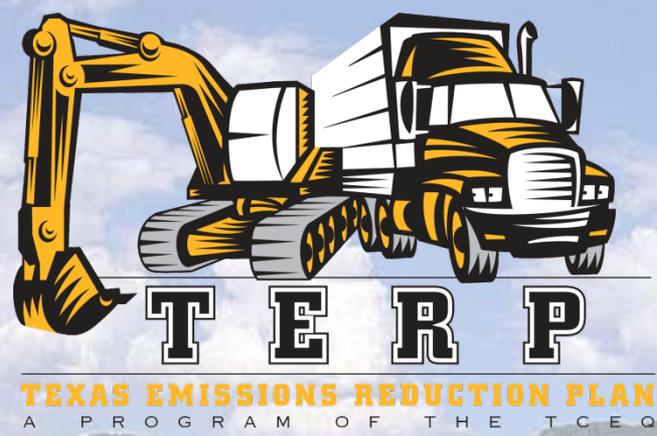


Texas Emissions Reduction Plan (TERP)

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 does TERP do?

- 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



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)

Seaport and Rail Yard (SPRY) Areas Emissions Reduction Program

Alternative Fueling Facilities Program (AFFP)

Texas Clean School Bus (TCSB) Program

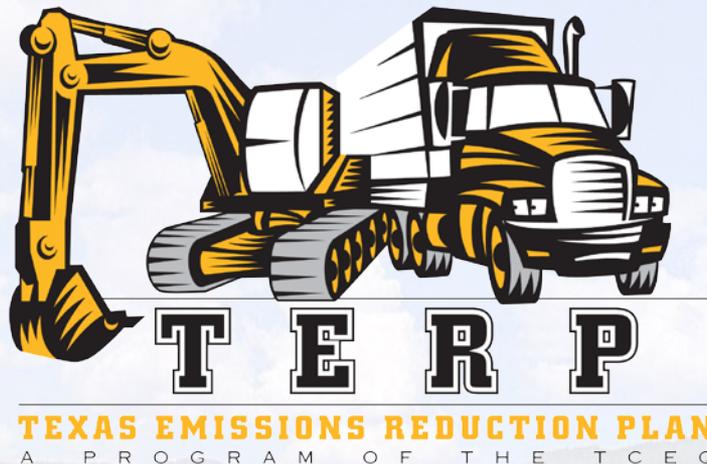
New Technology Implementation Grant (NTIG) Program

Light-Duty Motor Vehicle Purchase or Lease Incentive (LDPLI) Program



Emissions Reduction Incentive Grant (ERIG)

Approximately
\$52 million available
this grant round





Eligible Applicants

- Individuals
- Corporations
- Organizations
- Governments
- Governmental subdivisions
- Governmental agencies
- Business trusts
- Partnerships
- Associations
- 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:

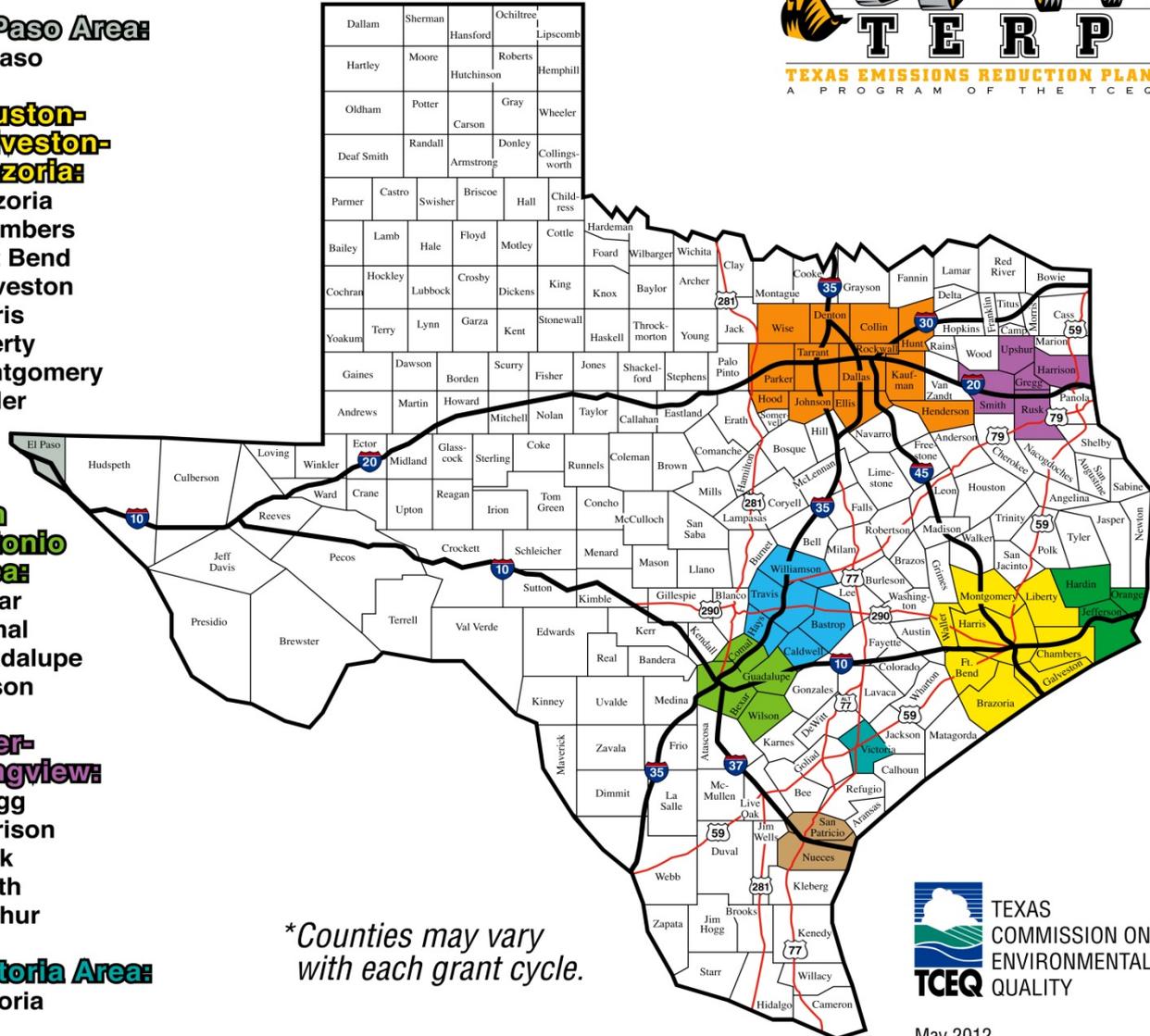
Bexar
Comal
Guadalupe
Wilson

Tyler-Longview:

Gregg
Harrison
Rusk
Smith
Upshur

Victoria Area:

Victoria



*Counties may vary with each grant cycle.



May 2012



Eligible Activities

Replacement, Repower, or Retrofit:

- On-Road Heavy-Duty Vehicles
- Non-Road Heavy-Duty Equipment
- Stationary Equipment
- Marine Vessels
- Locomotives



General Requirements

- **On-road heavy-duty vehicles** must have a gross vehicle weight rating (GVWR) of 8,501 pounds or more.
- **Non-road heavy-duty equipment, stationary equipment, and marine engines** must have an engine rated at 25 horsepower or greater.



Eligible Project Categories

- New Purchases or Lease
- Replacement
- Repower
- Retrofit or Add-On of Emission Reduction Technology
- Retrofits with Dual-Fuel Conversion Systems
- On-Site and On-Vehicle Electrification and Idle Reduction
- Rail Relocation and Improvement
- Qualifying Fuel



Replacement & Repower Project Requirements

For at least the two years immediately preceding the submission of the grant application:

- **On-road heavy-duty vehicles** must have been:
 - owned, leased, or commercially financed by the applicant;
 - continuously registered and used in Texas; and
 - used in its primary function in the routine operations of the applicant.
- **Non-road heavy-duty equipment, stationary equipment, and locomotives** must have been:
 - owned by the grant applicant;
 - located and used in Texas; and
 - used in its primary function in the routine operations of the applicant.



Replacement & Repower Project Requirements

For at least the two years immediately preceding the submission of the grant application:

- **Marine vessels** must:
 - have been owned by the applicant;
 - have been continuously used in Texas;
 - currently be registered for operation in Texas; and
 - used in its primary function in the routine operations of the applicant.
- **Vehicles and equipment** being replaced or repowered must be in good operating condition with a remaining useful life equivalent to **the designated activity life**.
- The new engine must be certified to emit at least 25% less NO_x than the engine being replaced.



Replacement & Repower Project Requirements

- **Replacement vehicles or equipment** may not have been acquired before the opening of the grant round.
- The **repower** of an existing engine may not have occurred prior to 12 months before the end date of the application period.



Replacement Project Requirements

- The replacement **vehicle** must have a **model year** 2015 or newer.
- The replacement **equipment** must have an **engine manufacture year** of 2015 or newer.
- *Like-for-like*
 - **On-road heavy-duty vehicles** must be of the same vehicle type, weight category, and body and axle configuration as the vehicle being replaced.
 - **Non-road heavy-duty equipment, stationary equipment, marine vessels, and locomotives** must be of the same equipment type and intended for the same or similar purpose as the equipment being replaced.



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 (\$250).



Percentage of Use Commitment

- Applicants must list a primary area for use of the vehicles or equipment included in the project application.
- Activities with different primary areas must be applied for under separate applications.
- **On-road heavy-duty vehicles**
 - Must designate in the application the percentage of the total annual mileage or fuel use that will occur in the eligible counties.
 - Must commit to operating the vehicle at least 75% of total 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 total annual mileage.



Percentage of Use Commitment

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



Usage Rate

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



Usage Rate

- ERIG provides applicants with two options for determining the usage rates for the emissions reduction calculations.
 - 1. Standard Usage**
 - Default usage rates are established by TCEQ 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).
 - The percentage of use in the eligible counties must be met.



Usage Rate

2. Non-Standard Usage

- Applicant may propose an annual usage rate.
- Historical usage rate must be verified by submitting supporting documentation with the application.
- All activities in the application must have the same Non-Standard Usage rate.
- Non-Standard Usage rate is not available for locomotive projects.
- A pre-award site visit may be conducted for projects requesting Non-Standard Usage.
- The applicant may be required to install GPS.



Usage Rate

2. Non-Standard Usage (continued)

- **Approved:** the grant recipient may not have to meet the exact number of annual miles, hours, or fuel use listed as the Non-Standard Usage rate.
- **Not Approved:**
 - 1) Applicant required to meet proposed Non-Standard Usage rate and use the GPS to report usage.
 - 2) Applicant can select Standard Usage rate.
 - 3) Applicant can withdraw application.



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.



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 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 Non-Standard Usage is selected for the usage commitment, the applicant may have to install GPS.



Activity Life Commitment

- **Activity Life** is the period used to determine the emissions reduction.
- The minimum Activity Life for most projects is five years.
- Activity Life usually starts on the date that the disposition report is received by TERP.
- 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.



FY18 Grant Round Updates

- **Class 8a Tandem Axle Vehicles** operating with an overweight permit for a year immediately preceding the grant round may be replaced with a vehicle of the same type and configuration and with an additional axle.
- **Class 8a Tandem Axle Cement/Concrete Trucks** operating with an overweight permit for a year immediately preceding the grant round may be replaced with a cement/concrete truck having up to two additional axles.
- **On-road haul trucks used as terminal tractors** may be replaced with a purpose-built terminal tractor, but may not be replaced with another haul truck. *Contact TERP for calculation assistance.*
- **On-road vehicles used for non-road purposes** may only be replaced with a vehicle or non-road equipment that is purpose-built for that non-road purpose.



FY18 Grant Round Updates

- Trucks with apportioned tags will need to submit **quarterly usage summaries** showing that the truck has been operated in Texas for least 75% of its total use for the previous two years.
- Maximum Cost Per Ton of NO_x Emissions Reduced
 - On-road, non-road, and stationary projects: **\$17,500**
 - Marine and locomotive projects: **\$12,500**



Hurricane Harvey Exceptions

In the aftermath of Hurricane Harvey (Harvey), the TCEQ will implement special policies and procedures to encourage the repower or replacement of vehicles and equipment damaged or destroyed by Harvey with cleaner models.

The TCEQ is providing an exception to the requirement that a vehicle or equipment included in a grant application to be replaced or repowered is currently being used in its primary function in the routine operations of the applicant as a result of impacts caused by Harvey.



Hurricane Harvey Exceptions

If you are requesting a Harvey Exception:

- Download the **Hurricane Harvey Exception Form** from the TERP website www.terpgrants.org.
- Complete and submit the form **with the project application**.
- Disclose any and all **insurance claims and payments** received or to be received for the vehicle or engine.
- Secure a **Texas Non-Repairable Vehicle Title** for the destroyed vehicle to submit with the project application.
- Include **color photographs** of the destroyed vehicle or engine with the application.



Application Review and Selection

- The TCEQ will review the applications and will, to the extent possible, correct problems with applications and 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 based on:
 - project cost per ton;
 - potential for the project to best address the goals of the TERP and the air quality needs of the area; and
 - 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 the applicant 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.

- **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.
 - Guidance for destroying the old vehicle and equipment is included in the RFGA.



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.



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 TCEQ office 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

Home Public Businesses Governments Air Land Water

- Cleanups, Remediation
- Emergency Response
- Licensing
- Permits, Registration
- Preventing Pollution
- Recycling
- Reporting
- Rules

You are here: [Home](#) / [Air Quality](#) / TERP

» **Questions or Comments:**
terp@tceq.texas.gov

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 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.

Sign up for e-mail updates.

Receive TERP Updates

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

Upcoming TERP Meetings and Workshops

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

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

[plementation/air/terp/subscribe.html](#)



Contacts

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





DERI Projects Awarded October 2001 - August 2017

AREA	NUMBER OF PROJECTS	NUMBER OF ACTIVITIES	TOTAL NO _x REDUCED (TONS)	GRANT AMOUNT	COST PER TON OF NO _x REDUCED
Austin	1,082	1,572	10,229	\$83,311,998	\$8,145
Beaumont/Port Arthur	258	520	8,852	\$46,874,093	\$5,295
Corpus Christi	76	239	1,546	\$9,465,828	\$6,122
Dallas/Fort Worth	4,552	7,455	62,731	\$377,422,749	\$6,017
El Paso	141	179	737	\$3,574,734	\$4,853
Houston/Galveston/Brazoria	4,170	7,069	78,445	\$448,288,693	\$5,715
San Antonio	1,034	1,544	10,668	\$79,325,212	\$7,436
Tyler/Longview	208	324	5,654	\$34,884,875	\$6,170
Victoria	86	99	566	\$5,242,683	\$9,260
GRAND TOTAL	11,607	19,001	179,427	\$1,088,390,866	\$6,066