Texas Emissions Reduction Plan (TERP)

Rebate Grants Program

Grant Application Workshop
Workshop Agenda

• TERP Overview
• Rebate Grants Overview
  – Application Forms
  – Rebate Tables
• Questions and Answers
What is TERP?

- Provides grants to reduce nitrogen oxides ($\text{NO}_x$) 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!
Ground level ozone is created by chemical reactions of NO\textsubscript{x} and volatile organic compounds (VOC) in the presence of sunlight.

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

Third-Party Grants Program

Texas Clean Fleet Program (TCFP)

Texas Natural Gas Vehicle Grant Program (TNGVGP)

Seaport and Rail Yards Emissions Reduction (SPRY) Program

Texas Clean School Bus (TCSB) Program

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

Alternative Fueling Facilities Program (AFFP)

New Technology Implementation Grant (NTIG) Program
Rebate Grants Program

The Rebate Grants Program provides financial incentives to repower or replace older heavy-duty diesel vehicles and select non-road diesel equipment to reduce NO$_x$ emissions in ozone nonattainment areas and other areas of concern for air quality.
Rebate Funding

• Approximately $5 million is available under this Request for Grant Applications.
  - The TCEQ may set aside a portion of the funding for applicants qualifying as small businesses.

• Grants are awarded on a first-come, first-served basis.
Eligible Applicants

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

- Persons who operate or plan to operate on-road heavy-duty vehicles or select non-road equipment in the eligible areas.
Eligible Areas

- Austin
- Beaumont-Port Arthur
- Corpus Christi
- Dallas-Fort Worth
- El Paso
- Houston-Galveston-Brazoria
- San Antonio
- Tyler-Longview
- Victoria
Diesel Emissions Reduction Incentive Program

Rebate Grants Program

Eligible Counties

- **Austin Area:** Bastrop, Caldwell, Hays, Travis, Williamson
- **Houston-Galveston-Brazoria:** Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, Waller
- **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
- **San Antonio Area:** Bexar, Comal, Guadalupe, Wilson
- **Tyler-Longview:** Gregg, Harrison, Rusk, Smith, Upshur
- **Victoria Area:** Victoria

El Paso Area: Gregg, Harrison, Rusk, Smith, Upshur
General Requirements

- **On-road heavy-duty vehicles** must have a gross vehicle weight rating (GVWR) of greater than 8,500 pounds and be certified by the Environmental Protection Agency (EPA) to the heavy-duty vehicle federal emission standard.

- **Non-road equipment** must have a horsepower (hp) rating of 25 or greater.
Eligible Project Categories

• **Replacement**: This category is for the replacement of an on-road heavy-duty diesel vehicle or a non-road heavy-duty piece of diesel equipment with a newer on-road heavy-duty vehicle or non-road heavy-duty piece of equipment powered by diesel, natural gas, propane, or electricity.

• **Repower**: The replacement (repower) of an existing engine in an on-road heavy-duty diesel vehicle or a non-road heavy-duty piece of diesel equipment with a new, rebuilt, or remanufactured engine.
Replacement & Repower
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 used in its primary function in the routine operations of the applicant in Texas;
  – been continuously 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**, replaced must have been:
  – owned by the grant applicant; and
  – been used in its primary function in the routine operations of the applicant in Texas.
Replacement Project Requirements

- Vehicles/equipment being replaced must have a remaining useful life equivalent to the designated activity life.
- The new engine must be certified to emit at least 25% less NO\textsubscript{X} than the engine being replaced.
- The new vehicle must be a vehicle model year 2016 or newer.
- The new equipment must have an engine with a manufacture year 2016 or newer.
- 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 the replacement must be of the same equipment type and intended for the same or similar purpose as the equipment being replaced.
- The vehicle/equipment being purchased may not have been acquired before the opening of the grant round.
Repower Project Requirements

- The new engine must be certified to emit at least 25% less NO\textsubscript{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.

• The grant recipient may be eligible for reimbursement of up to 80% of the incremental cost, not to exceed the maximum rebate grant amount established by the TCEQ for that activity.

  – 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).
Usage Commitment

At least 75% of the annual usage (miles or hours use) of the vehicle/equipment must occur in the eligible counties.

**CAUTION:** Do not overstate the percentage of use in the eligible counties. You may be obligated to return grant funds if you do not meet the percentage in area commitment.

**Note:** For the Rebate Program, there is not an option to operate a vehicle on designated highways to meet part of the percentage-of-use requirement.
Activity Life Commitment

• The Activity Life is the period of time used to determine the emissions reductions.

• Applicants may choose an activity life of 5 or 7 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.
Application Review and Selection

- Applications will be awarded on a first-come, first-served basis.
- 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.
What happens next if my project is awarded a grant?

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

• **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 awarded a grant?

- Disposition of Old Vehicles/Equipment
  - Old vehicles/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 awarded a grant?

• 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.
How can I get help?

• **TERP staff is available to assist with the application process **free** of charge. Call us!**
  – 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

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.

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 on the TCEQ website at www.tceq.texas.gov/terp.

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.
Contacts

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

We’re here to help!