

Rebate Grants Program

Workshop Presentation

**Air Grants Division
July 2020**





Workshop Agenda

- TERP Overview
- Program Overview
- Project Criteria
- Submitting a Grant Application
- Questions and Answers



TERP Grant Programs

Diesel Emissions Reduction Incentive (DERI) Program

Emissions Reduction Incentive Grants (ERIG) Program

Rebate Grants Program

Seaport and Rail Yard Areas Emissions Reduction (SPRY) Program

Texas Clean Fleet Program (TCFP)

Texas Natural Gas Vehicle Grant Program (TNGVGP)

Alternative Fueling Facilities Program (AFFP)

Texas Clean School Bus (TCSB) Program

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

New Technology Implementation Grant (NTIG) Program

Port Authorities Studies & Pilot Program (PASPP)

Governmental Alternative Fuel Fleets (GAFF) Program



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.



How Does TERP Reduce NO_x Emissions from Mobile Sources?

Provides financial incentives for the **early retirement** of heavy-duty equipment, particularly those with large diesel engines, that have been operating in Texas.

Retired equipment is:

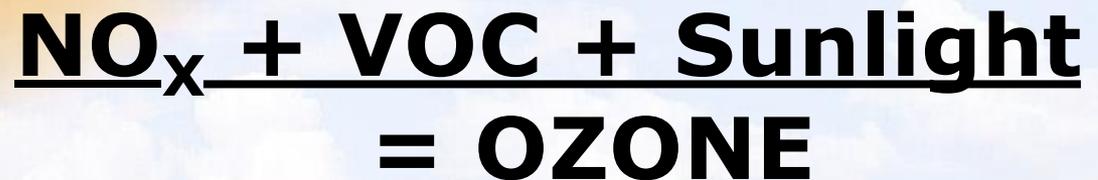
- rendered permanently inoperable; and
- replaced with a newer, cleaner model.

Grantees commit to operating the newer, cleaner model in designated areas of Texas.



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





2017 Dallas-Fort Worth Area NO_x Emissions

Mobile Source
75%

Point Source
9%

Area Source
16%

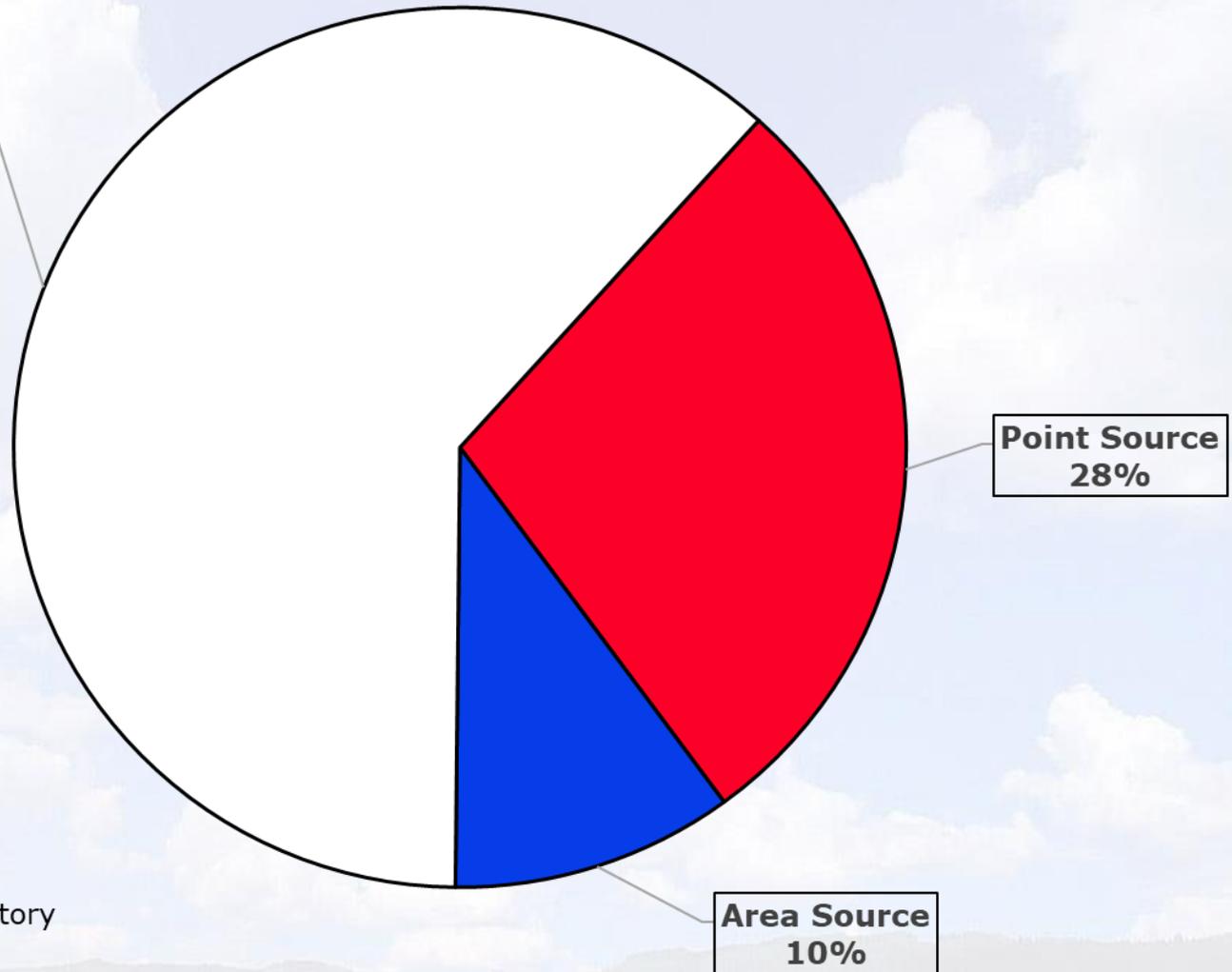
Counties:

- Collin
- Dallas
- Denton
- Ellis
- Johnson
- Kaufman
- Parker
- Rockwall
- Tarrant
- Wise

Source: TCEQ Emissions Inventory
Updated: 8/15/2019



2017 Houston-Galveston-Brazoria Area NO_x Emissions



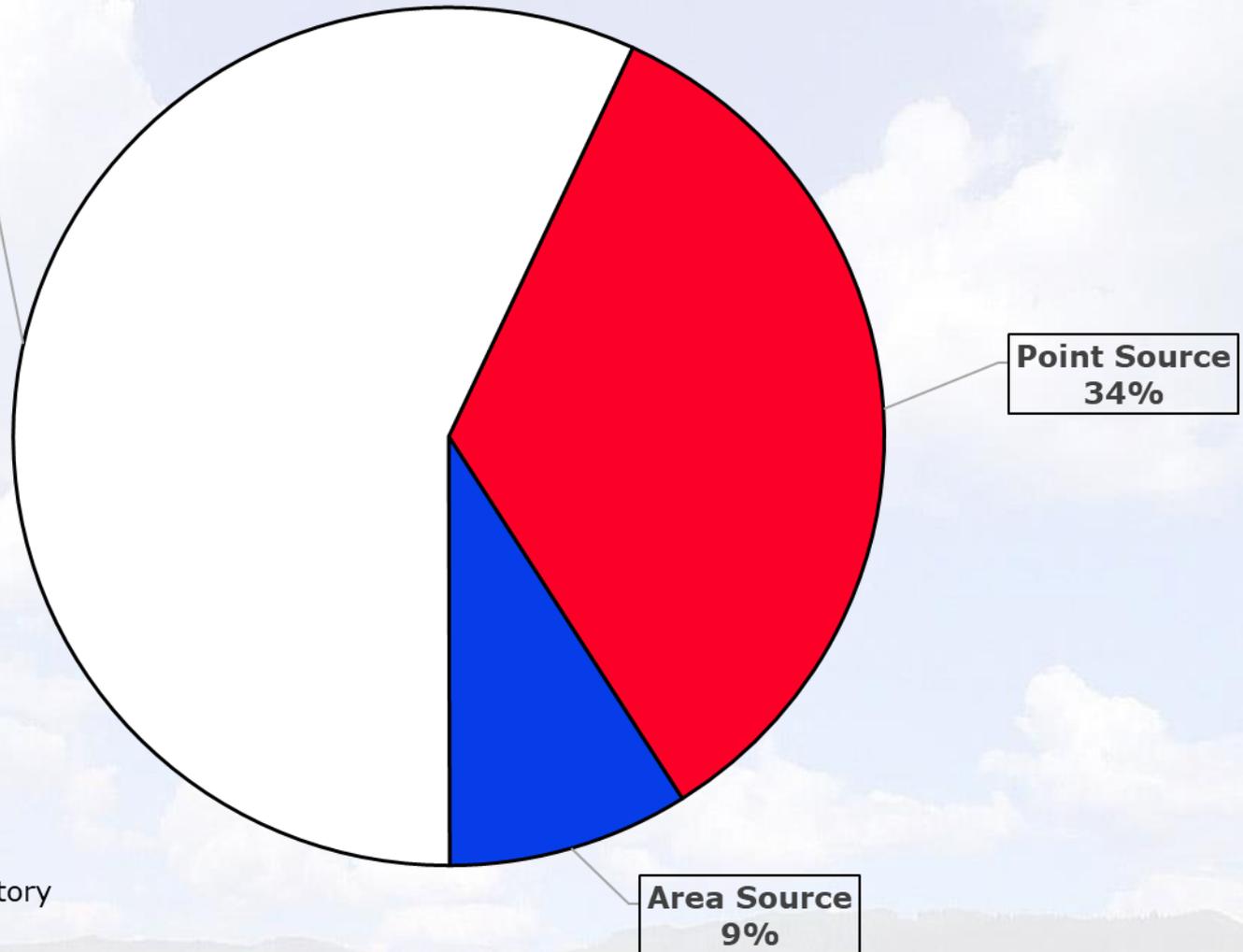
Counties:

- Brazoria
- Chambers
- Fort Bend
- Galveston
- Harris
- Liberty
- Montgomery
- Waller

Source: TCEQ Emissions Inventory
Updated: 8/15/2019



2017 San Antonio Area NO_x Emissions



Counties:

- Bexar
- Comal
- Guadalupe
- Wilson

Source: TCEQ Emissions Inventory
Updated: 8/15/2019



Rebate Grants Program

The Rebate Grants Program provides financial incentives to repower or replace older on-road heavy-duty **diesel** equipment 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

- Up to \$10 million will be available under this Request for Grant Applications.
- A minimum of \$1 million will be set aside for applicants qualifying as small businesses who:
 - Own and operate five or fewer vehicles or pieces of equipment, at least one of which is powered by diesel.
- 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 diesel equipment or select non-road equipment in the eligible areas.



Eligible Areas

Rebate Grants Program

Eligible Counties*

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:

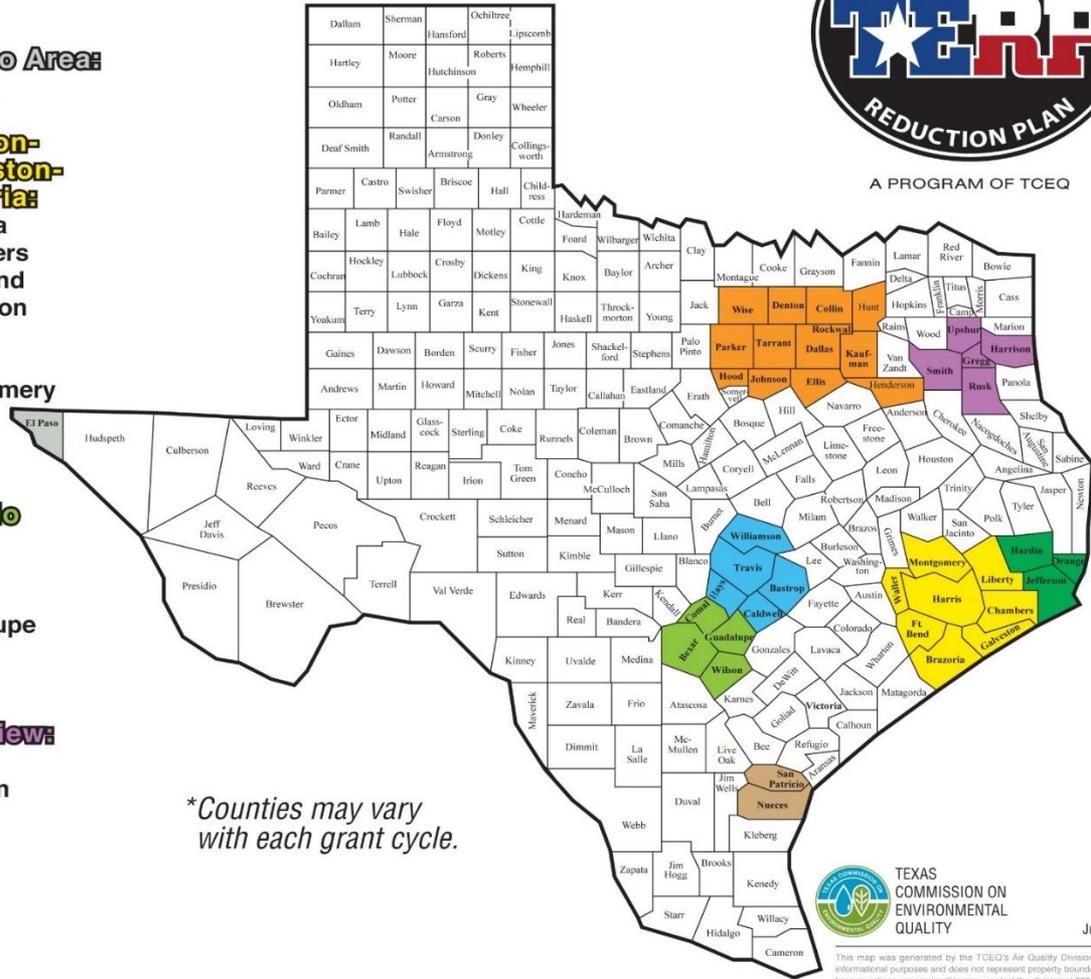
- Bexar
- Comal
- Guadalupe
- Wilson

Tyler-Longview:

- Gregg
- Harrison
- Rusk
- Smith
- Upshur



A PROGRAM OF TCEQ



*Counties may vary with each grant cycle.



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
July 2019



General Requirements

- **On-road heavy-duty equipment** 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.



**Non-Road
Equipment**

**On-Road
Equipment**





Eligible Project Categories

- **Replacement:** This category is for the replacement of on-road or non-road heavy-duty diesel equipment with a newer on-road 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 or non-road heavy-duty diesel piece of equipment with a new, rebuilt, or remanufactured engine.



Replacement & Repower Project Requirements

- For at least the two years immediately preceding the application signature date, **on-road heavy-duty diesel equipment** 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 application signature date, **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

- 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_x than the engine being replaced.
- The new on-road equipment model year **may not be more than three years prior to the calendar year in which the equipment is purchased.**
- The new non-road equipment manufacture year **may not be more than three years prior to the calendar year in which the equipment is purchased.**
- For **on-road heavy-duty equipment**, the replacement must be of the same equipment 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 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_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 equipment minus the scrap value (\$1,000) of the equipment 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 55% of the annual usage (miles or hours of use) of the equipment must occur in the eligible counties designated in the application.

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 Grants Program, operation on designated highways and roadways outside of the eligible counties does not count toward the percentage-of-use commitment.



Activity Life Commitment

- The Activity Life is the period of time used to determine the emissions reductions and the period of time for which applicants commit to usage in the grant contract.
- 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 duration of 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? (con't)

- **Disposition of Old Equipment**
 - Old 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 equipment disposition.



What happens next if my project is awarded a grant? (con't)

- **Usage Reporting**
 - The grant recipient must submit usage reports once per year for the duration of the Activity Life.
 - TCEQ may 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 (GPS)

- If the applicant uses the TCEQ-authorized GPS 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 operation 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 at 1-800-919-TERP (8377) or email to TERP@tceq.texas.gov.
- Consultants may be available to assist with the application process.
 - The TCEQ has no business relationship with 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 equipment, or engine, are not costs eligible for reimbursement.



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>> 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.

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.

- The TCEQ is now accepting applications for the following programs:
- Seaport and Rail Yard Area Emissions Reduction Program (SPRY)
 - Alternative Fueling Facilities Program (AFFP)
 - Texas Natural Gas Vehicle Grant Program (TNGVGP)
 - Light-Duty Motor Vehicle Purchase or Lease Incentive Program (LDPLIP)

TERP GRANT PROGRAMS:

The TERP program is comprised of eleven different grant programs. Each program has its own specific eligibility requirements and may accept applications at different time periods

Sign up for e-mail updates.



Need more information?

Call (toll-free)

800-919-TERP (8377)

Or see [other contact info.](#)

Need to make post-contract changes?

Please send your completed Contract Amendment Request Form (PDF) to:

terp_revise@tceq.texas.gov



- Cleanups, Remediation
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- Recycling
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Contacts

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

We're here to help!