

Texas Clean Fleet Program (TCFP)

Workshop Presentation

Gloria Lyall
Grant Coordinator, Air Grants Division
March 2020





Workshop Agenda

- TERP Overview
- Program Overview
- Project Criteria
- Submitting a Grant Application
- 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





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





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.

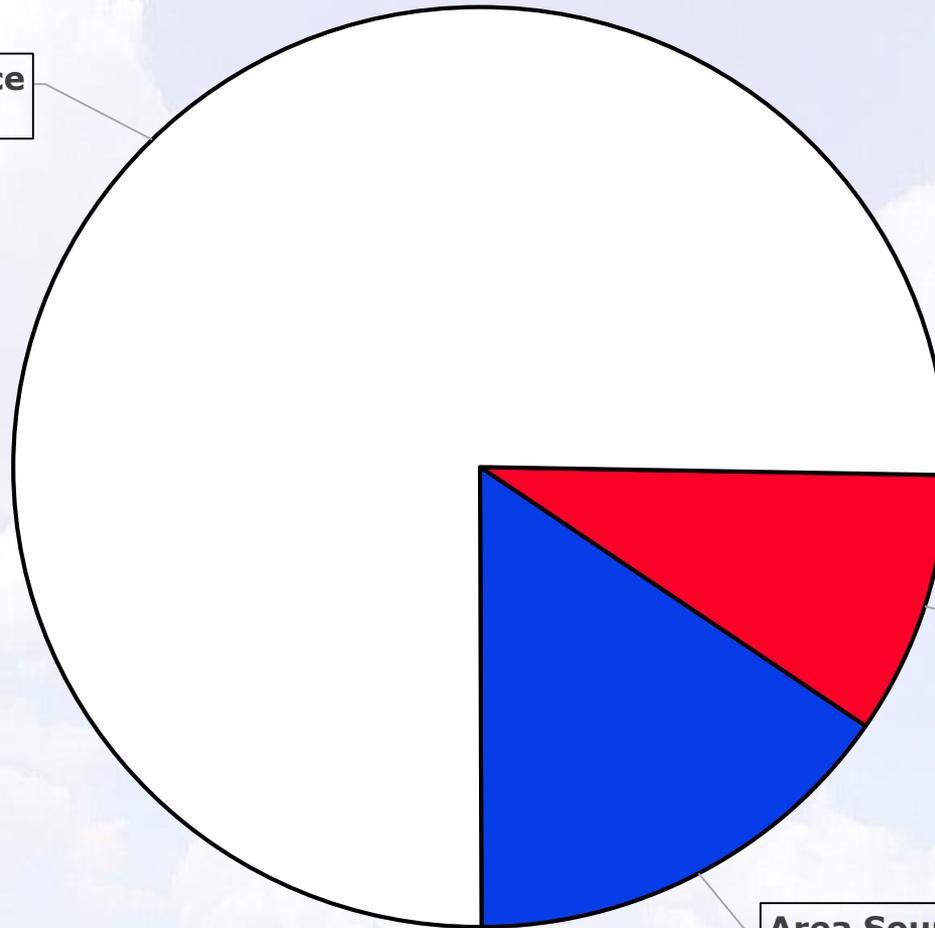
NO_x + VOC + Sunlight = OZONE

Mobile sources continue to be a large contributor to NO_x emissions in areas not currently meeting the National Ambient Air Quality Standards (NAAQS) under the Federal Clean Air Act (FCAA).



2017 Dallas-Fort Worth Area NO_x Emissions

Mobile Source
75%



Point Source
9%

Area Source
16%

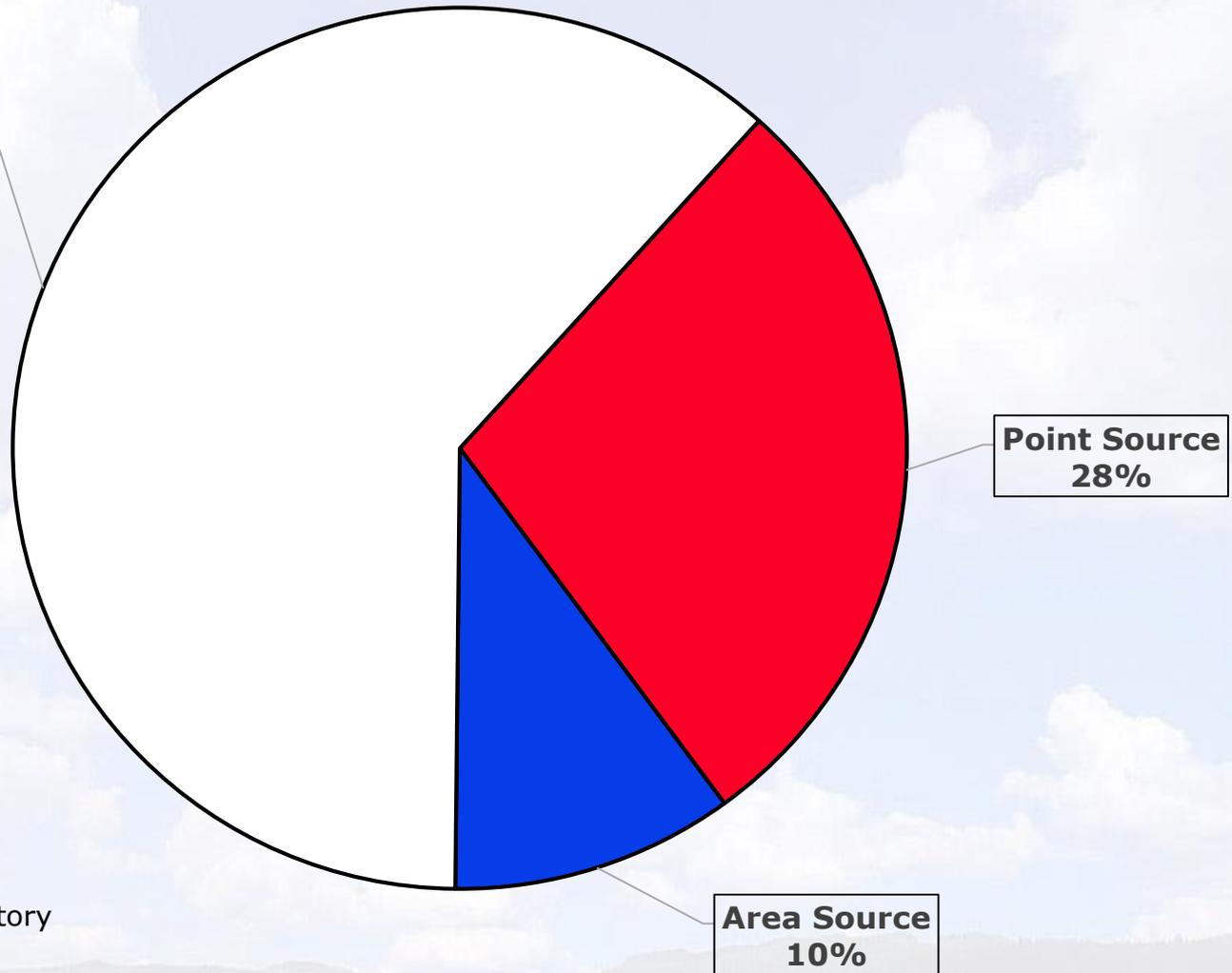
Counties:

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



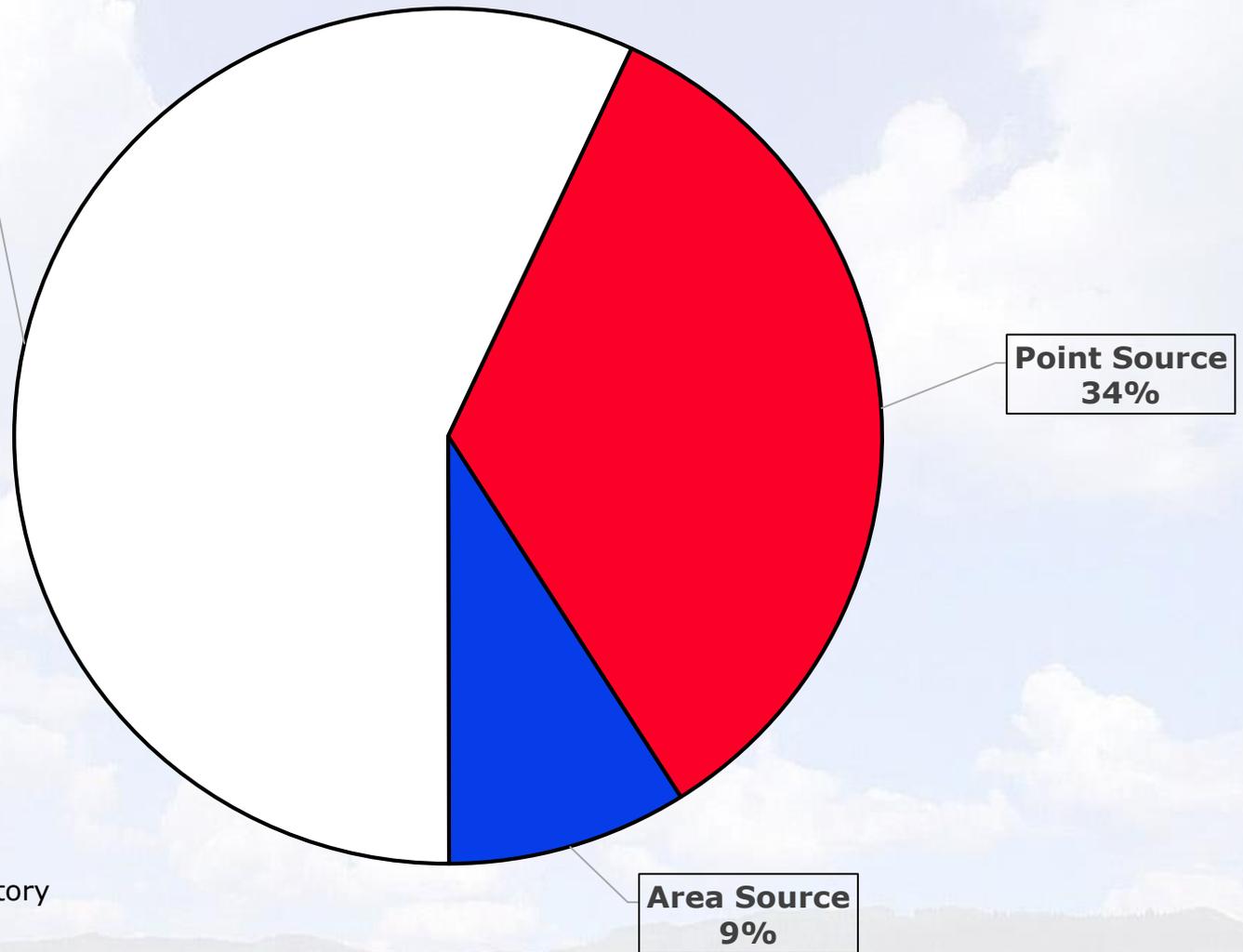
Counties:

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



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



Texas Clean Fleet Program

The Texas Clean Fleet Program (TCFP) provides financial incentives to replace older light-duty and heavy-duty diesel vehicles with new alternative fuel or hybrid vehicles.

Purpose is to:

- Encourage entities that operate large fleets of vehicles in Texas to replace diesel-powered vehicles with alternative fuel or hybrid vehicles
- Reduce nitrogen oxides (NO_x) emissions by at least 25%



Program Overview

- Approximately \$7.8 million is available for award under this Request for Grant Applications (RFGA).
- Grants are awarded on a competitive basis.
- Applications will be accepted until June 30, 2020.
- Applicants must own, lease, or commercially finance a fleet of 75 or more on-road vehicles that are currently registered in Texas.
- Applicants must commit to replacing at least 10 diesel-powered vehicles.



TCFP Eligible Applicants

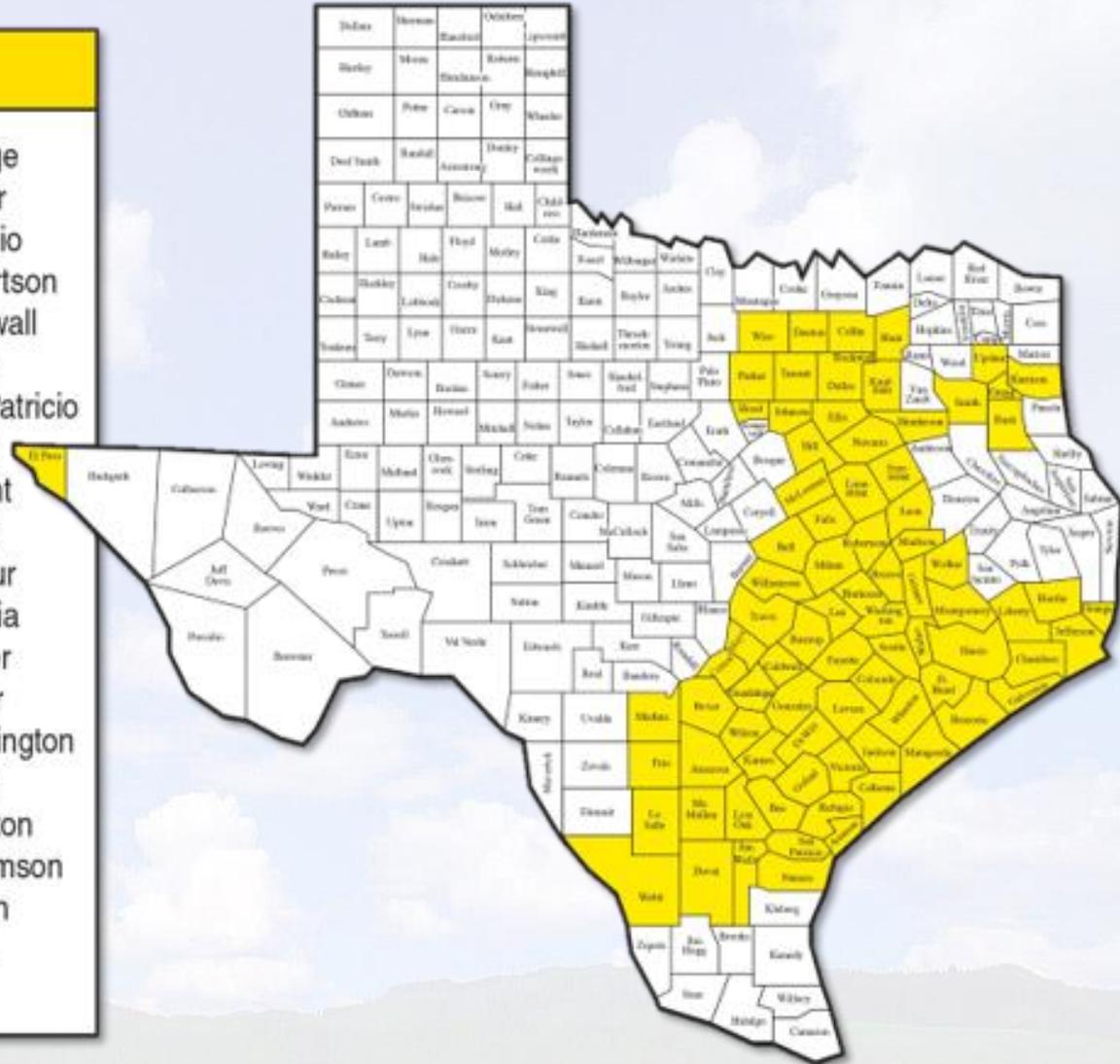
Eligible applicants include individuals, corporations, organizations, governments or governmental subdivisions or agencies, school districts, business trusts, partnerships, associations, or any other legal entity.



TCFP Eligible Areas Clean Transportation Zone (CTZ)

Eligible Counties

| | | | |
|----------|-----------|------------|--------------|
| Aransas | Ellis | Jefferson | Orange |
| Atascosa | Falls | Jim Wells | Parker |
| Austin | Fayette | Johnson | Refugio |
| Bastrop | Fort Bend | Karnes | Robertson |
| Bee | Freestone | Kaufman | Rockwall |
| Bell | Frio | La Salle | Rusk |
| Bexar | Galveston | Lavaca | San Patricio |
| Brazoria | Goliad | Lee | Smith |
| Brazos | Gonzales | Leon | Tarrant |
| Burleson | Gregg | Liberty | Travis |
| Caldwell | Grimes | Limestone | Upshur |
| Calhoun | Guadalupe | Live Oak | Victoria |
| Chambers | Hardin | Madison | Walker |
| Collin | Harris | Matagorda | Waller |
| Colorado | Harrison | Medina | Washington |
| Comal | Hays | McLennan | Webb |
| Dallas | Henderson | McMullen | Wharton |
| Denton | Hill | Milam | Williamson |
| DeWitt | Hood | Montgomery | Wilson |
| Duval | Hunt | Navarro | Wise |
| El Paso | Jackson | Nueces | |





Vehicles Eligible for Replacement

Vehicles eligible for replacement include:

- **Heavy-Duty Diesel Vehicles.** A diesel vehicle with a gross vehicle weight rating (GVWR) greater than 8,500 pounds and containing an engine certified to the United States Environmental Protection Agency's (EPA) heavy-duty engine standards.
- **Light-Duty Diesel Vehicles.** A diesel vehicle with a GVWR of less than 10,000 pounds and certified to the EPA's light-duty vehicle emission standards.



Vehicles Eligible for Replacement (cont.)

- For at least the two years immediately preceding the submission of the grant application, vehicles must have been:
 - owned, leased, or otherwise commercially financed by the applicant;
 - continually registered in Texas; and
 - operated in the State of Texas by the grant applicant.
- Vehicles must be in good operating condition with at least two years of remaining useful life.



Vehicles Eligible for Purchase

- The replacement vehicle must be new and powered by an alternative fuel or hybrid engine.
- The vehicle/engine must be certified under the U.S. Environmental Protection Agency certification programs.
- The engine on the vehicle being purchased must be certified to emit at least 25% less NO_x than the engine on the vehicle being replaced.



Eligible Alternative Fuels

The replacement vehicle must be powered by:

- electricity;
- compressed natural gas (CNG);
- liquefied natural gas (LNG);
- hydrogen;
- propane (LPG); or
- a mixture of fuels containing at least 85% methanol by volume (M85).



Other Vehicle/Fuel Types

- **Bi-Fuel or Multi-Fuel Vehicles**

- Vehicles with engines that can operate independently on either an alternative fuel or gasoline/diesel must commit to using the alternative fuel for at least 75% of the annual operation of the vehicle.

- **Hybrid Vehicle**

- A hybrid vehicle is a motor vehicle with at least two different energy converters and two different energy storage systems on board the vehicle for the purpose of propelling the vehicle.



Maximum Grant Amounts

- The maximum eligible grant amount for the replacement of a heavy-duty or light-duty diesel vehicle is 80% of the ***incremental cost*** for the new vehicle.
- The ***incremental cost*** includes the total cost of the new vehicle minus a default scrap value of \$1,000 for heavy-duty vehicles, \$500 for light-duty vehicles, and minus any other financial incentives received toward the price of the new vehicle.



Purchase Dates

- Applicants may not have completed the purchase of the new vehicle(s) prior to the opening of the grant application period.



Usage Commitment

- Applicants must commit to operate the grant-funded vehicles for at least 75% of the annual mileage in Texas.
- Applicants must also agree to operate the vehicles in designated eligible areas for a minimum of 25% of the annual mileage.
- Exceptions exist for projects involving the transportation of raw agricultural products (see Appendix F of the RFGA).



Grant Selection

Grants will be competitively awarded:

- The cost per ton of NO_x reduced in the eligible counties will be a primary selection factor.
- The emissions reduction calculations will use default mileage established by TCEQ and provided in the RFGA.
- Applicants may request less than the maximum eligible grant amounts in order to lower the project cost per ton.



If Selected for a Grant

- **Contracting:**

- A contract will be sent to the grantee to sign and return.
- The TCEQ will sign the final contract and send it to the grantee.

- **Reimbursement:**

- Payments will be made on a reimbursement basis for eligible expenses incurred and paid by the grant recipient.
- Grant recipients may assign the grant payment to a dealer or financing entity.



Disposition of Old 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.
- Guidance for destroying the old vehicle and equipment is included in the Request for Grant Applications.



Activity Life Commitment

- **Activity Life:**

- Grant-funded vehicles must be used for five years or 400,000 miles, whichever occurs first.
- The percentage of annual mileage within the eligible counties will apply for the duration of the activity life.

- **Reporting Requirements:**

- All grant recipients must track and report on the use and location of all grant-funded vehicles for the activity life.
- Reports will be due annually.



Global Positioning System

- **Global Positioning Systems (GPS):**
OPTIONAL
 - 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 of a vehicle replacement.
 - The applicant will be responsible for monthly operational and maintenance charges.
 - If the applicant uses the TCEQ-authorized service provider, the TCEQ may allow the vendor to provide the required usage reports.



Monitoring

- 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 grantee having to return a share or all of the grant funds.



Supporting Documentation

The following must be submitted with the application:

- signed project application form;
- price quote (signed by the dealer) and price comparisons;
- vehicle title and proof of continuous registration over the previous two years;
- completed W-9 Form;
- copy of a state or federal identification card (if applying as an individual or sole proprietor);
- color photographs of the vehicles and engines to be replaced; and
- documentation supporting any request to waive ownership, registration, or use requirements.



We are here to Help!

- TERP staff are available to assist with the application process free of charge.
- TERP staff are available to answer questions by phone or appointment at the TCEQ offices in Austin.
- Applicants may enlist the assistance of consultants 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 vehicle, equipment, or engine, are not eligible costs.



Submitting the Application

Applicants may submit applications in person or by mail to:



TCEQ
12100 Park 35 Circle,
Bldg. F (MC-204)
Austin, TX 78753

Each application submission must include two paper copies with original signatures (photocopies cannot be accepted).

SUBMISSION DEADLINE:

June 30, 2020

5:00 p.m. Central Standard Time



Submitting the Application (Continued)

The TCEQ will not accept:

- applications via email;
- information on a USB;
- anything confidential in electronic form; or
- photocopied signatures.



Program Contact Information



Gloria E. Lyall
TCFP Program Coordinator
(512) 239-3602
Gloria.Lyall@tceq.texas.gov

TERP@tceq.texas.gov
1-800-919-TERP (8377)
WWW.TERPGRANTS.ORG

We are here to help!