

Texas Natural Gas Vehicle Grant Program (TNGVGP)

Workshop Presentation

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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?

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

- Retired vehicles and equipment are rendered permanently inoperable.
- Retired vehicles and equipment are replaced with newer, cleaner models.
- Grantees commit to operating newer, cleaner models 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.

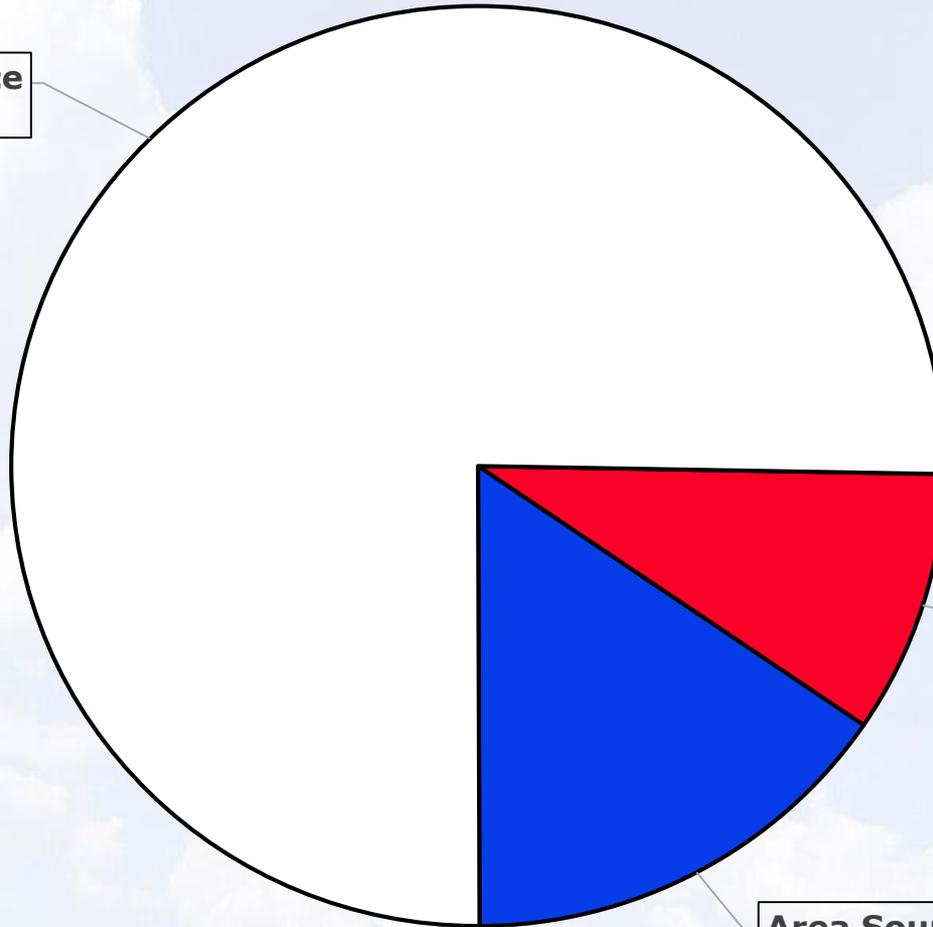
NO_x + VOC + Sunlight = OZONE

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%

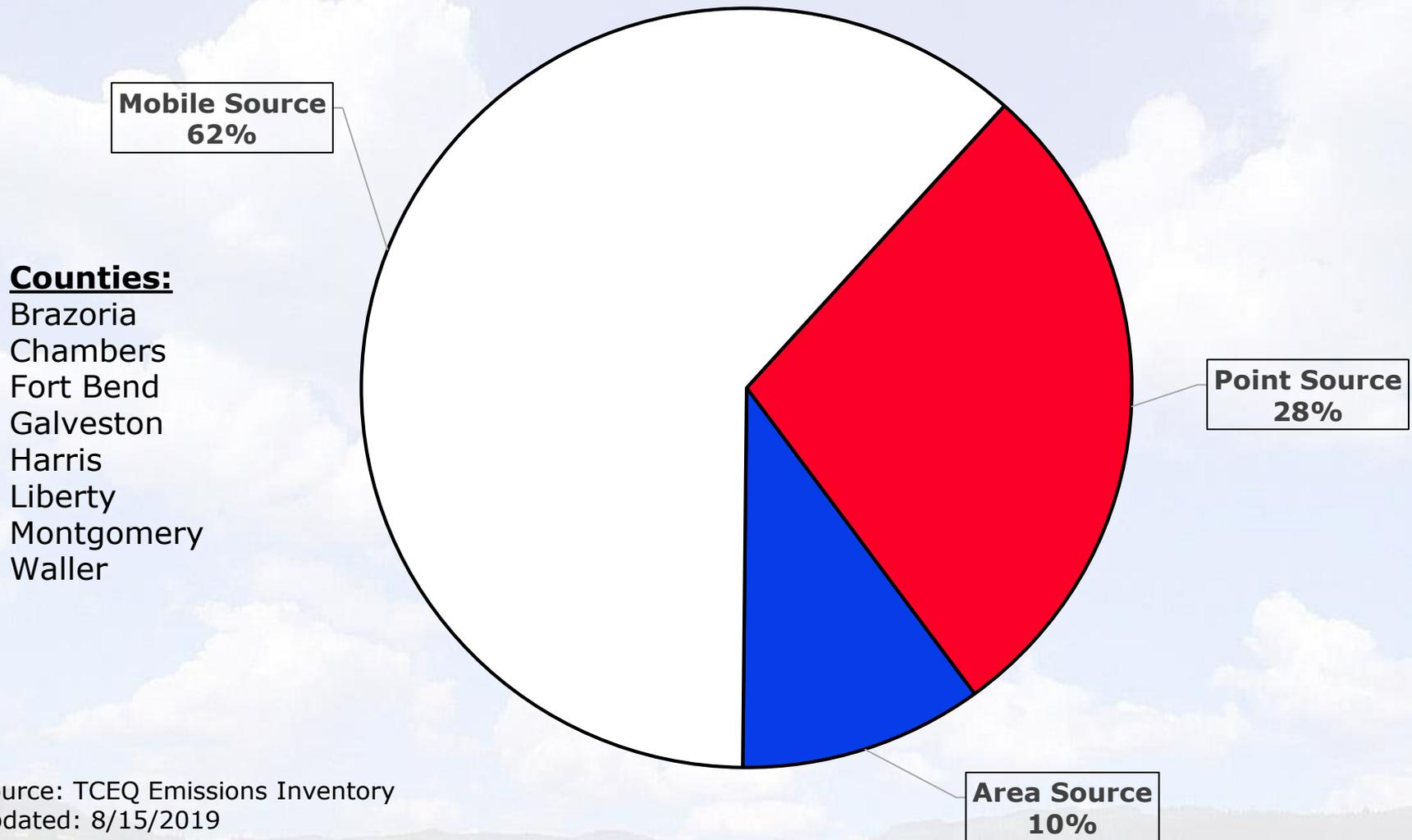
Counties:

Collin
Dallas
Denton
Ellis
Johnson
Kaufman
Parker
Rockwall
Tarrant
Wise

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



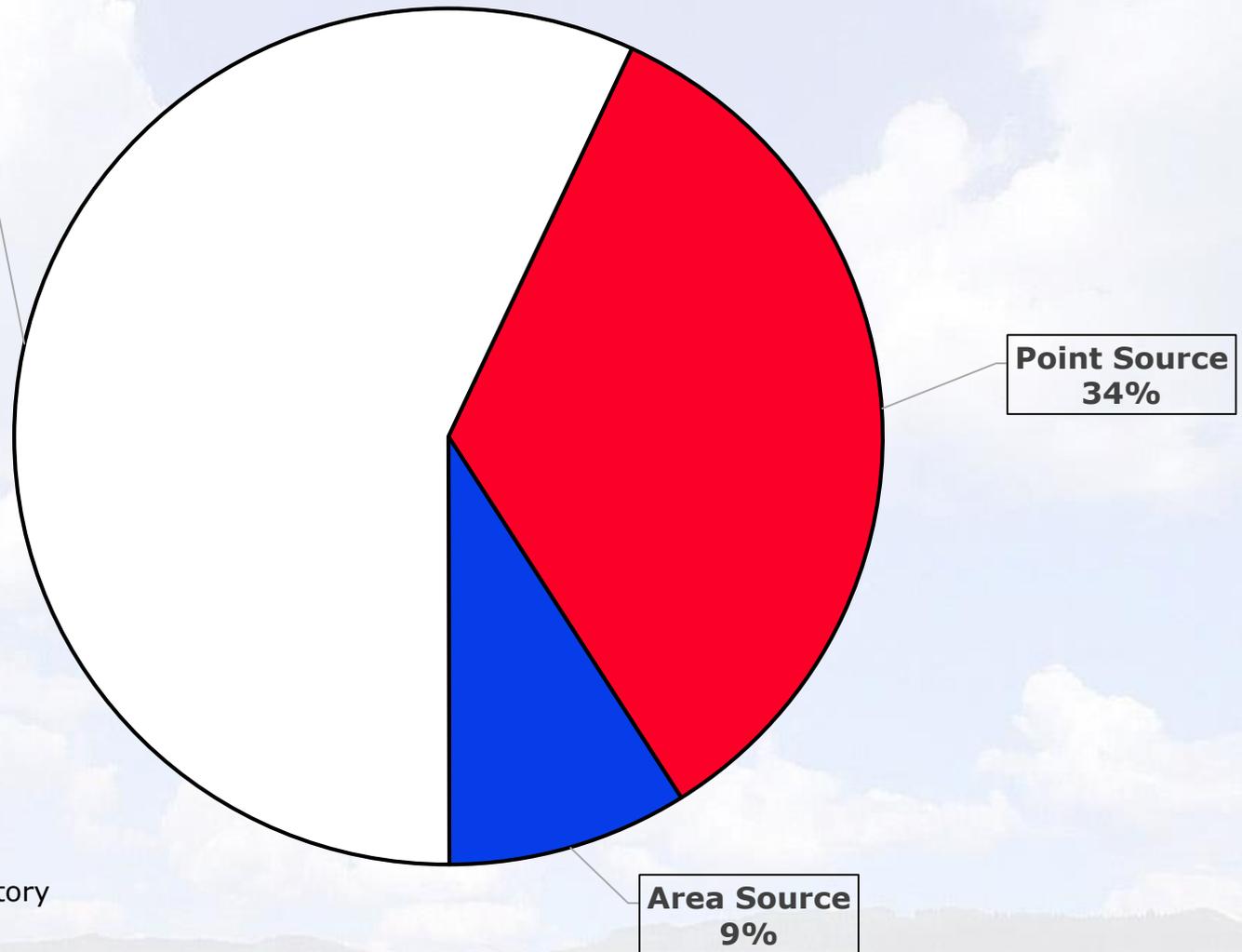
2017 Houston-Galveston-Brazoria Area NO_x Emissions



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



Texas Natural Gas Vehicle Grant Program (TNGVGP)

The TNGVGP provides grants to encourage an entity that has a heavy-duty or medium-duty motor vehicle to repower the vehicle with a natural gas engine or replace the vehicle with a natural gas vehicle.

Eligible natural gas fuels include:

- **Compressed Natural Gas (CNG);**
- **Liquefied Natural Gas (LNG); and**
- **Liquefied Petroleum Gas (LPG or Propane).**





Program Overview

- Approximately **\$15.4 million** is available for award under this Request for Grant Applications (RFGA).
- Grants are awarded on a **first-come, first-served** basis.
- Applications will be accepted until **February 26, 2021** or until all grant funds have been awarded.
- Maximum Grant Amount Tables are provided in the RFGA.
- Applicants may be eligible for the maximum grant amount or 90% of the eligible costs, whichever is less.
- At least 75% of the annual use of the grant-funded vehicle must occur in one or more of the counties listed under the Clean Transportation Zone (CTZ).



Eligible Applicants

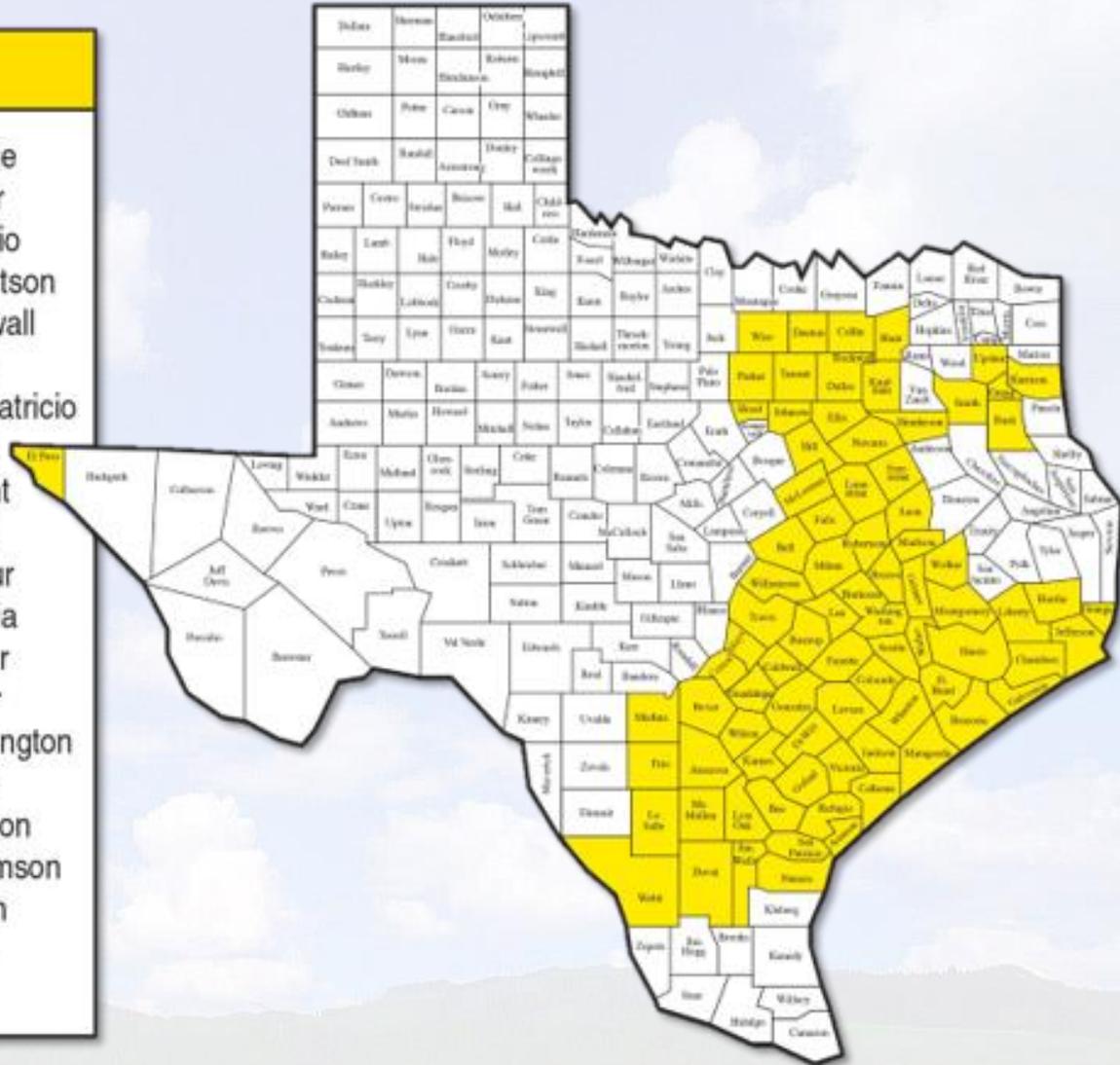
Eligible grant applicants include individuals, corporations, organizations, governments or governmental subdivisions or agencies, business trusts, partnerships, associations or any other legal entity.



TNGVGP 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	





Eligible Project Types

- **Replacement:** replace an on-road medium-duty or heavy-duty vehicle that runs on diesel or gasoline with a new natural gas or propane vehicle.
- **Repower:** repower an on-road medium-duty or heavy-duty vehicle that currently runs on diesel or gasoline with a natural gas or propane engine.



Vehicles Eligible for Replacement or Repower

For at least the two years immediately preceding the submission of the grant application, the vehicle being replaced or repowered must have been:

- owned, leased, or otherwise commercially financed by the applicant;
- continuously registered in Texas;
- continuously inspected; and
- operated for at least 75% of its annual use by the applicant in Texas.



Special Ownership Preapproval

Applicants may apply under the special provision for preapproval prior to owning the vehicle being replaced, if for at least the two years immediately preceding the submission of the grant application:

- the vehicle has been continuously owned, leased, or otherwise commercially financed; and
- the vehicle was continuously registered and operated as a fleet vehicle in Texas inside the CTZ; and
- the vehicle meets all other program and documentation requirements.



Supporting Documentation

- Applicants must submit documentation with the application to show compliance with the ownership or lease and registration requirements.
- The vehicle being replaced or repowered must be certified by a qualified mechanic to be in good running condition and capable of performing its primary function for at least four more years.
- Applicants with apportioned registrations must provide usage summaries showing that the vehicle being replaced or repowered was operated in Texas for at least 75% of its total use over the previous two years.



Replacement Projects

Replace an on-road medium-duty or heavy-duty vehicle that runs on diesel or gasoline with a **new natural gas or propane vehicle.**





Eligible Replacement Vehicles

Eligible replacement vehicles must be:

- included on the list of eligible vehicles and engines published by the Texas Commission on Environmental Quality (TCEQ) and must meet the criteria established for inclusion on that list;
- certified by the United States Environmental Protection Agency (EPA) to the current federal emissions standard or a lower family emissions limit (FEL);
- certified by the EPA to emit at least 25% less NO_x than the vehicle and/or engine being replaced;
- equipped with an engine able to receive at least 60% of its power from CNG, LNG, or LPG;
- a new natural gas vehicle with a gross vehicle weight rating (GVWR) of more than 8,500 pounds; and
- of similar vehicle type as the vehicle being replaced.



Repower Projects

Repower an on-road medium-duty or heavy-duty vehicle that currently runs on diesel or gasoline with a **natural gas or propane engine**. A repower project may include:

- the replacement of the engine on an existing vehicle with a different eligible engine; or
- the conversion of the vehicle or engine with an eligible conversion system.





Eligible Replacement Engines and Conversion Systems

- The engine or conversion system must be included on the list of eligible vehicles and engines published by the TCEQ and must meet the criteria established for inclusion on that list.
- A replacement engine must be certified by the EPA to the current federal emissions standards or a lower FEL.
- A replacement engine must be certified by the EPA to emit at least 25% less NO_x than the engine being replaced.
- A conversion system must be certified or approved by the EPA for installation on the engine being converted.



Eligible Replacement Engines and Conversion Systems (cont'd)

- A conversion system must be certified by the EPA to the current federal emissions standards or a lower FEL, or otherwise accepted by the TCEQ as meeting the emissions criteria.
- A conversion system must be certified by the EPA to a NO_x emissions standard or FEL, or otherwise accepted by the TCEQ as meeting an emissions standard, that is at least 25% less than the emissions standard or FEL of the original engine.
- The replacement or converted engine must receive not less than 60% of its power from CNG, LNG, or LPG.



List of Eligible Vehicles, Engines, and Conversion Systems

- The List of Eligible Natural Gas Vehicles, Engines, and Conversion Systems is available on the TERP Web site at www.terpgrants.org.
- The TCEQ will regularly update the list.
- Inclusion on the list does not guarantee funding.
- If a natural gas vehicle, engine, or conversion system is not currently on the list, applicants may contact TERP program staff for assistance in determining if the vehicle, engine, or conversion system should be included.



Maximum Grant Award Amounts

- Maximum grant amounts for replacement and repower projects are listed in the Maximum Grant Amount Tables in the RFGA.
- Grant awards will reimburse the maximum grant amount, up to 90% of the incremental cost to replace or repower the existing vehicle.
- Applicants must disclose in their application all other financial incentives and tax credits received or that are expected to be received.



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.



Disposition

- Once the grant has been awarded, the grantee must complete the disposition process within 90 days of reimbursement.
- The grantee must choose one of the following options for disposition of the vehicle or engine being replaced:
 - Standard Destruction
 - Permanent Removal from North America
 - Alternative Destruction

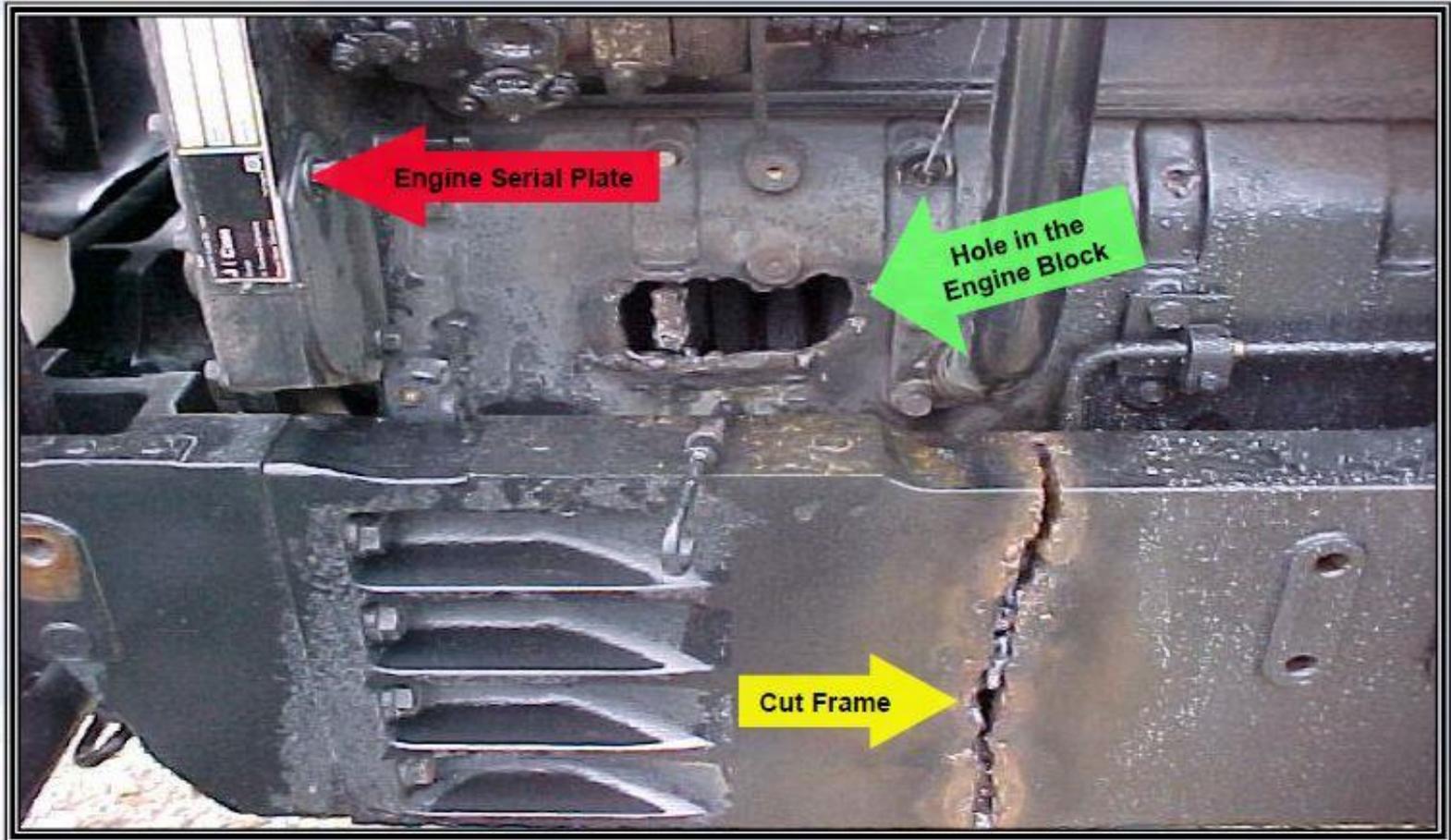


Standard Destruction

- Render the vehicle and engine being replaced permanently inoperable by:
 - crushing the vehicle and engine; or
 - drilling a 3-inch or larger hole in the engine block on both sides and cutting both frame rails in half or other preapproved alternative.
- For destroyed vehicles, applicants must submit a copy of a Texas Non-repairable Vehicle Title.
- Grantee will be required to submit photos of the equipment showing before and after images of the disposition.



Standard Destruction





Alternative Disposition

Permanent removal of vehicles from North America

- Export the vehicles to a destination **outside of North America** (United States, Canada, and United Mexican States).
- Submit to the TCEQ a detailed plan for the export and transfer of ownership of the vehicles in writing.
- The exported vehicles **may not return to North America.**





Alternative Destruction

- Applicants may request in the application forms TCEQ approval of an alternative method for rendering the vehicle and engine permanently inoperable.
- If the alternative destruction method is not approved by the TCEQ, adhere to the standard disposition methods.
- If the alternative destruction method is approved, that approval will be included in the grant contract.



Monitoring and Reporting

- At least 75% of the annual usage of the grant-funded vehicle must occur in one or more of the counties listed under the CTZ.
- The operational commitment period is the earlier of the fourth anniversary of the date of reimbursement or the date the vehicle has been in operation for 400,000 miles after the date of reimbursement.
- Annual reports on the use of the grant-funded equipment will be required for the life of the project, using the forms provided by the TCEQ.
- If the grantee installs a global positioning system (GPS) from the TCEQ-authorized contractor, the TCEQ may accept the reports available from the GPS service provider.



How can I get 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.
- 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.



Submitting the Grant Application

Completed grant applications may be submitted to the TCEQ in person or by mail:

Regular Mail:

Texas Commission on Environmental Quality
Air Grants Division
TNGVGP, MC-204
P.O. Box 13087
Austin, TX 78711-3087

Express Mail (or in-person delivery):

Texas Commission on Environmental Quality
Air Grants Division
TNGVGP, MC-204
12100 Park 35 Circle, Bldg. F, Room 1301
Austin, TX 78753





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>> Questions or Comments: terp@tceq.texas.gov

Texas Emissions Reduction Plan (TERP)

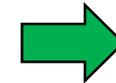
The TERP program provides financial incentives to eligible individuals, businesses, or local governments to reduce emissions from polluting vehicles and equipment.



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.](#)

NEW ITEMS:

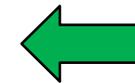
Proposed Revisions to TERP Rules and Guidelines

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.



- 🔍 Data and Records
- 📄 Forms
- 🌐 Maps
- 📄 Public Notices
- 📄 Publications
- 📺 Webcasts
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e-Pay, Permits
Licenses, Reporting
Filing, Comments

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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



TERP Contact Information

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

We are here to help! Call us!