

Emissions Reduction Incentive Grant (ERIG) Program

Response to Comments

November 22, 2022

The Texas Commission on Environmental Quality (TCEQ) received the following comments regarding the implementation of the Fiscal Year 2022 - 2023 Emissions Reduction Incentive Grant (ERIG) program. TCEQ is providing the following response to comments, which are summarized below. TCEQ will publish the final ERIG program requirements in the Request for Grant Applications (RFGA) once the program opens.

Comment: *Provide predetermined grant award tables similar to those used in the Rebate Grants Program.*

Answer: The Rebate Grants Program utilizes a first-come, first-served method, as allowed by statute, along with standardized rebate amounts for designated project types. The ERIG program, however, is based on cost-effectiveness. ERIG will rank activities by cost-effectiveness to ensure the best use of available funds, and then select those projects that will reduce the most NO_x emissions for the amount of funds awarded. Therefore, ERIG cannot be structured in a manner that provides default amounts of funding.

Comment: *TCEQ should not disqualify projects that propose to use aftermarket fuel system components.*

Answer: TCEQ may accept engines from suppliers not connected with the original engine manufacturer (OEM), subject to a case-by-case determination; however, to be eligible, any additional emissions-reducing parts or technology added to an engine or fuel system must be verified or certified by the EPA, the CARB, or another entity that has been deemed acceptable by TCEQ.

Comment: *Hybrid power projects which utilize an OEM-condition engine but are controlled and operated through an aftermarket energy management system, should also be considered as eligible.*

Answer: Hybrid power projects would be considered under this ERIG grant round provided they are certified to the non-road or marine standard; however, to be eligible, any additional emissions-reducing parts or technology added to an engine or fuel system must be verified or certified by the EPA, the CARB, or another entity that has been deemed acceptable by TCEQ.

Comment: *TCEQ should allow supporting project documentation adequate to demonstrate equivalence in lieu of the standard forms for demonstrating emission reductions.*

Answer: TCEQ may consider allowing applicants to submit additional documentation supporting non-standard emission reductions for marine vessels utilizing newer technology options such as hybrid power projects.

Comment: *Allow non-road terminal tractors to be eligible under the ERIG program.*

Answer: Because non-road terminal tractors were eligible under the Rebate Grants Program, they will not be considered under this ERIG grant round developed for specialized project categories.

Comment: *Please add a New Purchase option requiring no scrappage, similar to the opportunity recently made available in the Rebate Grants program.*

Answer: The New Purchase project category will not be an option under this ERIG grant round but may be considered for future grant rounds.

Comment: *Please increase the total funding for this grant program.*

Answer: The total amount to be awarded under this ERIG grant round will depend upon the amount of revenue received in the TERP Trust Fund at the time of the grant round opening. The projected amount of funds available for this ERIG grant round is \$45 million.

Comment: *On Non-Road Equipment pictures, please ask for both the Serial Number Plate and Engine Plate.*

Answer: The application form instructions will clearly indicate which photos are required. The equipment serial number plate is not a requirement but if available, can help support the information provided in the application.

Comment: *Enhance the competitiveness of hybrid and zero-emission technologies in TERP programs by creating separate limits on cost-effectiveness per ton of NO_x for zero-emission and hybrid technologies.*

Answer: TCEQ will not include separate cost-effectiveness thresholds for zero-emission technologies with this grant round, but may consider doing so in the future. Note that per statute, locomotive or marine cost-effectiveness limits must remain lower than those applied to other emissions reductions grants.

Comment: *Provide alternative usage rates to allow for interstate operations for locomotives, such as a historical average of in-state use of a fleet of locomotives or exempting long-haul locomotives from the requirement that 75% of annual operations must occur in the eligible counties.*

Answer: Pursuant to recent legislation, TCEQ has lowered the in-state usage requirement to no less than 55% of annual use in a nonattainment area or affected county in the state. The TERP program is designed to replace and track equipment and vehicles on a singular basis, not on a fleet average.

Comment: *Terminal tractors should be included as eligible vehicles for this year's ERIG round of funding, as there is more potential for effective emission reductions.*

Answer: Because non-road terminal tractors were eligible under the Rebate Grants Program, they will not be considered under this ERIG grant round developed for specialized project categories.

Comment: *The criteria should specify that both Tier 2 and Tier 3 engines may be eligible for ERIGs. That specification will provide more flexibility and options for upgrades under the TERP.*

Answer: Tier 2 and Tier 3 engines would not be eligible for replacement projects because of the requirement that they meet the current emissions standard and there must be a 25% reduction in emissions. They would, however, be eligible for repower projects.

Comment: *The eligibility criteria should specify that "repower" projects can also include engine "rebuilt" where such rebuilt will be to more stringent tiers of emission standards.*

Answer: "Repower" includes replacing an old engine powering an on-road or non-road diesel with: a new engine; a used engine; a rebuilt or remanufactured engine; or electric motors, drives, or fuel cells.

Comment: *The eligibility criteria should set the qualifying minimum NO_x reduction target at 20% rather than 25%, again to provide more flexibility and options for upgrades under the TERP.*

Answer: Texas Administrative Code (TAC) Rule 30 TAC 114.622(l) requires that a proposed retrofit, repower, or replacement project must achieve a reduction in NO_x emissions that meets the level established in the TERP Guidelines for Emissions Reduction Incentive Grants Program. Currently, the Guidelines set the reduction at 25%.