

# Chapter 1

## Summary

These guidelines contain the criteria for grants under the Texas Emissions Reduction Plan (TERP), authorized under Chapter 386, Subchapter C, of the Texas Health and Safety Code. The Texas Commission on Environmental Quality has adopted rules to implement this program under Title 30, Texas Administrative Code (30 TAC), Chapter 114, Subchapter K.

### Purpose

This program was established by the Texas Legislature to create monetary incentives for projects to improve air quality in the state's nonattainment areas. These areas have been determined not to meet certain air quality standards established by the U.S. Environmental Protection Agency (EPA). Other eligible counties of the state that may face air quality challenges in the future are also eligible for incentives under this program.

Activities eligible for funding under this program are intended to reduce the emissions of nitrogen oxides (NO<sub>x</sub>). NO<sub>x</sub> is usually a by-product of high-temperature combustion. Everyday functions like driving a motor vehicle or operating heavy equipment contribute to the creation of NO<sub>x</sub>. It reacts with volatile organic compounds (VOCs) in the presence of sunlight to form ground-level ozone.

As required under the statute, these guidelines establish the standards and criteria for grants issued under the TERP. Along with the statutory and regulatory provisions applicable to this program, recipients of incentive funding must adhere to the criteria set forth in these guidelines.

The TCEQ may also establish more specific criteria, through contracts or other funding mechanisms, consistent with these guidelines.

### Funding

This program is funded through revenue deposited into the Texas Emissions Reduction Plan Fund. That revenue consists of fees and surcharges established by the Texas Legislature.

The amount of funds available for grants during each year may vary depending on the cash flow to the program and the amount of revenues received, as well as legislative appropriations to the program. The TCEQ will periodically issue notices and

information regarding the grant programs, including information on the amount of funds available.

## Grant-Program Descriptions

Several grant programs are administered through the TERP:

**Emissions Reduction Incentive Grants Program.** Authorized in Texas Health and Safety Code 386.102, this program awards grants to cover the incremental costs of projects in the state's 41 air quality nonattainment and near-nonattainment counties.

**Rebate Grants Program.** THSC 386.117 directs the TCEQ to award rebate grants in order to streamline grant applications, contracting, reimbursement, and reporting for project categories designated by the TCEQ.

**Small-Business Grants Program.** Per THSC 386.116, businesses that own and operate one or two vehicles or pieces of equipment—one of which must be diesel-powered and a pre-1994 model vehicle—or pieces of non-road equipment with “uncontrolled emissions” are considered small businesses. This program is intended to afford these small businesses greater opportunities to participate in the emissions-reduction incentive programs.

**Third-Party Grants Program.** THSC 385.103(a) authorizes the TCEQ to allow a person other than the owner to apply for and receive a grant in order to improve the ability of the program to achieve its goals.

**Particulate Matter Reduction Retrofits Grants Program.** THSC 386.053(d) authorizes adding pollutants in order to improve the ability of the plan to achieve its goals. Accordingly, funding may be made available for retrofit or add-on technologies to achieve the reduction of particulate-matter emissions from school buses.

Grant funding levels for activities of these types will be developed consistent with the TCEQ Clean School Bus program. Funding determinations will be a result of TCEQ analysis of the cost and relative effectiveness of available retrofit technology to reduce PM. Projects will be limited to retrofit activities located in the eligible counties and specifically identified and approved by the TCEQ. Funding for these activities shall be awarded consistent with the provisions of THSC Chapter 390 and 30 TAC Chapter 114, Subchapter K, Division 4.

**Other Programs.** Other air quality grant, monitoring, and research programs are paid for via the TERP Fund. Programs not specifically addressed in these guidelines are administered under separate requirements established for those programs.

## How to Contact Us

For information about the grant programs, interested parties should check the TERP website at <[www.terpgrants.org](http://www.terpgrants.org)>. Also linked from that page are electronic versions of this document, the technical supplements to the guidelines, and the application forms, as well as other information that may be helpful to a potential applicant.

Staffers at the TCEQ are available to answer questions and offer assistance with the grant programs. If you are unclear about whether a proposed project would qualify for a grant, please feel free to contact TCEQ personnel to discuss the project.

Program staffers may be reached by calling 800-919-TERP (8377) between 8 a.m. and 5 p.m., Monday–Friday, by E-mail at <[terp@tceq.texas.gov](mailto:terp@tceq.texas.gov)>, or by mail at:

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