



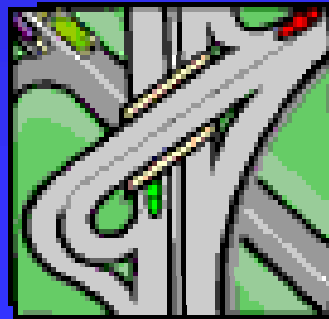
# **Texas Emissions Reduction Plan (TERP)**

## **Texas Commission on Environmental Quality**

**WRAP MEMBER OFFROAD RETROFIT PROGRAM  
WORKSHOP**  
January 27, 2005

# What is the Texas Emissions Reduction Plan?

- TERP was created in 2001 by SB 5
- Amended in 2003 by HB 1365
- Voluntary incentives for projects to reduce emissions of nitrogen oxides (NO<sub>x</sub>) in the nonattainment and near-nonattainment areas of Texas



<b>Fiscal Year</b>	<b>Funding Estimates</b>
<b>FYs2002/03</b>	<b>\$25 million</b>
<b>FY2004</b>	<b>\$103 million</b>
<b>FY 2005</b>	<b>\$127 million</b>
<b>FY 2006</b>	<b>\$130 million</b>
<b>FY 2007</b>	<b>\$133 million</b>
<b>FY 2008</b>	<b>\$135 million</b>

# Main Funding Sources for TERP FY04



- Portion of vehicle title fee - \$20 for nonattainment areas; \$15 for other areas (70%)
- 2% surcharge for sale, lease, rental, storage, use and consumption of heavy-duty diesel non-road equipment (15%)
- 2.5% surcharge for sale, lease or use of pre-1997 heavy-duty diesel vehicles over 14,000 lbs; 1% for 1997 or later (6%)
- 10% surcharge of registration fees for truck tractors and commercial motor vehicles (6%)
- \$10 fee on commercial motor vehicles required to be inspected (3%)

# What does TERP pay for? - the incremental cost of obtaining cleaner vehicles and/or equipment



- Types of Eligible Projects:
  - ◆ New Purchases and Leases
  - ◆ Replacement of old vehicles and equipment with newer models
  - ◆ Repower existing vehicles and equipment (engine replacement)
  - ◆ Retrofit and Add-On devices to vehicles and equipment
  - ◆ Infrastructure for idle-reduction or electrification systems, and qualifying fuel infrastructure

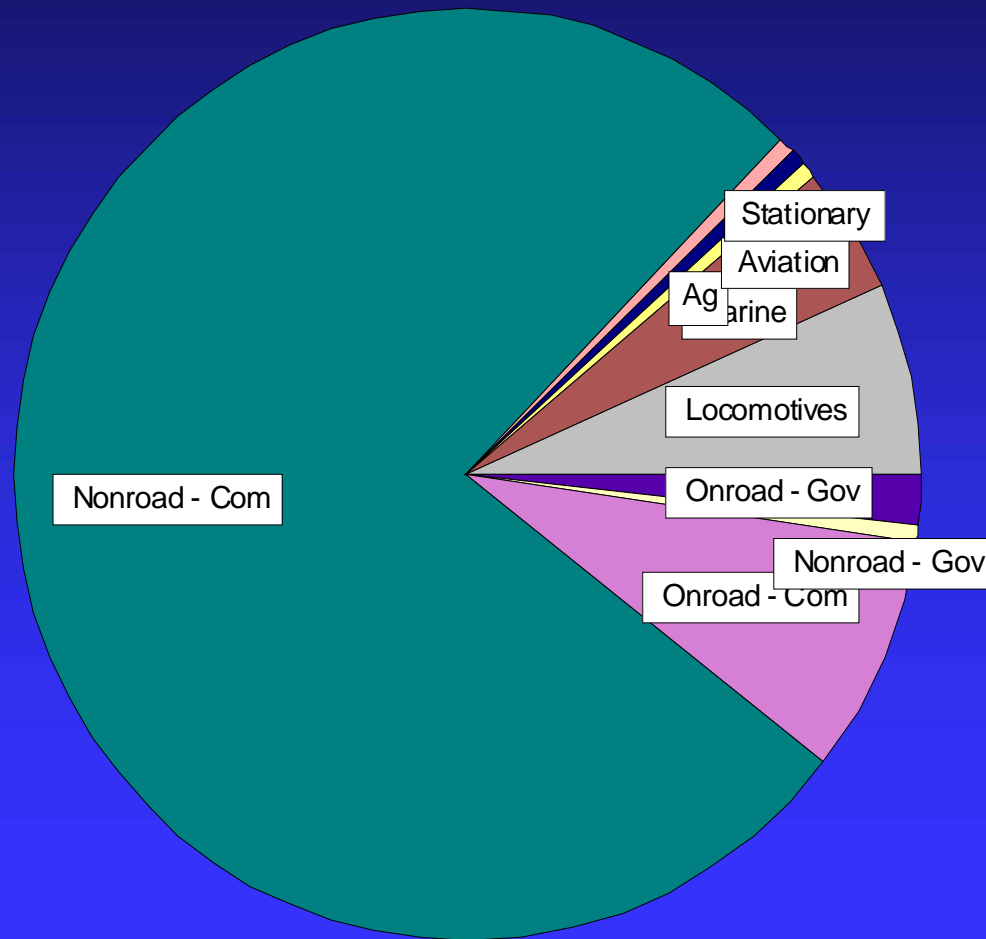




# General Eligibility Criteria

- Activity must be at least 25% cleaner for NO<sub>x</sub> than baseline vehicle or equipment
- Grant request must not exceed \$7,000/ton
- Funded equipment must operate minimum 75% in the affected areas for a minimum of 5 years
- Engines and retrofit/add-on devices must be EPA or CARB certified/verified
  - ◆ NTRD program available to help with certification or verification process

# Number of Projects by Emission Source (FY 2004, 2<sup>nd</sup> round grants)



# TERP's Relation to the SIP and EACs



- Included as a committed control measure in SIPs and EACs for emission reductions that range from 1.5 tpd to 38 tpd
  - ◆ Replaced measures restricting use of construction and industrial equipment and requirement for early replacement of 50 hp and greater non-road equipment with Tier 2 and 3 equipment
- Used EPA's Economic Incentive Program Guidance to account for credit

# Lessons Learned to Date

- A good database developed early reduces stress and frustration later
- Marketing the program is necessary
- Be prepared for the resource needs for the contracting side of the program
  - ◆ Contract development
  - ◆ Recordkeeping
  - ◆ Monitoring
  - ◆ Auditing
- Best to rely on EPA and CARB certification/verification for retrofit/add-on devices

# For more information

- [www.terpgrants.org](http://www.terpgrants.org)
  - ◆ Emissions Reduction Incentive Grants Program
  - ◆ Small Business Grants Program
  - ◆ New Technology and Research Development Program
  
  - ◆ Theresa Pella  
TERP Project Development Coordinator  
(512) 239-6985  
[tpella@tceq.state.tx.us](mailto:tpella@tceq.state.tx.us)