



TERP HELPFUL FACTS

Now That I Have a Contract, What Happens?

The Texas Commission on Environmental Quality (TCEQ) appreciates your interest in the Texas Emissions Reduction Plan (TERP) Emissions Reduction Incentive Grants (ERIG) Program or Small Business Grants (SBG) Program. Your participation in these programs will result in important reductions in NOX emissions, which lead to the formation of harmful ground-level ozone (smog). The attached fact sheets are to help you understand the contracting phase of TERP. Other fact sheets are available for the application phase. Note that these fact sheets do not take the place of the grant contract, which you should carefully review to be sure that you understand all of the contract provisions.

The attached fact sheets help answer the following questions:

- FACT SHEET 1: What are the Contract Requirements for New Purchase or Retrofit/Add-on Device Projects?**
- FACT SHEET 2: What are the Contract Requirements for Replacement or Repower of Vehicles, Equipment, and Engine Projects?**
- FACT SHEET 3: How Do I Get Paid?**
- FACT SHEET 4: What Happens After I Get Paid?**

For more information:

- 1. General Information about TERP**
1-800-919-TERP (8377)
www.terpgrants.org
- 2. Contract and Grant Administration**
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- 3. Reimbursement and Fiscal Processes**
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FACT SHEET 1

What are the Contract Requirements for New Purchase or Retrofit/Add-on Device Projects?

- 1. Identification of Vehicles and Equipment to be purchased.** The calculation of the projected NO_x emission reductions for your project was based on the characteristics of the specific vehicle or equipment that you identified in the application, which became part of your contract. Included was detailed information about the vehicle or equipment make, model, model year, gross vehicle weight rating,, horsepower, and engine model year of your proposed purchases. We realize that, in some cases, a vehicle or equipment that you proposed to purchase may not be available when you are ready to make the purchase. If this occurs, please contact us before you take any action. We will work with you regarding possible contract amendments that could still achieve the committed emission reductions. Keep in mind, that in most cases, once a grant is awarded, the grant amount may not be increased. If you purchase something that is not in the approved contract, TCEQ may not be able to reimburse you for your purchase or, if we find out after you receive the grant, you may need to refund money to the state.
- 2. Identification of Vehicles and Equipment to have retrofit or add-on devices installed.** The same situation as in #1 applies to retrofit/add-on device projects. The eligible vehicles or equipment to be retrofitted are the ones identified in your approved application and contract. If there is a problem, contact TCEQ before you are ready to do the installations or TCEQ may not be able to reimburse you for the expenses.
- 3. Certified or Verified NO_x Emission Levels.** Included in your approved contract is the certified NO_x emission standard for the vehicle or equipment you proposed to purchase, or the verified NO_x emission reduction rate of the retrofit system that you proposed to install. It is important that when you make your final purchases, you have the dealer or vendor confirm that what is being purchased or installed is equivalent to the approved emission standard or reduction rate. Manufacturers have flexibility in producing engines of the same model and year that have different certified NO_x emission standards. On-road vehicle standards are usually expressed in *grams of NO_x per brake horsepower hour (g/bhp-hr)*; non-road equipment standards are usually expressed by a *federal Tier Level*. This information may be found on the engine block or in materials the dealer or vendor receives from the manufacturer. The verified NO_x emission reduction rate for retrofit and add-on devices is included in the approval papers the company receives from the federal EPA or California Air Resource Board (ARB). Helpful EPA and ARB websites for retrofit/add-on devices are:
<http://www.epa.gov/otaq/retrofit/retroverifiedlist.htm> and <http://www.arb.ca.gov/diesel/verdev/background.htm>



FACT SHEET 2

What are the Contract Requirements for Replacement or Repower of Vehicles, Equipment, and Engine Projects?

- 1. Identification of Vehicles and Equipment to be replaced.** You were asked to provide detailed information in the application about the specific vehicles, equipment, and/or engines you wanted to replace under the grant. These details are included in the approved application and became conditions of your contract. It is important that you not substitute other vehicles or pieces of equipment for the ones specified in the contract. If you do, TCEQ may not be able to reimburse you for those costs or, if we find out after you receive the grant, you may need to refund money to the state.
- 2. Old Vehicle/Equipment/Engine Disposition Options.** In your application, you stated how you intend to dispose of the vehicle, equipment, and/or engine being replaced under the grant. Your selected option became a part of the approved contract and you are required to adhere to the selected option. If you subsequently, want to use a different option, please notify us immediately to discuss the situation. Failure to abide by the disposition option approved for your grant may result in TCEQ not being able to reimburse you for the replacement costs.
- 3. Transferring old vehicles or equipment out of Texas.** Under any disposition approach where the old vehicle, equipment, or engine is sold or transferred out of Texas, removal from the state must be permanent. Although we realize that you may have little control over the vehicle or equipment once the transfer is completed, reasonable steps must be taken to ensure that the vehicle or equipment will not be returned to the state. You may want to consider obtaining a written agreement from the entity receiving the vehicle or equipment not to return the piece to Texas.
- 4. Disposition Verification and Reimbursement.** Included in the grant administration forms with your contract, is a disposition verification form. Your contract (see the general conditions section entitled, "Use of Replaced Vehicle, Equipment and/or Engines - Replacement & Repower Projects") outlines the time frames within which you must dispose of the vehicle/equipment/engine and report the action to us. The disposition verification form also explains the time frames and provides instructions for completion and submission of the form. The reason for verifying disposition is to ensure the federal EPA that there will be emission reductions associated with your project and your reimbursement may be processed (see Fact Sheet 3). Therefore, please notify us immediately if there will be a delay in your completing the disposal, so that we may consider an extension to the contract deadline.



FACT SHEET 3

How Do I Get Paid?

- 1. Reimbursement.** *The State is precluded by law from paying you the grant funds in advance of your purchase, so, please do not submit a reimbursement until you have some proof of payment and have taken possession of the vehicle or equipment.* Included with your contract are grant administration forms and instructions. A computer disk is also provided with an electronic copy of these documents. You will need to use these forms to request reimbursement of your eligible expenses. The standard processing time is 30 days from the date we receive your reimbursement request. It will take longer if your request does not include all of the required expense documentation materials, so please call if you're not sure of what needs to be submitted.
- 2. Assignment of Grant Payments.** You have the option to assign your grant payments to another entity, such as your vehicle or equipment dealer or financing entity. If you opt to do this, you may use the assignment forms included in your contract package. This approach precludes you from having to pay the grant amount from your own funds. However, you must work with the dealer or financing entity to ensure that they are willing to complete the sales transaction, pending receipt of the assigned payments from the state.
- 3. Contract Length.** There are three significant time periods related to your contract. The first is the disposition deadline of your old vehicle/equipment/engine (see Fact Sheet 2). The second is the deadline by which you must make your purchase (this Fact Sheet). It is important that you note the termination date of your contract. Your purchases must occur prior to that date. We will try to remind you when that date is approaching, but it is your responsibility to ensure that you complete the purchases by the deadline. We will not be able to reimburse your costs for purchases completed after the contract termination date. If you're having difficulties in complying with this contract provision, please contact us *as soon as possible* to discuss. In many cases, we may be able to amend the contract to give you more time, but you must let us know in enough time to make the required changes to the contract.

The third important time period is when you must report use of the funded vehicle and/or equipment to TCEQ (see Fact Sheet 4).



FACT SHEET 4

What Happens After I Get Paid?

1. **Vehicle/Equipment Activity Life.** In the application, you designated an Activity Life (usually 5-7 years, but more in some cases) for each of the individual activities. This is the time period you are committing to retain ownership and use the grant-funded vehicles or equipment within the eligible counties. The time period start and end dates for each funded activity will be included in the contract “close-out” letter we will send you after the reimbursement process is complete.
2. **Maintenance of the Vehicles and Equipment.** The contract requires that you maintain the grant-funded vehicles and equipment in operating condition. It is suggested you keep maintenance records of routine maintenance and repair activities to verify efforts to keep the vehicle or equipment operating. You also are required to maintain property loss insurance to be able to repair or replace damaged or stolen vehicles and equipment.
3. **Emission Reduction Commitment.** In signing the contract, you are committing to achieve the projected NOX emission reductions in the areas you identified. The emission reduction commitment for each activity is listed in the Approved Application Summary portion of your grant contract. The commitment is based on your anticipated annual use of the grant-funded vehicle or equipment, and the percentage of that annual use within the eligible counties. Depending upon the type of activity, this usage amount is expressed in annual miles, hours, or fuel use. You must notify us of any change in use or other conditions that would result in your not being able to meet the emission reduction commitments.
4. **Usage Monitoring and Reporting.** The Usage Report is used to compare your actual emission reductions to the emission reductions commitment. With your approved contract, we will provide you a sample version of the reporting forms you can refer to as you set up your tracking system to document the use and location of use for each grant-funded vehicle and equipment. Prior to each report deadline, we will send you a reporting form to complete and return to us. That form will reiterate the usage commitment for each activity, request on the miles, hours, or fuel use of the grant-funded vehicles or equipment over the reporting period. You will also need to report the percentage of use that occurred both inside and outside of the eligible counties.
5. **Failure to Achieve the Emission Reduction Commitment.** The State retains the option to require a grantee to return funds if the emission reductions committed to under the contract are not achieved. In most cases, your compliance with this requirement will be evaluated over time, and short term usage shortfalls will not result in sanctions. However, if it becomes clear that you will not be able to use the grant-funded vehicles and equipment enough to achieve the committed emission reductions, it is very important that you contact us. In some cases, we may be able to accept adjustments to the grant commitments.