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Revised May 2014

# New Technology Implementation Grants

  

## Guidelines for Grants

Air Quality Division

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



# **New Technology Implementation Grant Program Guidelines for Grants**

Prepared by  
Air Quality Division

RG-484  
Revised May 2014



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# Chapter 1

## Summary

These guidelines contain the criteria for grants under the New Technology Implementation Grant (NTIG) program, authorized under Texas Health and Safety Code Chapter 391 (THSC 391), Subtitle C, Title 5.

Along with all applicable statutory provisions, NTIG recipients must adhere to the criteria herein.

The Texas Commission on Environmental Quality may also establish more specific criteria consistent with these requirements through Requests for Grant Applications (RFGAs), contracts, or other funding mechanisms.

## History of Program

In 2009, House Bill 1796, 81st Texas Legislature, authorized the TCEQ to administer the NTIG program. These guidelines establish the standards and criteria for grants issued under the NTIG program as administered by the TCEQ.

In 2013, HB 2446, 83rd Texas Legislature, Regular Session, amended the definition of an Advanced Clean Energy project to include projects involving natural gas. In addition, Senate Bill 1727, 83rd Texas Legislature, Regular Session, removed the requirement that an Advanced Clean Energy project involve capital expenditures that exceed \$500 million to be eligible under the NTIG program.

## Purpose

The primary objective of the program is to offset the incremental cost of emissions reductions from facilities and other stationary sources in Texas [THSC 391.002(a)].

## Funding

This program is funded through revenue from the Texas Emissions Reduction Plan (TERP) fund (THSC 386.251). The fund consists of fees and surcharges established by the Texas Legislature.

The amount of funds available for grants during each year may vary depending upon the cash flow to the program, the amount of revenues received, appropriations made to the program, and reallocations of TERP funds pursuant to THSC 386.252. The

TCEQ will periodically issue notices and information regarding the grants, including the amount of funds available.

## How to Contact Us

Anyone interested should check our website for information about the grant program. The NTIG web page at <[www.terpgrants.org](http://www.terpgrants.org)> contains links to this document and application forms, as well as other information that may be helpful to a potential applicant.

If you are unable to access the website or you want additional information, the staff at the TCEQ is available to answer questions about this program. If you are unclear as to whether your proposed project would qualify for a grant, please feel free to contact us to discuss the project.

You may contact the program by calling 1-800-919-TERP (8377), 8 a.m.–5 p.m., Monday–Friday. You may contact us by mail at:

Implementation Grants Section (NTIG), MC-204  
Air Quality Division  
Texas Commission on Environmental Quality  
PO Box 13087  
Austin TX 78711-3087

You may also contact us by email at <[terp@tceq.texas.gov](mailto:terp@tceq.texas.gov)>.

The EPA offers several programs to assist the public and private sectors in developing and commercializing new environmental technologies, including testing protocols. More information is available through the EPA at <[www.epa.gov/environmentaltechnology/](http://www.epa.gov/environmentaltechnology/)>.



## Chapter 2

### Glossary

Terms as they are defined in THSC 386 and TCEQ rules (30 TAC 114.620) apply to this program, as well as terms further defined below.

**advanced clean energy.** Any project for which an application for a permit or for an authorization to use a standard permit, under chapter 382 of the Texas Health and Safety Code, is received by the commission on or after January 1, 2008, and before January 1, 2020, and meets all requirements of THSC 382.003 (1-a) (A–C).

**best available control technology (BACT).** An emission limitation based on the maximum degree of reduction of each pollutant subject to regulation, emitted from or which results from any major emitting facility, which the permitting authority, on a case-by-case basis, taking into account energy, environmental, and economic impacts and other costs, determines is achievable for such facility through application of production processes and available methods, systems, and techniques, including fuel cleaning, clean fuels, or treatment or innovative fuel combustion techniques for control of each such pollutant. Industry-specific BACTs are available online at <[www.tceq.state.tx.us/goto/bact](http://www.tceq.state.tx.us/goto/bact)> or by contacting the TCEQ Air Permits Division at 512-239-1250. [42 USC 7479(3)]

**implementation plan.** Plan for the installation and operation of emissions-reducing technologies.

**cost-effectiveness.** Money spent (in dollars) divided by the total reduced emissions (in tons) attributable to that expenditure. In calculating cost-effectiveness, one-time grants of money are annualized using a time value of public funds or discount rate determined for each project by the TCEQ, taking into account the interest rate on bonds, interest earned by state funds, and other factors the TCEQ considers appropriate. The current discount rate used to determine cost-effectiveness is 3 percent per year.

**emission factor.** A representative value that relates the quantity of a pollutant released to the atmosphere to an activity associated with the release of that pollutant.

**EPA.** The U.S. Environmental Protection Agency.

**facility.** A discrete or identifiable structure, device, item, equipment, or enclosure that constitutes or contains a stationary source, including appurtenances other than emission control equipment. A mine, quarry, well test, or road is not considered to be a facility. [THSC 382.003(6)]

**incremental cost.** The cost of a project less a baseline cost that would otherwise be incurred by the applicant in the normal course of business. It may include added lease or fuel costs, as well as additional capital costs.

**new technology.** Emissions control technology that results in emissions reductions that exceed state or federal requirements in effect at the time of submission of an NTIG application. [THSC 391.001(5)]

**notice to proceed.** A written notice from the TCEQ to a grant recipient confirming that adequate funding is available to support the grant agreement.

**person.** Not only an individual, but also a corporation, organization, government or governmental subdivision or agency, business trust, partnership, association, or any other legal entity.

**public financial assistance.** Tax credits or deductions, financial funding, or other financial incentives to a person by government, whether county, city, state, or federal, such as a property-tax reduction or a grant.

**regulated pollutant.** A pollutant subject to federal regulation under new source review, including any pollutant for which a national ambient air quality standard has been promulgated and any constituents or precursors for such a pollutant identified by the EPA, or others based on standards of the federal Clean Air Act, sections 108, 111, and 112, and Title VI.

**renewable energy.** Energy generated from resources that are naturally replenished (such as sunlight, wind, rain, tides, and geothermal heat).

**stationary source.** Generally, any source of an air pollutant except those emissions resulting directly from an internal combustion engine used for transportation purposes or from a non-road engine or non-road vehicle as defined in section 7550 of title 42 of the U.S. Code (Clean Air Act, Title II, Section 216).

**testing protocol.** A written document detailing how, when, and where testing of new technologies will be conducted. Potential applicants should review the EPA's criteria for testing new technologies.

## Chapter 3

# Eligibility Requirements

### Eligible Applicants

The primary objective of the NTIG program is to offset the incremental cost of emissions reductions of pollutants from facilities and other stationary sources in Texas.

Owners or operators of stationary sources that emit pollutants, or of electricity storage projects related to renewable energy, may apply for a grant. Only applicants in Texas are eligible for funding under the program. All applicants must certify compliance with all applicable Texas laws.

Each proposed new-technology applicant will need to demonstrate the projected potential for reduced emissions and the cost-effectiveness of the technology once it has been implemented; the potential for the technology to contribute significantly to air quality goals; and a substantial implementation plan.

The TCEQ will evaluate proposals according to the selection criteria in the request for grant applications. The criteria may focus on the potential for reducing emissions, while remaining neutral as to the type of technology proposed, or may target particular types of promising technologies.

Applicants will be required to submit the following (if applicable):

- articles of incorporation
- authorization to sign grants or contracts
- evidence of required insurance
- resumes or qualifications of all principal staff involved in the project
- an implementation plan
- a project plan (including drawings, photos, etc., to clarify the project)
- a project schedule (including a schedule of deliverables)
- a subcontracting plan
- a detailed budget

## Eligible Project Categories

Activities eligible for funding under this program are limited to emissions reductions in Texas. Activities that may be eligible under this program are outlined below. The TCEQ may more narrowly define or limit the types of eligible activities for a particular funding period.

Activities eligible for funding are those that implement new technologies to reduce emissions from stationary sources:

1. Advanced Clean Energy projects as defined by THSC 382.003 for new or modified sources, e.g.:
  - Projects that involve the generation of electricity using the following fuels:
    - coal
    - biomass
    - petroleum coke
    - solid waste
    - natural gas
    - fuel cells which use derived hydrogen
  - Creation of liquid fuel outside of the existing fuel production infrastructure while co-generating electricity
2. New technology projects that reduce emissions of regulated pollutants
3. Electricity storage projects related to renewable energy, such as:
  - compressed-air energy storage
  - pumped hydropower
  - sodium-sulfur storage batteries
  - energy-retaining flywheels
  - lithium-ion batteries

The TCEQ may more narrowly define or limit the types of eligible activities for a particular funding period.

## Chapter 4

# Application and Award Procedures

### How to Apply

The TCEQ will issue a Request for Grant Application periodically and indicate the dates that project selections will be made. Copies of the RFGA and the necessary application forms will be available on the TCEQ's NTIG web page at <[www.terpgrants.org](http://www.terpgrants.org)> and directly from the TCEQ.

To find out more or to obtain copies of the application forms, see <[www.terpgrants.org](http://www.terpgrants.org)>. You may also contact the TCEQ directly to discuss your project. Program staff members may be reached at 1-800-919-TERP (8377).

Apply for each distinct project separately. Costs should be broken down so that partial funding could be considered for any grant. Please enter all necessary information onto the application forms in accordance with the accompanying instructions. Incomplete applications may delay review or be deemed ineligible or unresponsive. The required number of copies of the application and all necessary attachments should be submitted to:

Implementation Grants Section (NTIG), MC-204  
Air Quality Division  
Texas Commission on Environmental Quality  
PO Box 13087  
Austin, TX 78711-3087

### Project Review

#### *Initial Review*

The TCEQ will review the application for completeness. If the application is found to be incomplete or ineligible for funding during initial review, the TCEQ will notify the applicant. TCEQ staff members will provide details about what is missing from the application or why the proposed project is not eligible for funding.

## ***Project Evaluation***

The TCEQ will evaluate properly completed applications according to criteria established in these guidelines and the RFGA and determine the funding eligibility of each activity included in the project application.

An application for a technology grant awarded under the NTIG program, per Chapter 391 of the Texas Health and Safety Code, must show reasonable evidence that the proposed technology project will reduce emissions, that the proposed project is cost effective, and that the applicant has provided a strong implementation plan in the application.

TCEQ will consider in each application:

- the projected potential for reduced emissions of regulated pollutants;
- project maturity;
- cost-effectiveness of emissions reduction;
- potential air quality benefit;
- strength of the implementation plan;
- other environmental impacts;
- strength of the project team;
- project timeline or schedule;
- potential funding from other sources; and
- the uniqueness of the plan or product being considered for funding to offer long-term environmental benefits.

If the TCEQ requires additional information to complete or review a submitted application, then the applicant may be asked to submit additional or supporting documentation within a reasonable set time period. Substantially incomplete applications or those for which the requested additional information is not submitted will be deemed incomplete or unresponsive. Incomplete applications will receive a letter of ineligibility and will not be considered for grant funding.

## ***Testing Protocol***

If the applicant submits testing results or proposes to test equipment, as part of the application, the TCEQ will require that testing protocols be included in the application. Testing may include, but is not limited to, stack sampling, continuous emissions monitoring, or both.

The testing protocol will be reviewed and deemed acceptable by the appropriate community or authority (e.g., the EPA). However, its inclusion in the application will allow the TCEQ to facilitate acceptance of an applicable test protocol in parallel with

the grant negotiations and grant award and help minimize the time lapse before testing can begin.

Testing protocols must be developed considering a broad range of interests (the original equipment manufacturer, the developer of the new technology, testing facilities or installers of the new equipment, etc.) that must reach agreement about how the test will be conducted.

The first part of the protocol consists of the initial readings or analysis before and after application of the new technology. The second part is durability testing, demonstrating how long the new technology will last. The end of the process is a consensus-developed final report presenting all of the data, including the facilities and industries that would experience similar results. An acceptable written testing protocol initiates the process and carries it through to the final report. The testing data and final report will be sent as documentation to the EPA for determination of emission-reduction credits.

There are many companies in the U.S. capable of performing the full range of testing that is required to evaluate emissions from stationary sources.

## ***Project Selection***

Project selections will be made using ranking and scoring procedures that will be explained in the RFGA. In general, the selection priorities may include priority funding among different types of technology, the maturity of the project, and air quality benefits. TCEQ executive management or their designee will make the final project selections.

## **Awarding of Grants and Contracting**

Projects selected for funding will be awarded a grant, **not to exceed 50 percent of the implementation costs**, through the execution of a contract between the recipient and the TCEQ. If necessary, the grant management staff will coordinate with the recipient on any additional information necessary to complete the contract, including the scope of work and budget. All grant recipients should review the contract language carefully before accepting and signing the contract.

Because the funding for this program is derived from revenue that is received throughout the year, all grant awards and contracts will be contingent upon the receipt of sufficient revenue to cover the grant. The TCEQ may issue grant contracts on a contingency basis, subject to issuance of a notice to proceed once sufficient funds are available.

The applicant will need to sign the grant contract and return the document to the TCEQ for final signature and execution. A copy of the signed contract will then be provided to the grant recipient.

An application for a Texas payee identification number (PIN) will also be supplied to the grant recipient with the contract. This number must be assigned before the Texas comptroller will make payment from state funds. Potential applicants without a PIN should consider applying for one as soon as possible. A grant recipient that has not already been assigned a PIN will need to return a completed PIN application form to the TCEQ along with the signed contract. The TCEQ will forward the application to the comptroller so that the required number can be assigned. Lack of a PIN will not affect project evaluation or selection.



## Chapter 5

# Grant Administration

### Reimbursement

Grant payments are reimbursements, meaning that payment will be made after the eligible expense has been incurred and paid by the grant recipient. The grant recipient must request reimbursement of expenses by submitting a completed, original, signed TCEQ Request for Reimbursement (RFR). Each RFR must be accompanied by a properly completed Financial Status Report (FSR) for each activity conducted under the overall project.

The grant contract and the reimbursement forms will include requirements for documentation of expenses. Copies of all purchase orders, receipts, and paid invoices for expenditures must be submitted with each RFR of payments. Documentation of paid expenses, including canceled checks, must be provided in accordance to the grant contract provisions. Documentation of any required insurance must be submitted in accordance with the requirements of the applicable grant contract.

### Reporting

The grant recipient must submit a project status report monthly, or as specified by the contract and with each RFR, and will submit a final report upon completion of the overall project. The project status and final report will be posted on the TCEQ's website. Following TCEQ acceptance of the final report, the grantee will be required to continue submitting quarterly activity reports for at least five years. Based on the activities funded, the TCEQ will determine what information activity reports should contain. Each report must clearly identify the project and be written so a lay person can understand the project.

The TCEQ staff will review the forms and accompanying documentation. To be eligible for reimbursement, all expenses must meet all applicable requirements of the Uniform Grant Management Standards (UGMS), including allowable-cost principles set forth in Part III, Subpart C, Section .22(b).

## Forms

The TCEQ will supply the reimbursement and reporting forms to grantees, who should send all completed forms to:

Implementation Grants Section (NTIG), MC-204  
Air Quality Division  
Texas Commission on Environmental Quality  
PO Box 13087  
Austin, TX 78711-3087

## Grant Adjustments and Authorizations

Grant recipients must complete the project according to the timelines established in the grant agreement. Recipients should request approval for adjustments to the schedule as needed, according to the provisions of the grant agreement; however, a thorough explanation is required as to why additional time is needed. The TCEQ will have sole discretion to approve any modifications to timelines. Any changes to the timeline must be justified, since the project's timing is considered in application evaluation and selection. Consistent with the grant contract, the TCEQ may also choose to terminate a project early due to delays, particularly if the delays will put the project completion date past the end of the eligible funding period.

Once the grant contract is signed and the project begins, any desired changes to the grant agreement—including work activities, authorized representative, schedule, or budget—must be requested in writing to the TCEQ. In accordance with the grant agreement provisions, the TCEQ may approve any changes through an amendment to the contract. The TCEQ has the sole discretion to approve any changes to the contract. Instructions for budget changes will be included in the contract provisions. Applicants are encouraged to carefully analyze all costs in the grant application before execution of a contract.

## Closeout and Release of Claims

Upon completion of the project, the grant recipient must submit an RFR and FSR for all remaining unreimbursed expenses, all required expense documentation, and a final project report. This documentation must be submitted no later than the deadline established in the grant contract.

The TCEQ must review and accept all deliverables due as part of the grant project before final reimbursement or closeout of the grant. The contract will contain provisions for the grantee to submit deliverables to the TCEQ for review and comment. Review and comment must be accounted for in the project time line and

schedule. The grantee will also have a contractual obligation to respond to the TCEQ's review comments before finalizing reports or other deliverables.

The final FSR must include a completed and signed release of claims. Once it receives a release of claims form and the recipient has met all other contract requirements, the TCEQ will close out the grant contract.

The TCEQ will also complete a contractor evaluation in accordance with the provisions that will be outlined in the grant contract. The grant recipient will be notified of the results of the evaluation and will be given the opportunity to respond. This evaluation, which is required for all contracts administered by the TCEQ, is used to track the compliance and effectiveness of all TCEQ contractors and grant recipients.





