



I Just Received a TERP Grant – Now What?

This guide only applies to replacement, repower, and retrofit grant activities for the following programs:

- Emissions Reduction Incentive Grants (ERIG)
- Rebate Grants Program
- Texas Clean School Bus Program (TCSB)
- Texas Clean Fleet Program (TCFP)
- Texas Natural Gas Vehicle Grant Program (TNGVGP)
- Seaport and Rail Yard Areas Emissions Reduction Program (SPRY)
- Texas Hydrogen Infrastructure, Vehicle, and Equipment Program (THIVE)

This guide does not apply to new purchase or infrastructure portions of your grant. If you have questions, please contact TERP Staff.



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"I Just Received a TERP Grant – Now What?"

Step 1. Go shopping! Purchase or lease your replacement vehicle or equipment.

Step 2. Get your money! Complete the Request for Reimbursement Form and submit all the required information on your replacement vehicle or equipment.

Step 3. Get rid of the old! Destroy your old engine and vehicle or equipment and complete the Disposition Form.

Step 4. Report! Complete the annual online Usage Report to stay in compliance with your contract.

Step 5. Changes? Notify us of any changes to your contract to maintain accuracy and compliance.

Please continue reading for detailed information about each step listed above.

Purchase Your Replacement Vehicle or Equipment

Once you receive your executed TERP contract, you can proceed with the purchase of your replacement vehicle or equipment.

Step 1. Optional.

Fill out an Equipment Inquiry Form and we will let you know if the vehicle or equipment you are interested in is eligible under your contract. The Equipment Inquiry Form is available at terpgrants.org under “Current Grantees.” For assistance, contact TERP at 800-919-TERP (8377).

Step 2. Purchase your new vehicle or equipment.

Ensure the vehicle or equipment you are purchasing meets the Scope of Work in your contract. You are under no obligation to purchase your grant-funded vehicle or equipment from a specific seller or dealership, regardless of prior grant assistance.

When shopping for your new vehicle or equipment, keep in mind that the grant amount listed in your contract is the maximum reimbursement amount. Reimbursement will be limited to the lesser of either that amount or a percentage of the incremental cost of the new vehicle or equipment, which varies by program. Please review your contract and/or the program Request for Grant Applications (RFGA) to determine what that percentage is and how incremental cost is calculated.

Step 3. Take possession of your new vehicle or equipment.

Before you can request reimbursement, you must have purchased and taken possession of the grant-funded vehicle or equipment. Be aware of the deadline to purchase the grant-funded vehicle or equipment and submit your request for reimbursement! This is located on the first page of your contract.

Request Your Reimbursement

Once you have received your executed TERP contract and have purchased or leased and taken possession of the replacement vehicle or equipment listed in your contract, you can request reimbursement.

Step 1. Take photos of your new vehicle or equipment.

Take color photos of your new vehicle or equipment from all sides, as well as the engine plate showing the engine year, make, model, serial number, and engine family code. Engine information should be clearly visible in the photos. Label each photo with the corresponding activity number from your contract.

Step 2. Complete a Request for Reimbursement Form.

Request for Reimbursement (RFR) Forms are available at terpgrants.org under “Current Grantees.” For assistance, contact TERP at 800-919-TERP (8377). Your RFR packet must include a signed and completed RFR Form, proof of purchase documents, proof of payment documents, and photos of your new vehicle or equipment. Proof of purchase documents may include an invoice, lease agreement, bill of sale, purchase order, etc. Proof of payment documents may include an invoice finance agreement, the front and back of a cancelled check, bank statements, etc. Send your fully completed RFR packet to TERP-Fiscal@tceq.texas.gov.

Step 3. Wait to receive the reimbursement check in the mail.

Once we receive your RFR packet, we will review it and contact you to request any additional documentation, as necessary.

The time it takes to process your RFR may vary. Delays may occur due to incomplete or inaccurate documentation and changes to the grant-funded vehicle or equipment. Please make sure that your RFR is complete, and the information entered in the RFR is correct before submitting your RFR to TCEQ.

Once the RFR review is complete and approved by TCEQ, the reimbursement check is then issued by the Comptroller’s office and mailed via U.S. Postal Service to the address we have in our records. Payment will be made to the designated payee listed in the RFR Form.

Destroy Your Old Vehicle or Equipment (Disposition)

Unless otherwise approved by TCEQ, you must destroy your old engine and vehicle or equipment (a process referred to as “disposition”) within 90 days of receiving reimbursement. Visit the [Disposition Photo Guidance webpage](#).

Step 1. Take “before” photos of the old engine and vehicle or equipment.

Take color photos of both the right and left side of the engine and vehicle or equipment prior to destroying the engine and vehicle or equipment. These will be compared against the “after” photos during our review. To aid in the review process, we recommend spray painting the area where you plan to make holes or cuts. Example “before” photos are available at the [Disposition Photo Guidance webpage](#).

Step 2. Destroy your old engine and vehicle or equipment.

Destroy your old engine and vehicle or equipment by completely crushing it or by cutting the frame rails and making a three (3) inch or larger hole on one or both sides of the engine block, depending on your specific contract language. The engine must be rendered permanently inoperable. For repower projects, only destruction of the engine is required.

Step 3. Take “after” photos of your destroyed engine and vehicle or equipment.

Take color photos of both the right and left side of the engine and vehicle or equipment after it has been destroyed. Example “after” photos are available at the [Disposition Photo Guidance webpage](#).

Step 4. Apply for a Nonrepairable Vehicle Title (on-road vehicles).

If you are replacing an on-road vehicle, you are required to submit a copy of the Nonrepairable Vehicle Title as part of your disposition. Visit the Texas Department of Motor Vehicles website and search for the [VTR-441 Form](#). Complete the form and follow the application and mailing instructions.

Note: It is very important that you maintain your old vehicle title and not provide it to the individual or entity completing the actual destruction of the vehicle.

Step 5. Complete the Disposition Form.

The Disposition Form is available at terpgrants.org under “Current Grantees.” For assistance, contact TERP at 512-239-0578. Your disposition packet should include a signed and completed Disposition Form, before and after photos, and (if applicable) a copy of the Non-Repairable Vehicle Title. Submit your disposition packet to terp-dispo@tceq.texas.gov.

Step 6. Wait to receive your Start Keeping Records letter.

Once we receive your disposition packet, we will review it and contact you to request any additional documentation, as necessary.

The time it takes to process your disposition may vary. Delays may occur due to incomplete or inaccurate documentation. Please make sure that your disposition packet is complete, and the information entered in the Disposition Form is correct before submitting your disposition packet to TCEQ.

Keep (or maintain access to) the destroyed engine and vehicle or equipment until TCEQ has approved your disposition. You will receive a Start Keeping Records (SKR) letter once your disposition has been approved by TCEQ. Your SKR letter will include information about your activity start and end dates and record-keeping requirements to assist with your annual Usage Report.

Report Your Usage

As part of receiving a TERP grant, you agreed to operate your grant-funded vehicle or equipment for a certain percentage of your total operation in an eligible county throughout the Activity Life. TCEQ will send you an online Usage Report every year to complete and return until the end of the Activity Life specified in your contract. You also agreed to provide TCEQ and its representatives access to the grant-funded vehicle or equipment to inspect and to provide usage reporting records for audits.

Step 1. Track the use of the grant-funded vehicle or equipment.

Track the following information for your grant-funded vehicle or equipment:

- When (on which dates) you operate your grant-funded vehicle or equipment.
- Where (in which counties) you operate your grant-funded vehicle or equipment.
- How much (measured in miles, hours, or gallons) you operate your grant-funded vehicle or equipment.

Step 2. Complete your Usage Report.

TCEQ will email you annually to request that you submit your Usage Report via our online submission portal. Use your records to fill in the information requested on the online Usage Report.

Step 3. Submit your Usage Report to TCEQ by the required date.

If TCEQ does not receive your Usage Report, you will be in violation of your contract, and TCEQ may require that some or all of the grant funds be returned.

Make Changes to Your Contract

Throughout the different stages of your grant, changes may need to be made to the contract. It is very important to notify TCEQ when these changes occur to keep your contract accurate and to remain in compliance.

Step 1. Complete a Contract Change Request Form.

The Contract Change Request Form is available at terpgrants.org under “Current Grantees.” Complete all the applicable sections.

Step 2. Submit your Contract Change Request Form.

Email the completed form to TERP_Revise@tceq.texas.gov. Staff will review the information and contact you for further information.

Step 3. Wait for confirmation from TCEQ.

TCEQ will review the requested change and notify you of any eligibility issues or potential changes to your grant amount. TCEQ will not move forward with the requested change without your confirmation.

Step 4. Receive your Amendment.

Once we have confirmed that you wish to make the change, TCEQ will prepare an Amendment and send it to you via email for signature. Send it back with your signature and wait for TCEQ to sign as well. Once the Amendment has been signed by TCEQ, an official copy will be emailed to you for your records.

Note: Some contract changes may result in a minor change, requiring only TCEQ approval and signature. A minor change will be sent to you via email.

Types of contract changes may include:

- Changes to the grant-funded vehicle or equipment.
- Changes to the eligible counties or percentage of total operation in an area.
- Changes to the authorized official or project representative.
- Changes in ownership of the business or grant-funded vehicle or equipment.
- Cancellation of activities from your contract.

Frequently Asked Questions

Disposition

- **Do I have to dispose of my old vehicle or equipment before I can get reimbursed?**

No. Wait until you have received your reimbursement to dispose of your old vehicle or equipment. Disposing of the old vehicle or equipment prior to receiving reimbursement is at your own risk.

- **How long do I have to dispose of my old vehicle or equipment?**

Unless otherwise approved by TCEQ, you must destroy the old engine and vehicle or equipment within 90 days of receiving your reimbursement.

- **Where do I find the Disposition Form?**

The Disposition Form is available at terpgrants.org under “Current Grantees.”

- **If a scrap yard or recycling company is going to do the disposition for me, what do I need to send to TCEQ?**

Your disposition packet should include a signed and completed Disposition Form, before and after photos, and (if applicable) a copy of the Non-Repairable Vehicle Title. Submit your disposition packet to terp-dispo@tceq.texas.gov.

If someone else disposes of your old engine and vehicle or equipment, you are still responsible for ensuring that the disposition complies with contract requirements.

- **How large do the holes in the engine block have to be?**

Holes must be three (3) inches or larger and cut on one or both sides of the engine block, depending on your specific contract language. The engine must be rendered permanently inoperable. The hole cannot be made on a plate that can be removed from the engine and must be near the engine's serial number.

- **Where do I cut the vehicle or equipment frame?**

Cut the vehicle or equipment frame as close to the cab as possible. If you have equipment that does not have a frame, please call the Compliance Section at 512-239-0578 for other options.

- **How much of the vehicle or equipment frame needs to be cut?**

The vehicle or equipment frame must be cut all the way through.

- **Can I use parts of the old vehicle or equipment once my disposition is complete?**

Yes. Once disposition is complete, you can sell the old vehicle or equipment for scrap metal or parts. You may not place the engine and vehicle or equipment back into operation. If the engine or equipment is put back into operation, TCEQ will demand the return of all grant funds.

- **If I receive scrap metal money for my old vehicle or equipment, do I keep the money?**

Yes. TCEQ accounts for the scrap value of the old vehicle or equipment in the incremental cost calculation on the RFR Form.

- **Can I sell my old vehicle or equipment to someone who plans to operate the engine and vehicle or equipment outside of the eligible counties, state, or country?**

In most cases, no. The old vehicle or equipment must be destroyed. Exceptions to this requirement may be considered for Locomotive projects, but only with prior written approval from TCEQ. The TCSB and TNGVGP programs may have additional exceptions included in the special conditions of your contract.

Usage Reporting

- **What is “usage”?**

“Usage” involves tracking and reporting on the operation of the grant-funded vehicle or equipment including “where,” “when,” and “how much.”

- **Why do I have to track and report my usage?**

Usage is how TCEQ verifies that emission reductions have occurred. TERP grant contracts require that grantees report usage. By signing the contract and accepting grant funds, you made a commitment to track and report your usage. This commitment also includes operating the new vehicle or equipment for a certain percentage of your total operation in an eligible county throughout the Activity Life.

- **How do I report my usage?**

TCEQ will email you annually to request that you submit usage information via our online submission portal. If you are having issues with submitting usage online or if you do not have an email address, TCEQ will send a blank Usage Report through USPS mail. To make sure you receive your report, please let us know if your email, phone number, or address changes.

- **How often do I have to submit Usage Reports?**

TCEQ will send you an online Usage Report once a year to complete and return until the end of the Activity Life specified in your contract. The reporting period is from Jan. 1 through Dec. 31 of each year.

- **How long do I have to submit Usage Reports?**

TCEQ will send you an online Usage Report once a year to complete and return until the end of the Activity Life specified in your contract. If your Activity Life is five years, you are required to submit a Usage Report every year for five years.

- **What happens if I do not submit my Usage Reports?**

If TCEQ does not receive your Usage Report, you will be in violation of your contract. TCEQ may require that some or all of the grant funds be returned.

Contract Requirements

- **What happens if I am not meeting my contract requirements?**

If you are not able to meet your contract requirements, TCEQ may require that some or all of the grant funds be returned.

- **What do I do if I want to sell my vehicle or equipment?**

You must contact TCEQ **before** you sell your grant-funded vehicle or equipment. If you plan to sell your vehicle or equipment and leave the program, TCEQ will calculate the amount of money that will need to be returned to TCEQ.

TCEQ will consider allowing you to sell your vehicle or equipment to another person or business that is willing to take over your contract and agrees to meet its requirements. You must first notify TCEQ and get approval for the potential sale to a person or business buying your vehicle or equipment. If the sale is approved, TCEQ will draft an amendment consenting to the assignment of the equipment and contractual obligations. All parties must sign, agreeing to the transaction and the contractual requirements.

- **What happens if I am unable to make finance payments or the vehicle or equipment gets repossessed?**

If you are not able to meet your contract requirements, TCEQ may require that some or all of the grant funds be returned.

- **Can I exchange my vehicle or equipment for a new one?**

Contact the Compliance Section at 512-239-0578. Grant-funded vehicle or equipment exchanges are handled and approved on a case-by-case basis.

- **What do I do if I am not able to work?**

Contact the Compliance Section at 512-239-0578. If you are not able to operate the grant funded vehicle or equipment for an extended period of time (more than a couple of months), there may be options available to you to ensure you remain in compliance with your contract requirements.

Percentage or Area of Use

- **What happens if I cannot meet the percentage of operation in an eligible county specified in the contract?**

Contact the Compliance Section at 512-239-0578. If you are not able to meet the percentage of operation in an eligible county specified in the contract, there may be options available to you to ensure you remain in compliance with your contract requirements.

- **Why can I not count the miles I travel in other counties?**

The emissions reductions associated with your contract are based on the percentage you committed to operating your vehicle or equipment in the designated areas listed in your contract.

- **What do I do if I need to change my area of operations?**

Fill out a Contract Change Request Form, available at terpgrants.org under “Current Grantees,” to request a change to your area of operation.

Site Inspection

- **What do I need if I am audited or get a site inspection?**

TCEQ representatives will contact you to set up a mutually acceptable date and time to conduct an on-site inspection of the grant-funded vehicle or equipment.

They will also let you know what records you will need to have available for their inspection. This may include disposition documentation, usage reporting records, and/or insurance documents.

- **When will I get a site inspection from a TCEQ representative?**

Before an application is approved for a grant, some applicants are selected to verify the information included in their application through an on-site inspection.

After you have been reimbursed for an activity, you may also be selected at any time for an on-site inspection by TCEQ or its representatives. You are required to respond promptly to these requests and make the grant-funded vehicle or equipment available for inspection.

Need additional information or have questions?

Contact TERP staff at TERP@tceq.texas.gov or 800-919-TERP (8377).