

New Technology Implementation Grant (NTIG) Program

Response to Comments

November 18, 2022

The Texas Commission on Environmental Quality (TCEQ) received the following comments regarding the implementation of the Fiscal Year 2023 New Technology Implementation Grant (NTIG) program. TCEQ is providing the following response to comments, which are summarized below. TCEQ will publish the final NTIG program requirements in the Request for Grant Applications (RFGA) once the program opens.

Comment: *Eligibility currently states that applicant must “own a facility”. This places technology startups and OFS companies at a disadvantage UNLESS, “facility” includes corporate HQ in the state of Texas. TCEQ should remove the requirement for ownership of a facility or change the definition to include corporate headquarters.*

Response: The RFGA will reflect the NTIG Guidelines which state that owners or operators of stationary sources that emit pollutants, or of electricity storage projects related to renewable energy, may apply for a grant. The NTIG project must still be related to a “Facility,” which means a discrete or identifiable structure, device, item, equipment, or enclosure that constitutes or contains a stationary source including appurtenances other than emission control equipment.

Comment: *Grading criteria should include: “enhancement in production while recovering emissions/reducing pollutants “*

Response: Currently resource recovery or enhancement in production is not a consideration under the NTIG Guidelines. However, TCEQ may give preference to projects that involve the transport, use, recovery for use, or prevention of the loss of natural resources originating or produced in the state of Texas.

Comment: *Would a home solar with battery backup be considered for this grant or does it have to be a business?*

Response: NTIG is designed to reduce emissions from facilities and other stationary sources in this state. Because of NTIG’s focus on reducing emissions of regulated pollutants from stationary sources, and as a competitive program, focuses on technology capable of providing a significant reduction in emissions, home-based projects would not be cost-effective under these parameters. To ensure the battery-storage projects are capable of providing a significant reduction in emissions, the RFGA will require that an electricity storage project have a rated power of one (1) megawatt (MW) or greater.

Comment: *Include hydrogen fuels for Eligible Project Categories including Stationary Source, Oil and Gas, and Electricity Storage projects.*

Response: Projects that propose new technology that are able to demonstrate reasonable evidence to reduce regulated pollutant emissions are eligible. Additional considerations include project maturity, cost-effectiveness, potential air quality benefit, strength of the implementation plan, and project timeline or schedule.

Comment: Consider funding for hydrogen fuel.

Response: Funding is not available during this grant round for the purchase of hydrogen fuel; however, projects that generate or utilize hydrogen fuel may be eligible. Specifically, projects that propose new technology which can use hydrogen fuel to reduce emissions at stationary sources by utilizing hydrogen generated onsite or otherwise procuring hydrogen fuel are eligible. There is also a statutory requirement that at least \$1M be allocated to electricity storage projects wherein

projects utilizing hydrogen fuel as an energy storage medium or as a feedstock fuel source are eligible to participate in that project category.

Comment: *Confirm the installation of carbon capture technology for stationary sources and oil and gas projects is eligible for grant acceptance criteria and allocate a similar minimum grant value for carbon capture as for electricity storage projects, and reflect in the program scoring under Program Alignment that carbon capture advances the goals of the NTIG program.*

Response: Carbon capture may be eligible under New Technology Stationary Sources or New Technology Oil and Gas. No specific allocation for carbon capture projects is planned at this time.

Comment: *Would like to have longer application period.*

Response: Due to funding restrictions extending beyond the end of the biennium, this NTIG grant round will not be open for longer than 60 days. A longer lead time and application period may be considered for future grant rounds.

Comment: *The requirement that existing engine blocks must be destroyed in an engine Replacement Project increases cost.*

Response: There is no disposition requirement for engines being replaced under the NTIG program.

Comment: *In the proposal under Eligible Project Categories, we would like to comment on the New Technology - Oil and Gas Projects section. We believe the word "new" is troublesome. Will the grant cover technology that is new to a well site or project or does the technology have to be technology that is brand-new to the industry? Vapor recovery is not a new technology so would it be excluded from the available grant awards? If the system would only have to be newly utilized after the start date of the grant award, would a producer have to show that this type of solution is new to a specific project?*

Response: The term "New" does not refer to technologies that are still in the development stage. Per statute, "New technology" means emissions control technology that results in emissions reductions that exceed state or federal requirements in effect at the time of submission of a new technology implementation grant application. TCEQ does not intend to fund the research and development of any technologies under the NTIG program. Points may be awarded for projects based on the strength of the evidence provided by the applicant that the proposed technology is capable of providing a significant reduction in emissions. The level of validation of the proposed technology will be considered in this score.

Comment: *Specifically state Vapor Recovery as an eligible option under Oil and Gas category.*

Response: Vapor recovery systems would be considered eligible as a new technology project that reduce emissions from upstream and midstream oil and gas production, completion, gathering, storage, process, and transmission. TERP does not plan to include specific technologies in its RFGA as it does not endorse any specific technologies not otherwise required by statute. Technologies that can accomplish emissions reductions through the following means may be considered under NTIG.

- The replacement, repower, or retrofit of stationary compressors.
- The installation of systems to reduce or eliminate the loss of gas, flaring of gas, or burning of gas using other combustion-control devices.
- The installation of systems that reduce flaring emissions and other site emissions by capturing waste heat to generate electricity solely for onsite services.