

Merit Review: EPA Act State and Alternative Fuel Provider Fleets

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- Background
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- Standard vs. Alternative Compliance
- Feedback from Last Review
- Approach
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- Budget
- Plans for FY 2008-2009
- Summary
- Keys to Future Success

- Required DOE to establish Alternative Fuel Transportation Program by rulemaking (10 CFR Part 490) in Energy Policy Act (EPAAct) of 1992
- Requires alternative fuel vehicle (AFV) acquisition; promotes petroleum replacement measures
- 300+ state and alternative fuel provider (S&FP) entities must meet annual requirements
- Threshold = number and location of light-duty vehicles (LDVs) less than 8,500 lb gross vehicle weight rating (50 total covered LDVs; 20 in a metropolitan statistical area (MSA) or consolidated MSA)

- New rule in MY 2007. Option for covered S&FP fleets (EPAAct 2005)
- Petroleum reduction in lieu of Standard Compliance requirements
- Fleets must apply for a waiver from DOE. Application establishes petroleum reduction requirement and a plan to achieve it. Alternative Compliance option also requires annual reporting

Standard Compliance

- Light-duty AFVs (heavy-duty allowed after LDV requirements are met)
- Restricted biodiesel blends (cap/blend type)
- Credit application or trading
- Exemptions

Alternative Compliance

- Alternative fuels (AF) and AFVs (light-, medium-, heavy-duty)
- Hybrid and other fuel-efficient vehicles
- Fuel cell vehicles
- Non-road vehicles
- Biodiesel blends (no limits) and other fuel blends
- Idle reduction, truck-stop electrification
- Vehicle miles traveled reduction
- Fuel economy measures
- Exemptions not allowed

Overall Program

- Appears to be operating extremely well
- Unheard of level of compliance (virtually 100%)
- Large S&FP fleets are key to increasing AF and AFV use
- Careful development of Web sites and tools and coordination
- Impressive speed of implementation with Alternative Compliance

Specific Strengths

- Plan for greater emphasis on education
- Clear communication with fleets, workshops are important to fleet acceptance and understanding
- Data reporting, tracking, credit trading, and new Alternative Compliance option going well
- Continue to promote the Alternative Compliance option
- Excellent tracking of state and fuel provider fleets

Specific Weaknesses:

- Funding is insufficient to sustain quality education effort
- Fleets are complying but are fuel replacement goals being reached?
- Cost/benefit analysis of program compared to others is missing
- Hybrids are good but price point for state fleets is hard to achieve

Barriers/Concerns:

- Fleets need to actively manage compliance
- Lack of refueling infrastructure remains an issue
- Barriers in working with new technologies
- Tracking credit trades (DOE does not track monetary value)

However...

- Two compliance tracks give fleets flexibility, and additional flexibility expected to be added through new Energy Independence and Security Act of 2007 (EISA) rulemaking
- Result is increased deployment of energy-efficient, environmentally friendly technologies and reduced barriers

- Strong focus on ensuring fleet compliance through:
 - Flexible options
 - Enhanced outreach and education
 - Working with deficient fleets to bring back into compliance
- Careful development of new requirements, in accordance with legislative direction
 - Public hearings and comments on rulemakings
- Strong partnership with NREL to help implement regulatory requirements and provide tools and outreach
- Partnership with Argonne National Lab on lifecycle analysis of AFs
- Coordination with Clean Cities program to improve information flow to S&FP fleets

Approach: Alternative Compliance

Timeline

March 2007	Regulation final
April 2007	Guidance completed
May 2007	Tutorial completed
May 31, 2007	Deadline for Intent to Apply for MY 2008 (25 received)
June 30/July 31, 2007	Deadline for Alternative Compliance plans for MY 2008 (10 received, nine approved)
September 1, 2007	MY 2008 starts (First year for Alternative Compliance)
March 31, 2008	Deadline for Intent to Apply for MY 2009
June 30/July 31, 2008	Deadline for Alternative Compliance Plans for MY 2009
August 31, 2008	MY 2008 ends
September 1, 2008	MY 2009 starts
December 31, 2008	Reports due to DOE (First Alternative Compliance report)

EISA signed December 19, 2007. EISA Section 133 calls for DOE to allocate acquisition credits under the S&FP program for:

- Fuel cell electric vehicles
- Hybrid electric vehicles
- Medium- or heavy-duty electric vehicles
- Neighborhood electric vehicles
- Plug-in electric vehicles
- Investments AF refueling infrastructure or non-road equipment
- Investments in emerging vehicle technologies

DOE is required to allocate these credits by January 31, 2009. This action requires rulemaking.

Kickoff meeting held in early January 2008. Notice of Proposed Rulemaking anticipated in summer 2008.

Outreach activities include attending and presenting at conferences and DOE program events, fleet consultations, and fleet correspondence

- NCSFA Annual Conference
- EEI Annual Convention/Expo
- NAFA Fleet Management Institute & Law Enforcement Group Conference (FMI-LEG)
- Clean Cities coordinator retreat
- One-on-one dialogues with state fleets (including CA, MA, CT, NJ, UT)
- Fleet compliance voice mail
- Formal DOE correspondence granting exemptions to fleets and compliance related mailings

Program Accomplishments: Goals and Objectives

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What goals have been accomplished?

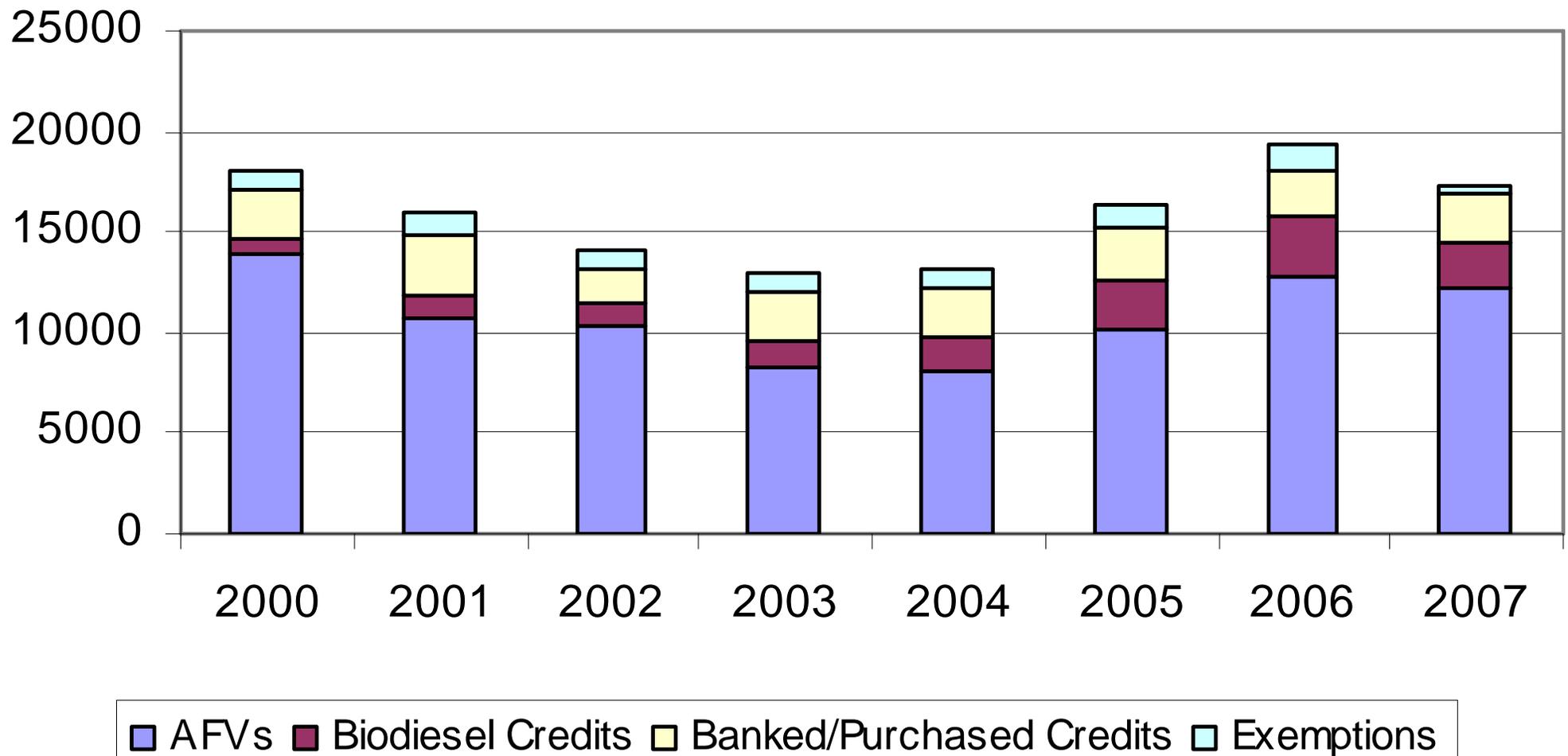
- 307 entities (163 fuel providers, agencies in 44 states) meet the program requirements. Deployment barriers are addressed by regulatory flexibility. Compliance is virtually 100%

How do these fit with Vehicle Technology Program (VTP) goals?

- Fleets replace approximately 40-50 million GGE of petroleum per year
- Deployment of various energy efficiency technologies through Standard Compliance, Alternative Compliance, and the new rule

- Reviewed/approved first set of Alternative Compliance plans (nine for MY 2008)
- State E85 workshops: Iowa in fourth quarter fiscal year (FY) 2007 and perhaps more in FY 2008
- Participation at National Governors' Association, National Conference of State Fleet Administrators (NCSFA); presented at Edison Electric Institute (EEI), National Association of Fleet Administrators (NAFA), Clean Cities annual retreat, Clean Cities Web casts; held meetings with individual state governments.
- Held kick-off meeting for EISA 2007 rulemaking, had beginning discussions with general counsel and doe policy office

Compliance Methods

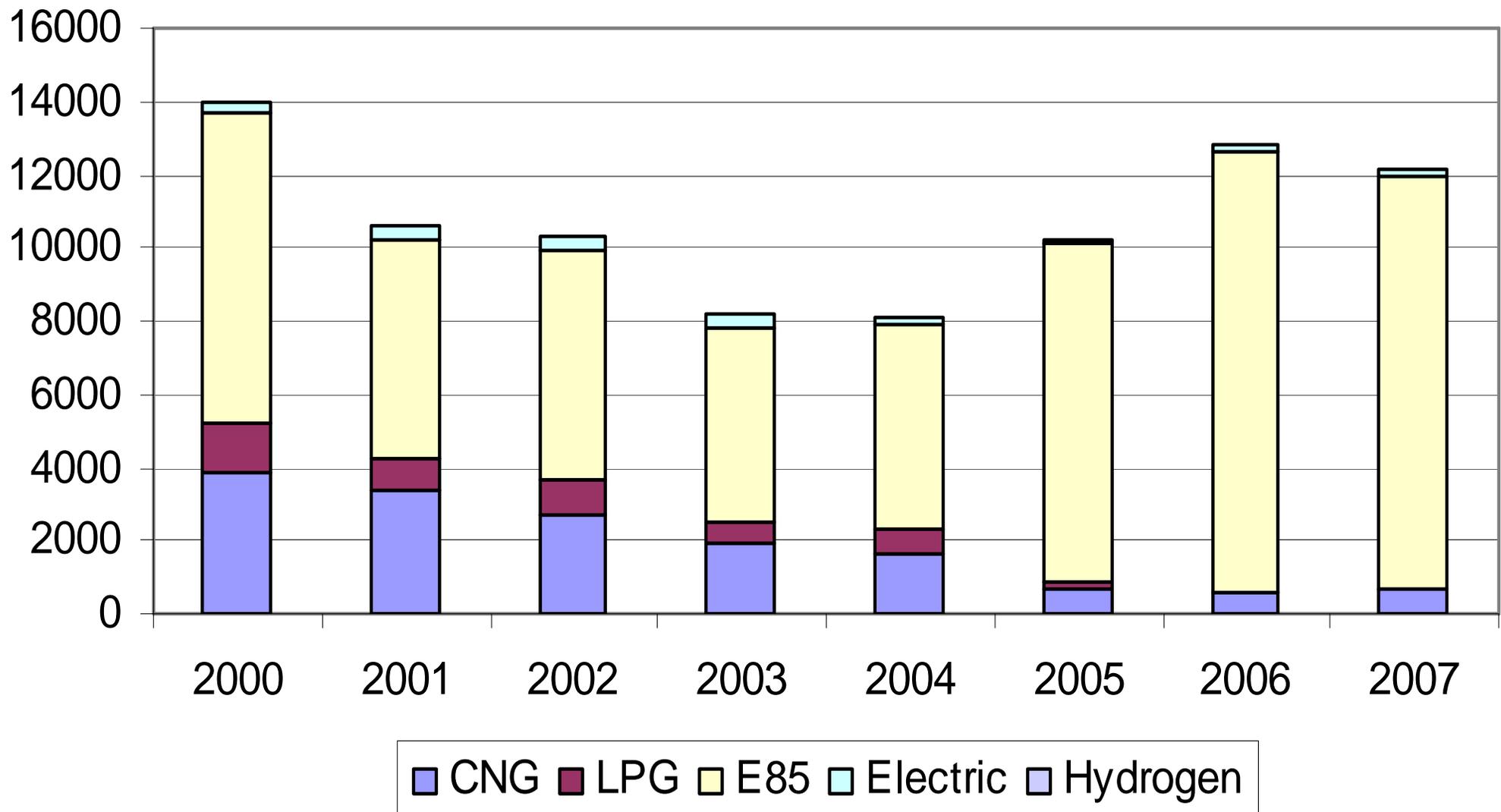


NOTE: MY 2007 data not yet complete

Program Accomplishments: Data

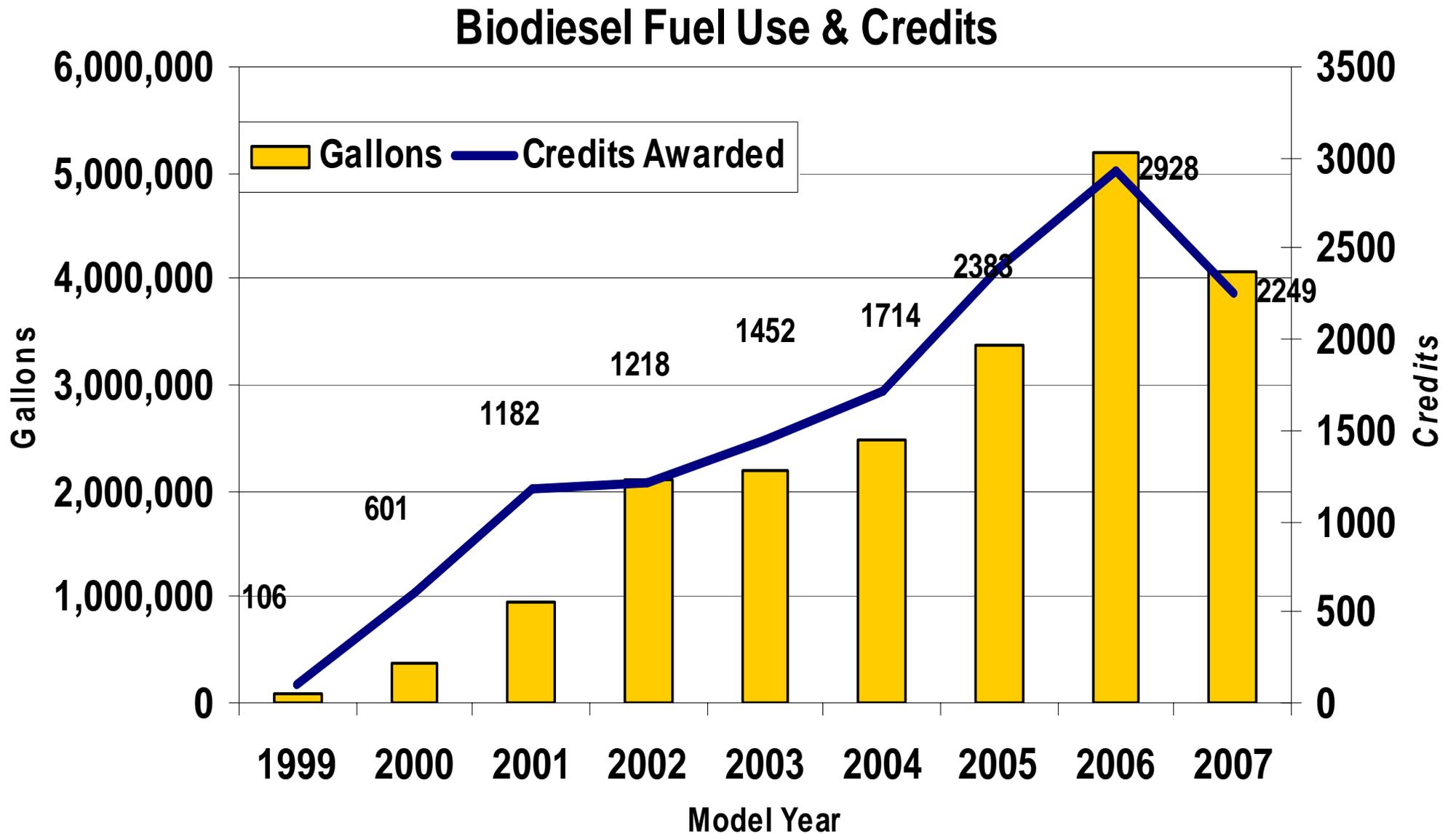
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AFVs Acquired by Model Year



NOTE: MY 2007 data not yet complete

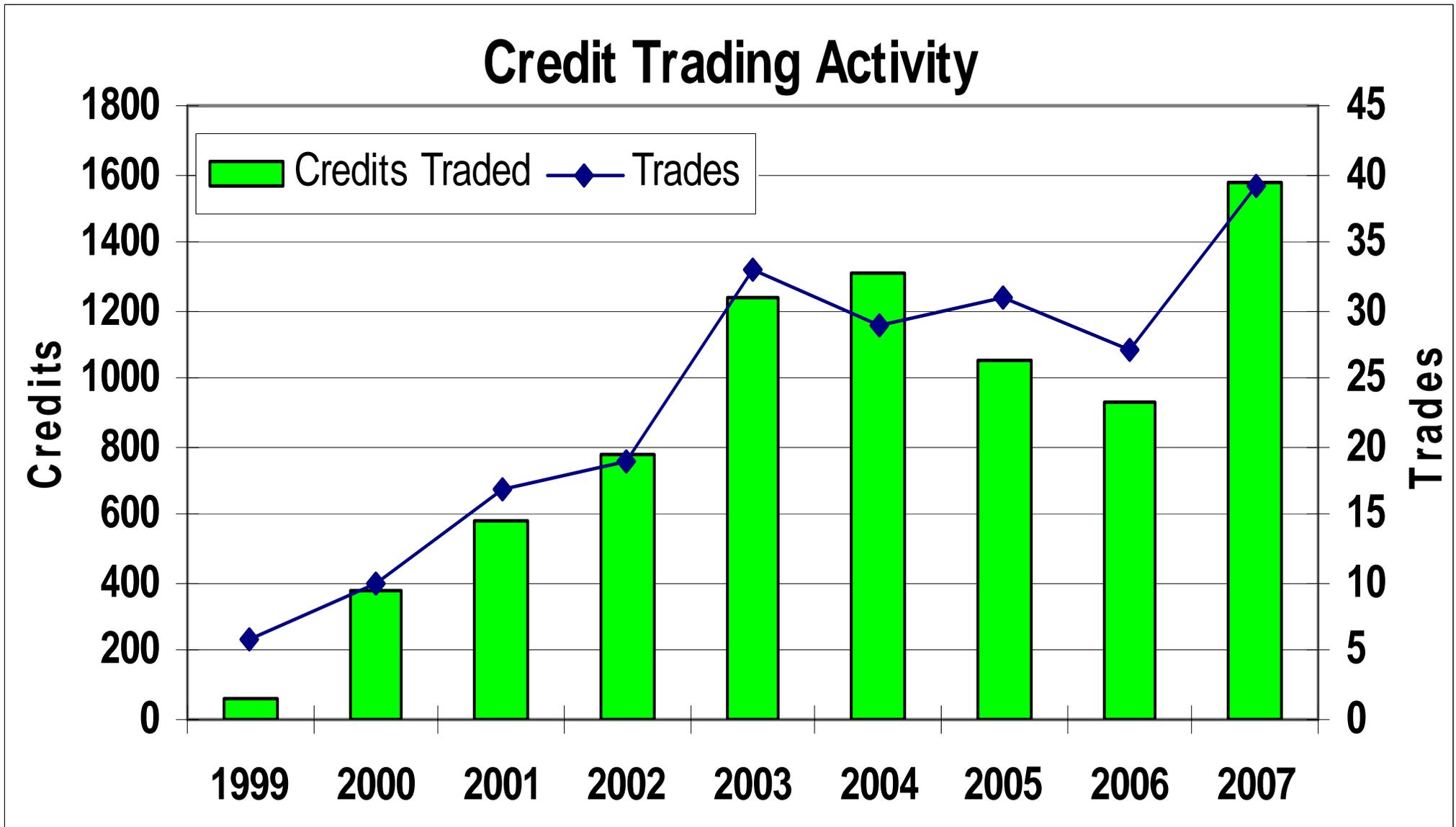
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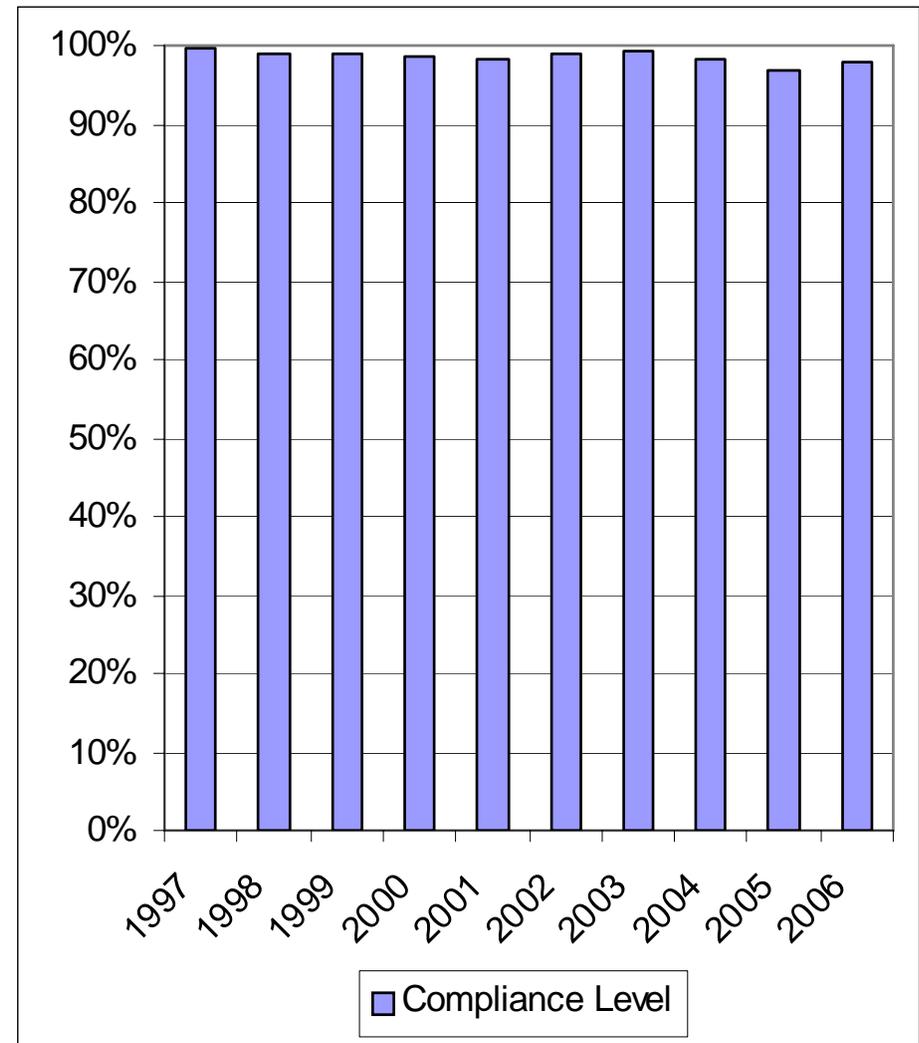


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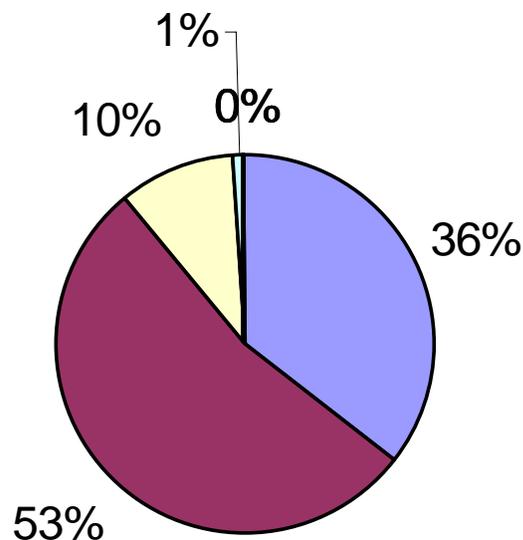
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- High compliance level (virtually 100%)
- Early technology adopters
- Fleets installing infrastructure
- DOE collaborating with industry and other labs (rulemaking comments, hearings, conferences, other outreach)



NOTE: Compliance Data for MY 2007 not yet complete

MY 2008 Alternative Compliance Petroleum Reduction Plan Summary



	<u>1000 GGE</u>
AFV	560
Blends	842
HEV	164
Fuel Economy	11
On-Board IR	0
Idle Time Reduction	0
Truckstop Electrification	0
VMT	0
Other	0

First year of Alternative Compliance projected to result in nearly 1.6 million GGE of petroleum reduced from just nine fleets.

Program Budget

- 2007: \$1.0 million
- 2008: \$1.5 million

- The \$1.5 million that goes to NREL in addition to data collection and management activities goes toward:
 - Analytic support for rulemakings
 - Development of fleet communications including web based content, tools, webcasts and other items
 - Assistance with exemptions, exclusions and petitions
 - Development of annual report
 - Fleet workshops
 - GIS analysis, petroleum reduction tools and collection of state data

- Manage Standard Compliance program
 - Annual reporting
 - Exemptions/exclusions
- Implement Alternative Compliance option
 - Outreach to fleets, DOE/labs, Clean Cities coordinators, state energy offices, others
 - Refine guidance and tutorial, modify database
- Conduct EISA rulemaking
- Gain clearer picture of fleet AF use
- Expand cross-cutting within VTP and other DOE offices
- Deploy new and expand existing tools (petroleum reduction, GIS)
- Focus outreach/education efforts on expanding AF use in regulated fleets

Petroleum Reduction

- Fleets using AFs and reducing petroleum consumption today
- First year of Alternative Compliance: 1.6 million GGE petroleum reduction anticipated
- Current biodiesel use (B100) by S&FP fleets: 4-5 million gallons per year
- Working to identify amount of state AF use

Approach

- Emphasizes careful monitoring of fleet compliance
- Well thought-out process for developing new requirements and regulations
- Enhanced outreach and coordination, including with Clean Cities

Accomplishments

- Virtually 100% of covered entities in compliance with program
- Initiated first year of Alternative Compliance
- Initiating development of EISA 2007 rulemaking
- Extensive outreach and educational efforts

- Alternative Compliance offers great opportunity for significant petroleum reduction
- Rulemaking credits in 2008-2009; implementation possible for MY 2010
- Working with states key to achieving maximum petroleum reduction and alternative fuel use
- Partnering with other regulated and voluntary fleets critical to expanding infrastructure and AF use
- Expanding petroleum reduction efforts, alternative fuel use and associated achievements through workshops and webcasts