

inhibit widespread acceptance of the vehicles and technology.

Five comments identified the resale or residual value of AFVs as a barrier to fleets' acceptance of AFVs. Two of these comments urged government action to address this problem. One commenter stated that government purchase of AFVs at the end of their lease life or a resale price guarantee by the government was needed. The other said that government should establish a resale market (or surrogate), or create a residual value insurance pool for alternative fueled vehicles, analogous to resale value insurance that can be obtained for fleet vehicles.

Commenters who opposed adoption of a private and local government fleet mandate questioned the benefits of or the justification for such a mandate, and suggested it would foster non-compliance and limit participation in voluntary programs. Several commenters questioned DOE's authority to promulgate a private and local government fleet rule. These comments argued that DOE had not yet demonstrated that a private and local government fleet rule was "necessary" or that meeting the EPA fuel replacement goal through a fleet rule was economically achievable. One commenter said that DOE had not yet performed the cost/benefit analysis called for in section 507(l) of EPCA. Commenters also cited the draft *Section 506 Report* (section III below) which indicated that a private and local government fleet mandate would result in only 1.5 percent fuel displacement.

Several commenters also asserted that much of the additional alternative fuel used under a fleet program would actually be imported, and hence promoting the use of such fuel would do little to meet the section 502(b)(2) provision that at least half of the replacement fuel used to meet EPCA's replacement fuel goals must consist of "domestic fuels." They also believed that there was not currently a match between the AFVs available and vehicles which could meet the normal business requirements of the fleets that would be subject to the acquisition mandate. These commenters, and a few others stated the 30 percent replacement fuel goal set forth in EPCA was arbitrary, and that any modified goal would be equally arbitrary. These commenters stated that DOE should concentrate on accelerating public information programs and increasing participation in voluntary programs, like Clean Cities and Clean Airports. In contrast, two commenters argued in favor of mandates, with one saying failure to impose them would indicate

a lack of confidence in the alternative fuels industry.

DOE's second question solicited input on what level of replacement fuel use is actually achievable, if the goal originally specified in EPCA is not feasible or achievable. Eight commenters responded to this question; only one provided an alternative numerical goal.

DOE's third question asked for information on the practicality of EPCA's replacement fuel goals and whether they should be modified. In response, one commenter criticized the fundamental assumption that replacement fuel goals are needed. Several commenters said that some AFVs are not necessarily cleaner than gasoline-fueled vehicles and that current AFV models are more expensive to operate than their conventional fueled counterparts. Commenters urged DOE to consider the effects of current AFV programs on fleet economics, on progress toward reaching EPCA's replacement fuel goals, and to consider alternatives to mandates. Another commenter questioned the reasonableness of DOE's projections of the number of AFVs that would be necessary in the future to achieve the replacement fuel goals.

DOE's fourth question asked commenters to describe the general outline, structure and implementation of a possible program that focused on fuel use instead of simply on vehicle acquisitions. Many commenters urged the adoption of an incentives-based program instead of new mandates. Other commenters, however, supported a new mandate. Nearly all commenters, including those opposed to mandates, thought that focusing on fuel use rather than vehicle acquisitions was a good idea. A number of commenters recommended replacement fuel programs that were based on or emphasized specific alternative fuels, even though DOE historically and uniformly has been of the view that it should remain fuel neutral in implementing EPCA's regulatory programs.

Some commenters said that DOE should focus its efforts on programs already in place, especially the Clean Cities and Clean Airports Programs. One commenter thought that these programs, combined with the mandatory fleet programs already in place, constituted a sufficient replacement fuel program.

DOE's next two questions concerned what other measures could be taken, in addition to or instead of an acquisition mandate, to further the achievement of the replacement fuel goals, and what types of incentives should be offered, what form should they take, and whom

should they benefit. These questions drew the largest response from commenters. The overwhelming majority of commenters recommended the adoption of financial and non-financial incentives. There was an almost equal split between commenters that advocated measures other than mandates, and commenters that advocated measures in addition to mandates. One commenter, who advocated incentives in addition to mandates, said the adoption of incentives should precede mandates. Another commenter, who called for incentives instead of mandates, said that mandates should be imposed only if the adoption of incentives fails to elicit adoption of alternative fuels. Two commenters opposed incentives; one said they were inappropriate for uneconomic fuels and the other predicted they would not further significant petroleum replacement.

A common theme among comments by State and local government representatives was that incentives also should be available to them. In addition, one commenter suggested linking incentives to actual alternative fuel use. Numerous commenters discussed how incentives could be funded. Commenters suggested a 1-cent-per-gallon tax on gasoline, as well as a tax, or import tariff, on foreign petroleum. One commenter called for additional taxes to be placed on all fuels produced from imported petroleum. Another commenter suggested that incentives be funded through the Transportation Trust Fund.

Many commenters called for tax incentives, including credits for the acquisition of vehicles, fueling infrastructure investments, and alternative fuel use. One commenter noted that if tax incentives are adopted, they should be available for a sufficient period, with a specified phase-out date to facilitate business planning. In addition to tax credits, two commenters advocated direct grants for entities that could not take advantage of tax credits.

Several commenters recommended of non-financial incentives, including granting AFVs access to high-occupancy vehicle (HOV) lanes or their own dedicated travel lanes, parking and toll preferences, relaxed vehicle inspection standards, lower vehicle registration fees, and lower sales taxes. DOE notes that while some such incentives already exist, additional incentives, including new tax credits, would either require new legislation from Congress or legislation or regulatory actions at the State and local government levels.

Several comments suggested regulatory intervention in the vehicle