

and fuel markets. One called for a requirement that conventional motor fuel station operators install alternative fuel storage and dispensing systems and sell alternative fuel(s) as a minimum of 10 percent of their annual sales by 2000, and a minimum of 30 percent by 2010. All of these suggestions call for actions that are outside of DOE's authority or are expressly prohibited by EPCA.

Most commenters wanted fleets and other AFV owners and operators to be the primary targets of incentives. One commenter said that incentives should be targeted to small businesses and users, and not to large Original Equipment Manufacturers (OEMs). A few commenters thought that fuel providers should qualify for financial incentives as a way to encourage infrastructure development.

Commenters favoring a program to encourage fuel use offered suggestions on how such a program could work. The general aim of these suggestions was to allow covered and potentially covered fleet operators greater flexibility in meeting requirements. Suggestions for such a program included providing acquisition credits for medium- and heavy-duty vehicles, extra credits for electric and dedicated alternative fueled vehicles, providing credits to non-covered fleets, and providing credits for alternative fuel use.

Commenters voiced considerable support for tying credits (and other incentives) to the amount of alternative fuel(s) actually consumed by the vehicles. Several commenters suggested that emissions trading credits be granted to AFV operators who exceeded alternative fuel use requirements.

DOE asked for guidance on how to factor in changes in oil price and availability into the decision-making process. Relatively few commenters addressed this question. Two pointed to a General Accounting Office study that estimated the benefits to the U.S. of using low-cost imported petroleum to be in the hundreds of billions of dollars, and to outweigh the benefits of alternative fuels. One commenter said that alternative fuel mandates, while they might reduce petroleum imports, could increase imports of other fuels. Two commenters suggested DOE consider the national defense and security costs of the country's current petroleum imports, one of them calling for excise taxes on petroleum that reflect its "costs to society."

There were 15 responses to DOE's question about measures to encourage use of alternative fuels, rather than conventional fuels, in bi-fuel and FFVs. Three commenters recommended DOE simply require alternative fuel use in

FFVs. One commenter argued that alternative fuel use in bi-fuel vehicles and FFVs at least 50 percent of the time should be sufficient to qualify these vehicles for EPCA compliance, while another recommended DOE establish a guideline that an AFV must operate at least 75 percent of the time on alternative fuel if the vehicle is to count toward an operator's compliance with EPCA.

One commenter suggested that DOE add biodiesel and reformulated gasoline (RFG) to the list of alternative fuels specified in the EPCA. In the Final Rule for the Alternative Fuel Transportation Program promulgated on March 14, 1996, DOE added neat (or 100 percent) biodiesel to the definition of "alternative fuel." Additionally, after enactment of section 7 of the Energy Conservation Reauthorization Act of 1998 (ECRA) (Pub. L. 105-388) which allowed covered fleets to earn acquisition credits by using biodiesel blends in medium- and heavy-duty vehicles, DOE issued regulations allowing credit in these circumstances as well. See 64 FR 27169 (May 19, 1999). However, DOE has consistently stated that it cannot add RFG to the definition of "alternative fuel" because RFG is more than 80 percent petroleum, and therefore is not "substantially not petroleum" as required by EPCA section 301(2). See 61 FR 10622, 10630 (March 14, 1996) (notice of final rulemaking establishing 10 CFR Part 490).

The final replacement fuel question on which DOE sought comments was how to estimate the impacts of replacement fuel. One commenter predicted that achievement of the 30 percent replacement fuel goal would create supply and price problems for current propane users in the agricultural, residential, and industrial sectors. This commenter predicted price increases of several hundred percent, and cited a DOE report that projected vehicle fuel demand for propane could go from 35,000 barrels per day (bbl/day) to 1.7 million bbl/day, and imports could increase from 200,000 bbl/day to 1.7 million bbl/day. General Accounting Office report GAO/RCED-98-260, entitled *Energy Policy Act: Including Propane as an Alternative Motor Fuel Will Have Little Impact on Propane Market*, addressed this concern. The report asserted that EPCA's effects on the supply and price of propane would be minimal and the increase in overall price of propane, attributable to EPCA, would be negligible. It also stated that EPCA would have little effect on existing consumers of propane because the price increases will be so small.

In the area of fleet requirements, DOE asked whether the AFV acquisition schedule in section 507(g) of EPCA should be adhered to, and if not, what alternative schedule should be used. Section 507(g) requires that if DOE promulgates an AFV acquisition mandate for private and local government fleets, annually escalating percentages of the light duty vehicles acquired by the covered fleets must be AFVs, beginning with 20 percent in model year 2002 and rising to 70 percent in model year 2005 and thereafter, although this section also gives DOE authority to change these years and percentages. Eight commenters spoke in favor of retaining the section 507(g) schedule, although one advised making the schedule applicable only to local government fleets and adopting incentives for these fleets. Several commenters supported adoption of a new mandate for local government fleets, including transit agencies, but not for private fleets. Six commenters opposed the schedule in section 507(g). Some commenters opposed any mandate, while others recommended a longer phase-in schedule.

DOE received numerous comments in response to its question regarding what programs other than the fleet requirement program would maximize market penetration of alternative fuels and AFVs, and what market penetration these programs would induce. Many of these comments simply reiterated the call for incentives of various types. A number of commenters, however, said that a concerted effort to expand existing infrastructure would enable fleets to expand their use of AFVs. Though not responsive to the question, a number of commenters suggested expanding the existing fleet programs to cover medium- and heavy-duty vehicles. A few commenters also thought that the statutory geographical limitations on fleet programs should be removed.

A number of commenters cited the Clean Cities Program as an effective means of expanding AFV use. Some called for the program to be expanded, in terms of the number of its participants, the areas it covers, and in funding. Commenters also recommended that Clean Cities coordinators receive training in how to seek Department of Transportation Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds.

A number of commenters urged continued Federal leadership in establishing the use of alternative fuels and alternative fueled vehicles. These commenters indicated that the Federal