

authority. In addition to giving them a forum to respond to the options presented, DOE offered stakeholders an opportunity to identify key barriers to increased use of alternative fuels and to suggest possible solutions. Invitees included fuel providers, fleets (both public and private), regulatory agencies, technology research organizations, vehicle fuel systems providers, consulting firms, vehicle manufacturers, and related associations and coalitions.

In connection with new stakeholder workshops, DOE developed several new potential regulatory options. These alternatives were raised as a way of soliciting comments on whether DOE could encourage or require fuel replacement in addition to or instead of requiring fleets to acquire AFVs. DOE developed these potential options because of its concern that simply adopting the fleet mandate authorized by section 507(e) and (g) would not result in a significant increase in alternative fuel use or petroleum replacement. This focus on fuel use was also a potential way of responding to sentiments expressed in comments DOE received during ANOPR process.

DOE developed these new options, in part, in response to the direction in EPCA section 507(a)(3) and 507(c) for DOE to evaluate "all actions needed to achieve [the replacement fuel] goals." This directive obviously did not limit the scope of DOE's analysis to only regulatory actions and policies that were within DOE's current legal authority to promulgate. As a result, DOE concluded that it should ask for comments on a number of different options without regard to whether those options or the other options commenters might offer were within DOE's statutory authority under EPCA.

DOE's concern about fuel use arose in part from its experience in implementing the mandate for State government fleets under section 507(o). Based on this experience, DOE believed that many State government fleets use alternative fuels a relatively small percentage of the time in their alternative fueled vehicles. With no requirement to use alternative fuels, many State fleets are acquiring FFVs and running them on gasoline. Many fleets prefer these vehicles because they have little or no incremental cost. At the same time, State fleets lack inducements to actually fuel their FFVs with alternative fuel. Reasons for this vary. For example, the existing infrastructure for ethanol is very localized and limited. Many States do not have any locations that provide ethanol. The ethanol industry is focusing its efforts on having ethanol blended into gasoline and RFG,

and for the most part, has not focused on developing a widespread fueling infrastructure for E85. Additionally, ethanol, in general, costs more at the pump than gasoline. See *Alternative Fuel Price Report* (www.afdc.doe.gov/documents/pricereport/pricereports.html).

A few State fleets make substantial use of alternative fuel. These States tend to be those where natural gas and/or propane is abundant, or where the Governor has publicly committed to using alternative fuels, such as California, New York, Texas and West Virginia. These States also tend to acquire dedicated alternative fueled vehicles as a larger portion of their new acquisitions.

Because DOE's experience had shown that fleets will opt to fuel AFVs with gasoline or diesel rather than alternative fuels, DOE sought to identify ways to require or encourage local government and private fleets to use alternative fuel. DOE turned to the public comments it received in response to the ANOPR and on the proposed rule for the State and Alternative Fuel Provider Fleet Program. Commenters suggested a variety of ideas to DOE in these forums, including that DOE should mandate fuel use or provide credits for alternative fuel use. At the same time, a number of commenters stated that DOE does not have the authority to require fuel use. Many of the comments in favor of a fuel use requirement suggested that fleets should receive credits based on the amount of alternative fuel their vehicles used and that medium- and heavy-duty vehicles, because they use more fuel than light-duty vehicles, should receive multiple credits. Some commenters suggested that dedicated vehicles be awarded multiple credits or that dual-fueled vehicles should only receive half a credit.

No efforts were made during the meetings to achieve consensus. Meetings ranged in size from approximately 15 to 40 representatives in attendance, and included a reasonably representative cross-section of stakeholders. DOE identified representatives from stakeholder groups and invited them to attend the stakeholder meetings. In some cases, an individual representing multiple stakeholders was invited (such as from an association), while in other cases, an individual representing a particular interest was invited (such as from a single company or government organization).

The schedule for the meetings was as follows:

October 26, 1998—Private Fleets, Transit Bus Operators, and Medium-/Heavy-Duty Fleets
 October 27, 1998—Local and State Government Fleets
 October 28, 1998—Electric Utilities and Fleets
 October 30, 1998—Liquid Fuel Providers
 November 2, 1998—Natural Gas Fuel Providers, Propane Fuel Providers and Fleets

The meetings were held in Washington, DC. In addition, DOE held several informal meetings or discussions with automobile manufacturers outside of the stakeholder meetings, with the same purposes and information as the stakeholder meetings identified above. These consisted of the following:

October 6, 1998—American Honda Motor Company
 October 29, 1998—Toyota Motor Corporation
 November 9, 1998—Ford Motor Company
 November 10, 1998—Chrysler Corporation
 November 10, 1998—General Motors Corporation

DOE began each meeting by discussing the replacement fuel goals, the authority to modify these goals, the possible regulatory options for a fleet requirement rule, and the additional statutory authority related to urban transit buses. DOE also presented four regulatory options that were under consideration at the time. These options were:

Option #1—Proposing a rule based solely upon the AFV acquisition requirements identified within section 507(g);

Option #2—Including all elements of Option #1, but adding a requirement that the alternative fueled vehicles must operate on alternative fuels wherever available;

Option #3—Including all elements of Option #1, but adding a provision for the allocation of credits for actual use of replacement fuel; and

Option #4—Proposing a replacement fuel program, focused on reducing fleet petroleum consumption by requiring fleets to reduce their light-duty fleet petroleum consumption through the use of replacement fuel.

Most of the discussions at the stakeholder workshops focused on the specific approaches to developing a fleet rule. Some of the discussions also concerned to the replacement fuel goals.

Many of the comments made during these meetings were similar to those made during the ANOPR process. Private fleets cited barriers to increased alternative fuel use, including the incremental price of many AFVs, the lack of sufficient infrastructure, increased operational costs of AFVs,