

and the lack of established resale value for AFVs. Several commenters suggested ways of overcoming these barriers. Private fleets suggested providing incentives not only for the development of alternative fuels infrastructure, but for maintenance and training as well. Private fleets also favored imposing a moratorium on taxes of AFVs and/or alternative fuels.

Private fleets also suggested that DOE investigate the possibility of making certain requirements conditional upon market events. For example, if AFV or alternative fuel prices came down to a certain level or infrastructure developed to a certain point, AFV acquisitions or alternative fuel use could then be required.

Transit bus operators cautioned that their cost-effectiveness is closely tied to Federal Transit Authority funding policies. They also cautioned that anything that increases fares discourages overall ridership. For this reason, among others, transit bus operators opposed any mandates. Some stakeholders expressed support for including the transit bus industry in a private and local government fleet mandate. These stakeholders indicated that current new orders for alternative fuel transit buses are increasing. Some also indicated that transit buses are a very successful market niche for alternative fuels.

Medium- and heavy-duty fleet stakeholders favored establishing non-financial incentives at the local level and providing them to State and local government fleets alike. One suggested providing special curb access (non-ticketing zones) to alternative fuel delivery vehicles. These stakeholders generally believed that medium- and heavy-duty vehicles are a good fit for alternative fuel use, often better than light-duty vehicles. These stakeholders stated, however, that DOE should not require the acquisition of medium- and heavy-duty AFVs, but instead should provide credits for the use of alternative fuels by medium- and heavy-duty vehicles.

Local government attendees identified a number of barriers to alternative fuel use. They said they have trouble justifying incremental purchase and higher operating costs for AFVs, especially for governments with severe fiscal constraints. Conversions were generally viewed as a cost-effective alternative to OEM product offerings. In some cases, a mandate, if too costly, might impede some local government agencies from fully completing their core missions. Several local government representatives also said that the Federal Government must lead first,

before local governments can be expected to follow.

Local governments offered a number of proposals to address barriers. While they saw financial incentives as critical to increasing alternative fuel use, a number of fleet managers also indicated their support for non-financial incentives. These included giving AFVs the right to use HOV lanes with and "green" parking spaces where AFVs would have receive preferential parking locations, possibly at reduced or no cost). Commenters also said that because heavy-duty vehicles use significantly more fuel than light-duty vehicles, their use should be strongly encouraged, and large numbers of credits should be provided for these vehicles (such as based upon a comparison of annual fuel use).

State representatives provided information both in their capacity as government agencies interested in pursuing certain societal goals (such as increased energy security or improved environment) and in their capacity as the owners of fleets operating under the current AFV acquisition requirements. State fleets asserted that there needs to be a more explicit tie between energy and environment among the Federal agencies. For example, States (and others) would like to receive EPA credit for alternative fuels dispensed from stations they build. They pointed out that States could make use of alternative fuels and AFVs by private entities a condition of receiving State contracts. State fleets already regulated under DOE's existing regulations were interested in finding out if other AFV-related programs (such as those discussed above) could be available to them.

Electric utilities indicated that they would like to receive credits for putting infrastructure in place. They also expressed an interest in receiving credits for R&D commitments. Some of these commenters expressed the belief that many organizations (including the electric utilities) are acquiring vehicles slightly larger than 8500 GVWR limit for light duty vehicles so as to avoid acquisition requirements, and that these practices are causing greater petroleum use by these fleets. Others, however, thought that AFV acquisition requirements should be extended to medium- and heavy-duty vehicles, to provide manufacturers with a greater incentive to make these vehicles available as alternative fueled vehicles. They also said that increased competition in the electric industry is forcing many utilities to re-evaluate their electric vehicle (EV) programs, since they typically have not been cost-

effective. This means that not only fleet purchases, but deployment, demonstration, R&D, infrastructure, and fleet assistance programs are coming under greater scrutiny.

Liquid alternative fuel providers and petroleum providers seemed to support an approach similar to option number 4, the replacement fuel/reduced fuel consumption approach. Overall, the oil industry asserted that there is little value in achieving a replacement fuel goal. These providers stated that there is a disconnect between projected or desired demand and actual demand for alternative fuels, which is seriously hindering development of the infrastructure. Fuel suppliers would also like to see some sort of credit for providing alternative fuel.

The natural gas and propane providers comprised the largest stakeholder group and raised many issues and concerns. These providers said option 4 provided the most flexible method for fleets to comply with a fleet rule, while also avoiding the situation of having dual-fueled vehicles not operating on alternative fuels. At the same time, several organizations said that an AFV acquisition program approach should not be completely abandoned.

Many attendees asserted that including medium- and heavy-duty vehicles within an AFV acquisition program would be advisable, for several reasons. First, they would present significant opportunities for using larger quantities of alternative fuels. Second, this would close off a perceived way around the requirements for fleets (eliminating the chance to avoid requirements through acquisition of vehicles above the 8,500 lbs. GVWR level). In addition, there was significant interest in adding requirements for transit buses, due to the current success in this market as well as their potential for large consumption of alternative fuel.

Most attendees felt that including any contribution from fuel efficiency would "water down" the contribution from alternative fuels, and was not really in keeping with the purpose of the alternative fuels portions of EPA. At the same time, they felt it was important to keep the rule "wide open" for a variety of vehicle technologies, as well as for generation of credits by fleets that may not be covered.

Several stakeholders voiced strong opinions that no matter which approach is ultimately adopted, enforcement must be made an integral part of the program, and must be seen as a program priority. Otherwise, many fleets were likely to disregard the requirements.