

fuel, fleets would eventually need to acquire AFVs, even though AFV acquisitions themselves would not be specifically required. DOE proposed a possible compliance schedule that included certain percentages, which represented the portion of a fleet's light-duty fuel use that would have to be replacement fuel. The required replacement fuel portion of a fleet's light-duty vehicle fuel use would eventually rise to 50 percent. Another option that was presented included adopting a schedule that would rise to a maximum of 70 percent, which is the same as the top AFV acquisition percentage requirement set forth in section 507(g).

As with other fleet programs, this option would include a credit program allowing fleets to bank or trade credits. However, since the Replacement Fuel Program would not be restricted to the credit program currently in place for State and alternative fuel provider fleets, the program could be designed to provide fuel providers with replacement fuel credits for installation of refueling stations, which they could then sell to organizations with requirements under the Replacement Fuel Program. Under this approach, there would also be a new opportunity for fuel blends to have a key role, since blends of replacement fuels with conventional fuels would greatly assist fleets in meeting their requirements. This option could include extending credit generation to non-covered fleets or to the general public.

Option 5—Extension of Flexible Options to Other Fleets

Participants in the stakeholder groups discussion repeatedly asked DOE whether any of the optional program concepts (such as the Fleet Rewards Program) could be extended to fleets currently operating under the Alternative Fuel Transportation Program. The two types of fleets currently covered by this program are State government and alternative fuel provider fleets.

Section 507(o) of EPCA required that DOE promulgate a rule requiring State fleets to acquire specified percentages of AFVs. The State program acquisition requirements started in model year 1996 (ultimately modified to 1997) with percentages increasing through model year 2000 (modified to 2001) to a maximum of 75 percent. Because EPCA section 507(o) makes the State fleet AFV acquisition mandate program mandatory, DOE does not believe that it could extend the Fleet Rewards Program concept to State fleets.

Likewise, section 501 of EPCA required DOE to promulgate a rule

covering alternative fuel provider fleets. Again, the language in this section made it clear this was a mandatory program. Section 501 specifies an AFV acquisition program, with requirements starting in model year 1996 (modified to 1997) and increasing to 90 percent or more of new acquisitions in model year 1999 (modified to 2000) and thereafter. Congress also provided one additional requirement on alternative fuel providers which was not imposed on any other fleet type: that their AFVs must operate on alternative fuels wherever the fuels are available. DOE believes it would be inappropriate to allow alternative fuel provider fleets to receive credits for using alternative fuels when they are already required by statute to do so.

The Fleet Rewards Program option would only allow covered fleets to earn credits. The Replacement Fuel Program, on the other hand, would allow non-covered fleets to earn credits to provide additional flexibility, encourage additional persons to use alternative fuels, and possibly increase the overall use of alternative fuels.

Option 6—An Alternative Fueled Urban Transit Bus Acquisition Program as Provided by Section 507(k) of EPCA

This option was previously discussed with stakeholders and in the ANOPR. DOE again solicited comments on whether it should adopt a fleet rule that included urban transit buses, as authorized under section 507(k) of EPCA. DOE offered several different options for how transit operators could comply with a fleet requirement. One possible option would require that a portion of new bus acquisitions be alternative fuel buses, with percentages requirements similar to those contained in section 507(g) or perhaps rising to a maximum of only 50 percent. Another possible option would allow urban transit bus operators the opportunity to "opt into" the Fleet Rewards Program as an optional compliance path. Under this approach, urban transit bus operators might receive credit both for acquisitions of AFVs and for alternative fuel use. As with the light-duty vehicle program, the bus program would include a fair and appropriate AFV-Equivalency Credit program.

DOE also discussed a Replacement Fuel Program for urban transit bus fleets. DOE requested comments on whether urban transit bus operators should have a separate Fleet Rewards or Replacement Fuel Program, or whether it should be a subset of a possible Fleet Rewards or Replacement Fuel Program for private and local government fleets.

Summary of Workshop Proceedings

The first workshop was held on August 1, 2000 in Chicago, Illinois. Representatives from State government, city governments, and Clean Cities coalitions located in Illinois, Wisconsin, and Indiana were the primary attendees.

Representatives at the workshop generally agreed that DOE should take steps to increase use of alternative fuels and reduce dependence on petroleum imports. A number of organizations indicated that additional efforts to promote the use of alternative fuels would likely not occur without government action. A number stated that many of the voluntary programs to promote use of alternative fuels have been developed in anticipation of new mandates. These organizations said that without additional mandates from DOE these efforts would stall.

Representatives generally agreed that whatever mechanism DOE selects needs to be flexible and focus on fuel use. There seemed to be slightly more support for a fleet rewards-type concept, certainly more than for a straight 507(g) AFV acquisition mandate. The Replacement Fuel Program option also generated considerable interest and prompted many questions. Attendees also thought that DOE should gradually phase in any option it might select, whether requirements for private fleets could be promulgated separately from requirements for local government fleets, since the situations of private and local government fleets are very different.

Some attendees at the workshop expressed concern about the level of refueling infrastructure—both its current and future availability, and what it will take to encourage the necessary investments by fuel retailers. Representatives from areas with relatively little refueling infrastructure were concerned about options focused on fuel use. Ethanol was singled out as a concern—there are many FFVs that could operate on it, but very few stations, and fuel cost has been high.

Some commenters indicated that fleets are moving away from central refueling, which may make fuel records difficult to obtain for fuel use-based programs. In addition, even centrally-fueled fleets often do not keep records on a vehicle-by-vehicle basis, and therefore it may be difficult to determine which fuel is used in a light-duty vehicle and which in a medium-or heavy-duty vehicle. Commenters also continued to express concerns about vehicle availability.

A number of local government organizations (especially cities) said