

AFVs and powered vehicles for cost-sensitive fleet buyers. This could include tax credits, grant funding, access to Federal acquisition pricing, and an expansion of allowable vehicles to include hybrids. Cost and performance are key considerations for fleets, and alternative fuels must be comparable to, if not better than, conventional fuels. The association said that most available alternative fuels do not meet these criteria. Therefore, it opposed new mandates because there are still too many barriers to increased use of alternative fuels to make an AFV acquisition mandate practicable. The association suggested that DOE could scale back Clean Cities to focus on niche market fleets selected for high likelihood of success and reproducibility. The association said resale value of used AFVs was a big issue to dealers, who are the largest purchasers and resellers of used fleet vehicles. If AFVs are not well-accepted by the market, the impact on dealers could be disastrous, according to the association. It said that DOE should assist in guaranteeing a resale value floor.

A member of an association of State fleet administrators suggested that programs need to provide incentives or accommodation for future technologies and current emerging technologies, especially high fuel economy vehicles. The commenter strongly urged a restructuring of the basic legislation to allow flexibility to recognize technologies that achieve the objectives of EPCa and the Clean Air Act Amendments.

A large city government suggested creation of a voluntary incentive-based program, although it cautioned that DOE needs to determine whether this would meet DOE's objectives under EPCa. It felt that DOE needs to conduct cost and operational impacts analyses and seek long-term Federal funding to offset costs for local governments for operation and maintenance, repair facility retrofits, land acquisition, staffing, etc., and that DOE should also coordinate efforts with EPA. Specifically, it stated that DOE needs to assist local governments concerning technical issues, such as vehicle availability, performance, operational limitations, health and safety requirements, as well as lack of fueling infrastructure.

One fuel producer asserted that if DOE chooses to seek to increase the use of alternative or replacement fuels through funding, it should be done in a fuel-neutral manner, providing equal funds for all alternative/replacement fuel. Under this approach, if a fuel does not require funding for refueling

infrastructure, funds could be used to increase production. A Midwestern State argued that the two most critical aspects of reducing petroleum consumption are having AFVs available that meet consumer needs at prices comparable to conventional vehicles, and having alternative fuels readily available at prices comparable to conventional fuels. The State did not view raising the price of petroleum to high levels as the answer. From a fleet perspective, the State said efforts to provide incentives to manufacturers and fuel providers have not worked well, since the availability of vehicles and fuels is still relatively low and has grown very slowly.

A second alternative fuel provider association voiced its preference for a comprehensive package of incentives that would encourage, not require, private fleets to use AFVs and alternative fuels. It also argued that energy security is an important national priority, and that the U.S. will not be able to protect itself from future oil supply disruptions unless it offsets petroleum demand with alternative fuel use. The association also asserted that more efficient vehicles were no substitute for AFVs in this regard. "Even if more efficient vehicles were available in large numbers, it would take many years for them to replace the existing fleet of vehicles and have an impact on petroleum consumption * * *. Efforts to increase efficiency should be encouraged but should not be used to undermine the basic goal of Titles III-V of EPCa: replacing petroleum motor fuels with the use of alternative fuels."

This trade association also believed that the EPCa goal of 30 percent replacement fuel use by 2010 was a high requirement, but that it is an important goal that should be retained. It commented that the markets covered by EPCa are too small, especially since medium- and heavy-duty vehicles are excluded, and are thus insufficient to create economies of scale that would cause vehicle owners not subject to an acquisition mandate to participate. In addition, it said that the government has been slow to enforce existing programs. It also mentioned FFVs as a problem, since due to the higher price of the fuels, there is no incentive for operators to use anything but gasoline. The association asserted that financial incentives would be key, especially to encourage voluntary alternative fuel use. It suggested that these could include tax incentives, increased funding for infrastructure projects, and a competitive grant program. It also said that market development, including building up international markets,

identification of key market sectors, and coordination of AFV acquisitions among all types of government fleets should be pursued. Air quality and energy security criteria should be applied when providing Federal grants, and States should receive State implementation plan (air quality) credits for AFV programs. In addition, the trade association argued that funding for alternative fuel R&D is also required to improve vehicle efficiency, reduce emissions, reduce the cost and improve the reliability of fueling infrastructure, and demonstrate AFV systems in new applications. It said that education and outreach were required to improve public awareness of alternative fuels and their benefits.

One Western State stated that a number of efforts should be pursued to reduce the barriers to alternative fuel use. For example, it said that the Federal Government should work with local organizations to more fully utilize existing refueling stations. It said that the Federal fleet should not put large numbers of ethanol FFVs into States where there is no ethanol refueling. Along with a county board of commissioners from another Western State and a California coastal city, it also encouraged DOE to improve grant programs, encourage legislation to help fleets for whom tax incentives do not work, encourage development of highly fuel-efficient vehicles, encourage the use of new technologies (e.g., hybrid vehicles), provide recommendations to Congress for encouraging use of AFVs and alternative fuels by the public, change current programs to be fuel- rather than AFV-based, and establish a reward program for organizations that exceed their requirements.

A small Eastern State's agriculture department stated that it has been working with soybean organizations to support use of biodiesel in its State. It believed that the future of U.S. agriculture depends upon increasing the utilization of the Nation's renewable resources and that DOE should consider options that benefit the use of agricultural-based fuels, which can help energy security, the environment, and the agriculture sector.

The fleets that would be potentially covered by new regulations were overwhelmingly opposed to the adoption of mandates. Most fleets expressed their support for alternative fuels but said that they have limited funding to pay for the added costs of many (especially local governments) such requirements. These fleets supported using incentives to encourage increased use of alternative fuels. A number of State representatives