



U.S. Department of Energy
Energy Efficiency and Renewable Energy

freedomCAR & vehicle technologies program

Alternative Compliance Program and Biodiesel 10 CFR Part 490

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Background

- Energy Policy Act of 1992 (EPAct) required DOE to establish requirements for state and alternative fuel provider (SF&P) fleets (10 CFR Part 490, Alternative Fuel Transportation Program)
- Promotes the acquisition and use of alternative fuel vehicles (AFVs) and petroleum replacement
- Start date was model year (MY) 1997
- 315 state government and alternative fuel provider entities report to DOE annually



Standard Compliance Coverage

- Light-duty vehicles (LDVs): Less than 8,500 lb gross vehicle weight rating (GVWR)
- Location: At least 20 LDVs in a Metropolitan Statistical Area (MSA) or Consolidated MSA
- Fleet size: 50 or more non-excluded LDVs
- Excluded vehicles

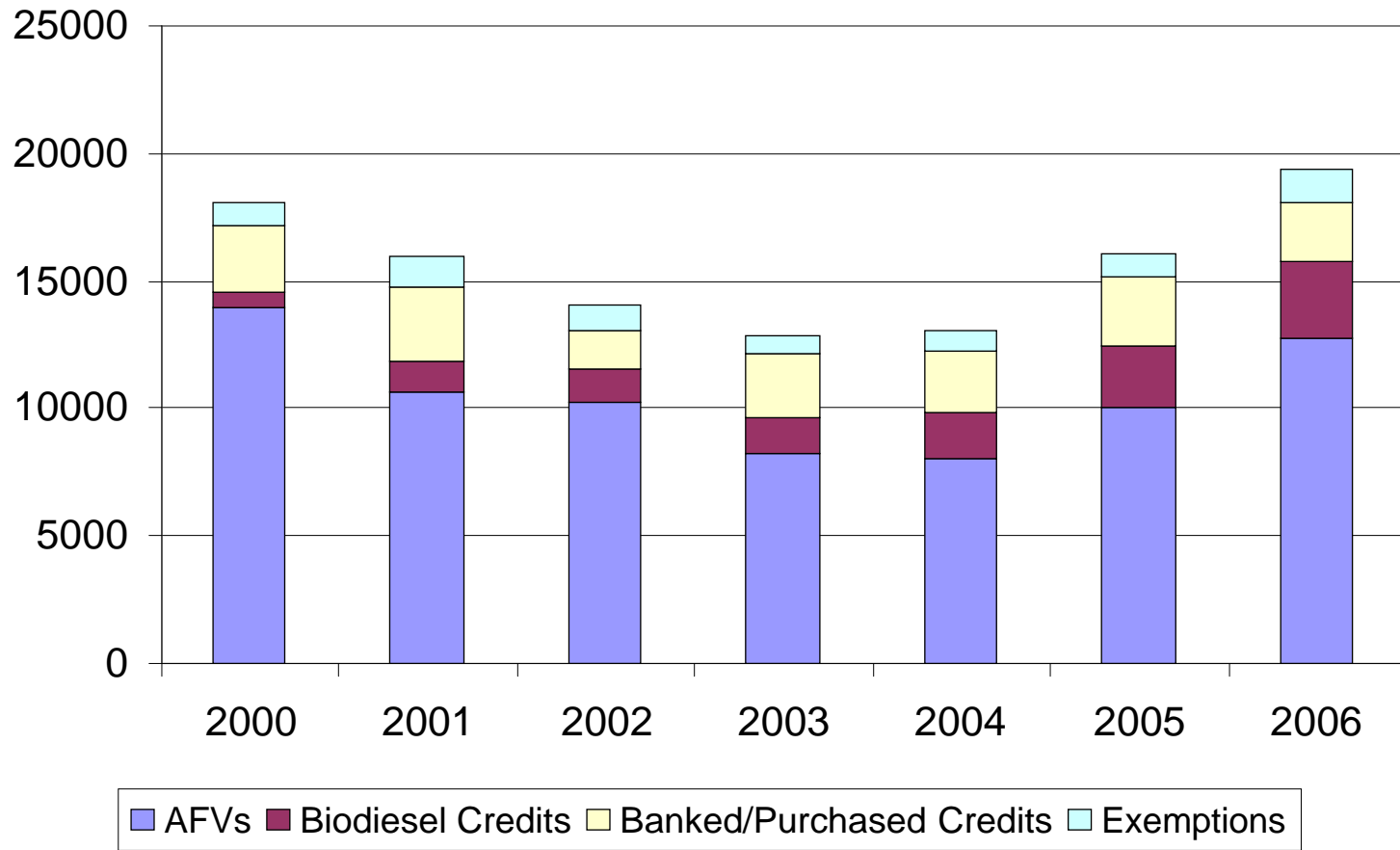


Standard Compliance Options

- Acquire light-duty AFVs
- Use biodiesel blends of B20 in vehicles over 8,500 lb GVWR and to meet up to 50% of annual requirement
- Use credits
- Request exemptions

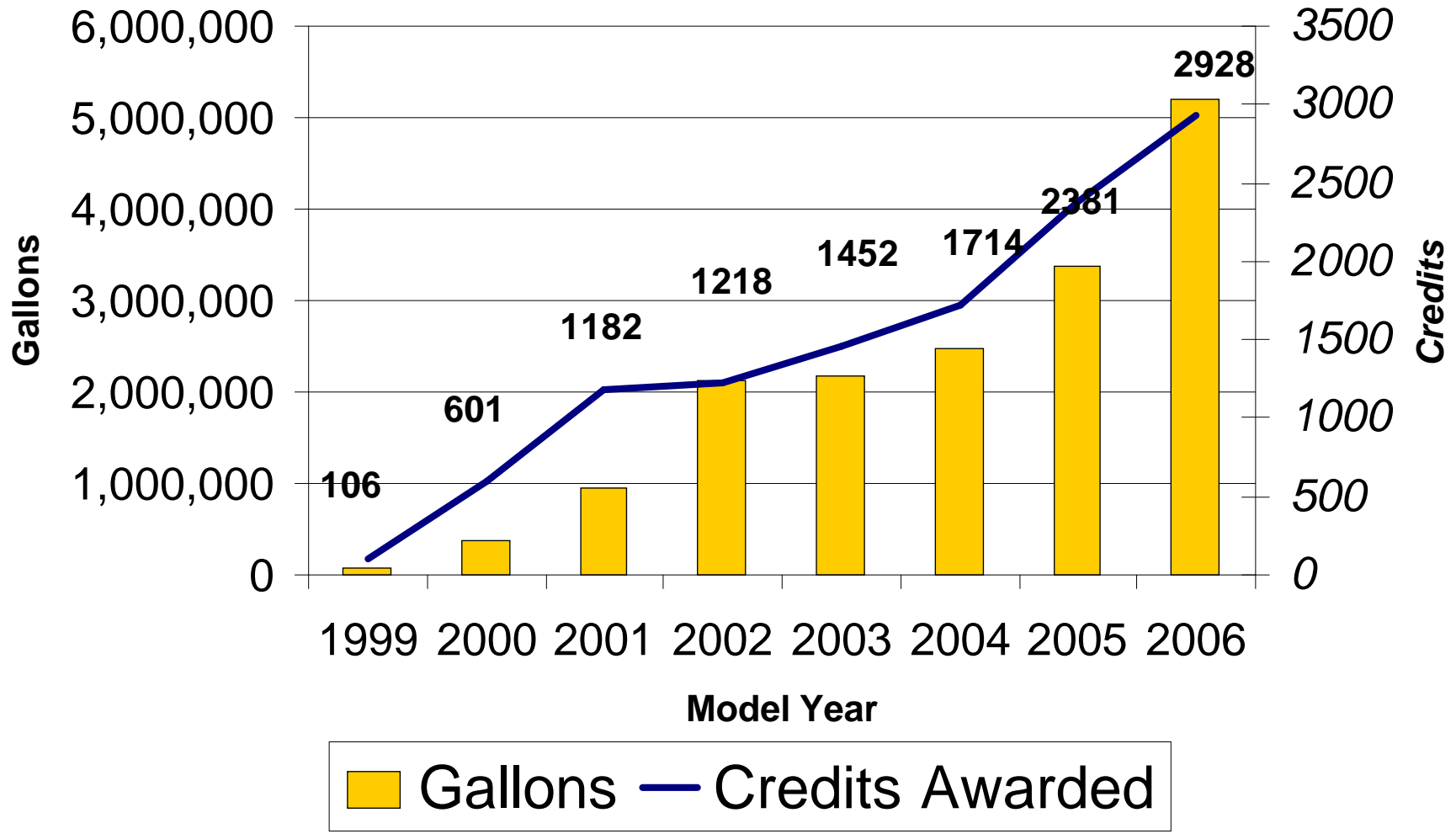


Compliance Methods





Biodiesel Fuel Use & Credits





State Plant Capacities v. State Fleet Use (2006 data)

- IA 85,716 gallons 198.5 million gal. cap.
- TX 315,548 gallons 178.75 million gal. cap.
- AL 25,043 gallons 85 million gal. cap.
- IL 510,603 gallons 83 million gal. cap.
- TN 165,476 gallons 75 million gal. cap.
- NJ 203,846 gallons 74 million gal. cap.
- MN 0 gallons 67 million gal. cap.
- MO 697,915 55 million gal. cap.



State fleets with most biodiesel use 2006 data

- Missouri 687,915 gallons
- Florida 670,051 gallons
- Illinois 510,603 gallons
- North Carolina 376,826 gallons
- Texas 315,548 gallons
- Ohio 276,906 gallons
- Pennsylvania 258,261 gallons
- California 239,764 gallons



Alternative Compliance Overview

- Option for state and alternative fuel provider fleets covered under Alternative Fuel Transportation Program (10 CFR Part 490).
- Petroleum reduction in lieu of acquiring alternative fuel vehicles (AFVs) and using biodiesel blends and/or credits under the Standard Compliance requirements.
- Fleets must apply for a waiver from the U.S. Department of Energy (DOE). Application includes timely information that establishes petroleum reduction requirements and includes a plan



Who should consider Alternative Compliance?

- fuel-efficient technologies, such as hybrid vehicles
- combine hybrid vehicles and alternative fuel use
- limited access to light-duty AFVs and/or alternative fuel infrastructure
- *increase the use of biodiesel in excess of the 50% cap or receive credits for alternative fuel use in medium- and heavy-duty vehicles*
- Fleets with state or other requirements or policies calling for petroleum reduction



What is the difference between Standard and Alternative Compliance?

- **Standard Compliance**

- AFV acquisition requirements placed on state (75% of covered light-duty vehicles, LDVs) and alternative fuel provider (90% of covered LDVs) fleets under the EPA Act Alternative Fuel Transportation Program. In place since model year (MY) 1997 and was the only way fleets could comply through MY 2007.

- **Alternative Compliance**

- New option offers covered state and alternative fuel provider fleets the choice of obtaining a waiver from the AFV acquisition requirements of Standard Compliance by implementing petroleum reduction measures in their vehicle fleets.



How do Standard and Alternative Compliance compare?

Technology	Standard Compliance (AFV Acquisition)	Alternative Compliance (Petroleum Reduction)
Hybrid electric vehicles (or other energy-efficient conventional fuel technologies)	No AFV credit given	Petroleum reduction from hybrids or other fuel-efficient conventional vehicle technologies counts toward petroleum reduction in model year efficiencies occur
Medium- and heavy-duty AFVs	Credit given only after requirement is met with LDVs	Credit granted for alternative fuel use on GGE basis
Light-duty AFVs	One credit per AFV given	Credit granted for alternative fuel use on GGE basis



How do Standard and Alternative Compliance compare?

Method	Standard Compliance (AFV Acquisition)	Alternative Compliance (Petroleum Reduction)
Biodiesel blends	One credit given for every 450 gallons of biodiesel in blends of B20 or higher; capped at 50% of annual requirements	Can count biodiesel used in any blend percentage on a GGE basis if it exceeds the amount already prescribed by state and federal law; no cap on amount that can be used to meet requirements
Vehicle miles traveled (VMT) reduction	No credit given	Can count toward petroleum reduction in the model year VMT is reduced
Idle reduction	No credit given	Counts toward petroleum reduction
Truck stop electrification	No credit given	For covered fleet only; no credit given for third party use



How do Standard and Alternative Compliance compare?

Consideration	Standard Compliance (AFV Acquisition)	Alternative Compliance (Petroleum Reduction)
Non-road vehicles	Not allowed	Fleets may count up to 25% of petroleum reduced from non-road vehicles if: <ul style="list-style-type: none">• They show in their annual petroleum reduction plans that acquisition of non-road vehicles will directly lead to the establishment or upgrade of alternative refueling or recharging infrastructure during an Alternative Compliance waiver year <i>and</i>• Such refueling infrastructure allows for increased petroleum replacement by serving the fleet's on-road LDVs



How do Standard and Alternative Compliance compare?

Consideration	Standard Compliance (AFV Acquisitions)	Alternative Compliance (Petroleum Reduction)
Exemptions	<p>Given only if warranted on a case-by-case basis. Exemptions will be considered only if:</p> <ul style="list-style-type: none">Alternative fuel or AFVs are unavailable in the fleet's area<i>or</i>The additional costs of using AFVs pose an unreasonable financial hardship on the fleet <p>Exemptions are good for only one year</p>	<p>Because Alternative Compliance offers a wide variety of technologies and methods to satisfy fleet petroleum reduction requirements, they are not allowed</p>



How do fleets participate in Alternative Compliance?

- **Intent to Apply for a Waiver**
 - Due March 31* before the model year for which an Alternative Compliance waiver is sought
- **Waiver Application**
 - Due June 30 or July 31 before the model year for which an Alternative Compliance waiver is sought
- **Annual Report**
 - Due December 31 following the Alternative Compliance waiver year
- * For MY 2008, fleets will be allowed to submit their intents to apply for a waiver by May 31, 2007.



What is an intent to apply for a waiver?

- Informs the U.S. Department of Energy (DOE) of your fleet's interest in participating with the Alternative Compliance option.
- Due March 31* preceding the model year for which the waiver is being requested. For example, for a waiver for model year (MY) 2009, an intent to apply for a waiver is due to DOE no later than March 31, 2008.

* For MY 2008, fleets will be allowed to submit their intent to apply for a waiver by May 31, 2007.



Waiver Request Procedure

Waiver request = an application to participate in Alternative Compliance option-- must be applicable to entire fleet for the full model year and include:

- Alternative compliance vehicle (ACV) inventory
- The calculated total annual petroleum requirement
- Plan to reduce petroleum consumption
- Clean Air Act Certification of compliance with all applicable vehicle emission standards established by the Clean Air Act



Waiver Request Procedure

June 30	July 31
If the waiver request <i>is not</i> dependent on the availability of new model vehicles from manufacturers	If the waiver request <i>is</i> dependent on availability of new model vehicles from manufacturers



What is the petroleum reduction plan composed of?

It includes:

- A petroleum reduction requirement calculation for the Alternative Compliance model year
- A petroleum reduction plan to meet the calculated requirement



How do I calculate my fleet's petroleum reduction requirement?

- Once you determine the total number of vehicles in your ACV inventory, multiply this number by the average per vehicle fuel use (in GGE) in your fleet LDVs.
- **Petroleum Reduced = ACV inventory x Average fuel use per covered fleet LDV**
- For average LDV fuel-use data, DOE will accept:
- Fuel-use data collected from covered LDVs (statistical samplings will be allowed in some cases in the first year)
 - Fuel-use data extrapolated using actual mileage data and published fuel economy values.
 - General fleet or industry statistics



Making a Plan to Meet Annual Petroleum Reduction Requirement

- Plan can include many strategies:
 - AFVs or fuel-efficient technologies in any-size, on-road vehicle
 - *Biodiesel blends*
 - Hybrid vehicles
 - Idle reduction technologies
 - Replacement fuels in qualified non-road vehicles
 - Reduced VMT

Alternative Compliance Planning Tool

Appendices E and F in Guidance



Help on annual petroleum requirement and developing fleet plan

- DOE developed the Alternative Compliance Planning Tool to assist fleets in calculating their petroleum reduction requirement and developing their plans to achieve it.
- The tool is available at:
www.eere.energy.gov/vehiclesandfuels/epact/state/acp_tool.



Where do I send my completed waiver request?

- Linda Bluestein
- Regulatory Manager
- U.S. Department of Energy
- EE-2G/Forrestal Building
- 1000 Independence Ave., SW
- Washington, D.C. 20585



DOE Timing on Applications

Once it receives your *completed* waiver request, DOE has 45 days to review it. If DOE determines it needs more information to approve your waiver request, the 45-day review period will start from the time DOE receives the additional information



Annual Report

By December 31 following the waived model year, you must submit to DOE an annual report. This report must:

- Certify the actual amount of petroleum fuel your fleet reduced during the Alternative Compliance model year
- Explain how data were collected



Annual Report (continued)

If necessary, DOE may request additional documentation (such as purchase orders, receipts, and fuel use records) to supplement the annual report.



When is the annual report due?

- The annual report must be received by DOE by December 31 following the end of a waiver model year (a model year runs September 1 through August 31).
- The annual report must be printed on company or office letterhead and signed by a senior official.



What if my fleet doesn't meet its petroleum reduction goal?

Use of Previously Earned Subpart F Credits

- DOE will allow use of these credits where fleets acted in good faith to meet their planned petroleum reduction but encountered a petroleum reduction shortfall.
- Fleets must submit a written request at the end of the Alternative Compliance model year. This request must document the circumstances that led to the shortfall.



What if my fleet exceeds its petroleum reduction goal?

Roll over of Excess Petroleum Reductions

- Fleets that exceed petroleum reduction requirements can roll over excess petroleum reductions for use toward future shortfalls due to circumstances beyond their control (e.g., technology failures, excessive vehicle delivery delays, weather-related disasters, emergencies).
- In general, DOE will not allow fleets to apply roll-over amounts greater than 25% of their annual petroleum reduction unless fleet demonstrates it had no other available options for achieving its requirements.
- Must make a written request to DOE to use excess reductions.



Resources

- EPart Web site: Guidance, Intent, Tools, Final Rule, Tutorial
 - www1.eere.energy.gov/vehiclesandfuels/epact/state/index.html
- Alternative Compliance Docket for Rulemaking:
 - www1.eere.energy.gov/vehiclesandfuels/epact/state/afc_docket.html
- Linda Bluestein, Phone Number:
 - (202) 586-6116
- Linda Bluestein:
 - linda.bluestein@ee.doe.gov
- E85 Fleet Toolkit:
 - www.eere.energy.gov/afdc/e85toolkit
 - Developed by EPart in response to fleet requests for comprehensive tool
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