



S&FP Program Promotes Alternative Fuels to Cut Need for Foreign Oil

Sections 501 and 507 of the Energy Policy Act of 1992, or EPAct, established requirements for the purchase of alternative fuel vehicles (AFVs) by fleets operated by state governments and providers of alternative fuels. The purpose of the requirements was to promote the use of non-petroleum fuels, such as ethanol, methanol, natural gas, propane, hydrogen, and electricity, to increase our nation's energy security by reducing our dependence on foreign oil. The regulations focused on building an inventory of vehicles that can use alternative fuels in large light-duty vehicle (LDV) fleets, which are centrally garaged, maintained, and fueled.

Following the passage of EPAct, the U.S. Department of Energy (DOE) embarked on a formal rulemaking process with public input to establish the implementing regulations. The resulting State & Alternative Fuel Provider Program (S&FP) requires state and alternative fuel provider fleets to include a percentage of AFVs in their acquisitions of new LDVs beginning with model year (MY) 1997 vehicles.

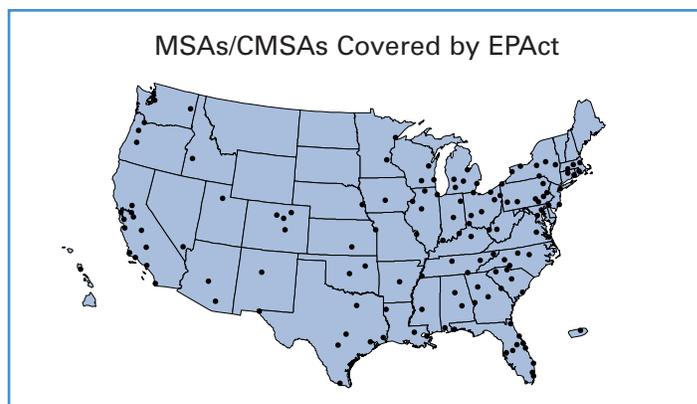
Between the program's beginning in 1997 and MY 2000, state and alternative fuel provider fleets have purchased approximately 49,000 AFVs. These vehicles have begun to form a critical mass of fuel demand, allowing fleets and private businesses to start to justify the development of a fueling infrastructure. In response to this new market, auto manufacturers are producing more than 30 different AFV models, which are being purchased by fleets and individuals outside of the S&FP Program.

Who is Covered?

EPAct requirements for the S&FP Program apply to fleets operated by state government agencies and businesses whose principal activity is based on alternative fuels. Compliance is required by fleets that operate, lease, or control 50 or more LDVs within the United States. Of those 50 vehicles, at least 20 must primarily be used within a single Metropolitan Statistical Area (MSA) or Consolidated Metropolitan

Statistical Area (CMSA). Those same 20 vehicles must also be centrally fueled or capable of being centrally fueled, meaning that they can be refueled at least 75% of the time at a location that's owned, operated, or controlled by the fleet or under contract with the fleet for refueling purposes.

You can obtain a more detailed definition of "alternative fuel provider," or a list of covered areas by visiting www.ott.doe.gov/epact/state_fleets.html or by calling the National Alternative Fuels Hotline at (800) 423-1363.



Acquisition Requirements

When the S&FP Program was initiated by DOE, a "phase-in" schedule was established to allow fleets to gradually become compliant. The table on the next page shows how the acquisition requirements applied to the types of fleets from 1997 to 2001. As of MY 2001, the acquisition requirements are fully phased in. As a result, AFV acquisitions now must hit 75% for state fleets and 90% for alternative fuel providers.

If a state or alternative fuel provider became eligible for EPAct regulation following its implementation in 1997, the fleet must comply with the acquisition requirements for the year in which it became covered. It is important for fleets to notify DOE of their covered status immediately. DOE will work with fleets in these situations to assist them in meeting EPAct requirements.

Covered as alternative fuel providers under the regulation, certain electric utility companies were given the opportunity to delay their requirements by one year to allow for the development of electric vehicle technology and availability. As of 2001, there is no distinction between fuel provider fleets that used the delay option and those that did not.

In some cases DOE may grant an exemption for certain vehicles within a fleet if fuel or appropriate vehicles are not available. For more information on exemptions, DOE has prepared an exemption guidance available on the EPAAct Web site.

Percentage of Light-Duty Acquisitions Required to be AFVs

Model Year	State Fleets	Alternative Fuel Providers
1997	10%	30%
1998	15%	50%
1999	25%	70%
2000	50%	90%
2001 & beyond	75%	90%

Fuel-Use Requirements

Under EPAAct, covered alternative fuel providers should always use alternative fuel in their AFVs. The only exception is when they are operating in an area where alternative fuel is not accessible. Therefore, it is extremely important for fleets to understand which alternative fuels are available in their operating area. For a list of alternative fuels in your location, visit the refueling locator at www.afdc.nrel.gov.

Credits

Fleets must report their AFV acquisitions and, in the case of fuel providers, their use of alternative fuels each year to DOE.

Every alternative fuel LDV purchased earns the covered fleet one credit that counts toward one AFV requirement. Each credit a fleet reports is automatically applied to its requirements for the year. Once the fleet's light-duty AFV purchase requirements have been fulfilled, credits may be earned for medium- or heavy-duty AFVs.

In addition, fuel blends used in medium- and heavy-duty vehicles with at least 20% biodiesel earn credits at a rate of one credit for every 450 gallons of pure (100%) biodiesel used and may satisfy up to

50% of a fleet's annual requirements. If a fleet earns more credits than are required in one year, they can be banked for use in future years or sold to other covered fleets participating in the S&FP Program. Credits never expire.

Information Sources

Visit www.ott.doe.gov/epact/state_fleets.html to download:

- Compliance Guidelines ("The Blue Book")
- Exemption Guidance
- Biodiesel Use Guidance
- S&FP Program Frequently Asked Questions
- S&FP Program FY 2000 Annual Report

Contact the Regulatory Information Line:

(202) 586-9171

regulatory_info@afdc.nrel.gov

Messages will be returned promptly.

Send written correspondence to:

Alternative Fuel Transportation Program
Office of Energy Efficiency and Renewable Energy
EE-33, U.S. Department of Energy
1000 Independence Ave. SW
Washington, DC 20585

What is EPAAct?

The Energy Policy Act of 1992, or EPAAct, was passed by Congress to reduce the nation's dependence on imported petroleum. Provisions of EPAAct require certain fleets to purchase alternative fuel vehicles. DOE administers the regulations through its State & Fuel Provider Program, Federal Fleet Program, Private & Local Government Program, and Fuel Petition Program. EPAAct also includes voluntary programs, such as Clean Cities, which help accelerate the use of alternative fuels in transportation.

For more information, visit <http://www.ott.doe.gov/epact/>, or call the Regulatory Information Line at (202) 586-9171.

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