

EPAct

Fleet Information & Regulations



Photo by Pat Corkery, NREL 18095

State and Alternative Fuel Provider Fleet Compliance Methods

Covered state and alternative fuel provider fleets have a choice when it comes to complying with Energy Policy Act (EPAct) fleet requirements: Standard Compliance or Alternative Compliance.

The Energy Policy Act of 1992 has been amended several times, allowing covered state government and alternative fuel provider fleets multiple means to comply with EPAct 1992's alternative fuel vehicle (AFV) acquisition requirements. Originally, under what is termed Standard Compliance, these fleets had to acquire a certain percentage of AFVs each model year.

Since 2001, fleets have been able to obtain some compliance credit through the purchase and use of biodiesel. More recently, the U.S. Department of Energy (DOE) provided covered fleets additional compliance flexibility under Alternative Compliance. This compliance method allows covered fleets to employ petroleum reduction measures in lieu of acquiring AFVs under Standard

Compliance. DOE's Alternative Fuel Transportation Program is responsible for implementing the two compliance methods.

Which fleets are covered?

All state government fleets and those of businesses whose principal activity is based on the production or sale of EPAct-defined alternative fuels may be subject to EPAct fleet requirements. Typically, covered alternative fuel providers have included electric and gas utilities and propane providers.

Covered fleets are those state or alternative fuel provider fleets that own, operate, lease, or otherwise control 50 or more light-duty vehicles (LDVs) within the United States. Of those 50 vehicles, at least 20 must be used primarily within a single Metropolitan Statistical Area/Consolidated Metropolitan Statistical Area (MSA/CMSA) with a population of at least 250,000 under the 1980 census. Importantly, those same 20 vehicles must also be centrally fueled or capable of being centrally fueled. If these size and location criteria are met, then the state or alternative fuel provider fleet is covered under the DOE program.

Exclusions that apply to specific vehicle types may affect whether a fleet is covered. DOE determines whether a fleet is covered and works with covered fleets to help them understand the relevant EPAct requirements.

What are the compliance options for covered fleets?

Standard Compliance. Under Standard Compliance, covered fleets must acquire a certain percentage of light-duty AFVs each year based on the number of LDVs they acquire. Seventy-five percent of the new covered LDVs that state fleets acquire must be AFVs; for alternative fuel providers, the requirement is 90%. Additionally, covered alternative fuel provider fleets must use alternative fuels in their AFVs, unless the vehicles operate in an area where the fuel is not available. Covered state and alternative fuel provider fleets may meet up to 50% of their AFV-acquisition requirements through the purchase of biodiesel for use in medium- or heavy-duty vehicles. As indicated below, still other compliance avenues are available to fleets operating under Standard Compliance.

Locations of Covered EPA Act Fleets*



*MSA/CMSAs were determined by 1980 census data.

Alternative Compliance. Under Alternative Compliance, covered fleets may obtain a waiver from Standard Compliance to implement petroleum reduction measures in their vehicle fleets in lieu of the AFV-acquisition requirements. Covered fleets must demonstrate an annual petroleum reduction equal to what would have been achieved in the AFVs it would have acquired under Standard Compliance, as well as in all the existing fleet AFVs that were reported for previous compliance with Standard Compliance requirements.

How do fleets comply under Standard Compliance?

- Acquire new or used LDVs that operate solely on, or are capable of operating on, one or more alternative fuels
- Acquire new or used non-AFV electric drive vehicles
- Invest in alternative fuel infrastructure, alternative fuel non-road equipment, and/or emerging technology

- Use banked AFV credits or purchase such credits from another fleet
- Earn biodiesel fuel use credits through the purchase of biodiesel blends for use in medium- or heavy-duty vehicles. Fleets must use fuel blends containing at least 20% biodiesel (B20) in medium- and heavy-duty vehicles to earn one biodiesel fuel use credit for every 450 gallons of pure biodiesel (B100) used. Covered fleets, other than biodiesel providers, may satisfy as much as 50% of their annual AFV-acquisition requirements by using biodiesel; each biodiesel fuel use credit counts as one AFV acquisition. Biodiesel fuel use credits must be used in the year they are earned and may not be banked or sold. To learn more about using biodiesel to comply with Standard Compliance, visit eere.energy.gov/vehiclesandfuels/epact/biodiesel.html.

In some cases, DOE may grant exemptions from AFV-acquisition requirements if alternative fuels or AFVs are not available. For more information on exemptions, visit eere.energy.gov/vehiclesandfuels/epact/exemptions.html.

How do fleets participate in Standard Compliance?

Fleets must submit an annual report to DOE by December 31 for the model year for which they are reporting. Fleets may enter their compliance data into the reporting database on the EPA Act website at afdc.energy.gov/vehiclesandfuels/epact/compliance.

AFV Acquisitions and AFV Credits

Every light-duty AFV acquired by a covered fleet counts towards its AFV-acquisition requirement for that year. In addition, AFV credits may be earned through the acquisition of non-AFV electric drive vehicles and through creditable investments, as well as through excess/early AFV acquisitions.

AFV credits earned in these ways may be banked for future use or sold to other covered fleets participating in Standard Compliance. Once a fleet's light-duty AFV-acquisition requirements are fulfilled, it may also earn credits for medium- or heavy-duty AFV acquisitions and acquisitions of medium- or heavy-duty fuel cell electric or hybrid electric vehicles that are not AFVs.

Again, biodiesel fuel use credits cannot be banked or traded. A fleet that both maximizes its allowable biodiesel fuel use and exceeds its AFV-acquisition requirements, however, will end up with surplus credits that may be banked for future use or for sale.

For a list of fleets looking to buy or sell credits, visit the Credits Bulletin Board at afdc.energy.gov/vehiclesandfuels/epact/state/progs/vwb/vwb.cgi or check the list of Fleets with Excess Credits at afdc.energy.gov/vehiclesandfuels/epact/state/progs/public_rpt.cgi.

Who should consider Alternative Compliance?

Alternative Compliance may be a good option for fleets. Fleets that can readily use biodiesel or otherwise reduce their petroleum consumption may find

How do Standard Compliance and Alternative Compliance compare?

| Technology/Method | Standard Compliance (Primarily AFV Acquisitions) | Alternative Compliance (Petroleum Reduction) |
|--|---|---|
| Light-duty non-AFV electric vehicles | ½ credit per non-AFV HEV, non-AFV PHEV, or non-AFV FCEV ¼ credit per neighborhood electric vehicle (NEV) (though not an LDV) | Petroleum reduction from non-AFV electric drive vehicles |
| Light-duty AFVs | Each acquisition counted toward a fleet's AFV-acquisition requirements | Credit for alternative fuel use on gasoline gallon equivalent (GGE) basis |
| Medium- and heavy-duty AFVs and non-AFV HEVs | Credit (one per AFV, ½ per non-AFV HEV) only after requirements are met with light-duty AFV acquisitions | Credit for alternative fuel use on a GGE basis |
| Energy-efficient conventional fuel technologies | No AFV credit | Petroleum reduction from other fuel-efficient conventional vehicle technologies counts toward petroleum reduction in the model year efficiencies occur. |
| Biodiesel blends | Credit for every 450 gallons of biodiesel in blends of B20 or higher; capped at 50% of annual requirements | Credit for biodiesel used in any blend percentage on a GGE basis; no cap on amount of biodiesel used to meet requirements |
| Investments in alternative fuel infrastructure, alternative fuel non-road equipment, and emerging technology | Credit based on investment amount | No credit |
| Vehicle miles traveled (VMT) reduction | No credit | Credit for petroleum reduction in the model year VMT is reduced |
| Idle reduction | No credit | Credit toward petroleum reduction |
| Truck stop electrification | No credit | Credit for covered fleet only; no credit for third-party use |

Alternative Compliance an excellent option.

Unlike Standard Compliance, Alternative Compliance allows petroleum reductions achieved in excluded LDVs and limited numbers of qualified non-road vehicles to be counted toward compliance with annual requirements.

How can fleets comply under Alternative Compliance?

- Increase alternative fuel use
- Use biodiesel blends
- Purchase hybrids and other advanced technology vehicles
- Increase fleet fuel efficiency
- Reduce vehicle miles traveled

To learn more, consult the Alternative Compliance guidance document at eere.energy.gov/vehiclesandfuels/epact/pdfs/alt_compliance_guide.pdf.

How do fleets participate in Alternative Compliance?

To be considered for Alternative Compliance, fleets must submit the



Covered state and alternative fuel provider fleets have two options to comply with EPA fleet requirements: Standard Compliance or Alternative Compliance. *Photo by Dennis Schroeder, NREL 22795*

following items to DOE each year by the specified deadlines.

- **Intent to Apply for a Waiver.** Submitted online, the intent informs DOE of a fleet's interest in participating in Alternative Compliance. The intent form is due March 31 before the model year for which an Alternative Compliance waiver is sought. A fleet that submits an intent may choose not to submit a waiver application and thereby remain under Standard Compliance.
- **Waiver Application.** The waiver application is applicable to the entire fleet for the full model year and includes a required petroleum reduction amount based on the fleet's current Alternative Compliance vehicle inventory and average-per-LDV fuel use and a detailed plan for achieving that reduction requirement. The application is due July 31 before the model year for which an

Alternative Compliance waiver is sought.

- **Annual Report.** The annual report certifies the actual amount of petroleum fuel a fleet reduced during the Alternative Compliance model year. It is due December 31 following the waiver year.

Where can fleets find more information on Alternative Compliance?

DOE developed the following tools to help fleets understand the Alternative Compliance option.

- Alternative Compliance: Guidelines for Preparing and Submitting a Waiver Request and Other Documentation Requirements: eere.energy.gov/vehiclesandfuels/epact/pdfs/alt_compliance_guide.pdf

- Alternative Compliance Tutorial: eere.energy.gov/vehiclesandfuels/epact/alt_comp_tutorial.html
- Alternative Compliance Planning: Tool afdc.energy.gov/vehiclesandfuels/epact/state/acp_tool/

Where can fleets find more information on Standard Compliance?

The Vehicle Technologies Office within DOE's Office of Energy Efficiency and Renewable Energy has a website that features complete information on the Standard Compliance requirements for state and alternative fuel provider fleets. Visit eere.energy.gov/vehiclesandfuels/epact/about.html.

What if I have specific questions about Alternative and Standard Compliance?

DOE has a Regulatory Information Line you may contact with questions on the compliance methods. Call the line at 202-586-9171 or email at regulatory.info@nrel.gov.

What Is EPA Act?

Congress passed the Energy Policy Act (EPA Act) of 1992 to reduce the nation's dependence on imported petroleum. Provisions of EPA Act require certain fleets to acquire AFVs. DOE administers these requirements through its State and Alternative Fuel Provider Fleet Program, Federal Fleet Program, and Alternative Fuel Designation Authority.