

Innovative Policies Boost E85 Use in Illinois

Officials in Illinois aren't just talking about alternative fuels, they're actively working to increase alternative fuel use statewide. Through several innovative public policies, Illinois has increased the number of public E85 stations to more than 140. Easy-to-use E85 (85% ethanol, 15% gasoline) is an obvious choice for the state's motor vehicle fleet—one of the largest flexible fuel vehicle (FFV) state fleets in the country.

The use of E85 helps reduce the consumption of imported petroleum and its production supports rural economies. Illinois produces about 685 million gallons of ethanol each year, according to the Illinois Corn Marketing Board. The fuel accounts for about 17% of the state's corn crop. Farmers benefit from consistent demand for surplus corn and improved corn prices created by ethanol production. The Corn Marketing Board estimates that the Illinois economy benefits from nearly 2,000 ethanol industrial jobs and about 6,000 indirect jobs in related industry and services.

"In addition to the positive environmental benefits from a cleaner-burning fuel, E85 is important economically for the state because it supports Illinois agriculture and jobs," says Paul Campbell, Director of the Illinois Department of Central Management Services (CMS). "Ford built many of our FFVs in Illinois plants, and these cars have proven to be a great fit for our fleet with their low maintenance costs and good performance."

Supporting E85

Illinois' E85 success did not happen overnight. The state overcame several obstacles to get where it is today. Luckily, the state has the support of its governor, Rod Blagojevich. At the heart of the Illinois efforts are three pieces of legislation his administration put into effect.

The first, implemented in 2003, addressed the incremental cost of E85. By eliminating the state sales tax for E85, the measure allows E85 to be priced more competi-

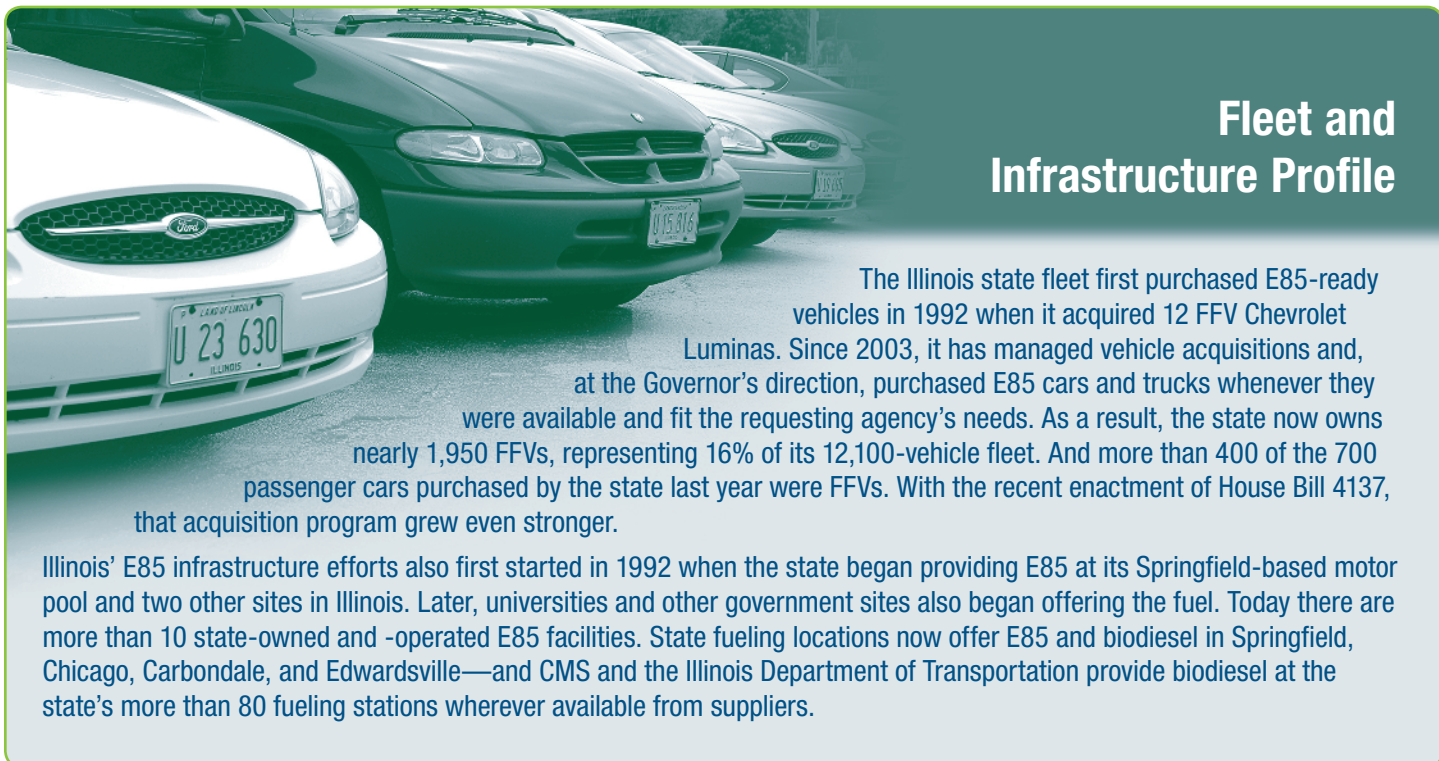


Sixteen percent of Illinois' 12,100 state vehicles are E85-capable FFVs.

tively with unleaded gasoline. E85 now costs \$.13 to \$.15 per gallon less than regular unleaded gasoline; and, as gas prices increase, the economics improve.

Enacted in 2005, the second piece of legislation set up a fund to help stations cover the costs of installing E85 pumps. Known as Governor's Opportunity Returns, the fund sets aside \$500,000 in matching grants to help gas stations buy the equipment they need to sell E85. The effort provides an incentive to create new E85 fueling sites throughout the state. As part of this initiative, the Illinois Department of Commerce and Economic Opportunity (DCEO) E85 program provides up to 50% of the total cost of converting an existing facility to E85 operation or constructing a new fueling facility. Grants are available to qualifying individuals or companies operating retail gasoline stations, with grants up to \$2,000 for converting a site and up to \$40,000 for building a new facility.





Fleet and Infrastructure Profile

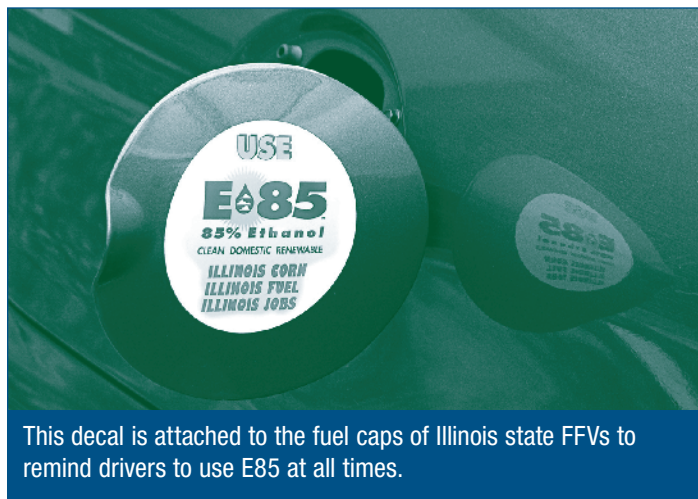
The Illinois state fleet first purchased E85-ready vehicles in 1992 when it acquired 12 FFV Chevrolet Luminas. Since 2003, it has managed vehicle acquisitions and, at the Governor's direction, purchased E85 cars and trucks whenever they were available and fit the requesting agency's needs. As a result, the state now owns nearly 1,950 FFVs, representing 16% of its 12,100-vehicle fleet. And more than 400 of the 700 passenger cars purchased by the state last year were FFVs. With the recent enactment of House Bill 4137, that acquisition program grew even stronger.

Illinois' E85 infrastructure efforts also first started in 1992 when the state began providing E85 at its Springfield-based motor pool and two other sites in Illinois. Later, universities and other government sites also began offering the fuel. Today there are more than 10 state-owned and -operated E85 facilities. State fueling locations now offer E85 and biodiesel in Springfield, Chicago, Carbondale, and Edwardsville—and CMS and the Illinois Department of Transportation provide biodiesel at the state's more than 80 fueling stations wherever available from suppliers.

The state's grant program is a successful cross-agency initiative: DCEO used data that CMS collected on the Illinois fleet's fuel consumption to target geographical areas and even individual stations for conversion to E85. As a result, the grant program has led to rapid growth in the number of commercial gas stations in Illinois offering E85, from just 15 three years ago to more than 140 today. And the state's fleet expanded its use of E85 to more than 8,100 gallons per month. The state also expanded biodiesel consumption to more than 60,000 gallons per month.

Signed into law in 2007, the third piece of legislation reinforces the demand side of the E85/FFV equation by ensuring a base market of FFV state fleet vehicles. House Bill 4137 requires all state agencies to purchase FFV passenger cars with only limited exceptions. The new law expands on Executive Order 7, issued by Governor Blagojevich in 2004. It requires state agencies to buy FFVs when feasible and employees to use alternative fuels when practical. (See "Tracking Compliance" sidebar on page 3.) In addition to the more rigorous language on FFV purchases, House Bill 4137 is also more inclusive of state vehicles. For example, it includes state universities that do not report to the Governor.

"We faced a vicious circle situation," Campbell says. "Fleet operators and individual drivers were reluctant to buy FFVs without places to fill them, and fueling stations



This decal is attached to the fuel caps of Illinois state FFVs to remind drivers to use E85 at all times.

were reluctant to install E85 pumps without more FFVs to use the fuel. Executive Order 7 was a great start. Because of it, the State of Illinois already operates one of the largest fleets of E85 FFVs in the country. But the new law should be a substantial improvement on the executive order and dovetail beautifully with the Opportunity Returns funding of station conversions. Instead of lack of FFVs and E85 stalling each other, their availability should now reinforce each other."

Illinois has taken a number of other steps to advance the state's alternative fuel industry, especially when it



Tracking Compliance

Even with FFVs and E85 readily available, it can take some special effort to overcome the inertia of the gasoline habit. When Governor Blagojevich signed Executive Order 7 in 2004, CMS was charged with tracking compliance. CMS is now the state's central repository for data on fleet E85 consumption. The agency collects monthly reports from user agencies under the governor and compiles them into a summary report.

CMS promotes E85 fuel use through informational memos to the state's network of agency vehicle liaisons and individual drivers. CMS also gives agencies key tags for FFVs, provides decals for the FFV fuel doors, and distributes flyers with maps showing the locations of the more than 140 commercial gas stations offering E85 throughout the state. State employees expect the fleet's E85 use to grow even more as the Governor's Opportunity Returns program expands the number of E85 stations available to state employees and the public. Finally, to better manage its fleet, CMS ensures that state agencies purchase FFVs whenever feasible.

For more information on the CMS tracking efforts visit www.cms.illinois.gov.

comes to offsetting incremental costs. For example, fleets who use E85 and biodiesel are eligible for incentives through the Alternate Fuels Rebate Program from the Illinois Environmental Protection Agency. Under the program, each fleet using E85 can receive up to \$450 per FFV per year for three years. Last year Illinois issued more than \$120,000 in rebates to fleets and consumers under the program and expects that number to grow this year. Other efforts to create a significant alternative fuel presence in Illinois include:

- Funding \$4.8 million to the Lincolnland Agri-Energy Ethanol plant in Robinson to help the plant obtain private financing. The plant is now producing more than 40 million gallons of ethanol per year.
- Enacting legislation requiring the creation of a database of FFVs to encourage station owners around the state to use E85.
- Working with fleet card vendors to better understand fuel purchase patterns and expand E85 infrastructure.

Strategies for Success

Illinois used a number of strategies to ensure the successful development of an alternative fuel market. The most important element of Illinois' success is the strong

support from state lawmakers and officials. "Having Governor Blagojevich as a strong and vocal advocate has been instrumental in increasing the use of E85," says Campbell. "He is currently vice chair of the Governors' Ethanol Coalition and will be the chair next year, but his dedication to ethanol shows more from actions here at home."

Other strategies to increase the use of alternative fuels in Illinois include:

- Conducting formal testing for three years to evaluate ethanol's role as an alternative fuel for the future. E85 state vehicles are evaluated in various settings including urban, rural, and highway driving. The state monitors FFV performance for reliability, cost of operations, and emissions. To date, the cars have received high marks for drivability and general operation in user surveys.
- Developing a list of alternative fuel stations statewide and making the information available through the Illinois Green Fleets Web site (www.illinoisgreenfleets.org).
- Promoting E85 to state employees and the public through informational flyers, E85 decals, and the Illinois Green Fleets Web site. These materials help ensure FFV owners know whether their vehicle is an FFV.

- Working closely with auto manufacturers to solve FFV issues. For example, CMS recently worked with Ford Motor Company to provide data to help Ford fix a minor check-engine light that came on when drivers switched from 10% ethanol to E85.
- Creating a map of state agency travel that was used to sell station owners on converting to E85.

Illinois' aggressive promotion of ethanol has not gone unnoticed. The state received the Honda Environmental Leadership Award from the National Conference of State Fleet Administrators in 2005 for its fleet's use of clean-burning alternative fuels. It is also ranked fourteenth in Ford Motor Company's "Top 100 Alternative Fuel Vehicle Fleets in the Country."

What Is EPAct?

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

For more information, visit www.eere.energy.gov/vehiclesandfuels/epact, or call the Regulatory Information Line at 202-586-9171.

Biodiesel in Illinois

Illinois consumes about 60,000 gallons of B2 (2% bio-diesel, 98% diesel) a month, mostly at state-owned fueling facilities. The Illinois Department of Transportation has the state's largest diesel truck fleet, consisting primarily of dump trucks and snow removal equipment that use biodiesel wherever it is available from bulk vendors.



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