Alternative Compliance Program
10 CFR Part 490

Ted Sears

National Conference of State Fleet Administrators

22nd Annual Conference and Trade Show
Long Beach, California

October 1, 2008

NREL/PR-540-44135
Energy Policy Act Fleet Programs

- Standard Compliance
  - Alternative Fuel Vehicle (AFV) acquisitions
    - 75% of covered light-duty vehicle (LDV) acquisitions
  - Biodiesel Credits
- Excellent Compliance Rates
Annual AFV Acquisitions

The chart above shows the annual AFV acquisitions from MY 2000 to MY 2007. The acquisition numbers are as follows:

- **MY 2000**: 14,000
- **MY 2001**: 12,000
- **MY 2002**: 10,000
- **MY 2003**: 8,000
- **MY 2004**: 6,000
- **MY 2005**: 4,000
- **MY 2006**: 10,000
- **MY 2007**: 14,000

The chart is divided into two categories: Fuel Provider AFVs (blue) and State AFVs (green). The acquisitions are represented by the height of the bars for each year.
Annual Biodiesel Fuel Use

Annual Biodiesel Fuel Use (B100 in gallons)

- **Fuel Provider B100**
- **State B100**
Compliance Methods

Compliance Methods
MY 2000 – MY 2007

- AFVs
- Biodiesel Credits
- Banked/Purchased Credits
- Exemptions

Alternative Compliance Overview

EPAct 2005

- Option for state and alternative fuel provider fleets covered under the U.S. Department of Energy’s (DOE) Alternative Fuel Transportation Program (10 CFR Pt 490)

- Petroleum reduction in lieu of acquiring AFVs and/or credits under the Standard Compliance requirements

- Interested fleets must file with DOE intent to apply for a waiver, and waiver application
Interested?

How many State Fleets have considered waiving into Alternative Compliance?
Standard vs. Alternative Compliance

**Standard Compliance (SC)**
- AFV acquisition requirements placed on state fleets

**Alternative Compliance (AC)**
- Offers covered fleets option to implement petroleum use reduction measures in lieu of AFV acquisitions
# Standard vs. Alternative Compliance

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

<table>
<thead>
<tr>
<th>Technology</th>
<th>Standard Compliance (AFV Acquisitions)</th>
<th>Alternative Compliance (Petroleum Reduction)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Biodiesel blends</strong></td>
<td>One credit given for every 450 gallons of pure (B100) biodiesel purchased for use in blends of B20 or higher; capped at 50% of annual requirements; credit only for portion greater than that required by any applicable law</td>
<td>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</td>
</tr>
<tr>
<td><strong>Vehicle miles traveled (VMT) reduction</strong></td>
<td>No credit given</td>
<td>Can count toward petroleum reduction in the model year VMT is reduced</td>
</tr>
<tr>
<td><strong>Idle reduction</strong></td>
<td>No credit given</td>
<td>Counts toward petroleum reduction</td>
</tr>
<tr>
<td><strong>Truck stop electrification</strong></td>
<td>No credit given</td>
<td>For covered fleet only; no credit given for third party use</td>
</tr>
</tbody>
</table>
## Standard vs. Alternative Compliance

<table>
<thead>
<tr>
<th>Consideration</th>
<th>Standard Compliance (AFV Acquisitions)</th>
<th>Alternative Compliance (Petroleum Reduction)</th>
</tr>
</thead>
</table>
| Non-road vehicles | Not allowed                             | Fleets may count up to 25% of petroleum reduced from non-road vehicles if:  
  • 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  
  and  
  • Such refueling infrastructure allows for increased petroleum replacement by serving the fleet’s on-road LDVs |
# Standard vs. Alternative Compliance

## Exemptions

<table>
<thead>
<tr>
<th>Consideration</th>
<th>Standard Compliance (AFV Acquisitions)</th>
<th>Alternative Compliance (Petroleum Reduction)</th>
</tr>
</thead>
</table>
| Exemptions    | Given only if warranted on a case-by-case basis. Exemptions will be considered only if:  
- Alternative fuel or AFVs are unavailable in the fleet’s area  
  or  
- The additional costs of using AFVs pose an unreasonable financial hardship on the fleet  
Exemptions are good for only one year | Because alternative compliance offers a wide variety of technologies and methods to satisfy fleet petroleum reduction requirements, they are not allowed |
Why Consider Alternative Compliance?

• More flexibility in complying with regulatory requirements
• Use a variety of vehicles that AC does cover
• Want credit for fleet management practices and/or technologies already implemented in your fleet
  – Vehicle miles traveled (VMT) reductions
  – Alternative fuel use
  – Idle reduction
  – Biodiesel use (e.g., in blends lower than B20)
  – Hybrid electric vehicle (HEV) acquisitions
• Coordinating with existing local Clean Cities coalition activities
Why Consider Alternative Compliance?

If you’re seriously interested in …

• Deploying fuel-efficient technologies, such as hybrid vehicles
• Using alternative fuel
• Increasing the use of biodiesel without any limitations on credit availability
• Complying despite geographic limitations or air quality requirements that limit access to AFVs and/or refueling infrastructure
• Receiving credits for alternative fuel use in medium- and heavy-duty vehicles
• Receiving credit for complying with state or other requirements or calling for petroleum use reductions
• Any combination of the above considerations
Alternative Compliance Participation

**MY 2008**
- 25 filed Intent to Apply for Waiver
- 9 submitted waiver application (3 state entities)
- 9 approved

**MY 2009**
- 27 filed Intent to Apply for Waiver
- 13 submitted waiver application (3 state entities)
- All completed waiver applications approved
Alternative Compliance Participation Steps

- **Intent to Apply for a Waiver**
  - Due March 31 before the model year for which an Alternative Compliance waiver is sought

- **Waiver Application**
  - Due 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
How to File an Intent to Apply for a Waiver

There is only one way to submit an intent to apply for a waiver.

Submit online at: [www.eere.energy.gov/vehiclesandfuels/epact/state/acp_tool/waiver_app0.cgi](http://www.eere.energy.gov/vehiclesandfuels/epact/state/acp_tool/waiver_app0.cgi)

Information required includes:

- Company name
- Address
- Fleet ID number
- Name and title of responsible official
- Model year of the request
Waiver Application Procedure

Waiver Application

• Due no later than July 31 preceding the model year
• Applicable to the entire fleet for the full model year

Must include:

• Framework Information
  ✓ Alternative compliance vehicle (ACV) inventory

• Petroleum Reduction Plan
  ✓ A calculated petroleum reduction requirement for the alternative compliance model year
  ✓ Strategies for reducing petroleum consumption

• Clean Air Act (CAA) Certification of compliance with all applicable CAA vehicle emission standards
What Is an ACV Inventory?

Three components:

1. AFVs acquired in previous model years for compliance (minus retirements and any AFVs for surplus credit (beyond compliance))
2. AFVs planned to be acquired in the subject waiver model year
3. AFVs required to be acquired in previous waiver model years

Requires updating fleet’s ACV inventory before the beginning of the subject waiver model year
How Do I Update My Fleet’s ACV Inventory?

Update your ACV inventory online
www.eere.energy.gov/vehiclesandfuels/epact/state/acp_tool/view_acv.cgi

Online tool tracks fleet’s current and retired ACVs to ensure vehicle counts are accurate.

Alternative Compliance Vehicle Inventory
Enter the User Name and Password issued for Standard Compliance reporting and click the Log In button.

User Name: 
Password: 

Log In
Calculating Petroleum Reduction Requirements

- Determine the total number of vehicles in your ACV inventory

- Determine the average LDV fuel use
  - For average LDV fuel-use data, DOE will accept
    - Fuel-use data collected from covered LDVs
    - Fuel-use data extrapolated using actual mileage data and published fuel economy values
    - General fleet or industry statistics

Requirement =

\[
[(\text{# in ACV inventory}) \times (\text{avg. fuel use per covered LDV (GGE))}]\]
Alternative Compliance Planning Tool

DOE developed the Alternative Compliance Planning Tool
Assists fleets in calculating petroleum use reduction requirement and developing plans to achieve the requirement

www.eere.energy.gov/vehiclesandfuels/epact/state/acp_tool
Alternative Compliance Planning Tool Features

• **Technology Options**
  – Alternative Fuels
  – Hybrid Electric Vehicles
  – Fuel Blends
  – Onboard Idle Reduction
  – Vehicle Miles Traveled Reduction
  – Truck Stop Electrification
  – Fuel Economy
  – Idling Time Reduction

• **Automated Petroleum Reduction Calculations**

• **Graphical representation of petroleum use reduction requirement and how each technology strategy contributes**
Elements of a Waiver Request

• Information about the proposing fleet

• Model year for which the waiver is requested

• Petroleum reduction plan
  – Petroleum reduction requirement and how it was calculated
  – Details for each intended strategy
  – Petroleum reduction anticipated for each strategy

• Certification that the fleet meets all applicable Clean Air Act vehicle emission standards
  – One-page letter or statement
  – Signed by senior official from proposing fleet
Send in Your Waiver Request

Dana O’Hara
Regulatory Manager
U.S. Department of Energy
EE-2G/Forrestal Building
1000 Independence Ave., SW
Washington, DC 20585
DOE Timing on Applications

- Once DOE receives a 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 begins once DOE receives the additional information.
Annual Report

• By December 31 following the waiver model year, fleet submits to DOE an Annual Report.

• Annual Report must:
  – Certify the actual amount of petroleum fuel your fleet reduced during the alternative compliance model year
  – Explain how data were collected
  – Be printed on company or office letterhead and signed by a senior official

• If necessary, DOE may request additional documentation (such as purchase orders, receipts, and fuel use records) to supplement the annual report
If Petroleum Reduction Goals Are Not Met…

Previously Earned AFV-Acquisition Credits

• May be allowed where fleet acted in good faith to meet planned petroleum use reduction

• Written request documenting circumstances leading to shortfall to be submitted as part of Annual Report
Exceeding Petroleum Use Reduction Goals

• Roll Over of Excess Petroleum Reductions
  – Fleets that exceed requirements may roll over excess petroleum use reductions for use toward future shortfalls that occur due to circumstances beyond their control
  – In general, DOE will not allow fleets to apply roll-over amounts greater than 25% of their annual petroleum use reduction requirement

• How to Roll Over Excess Petroleum Reductions?
  – Must make a written request in Annual Report to set aside or bank the excess petroleum use reductions for future use
  – To use a portion of this rollover in the future, a written request to DOE is filed with the Annual Report in the shortfall model year
If You Are Not Granted a Waiver…

Appeals

- If denied a waiver, a fleet may appeal to DOE’s Office of Hearings and Appeals using procedures set forth in 10 CFR 490.204(h) and 490.308(g)

- Appeals must be filed within 30 days of notification that DOE rejected the waiver request
Maintaining Alternative Compliance Records

- Fleets granted Alternative Compliance waivers must keep three years of documentation to back up claims regarding petroleum reductions.

- Records include, but are not limited to, vehicle and fuel purchase receipts, inventory records, and vehicle retirement dates.
Resources

EPAct Web site: Guidance, Intent, Tools, Final Rule, Tutorial

Alternative Compliance Docket for Rulemaking

Dana O’Hara
– (202) 586-9171
– dana.o’hara@ee.doe.gov