Local Government and Private Fleet Workshop

U.S. Department of Energy Headquarters
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Unlike the previous two workshops, attendance was not limited to solely representatives from state and local governments. Attendees included representatives from states, city governments, Clean Cities coalitions, transit operators, alternative fuels associations, vehicle manufacturers, fleets/fleet associations, and fuel providers. In addition to fleet managers or policy decision-makers, several organizations sent their attorneys/lobbyists.

Options Presented

- Issue no requirements
- Issue a rule with requirements solely based upon EPAct section 507(g) - AFV acquisitions
- Issue a rule based on 507(g), but with an alternative compliance path which allows for credit toward requirements by either acquiring AFVs or using alternative fuel (Fleet Rewards Program)
- Issue a Replacement Fuel Rule requiring covered private and local government fleets to have certain percentages of their light-duty fuel use be replacement fuels, which include both alternative fuels and the non-petroleum portions of blended fuels
- Extend eligibility for generating credits from flexible programs (Fleet Rewards or Replacement Fuel) beyond covered private and local fleets, such as to State fleets, smaller fleets, or non-MSA-located fleets.
- Issue requirements for Transit Bus Fleets

Summary of Major Discussion Points

Overall Positions

- Most attendees felt that energy security is a critical 4concern, and that we must close the gap between domestic production and use. Alternative fuels can impact this.
- There was a wide divergence of opinion on regulations among the attendees compared to the previous two workshops, primarily due to the unrestricted attendance. While a number of attendees supported some form of regulatory action by DOE, several (primarily the attorneys/lobbyists) not only had a negative view of mandates, but also indicated that because of the substantial legal issues, virtually any mandate by DOE would be met with litigation.
- Of those who supported regulatory action, most seemed to support a Replacement Fuel Rule, with some indicating that the Fleet Rewards Program should be a fall-back position

if a Replacement Fuel Rule was not possible. The general interest was in developing something flexible that focused on fuel use, and the feeling was that vehicle acquisition programs do not result in alternative fuel use. Several specifically indicated that DOE must move forward with some regulatory action here, or else it would be sending a message that replacing petroleum is not important.

- Of those organizations opposed to regulatory action, most felt DOE should tell Congress that the tools provided under EPAct do not work, and therefore, a different approach is needed. Some also suggested voluntary programs. There was agreement by all attendees that, in general, more tools are needed to address energy security, which would have to be addressed through legislation.
- There was some interest in transit buses, but no real consensus.

Goals/Planning

- The Replacement Fuel goals discussed within sections 502 and 504 of EPAct are very important to determining what path to take. Several attendees indicated that more data and analysis were required in order to make decisions. Setting goals in the absence of this information was seen by several attendees as arbitrary.
- The need for an overall plan incorporating all regulatory and voluntary programs was clearly identified.
- It was suggested that a coordinated approach for implementation of programs between state, local, and Federal Government programs is very important. For example, many believed DOE should be working more closely with EPA.
- Environmental drivers for alternative fuels, while still seen as having near-term importance, are expected to diminish in the future as petroleum vehicle technologies become cleaner.
- Flexibility was seen as a key element of all programs.
- Several attendees specifically indicated that they were looking to DOE to display leadership in this area.
- There was a great deal of interest in DOE's overall schedule for action.

Barriers

- Overall barriers are still identified as vehicle incremental purchase costs, vehicle reliability and range, fuel costs, public/private education and awareness, and infrastructure.
- Concerning vehicle costs, several indicated that it might help if they could use the GSA buying schedule, or if purchases across fleet ownership lines were "bundled" to reduce costs through larger acquisitions.
- Attendees wanted DOE working closer with Original Equipment Manufacturers (OEMs) to ensure that AFVs meet the performance, range, reliability, and design demanded for fleets under these programs. For example, several fleet managers indicated that OEMs adding tanks in pickup beds to increase range was unacceptable, since it reduces pickup bed utility. R&D was also highlighted as a key need, especially since the OEMs are still

spending many times more on R&D to improve petroleum-fueled vehicles than AFVs.

- Within infrastructure, the key areas are refueling availability/reliability, trained technicians, maintenance facility costs, and ability to actually have vehicles maintained at a convenient facility.
- Several fleet managers indicated that their costs would rise if a rule went in place, not only to meet the vehicle or fuel acquisition requirements, but also for maintenance and to conduct planning and reporting.
- There was general agreement about the need for incentives to help offset the costs of moving toward alternative fuels, especially for infrastructure. Some felt incentives should be instead of mandates, while others felt incentives were useful in conjunction with mandates, and that there are successful examples of combined programs.

Communication/Outreach

- Education and outreach programs were seen as key activities, whether or not a rule is proposed. There is a major need to provide information to fleet operators and decision-makers.
- Education of training personnel is also now more complicated, due to computer-controlled vehicles.
- Most of the public does not understand the true impact of oil, and how their individual actions impact the Nation's energy security. They hear about supply issues, but not about DEMAND. Big trucks are not usually needed, but the OEMs are selling plenty with big profit margins. In addition, until they truly understand the issues, these same people are unlikely to support higher budgets (such as for Local Governments or incentives) to help AFV programs, and even less likely to support anything that changes the relative economics of oil and alternative fuels.

Regulatory Details/Issues

- Several attendees were interested in finding out if Private fleets could be separated from Local Government fleets, so that different requirements could be imposed on each.
- The issue of the relationship between a potential Private and Local Government Rule and the existing fleet regulations was brought up by several states, who would be interested in opting into a Replacement Fuel Rule or Fleet Rewards Program, if given the option.
- The subject of efficiency and its role under fleet programs drew differing opinions. Some felt that fleets should have a choice between efficiency and alternative fuels, especially to allow hybrids. Still others felt that efficiency was not addressed within Title V of EPAct, and therefore was outside of DOE's authority. Alternative fuels were seen as displacing more petroleum than efficiency, at least on a vehicle-per-vehicle basis.
- Enforcement of existing and future fleet programs was seen as an issue. For any regulations put in place, there must be a commitment to enforce them to ensure that the goals of those programs are being achieved.
- Flexibility in allowing multiple paths toward compliance is important.
- Reporting requirements need to be a simple as possible, to reduce the burdens on fleets.