



Alternative Compliance Tutorial

Module 1

Alternative Compliance Overview



- Ethanol
- Regular
- Super
- Premium
- Diesel
- Bio-Diesel
- Propane
- Natural Gas



Alternative Compliance Tutorial

There are five modules in this training package:

- **Module 1: Alternative Compliance Overview**
- Module 2: Submitting an Intent to Apply for a Waiver
- Module 3: Maintaining Your Alternative Compliance Vehicle Inventory
- Module 4: Assembling a Waiver Request
- Module 5: Completing an Annual Report

You are starting Module 1. When you are finished, please proceed to the next module for additional instructions on how to participate in the Alternative Compliance option.





Module 1: Alternative Compliance Overview

This module features an overview of the Alternative Compliance option. In this section you will learn the answers to the following questions:

- What is Alternative Compliance?
- Who should consider Alternative Compliance?
- What is the difference between Standard and Alternative Compliance?
- How do Standard and Alternative Compliance compare?
- How do fleets participate in Alternative Compliance?
- What if my fleet doesn't meet its petroleum reduction goal?
- What if my fleet exceeds its petroleum reduction goal?
- What are my options if my fleet isn't granted a waiver?
- How long should I hold on to my records?





What is Alternative Compliance?

Alternative Compliance is a new option available to state and alternative fuel provider fleets covered under the Energy Policy Act's (EPAct) Alternative Fuel Transportation Program (10 CFR 490). It allows fleets to reduce petroleum consumption in lieu of acquiring alternative fuel vehicles (AFVs) and using biodiesel blends and/or credits under the Standard Compliance requirements.

To participate in Alternative Compliance, fleets must apply for a waiver from the U.S. Department of Energy (DOE).

This process requires fleets to submit to DOE, in a timely manner, information that establishes petroleum reduction requirements and plans to meet those reductions.





Who should consider Alternative Compliance?

- Fleets interested in compliance based on the use of higher-efficiency technologies, such as hybrid vehicles
- Fleets that want to combine the use of hybrid vehicles with the use of alternative fuels in AFVs
- Fleets that due to geographic location and air quality requirements have limited access to light-duty AFVs and/or alternative fuel infrastructure
- Fleets that want to increase the use of biodiesel in excess of the 50% cap or receive credits for alternative fuel use in medium- and heavy-duty vehicles
- Fleets with state or other requirements or policies calling for petroleum reduction





What is the difference between Standard and Alternative Compliance?

Standard Compliance

This term refers to the AFV acquisition requirements placed on state (75% of covered light-duty vehicles, LDVs) and alternative fuel provider (90% of covered LDVs) fleets under the EPA's Alternative Fuel Transportation Program. Standard Compliance requirements have been in place since model year (MY) 1997, and this was the only way fleets could comply through MY 2007.

Alternative Compliance

This new option offers covered state and alternative fuel provider fleets the choice of obtaining a waiver from the AFV acquisition requirements of Standard Compliance by implementing petroleum reduction measures in their vehicles.





How do Standard and Alternative Compliance compare?

Vehicle Technologies

Technology	Standard Compliance (AFV Acquisition)	Alternative Compliance (Petroleum Reduction)
Hybrid electric vehicles (or other energy-efficient conventional fuel technologies)	No credit given	Petroleum reduction from hybrids or other fuel-efficient conventional vehicle technologies counts toward petroleum reduction in the model year efficiencies occur
Medium- and heavy-duty AFVs	Credit given only after requirement is met with LDVs	Credit granted for alternative fuel use on gasoline gallon equivalent (GGE) basis
Light-duty AFVs	One credit per AFV given	Credit granted for alternative fuel use on GGE basis





How do Standard and Alternative Compliance compare?

Petroleum Reduction Methods

Method	Standard Compliance (AFV Acquisition)	Alternative Compliance (Petroleum Reduction)
Biodiesel blends	One credit given for every 450 gallons of biodiesel in blends of B20 or higher; capped at 50% of annual requirements	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
Vehicle miles traveled (VMT) reduction	No credit given	Can count toward petroleum reduction in the model year VMT is reduced
Idle reduction	No credit given	Counts toward petroleum reduction
Truck stop electrification	No credit given	For covered fleet only; no credit given for third-party use



How do Standard and Alternative Compliance compare?

Non-Road Vehicles

Consideration	Standard Compliance (AFV Acquisition)	Alternative Compliance (Petroleum Reduction)
Non-road vehicles	No credit given	<p>Fleets may meet up to 25% of their petroleum reduction requirements with non-road vehicles if:</p> <ul style="list-style-type: none"> • 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

→ For more information on non-road vehicles, see p. 8 of the Guidance. 9





How do Standard and Alternative Compliance compare?

Exemptions

Consideration	Standard Compliance (AFV Acquisitions)	Alternative Compliance (Petroleum Reduction)
Exemptions	<p>Given only if warranted on a case-by-case basis. Exemptions will be considered only if:</p> <ul style="list-style-type: none">• Alternative fuel or AFVs are unavailable in the fleet's areaor• The additional costs of using AFVs pose an unreasonable financial hardship on the fleet (state fleets only) <p>Exemptions are good for only one year</p>	<p>Not allowed. Because Alternative Compliance offers a wide variety of technologies and methods to satisfy fleet petroleum reduction requirements, they are not allowed</p>

→ For more information on exemptions, see p. 11 of the Guidance.





How do fleets participate in Alternative Compliance?

To participate in Alternative Compliance, you must submit the following three components:

Intent to Apply for a Waiver

- Due March 31 before the model year for which an Alternative Compliance waiver is sought
- For details on how to submit an intent, go to [Module 2](#)

Waiver Request

- Due June 30 or July 31 before the model year for which an Alternative Compliance waiver is sought
- For details on the waiver request, go to [Module 4](#)

Annual Report

- Due December 31 following the Alternative Compliance waiver year
- For details on the annual report, go to [Module 5](#)





Intent to Apply for a Waiver

An intent to apply for a waiver informs DOE of your interest in participating in the Alternative Compliance option. It is due to DOE by March 31 preceding the model year for which the waiver is being requested. For example, if you are seeking a waiver for MY 2009, an intent to apply for a waiver is due to DOE no later than March 31, 2008.

DOE will only accept intents as electronic submissions through:
www.eere.energy.gov/vehiclesandfuels/epact/state/acp_tool/waiver_app0.cgi

→ For more information, go to:
[Module 2: Submitting an Intent to Apply for a Waiver.](#)





Waiver Request Procedure

The waiver request serves as an application to participate in the Alternative Compliance option. The waiver request must be applicable to your entire fleet for the full model year and include:

- Your fleet's alternative compliance vehicle (ACV) inventory
- The calculated total petroleum reduction requirement, which is the ACV inventory multiplied by the average per vehicle fuel use in your fleet's LDVs
- A detailed plan of the measures your fleet intends to take to reduce petroleum consumption, including projected results from each measure
- Certification by a senior official that your fleet is in compliance with all applicable vehicle emission standards established by the Clean Air Act

➔ *For more information on the waiver request procedure, go to Module 4: Assembling a Waiver Request.*





Waiver Request Procedure

Waiver requests are due to DOE no later than June 30 or July 31 before the model year for which a waiver is being requested.

June 30	July 31
If the waiver request <i>is not</i> dependent on the availability of new model year vehicles from auto manufacturers	If the waiver request <i>is</i> dependent on availability of new model year vehicles from auto manufacturers

→ For more information on the waiver request procedure, go to [Module 4: Assembling a Waiver Request](#).





Annual Report

By December 31 following the waived model year, you must submit an annual report to DOE. This report must:

- Certify the actual amount of petroleum fuel your fleet reduced during the Alternative Compliance model year
- Explain how the data were collected

➔ *For more information on the annual report, go to [Module 5: Completing an Annual Report.](#)*





What if my fleet doesn't meet its petroleum reduction goal?

Use of Previously Earned Subpart F Credits

Subpart F credits are those that are banked or purchased under the Standard Compliance requirements. DOE will allow use of these credits in cases where fleets acted in good faith to meet their planned petroleum reduction but encountered a petroleum reduction shortfall.

To use Subpart F credits, fleets must submit a written request as part of your fleet's annual report after the end of the Alternative Compliance model year. This request must document the circumstances that led to the shortfall.

If needed, DOE may ask for more information before granting approval. It will use the fleet's annual fuel-use-per-vehicle data to calculate the number of credits needed (e.g., a fleet using 500 GGE per year per covered LDV and is 5,000 gallons short would use 10 credits).

→ For more information, see p. 10 of the Guidance.





What if my fleet exceeds its petroleum reduction goal?

Roll over of Excess Petroleum Reductions

Under Alternative Compliance, fleets that exceed their petroleum reduction requirements can roll over excess petroleum reductions for use toward future shortfalls due to circumstances beyond their control (e.g., technology failures, excessive vehicle delivery delays, weather-related disasters, emergencies).

In general, DOE will not allow fleets to meet more than 25% of their annual petroleum reduction requirements through the application of roll-over amounts unless they demonstrate they had no other available options for achieving their requirements.

To apply roll-over amounts for a shortfall, you must make a written request to DOE as part of your fleet's annual report after the end of the Alternative Compliance model year.

➔ For more information, see p. 11 of the [Guidance](#).





What are my options if my fleet isn't granted a waiver?

Appeals

If your fleet's waiver request is rejected, you may appeal the decision to DOE's Office of Hearings and Appeals using procedures documented in 10 CFR 490.204(h) and 490.308(g).

Appeals must be filed within 30 days of notification that DOE rejected your waiver request.

If your fleet's waiver request is rejected and you choose not to appeal the decision, your fleet must comply with the Standard Compliance requirements during the upcoming model year.





How long should I hold on to my records?

Fleets granted Alternative Compliance waivers must keep documentation to verify petroleum reduction claims for three years after the end of the subject model year. The same three-year rule applies to fleets under the Standard Compliance requirements.

Records include, but are not limited to, documents such as vehicle and fuel purchase receipts, inventory records, and vehicle retirement dates.





Congratulations!

You have completed Module 1: Alternative Compliance Overview.

Please proceed to [Module 2: Submitting an Intent to Apply for a Waiver.](#)

