

EPAct Alternative Fuel Transportation Program

State and Alternative Fuel Provider Fleet Compliance Annual Report



Fleet Compliance Results for MY 2009/FY 2010

The U.S. Department of Energy (DOE) regulates covered state and alternative fuel provider (SFP) fleets under the Energy Policy Act of 1992 (EPAct). In model year (MY) 2009, the compliance rate for the 302¹ covered SFP fleets was 100% as of July 15, 2010. All fleets used either Standard Compliance or Alternative Compliance. The 293 fleets that used Standard Compliance exceeded their aggregate MY 2009 acquisition requirements by 51%. The nine covered fleets that used Alternative Compliance exceeded their aggregate MY 2009 petroleum-use-reduction requirements by 80%. Overall, DOE saw significant decreases from MY 2008 in biodiesel fuel use credits earned and in the number of light-duty vehicles (LDVs) acquired. Because covered fleets acquired fewer new vehicles overall in MY 2009, the requirement for alternative fuel vehicles (AFVs)², which is proportional to new acquisitions, also dropped.

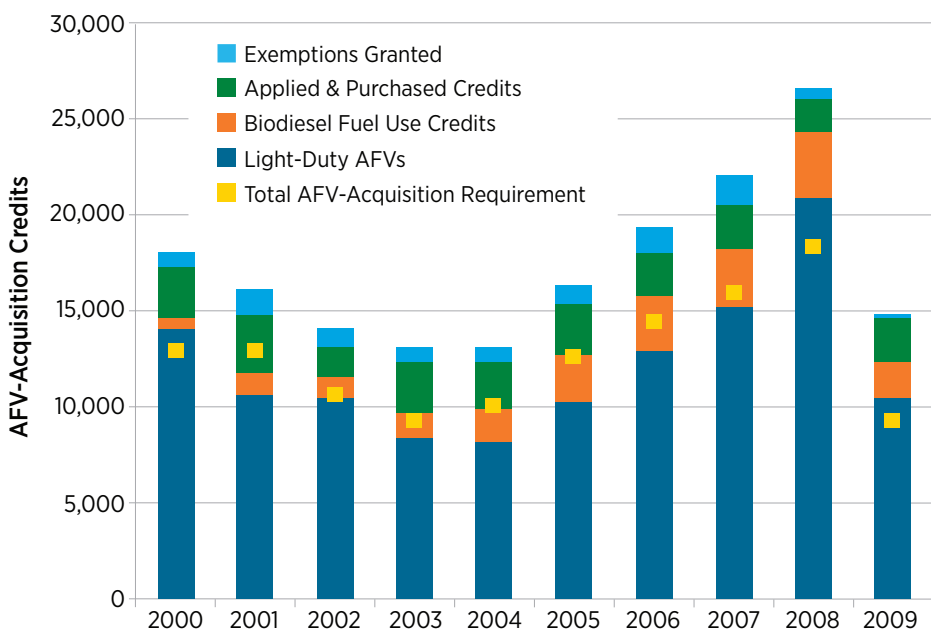
Standard Compliance

Covered SFP fleets operating under Standard Compliance (10 CFR Part 490, Subpart C or D) achieve compliance by acquiring alternative fuel vehicles (AFVs), purchasing biodiesel for use in medium- or heavy-duty vehicles, and/or applying banked credits earned previously or acquired from other covered fleets. In MY 2009, covered SFP fleets earned a total of 14,440 AFV-acquisition credits. These 293 fleets:

- Acquired 10,351 AFVs
- Earned 1,895 biodiesel fuel use credits through the purchase of over 5.6 million gallons of pure biodiesel (B100)³
- Applied 1,734 banked credits.

As a whole, the fleets operating under Standard Compliance went beyond compliance, exceeding their compliance requirements by approximately 51%.

Standard Compliance Methods



¹ Some reporting entities represent one agency or business; others constitute fleet operations for an entire company or state.

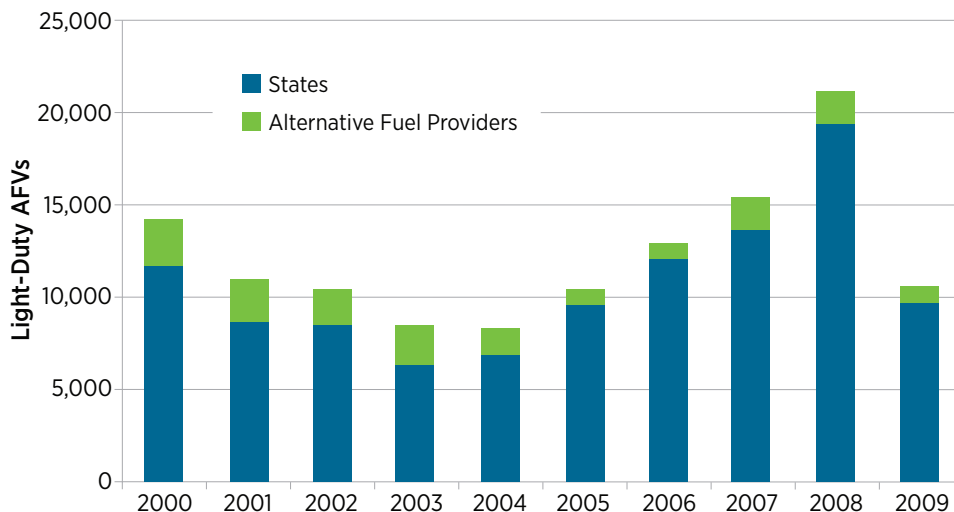
² AFVs include any dedicated, flexible-fuel, or dual-fuel vehicle designed to operate on at least one alternative fuel. These fuels are defined or designated as alternative fuels: methanol, denatured ethanol, and other alcohols; blends of 85% or more of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; natural gas and liquid fuels domestically produced from natural gas; liquefied petroleum gas (propane); coal-derived liquid fuels; hydrogen; electricity; biodiesel (B100); fuels (other than alcohol) derived from biological materials; P-Series fuels.

³ The credits awarded for biodiesel purchase and use do not necessarily reflect the total amount of biodiesel purchased because each fleet may apply its biodiesel use to meet no more than 50% of its annual AFV-acquisition requirement.

Vehicle Acquisitions

Acquiring AFVs is typically how covered fleets comply. Under Standard Compliance, 75% of covered LDVs that state fleets acquire must be AFVs while 90% of covered LDVs that alternative fuel providers acquire must be AFVs. AFV-acquisition requirements are determined by multiplying a fleet's number of newly acquired, non-excluded LDVs by the applicable percentages. In MY 2009, the number of covered-fleet light-duty AFV acquisitions was 10,351, a nearly 50% decrease from the previous year. Flexible-fuel vehicles accounted for nearly 98% of these acquired LDVs.

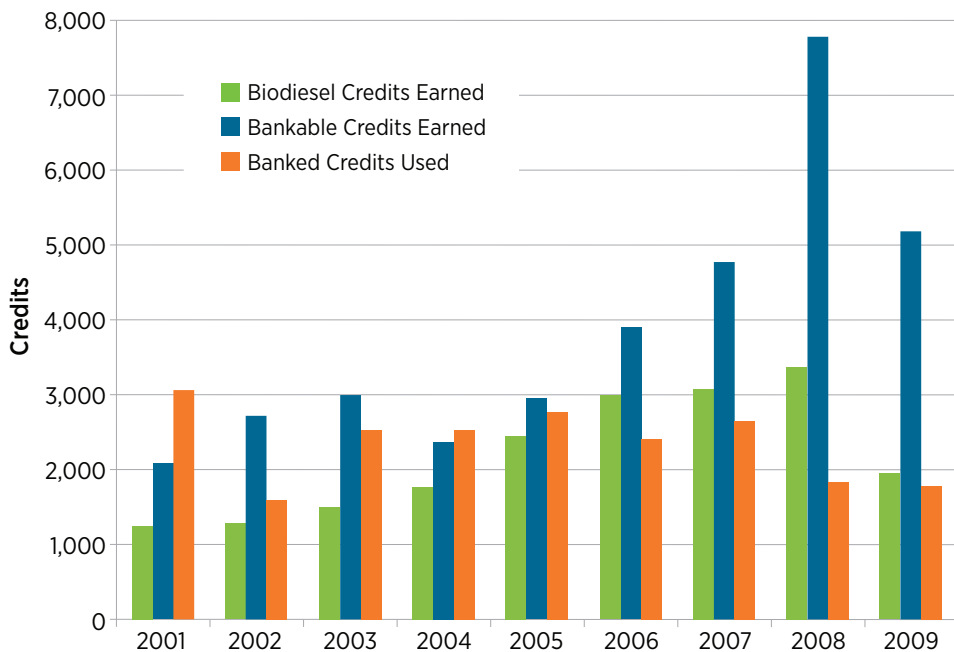
Light-Duty AFV Acquisitions



Credit Use and Acquisition

Covered fleets earn bankable credits by acquiring more AFVs than are required in a given MY. These fleets may then use these credits to address future AFV-acquisition requirements, or they may sell the credits to fleets that have acquired an insufficient number of AFVs. In MY 2009, fleets exceeded their AFV requirements and earned 5,132 credits. Fleets also used 1,734 banked credits to comply with EPAAct—a slight decrease from MY 2008. There were 32 transactions between regulated entities involving the transfer of 496 banked credits, which could be used to help fleets meet their AFV-acquisition requirements. The number of credits exchanged in MY 2009 decreased by 54% compared with MY 2008 (1,097 credits) even though the number of transactions actually increased slightly in MY 2009 (32) over MY 2008 (30).

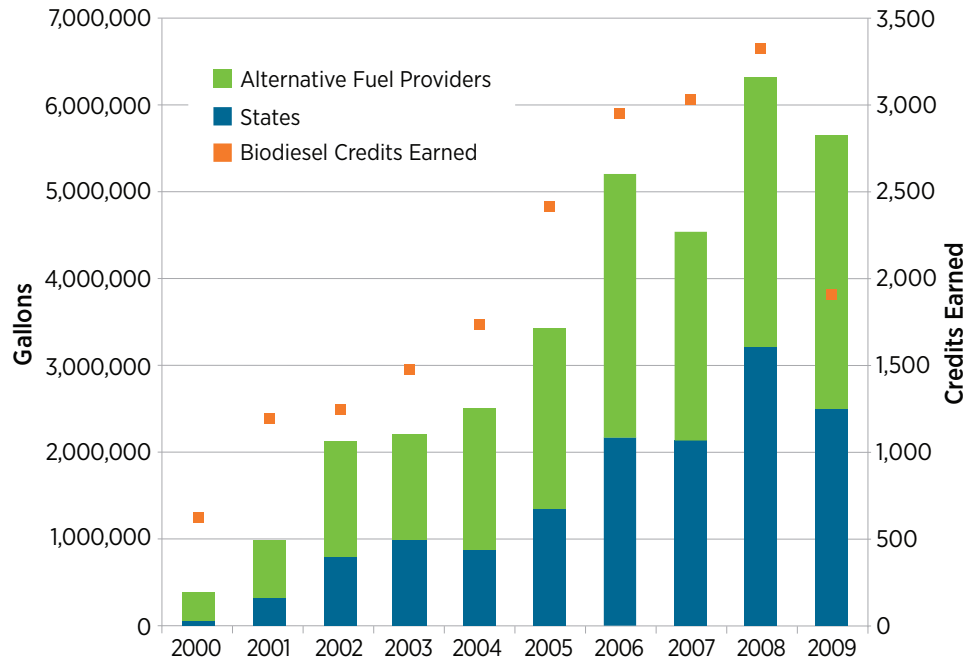
Annual Credits Earned and Used



Biodiesel Fuel Use

Fleets may earn one biodiesel fuel use credit for each 450 gallons of pure biodiesel (B100) or one biodiesel fuel use credit for every 2,250 gallons of 20% biodiesel blends (B20)⁴ they purchase for use (10 CFR sections 490.701-702). In MY 2009, covered fleets reported using over 5.6 million gallons of B100 in B20 blends, allowing covered fleets to earn a total of 1,895 biodiesel fuel use credits. The credits awarded likely do not reflect the total amount of biodiesel purchased because each fleet may apply its biodiesel use only to meet no more than 50% of its annual AFV-acquisition requirement.

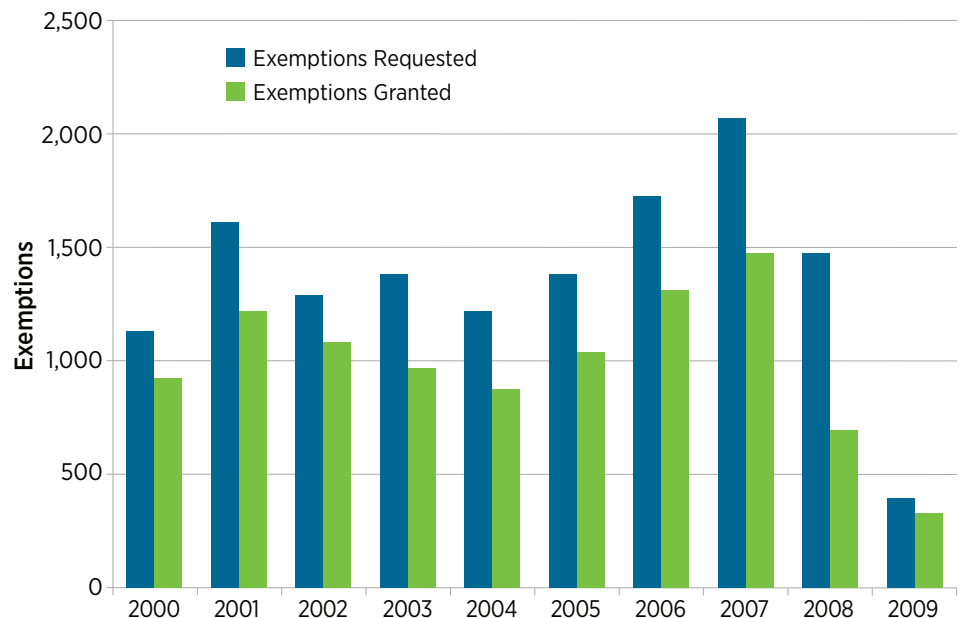
Annual Biodiesel (B100) Use and Biodiesel Credits Earned



Exemptions

Overall, granted exemptions⁵ represented 2% of fleet compliance credit activity in MY 2009. Fleets received 300 vehicle exemptions—a decrease of 54% from the 665 exemptions granted in MY 2008. In MY 2009, only 15 fleets requested exemptions, a significant decrease from MY 2008 when 33 fleets requested exemptions. A more significant decrease in MY 2009 occurred in the number of exemptions requested (368) compared with the number of exemptions requested in MY 2008 (1,424). The decrease is likely due to the fact that fewer LDVs were acquired overall, and as a result, there was less of a need for exemptions.

Annual Number of Exemptions Requested and Exemptions Granted



⁴ For more information on how biodiesel fuel use credits are calculated, read "Earning Biodiesel Fuel Use Credits Under Standard Compliance" on the EPA's Web site at www.eere.energy.gov/vehiclesandfuels/epact/pdfs/biodiesel_guidance.pdf.

⁵ Exemptions are detailed in "Exemption Requests under the EPA's State & Fuel Provider Fleet Program; 10 C.F.R. §§ 490.308 and 490.204," which is available on the EPA's Web site at www.eere.energy.gov/vehiclesandfuels/epact/pdfs/exemption_guide.pdf.

Alternative Compliance

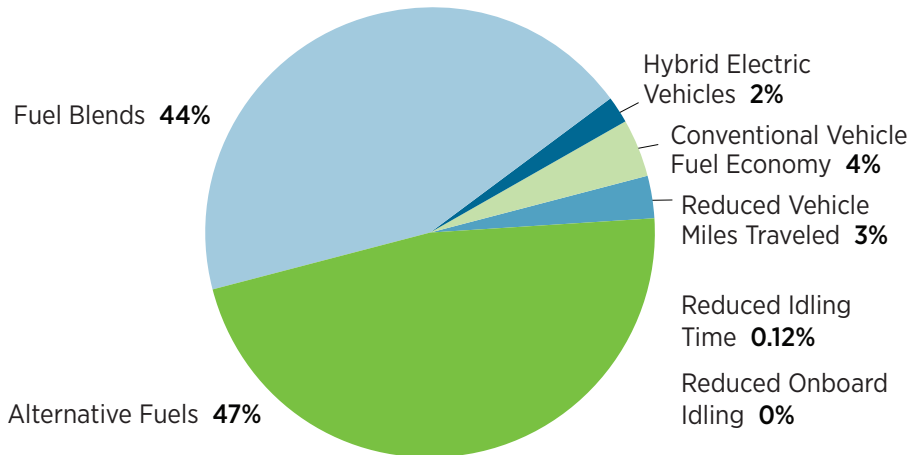
MY 2009 marked the second year for covered SFP fleets to participate in DOE's Alternative Compliance option to comply with their EPAAct requirements. EPAAct 2005 established Alternative Compliance, and the option was put in place by final rulemaking in March 2007 for initial application in MY 2008. Under Alternative Compliance, fleets may employ petroleum-reduction measures in lieu of acquiring AFVs under Standard Compliance. Examples of these petroleum-reduction measures are included in the pie chart to the right. Fleets must obtain a waiver from DOE for the upcoming model year (in this case, MY 2010). To receive a waiver, fleets must submit to DOE an intent to apply for a waiver from Standard Compliance. Then they must file an official waiver application that includes a plan showing how they intend to reduce their fleet's petroleum consumption.

Plans and Achievements in MY 2009

In MY 2008, DOE approved waiver applications for 11 fleets to participate in Alternative Compliance for MY 2009. Nine of the eleven fleets were able to meet their required fuel reductions for MY 2009. The nine fleets' total required petroleum-use reduction for MY 2009 was 1,349,203 gasoline gallon equivalents (GGE). Their total planned petroleum-consumption reduction was more than 2.4 million GGE, and in the aggregate, the nine fleets reduced petroleum consumption by 2,427,494 GGE. The nine fleets achieved this amount of reduction and met their petroleum-consumption reduction goals by:

- Using alternative fuels (46.6% petroleum reduction achieved)
- Using biodiesel blends (43.9% petroleum reduction achieved)
- Acquiring and using hybrid electric vehicles (1.7% petroleum reduction achieved)

Percent of Petroleum Reductions Achieved by AC Strategy Employed in MY 2009



- Employing fuel economy measures in conventional vehicles (4.3% petroleum reduction achieved)
- Reducing vehicle miles traveled (3.4% petroleum reduction achieved)
- Limiting engine idling time (0.1 % petroleum reduction achieved).

Notices of Intent

In MY 2009, DOE received 38 notices of intent to apply for a waiver from Standard Compliance for MY 2010. This is 11 more notices of intent than were received in MY 2008 for MY 2009 compliance. This apparent increase in interest in Alternative Compliance is promising given that MY 2009 was only the third time covered SFP fleets had an opportunity to express interest in complying under Alternative Compliance.

Conclusion

In MY 2009, covered fleets successfully met their Standard Compliance requirements. Their efforts included acquiring 10,351 AFVs and consuming

over 5.6 million gallons of pure biodiesel (B100). The nine fleets operating under Alternative Compliance reduced petroleum consumption by more than 2.4 million GGE. All fleets have filed their annual reports, and all fleets are currently in credit compliance.

What Is EPAAct?

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

For more information, visit www.eere.energy.gov/vehiclesandfuels/epact or contact the Regulatory Information Line at 202-586-9171 or regulatory.info@nrel.gov.

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