

EPAct Alternative
Fuel Transportation
Program



State and Alternative Fuel Provider Fleet Compliance Annual Report

Fleet Compliance Results for MY 2013/FY 2014

The U.S. Department of Energy (DOE) regulates covered state government and alternative fuel provider (SFP) fleets under the Alternative Fuel Transportation Program, pursuant to the Energy Policy Act of 1992 (EPAct), as amended. For model year (MY) 2013, the compliance rate with this program for the more than 296¹ covered SFP fleets was 100%. Fleets used either Standard Compliance or Alternative Compliance. The more than 286 fleets that used Standard Compliance exceeded their aggregate MY 2013 acquisition requirements by 6% through acquisitions alone. The 10 covered fleets that complied using Alternative Compliance exceeded their aggregate MY 2013 petroleum-use reduction requirements by 43%. Overall, DOE saw an increase from MY 2012 in total biodiesel fuel use reported of more than 1.5 million gallons of biodiesel (B100), and a concomitant increase in the number of biodiesel fuel-use credits earned. In addition, nearly 7.7 million gallons of B100 were reported in MY 2013, the highest biodiesel use reported in recent years. The second-highest numbers ever reported of both light-duty (LD) alternative fuel vehicles (AFVs) acquired² and AFVs acquired across all categories

were also reported. Compared to recent model years, these rates suggest a continuing increase in the number of AFVs that covered fleets are acquiring and a surge in biodiesel purchase and use.

Standard Compliance

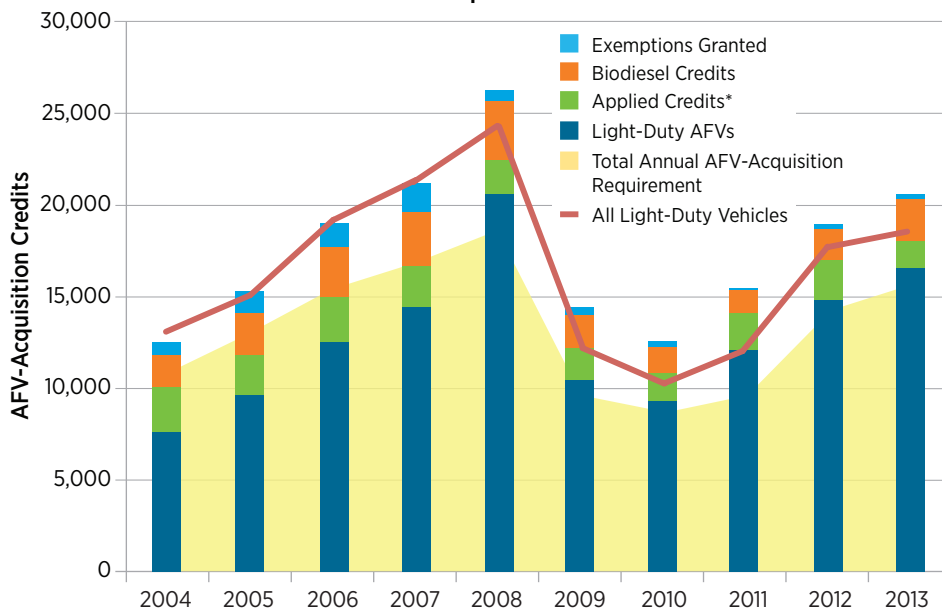
Covered SFP fleets operating under Standard Compliance (10 CFR Part 490, Subpart C or D) achieve compliance by acquiring AFVs, purchasing biodiesel for use in medium- or heavy-duty (MD/HD) vehicles, and/or applying banked credits earned previously or acquired from other covered fleets. In MY 2013, the more than 286 fleets that used Standard Compliance:

- Acquired 16,983 LD AFVs
- Earned 2,316 biodiesel fuel-use credits through the purchase of just less than 7.7 million gallons of B100
- Applied 1,427 banked credits.

In addition, these SFP fleets earned a total of 9,727 bankable AFV credits.

As a whole, the fleets operating under Standard Compliance went beyond compliance, exceeding their AFV-acquisition requirements (15,998) by approximately 31%.

Standard Compliance Methods



*Applied credits may be either credits previously banked by the fleet or credits purchased from another fleet.

¹ Some reporting entities represent one agency or business; others represent the fleet operations of multiple entities (e.g., a state or company that reports on behalf of all covered state agencies or subsidiaries).

² AFVs include any dedicated or dual fueled vehicle (i.e., any vehicle that operates solely on or is capable of operating on at least one alternative fuel). The following fuels are defined or designated as alternative fuels: methanol, denatured ethanol, and other alcohols; blends of 85% or more of alcohol with gasoline; natural gas and liquid fuels domestically produced from natural gas; liquefied petroleum gas (propane); coal-derived liquid fuels; hydrogen; electricity; fuels (other than alcohol) derived from biological materials (including B100); and three P-series fuels.

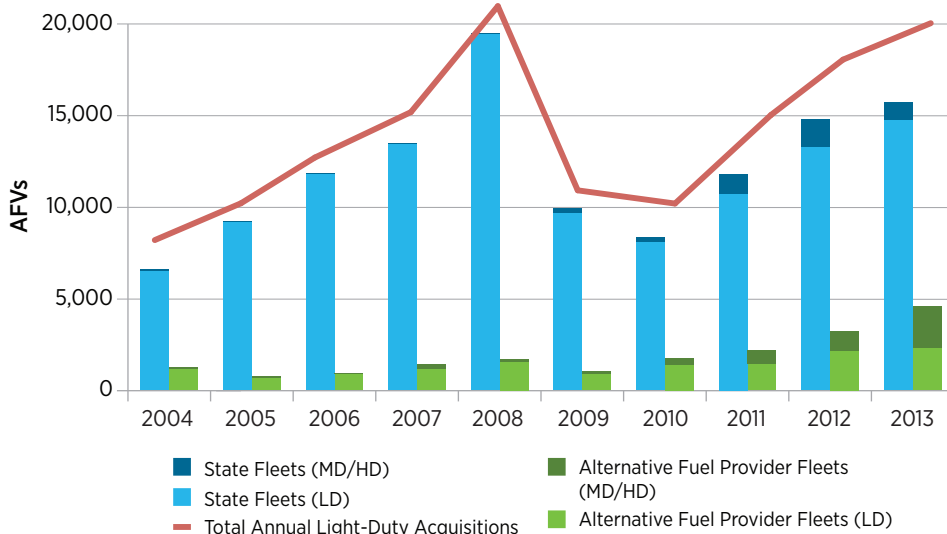
Vehicle Acquisitions

Acquiring AFVs is typically how covered fleets comply. Under Standard Compliance, 75% of the non-excluded light-duty vehicles (LDVs) that state fleets acquire must be AFVs, while 90%

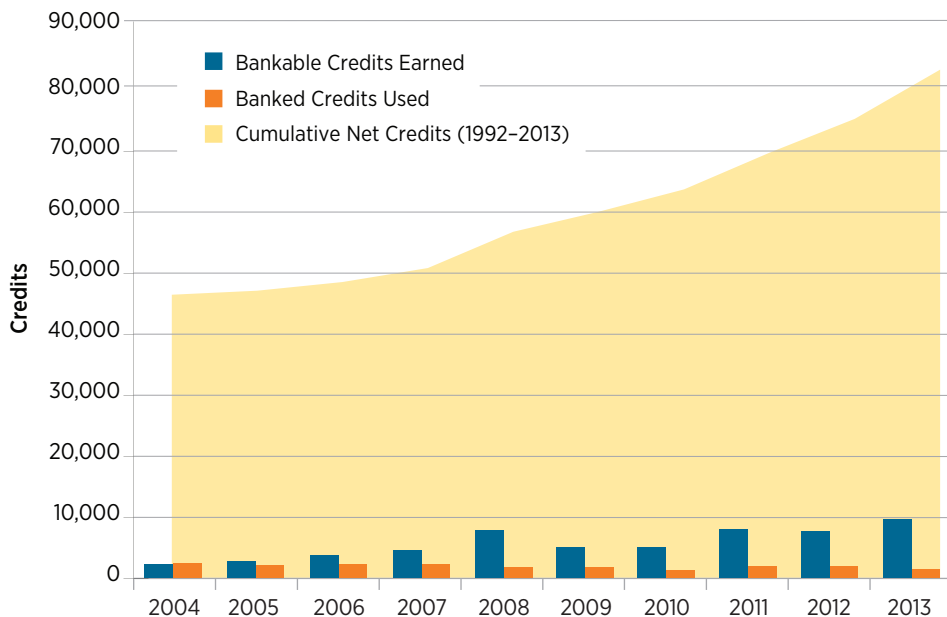
of the non-excluded LDVs that alternative fuel provider fleets acquire must be AFVs. AFV-acquisition requirements are determined by multiplying a fleet's number of newly acquired,

non-excluded LDVs by the applicable percentages. In MY 2013, the number of LD AFV acquisitions by covered fleets was 16,983, a significant jump above the number in MY 2012 (15,244) and the second-highest annual total over the life of the program. In addition, once covered fleets have achieved compliance, they may earn bankable credits for any medium-duty (MD) and/or heavy-duty (HD) vehicles they acquire. In MY 2013, covered fleets earned 3,611 credits for the acquisition of MD/HD vehicles. In total, fleets acquired 20,594 AFVs of all size categories. Flexible-fuel vehicles accounted for more than 93% of these acquired AFVs.

Creditable Vehicle Acquisitions



Annual Credits Earned and Used



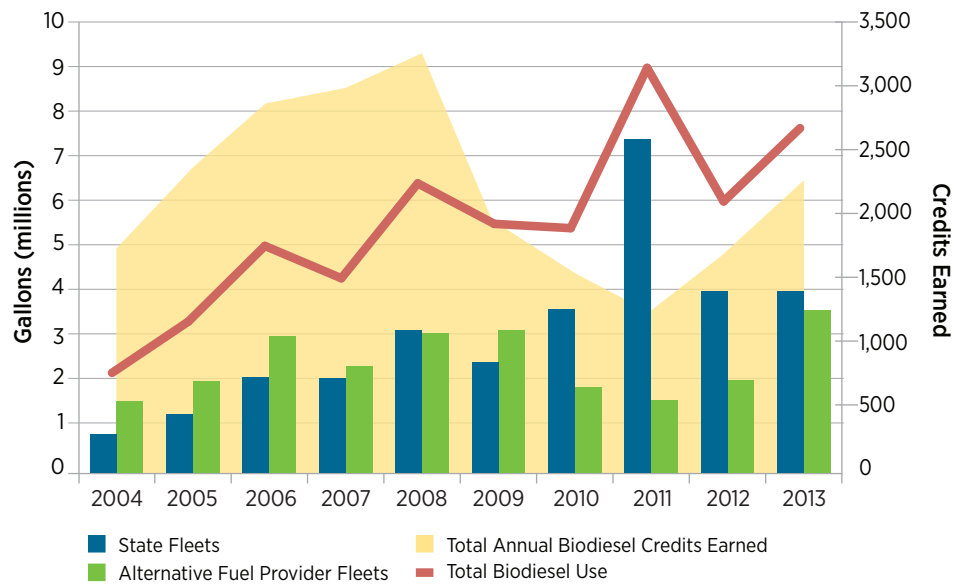
Credit Use and Acquisition

Covered fleets earn bankable credits by acquiring more AFVs than are required in a given model year. 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 a particular model year. In MY 2013, fleets exceeded their AFV-acquisition requirements and earned 9,727 credits for future use. Fleets also used 1,427 banked credits to comply with EPAAct—a decrease from the number of credits applied in MY 2012, when fleets used 1,996 banked credits. There were 26 transactions between covered fleets involving the transfer of 1,154 banked credits. The number of credits exchanged in MY 2012 was 849, fewer than in MY 2013, and the number of transactions increased by a few in MY 2013 compared to MY 2012 (26 and 23, respectively).

Biodiesel Fuel Use

Covered SFP fleets may earn one biodiesel fuel-use credit for every 450 gallons of B100 or one biodiesel fuel-use credit for every 2,250 gallons of 20% biodiesel blends (B20)³ they purchase for use in MD/HD vehicles (10 CFR sections 490.701-702). In MY 2013, covered fleets reported using just under 7.7 million gallons of B100 in B20 or higher blends, thus allowing these fleets to earn a total of 2,316 biodiesel fuel-use credits. The credits awarded likely do not reflect the total amount of biodiesel purchased because each fleet may apply biodiesel fuel-use credits to meet no more than 50% of its annual AFV-acquisition requirements. It is likely some fleets are reporting only that amount of biodiesel that will earn them those credits, rather than reporting all of their biodiesel use.

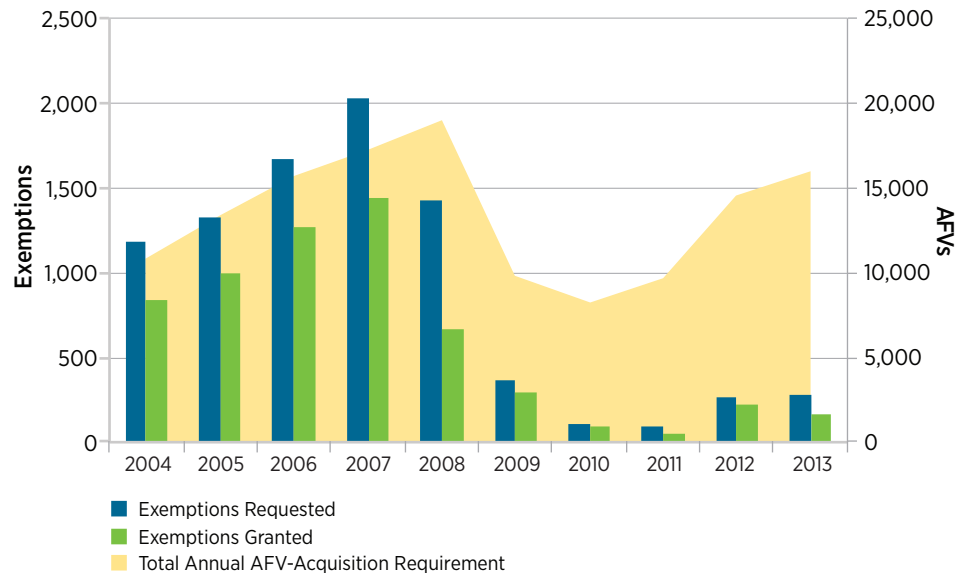
Annual Biodiesel (B100) Use and Biodiesel Credits Earned



Exemptions

Overall, granted exemptions⁴ represented less than 1.1% (total number of exemptions granted/total AFV-acquisition requirements) of covered fleets' compliance credit activity in MY 2013. SFP fleets received 164 vehicle exemptions—the highest number over the prior 3 years but the third lowest total recorded for the program. In MY 2013, only one fleet sought exemptions, the lowest total over the course of the program, continuing the trend that began in MY 2008 of a reduced number of fleets seeking exemptions annually. MY 2008 was the peak year for fleets seeking exemptions, when 44 fleets filed for exemptions. While MY 2013 had more total exemption requests (280 vehicles) than in any model year since 2009, this total number of requested vehicle exemptions is still significantly lower than in other program model years. The general trend for exemptions remains downward—in MY 2011, the number of vehicle exemptions requested/granted (87/46) declined from the number requested in MY 2010 (114/88), MY 2009 (368/300),

Annual Exemptions Requested and Granted Compared to Total AFV-Acquisition Requirement



³ Learn more about calculating biodiesel fuel-use credits at eere.energy.gov/vehiclesandfuels/epact/biodiesel.html.

⁴ Exemptions are detailed on the EPA website at eere.energy.gov/vehiclesandfuels/epact/exemptions.html.

and MY 2008 (1,424/665). For MY 2013, the number of vehicle exemptions requested/granted (280/166) was the program's fourth lowest since 2000, making the program average 999 following MY 2013, down from 1,054 at the conclusion of MY 2012.

Alternative Compliance

MY 2013 marked the sixth year that covered SFP fleets could opt to participate in DOE's Alternative Compliance option in lieu of complying with EPA's Act via Standard Compliance. EPA's 2005 established Alternative Compliance, and the option was put in place by DOE's final rulemaking in March 2007 for initial application in MY 2008. Under Alternative Compliance, fleets employ petroleum-reduction measures in lieu of acquiring AFVs under Standard

Compliance. Examples of these petroleum-reduction measures are included in the chart below. Fleets must obtain a waiver from DOE for the upcoming model year. To receive a waiver, fleets first must submit to DOE an intent to apply for a waiver, and then they must follow up that intent by filing a complete waiver application that includes a plan showing how they intend to reduce their fleets' petroleum consumption.

Plans and Achievements in MY 2013

DOE approved waiver applications for 10 fleets to participate in Alternative Compliance for MY 2013. All 10 of these fleets were able to meet their required petroleum fuel-use reductions for MY 2013. The 10 fleets' total required petroleum-use reduction for MY 2013 was 1,530,644 gasoline gallon

equivalents (GGE). Their total planned petroleum-consumption reduction was 2,016,502 GGE, and, in the aggregate, the 10 fleets exceeded the requirement, reducing their petroleum consumption as a group by 2,184,867 GGE. The 10 fleets achieved this amount of reduction and met their petroleum-consumption reduction goals by:

- Using alternative fuels (26% petroleum reduction achieved)
- Using biodiesel blends (69% petroleum reduction achieved)
- Limiting engine idling time (5% petroleum reduction achieved).

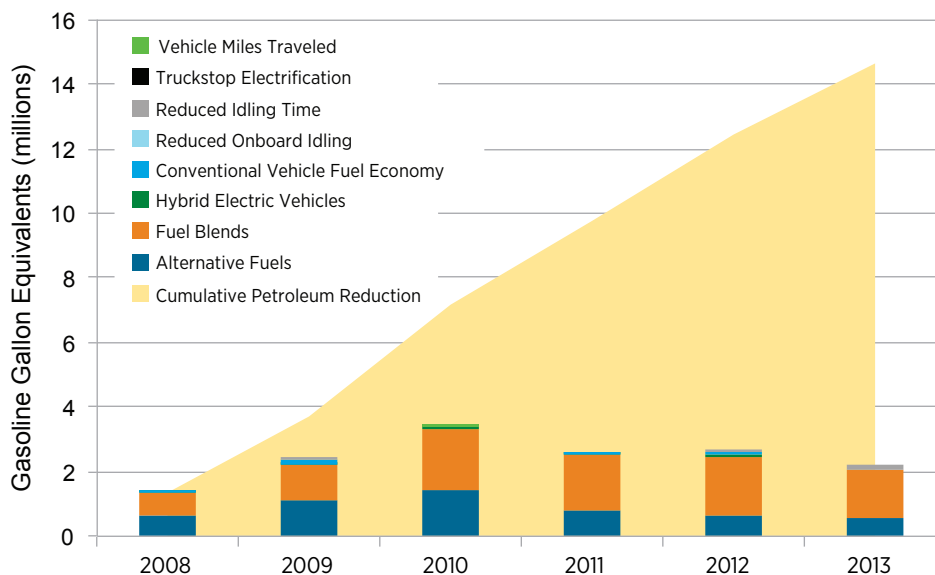
Notices of Intent

During MY 2013, DOE received 16 notices of intent to apply for a waiver from Standard Compliance for MY 2014. This is 10 fewer notices of intent than were received in MY 2012 for MY 2013 compliance.

Conclusion

In MY 2013, covered fleets successfully met their Standard Compliance requirements. Their efforts included acquiring 16,983 LD AFVs (20,594 when including MD/HD AFV acquisitions) and consuming nearly 7.7 million gallons of B100. The 10 fleets that operated under Alternative Compliance reduced their petroleum consumption by more than 2 million GGE. All covered SFP fleets filed annual reports for MY 2013, and all fleets were in compliance for that model year.

Petroleum Reductions Achieved by Alternative Compliance Strategy



What Is EPA's Act?

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

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

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