

**EPA Act Alternative
Fuel Transportation
Program**

**State and Alternative Fuel
Provider Fleet Compliance
Annual Report**



Fleet Compliance Results for MY 2008/FY 2009

The U.S. Department of Energy (DOE) regulates covered state and alternative fuel provider (SFP) fleets under the Energy Policy Act of 1992 (EPA Act). In model year (MY) 2008, the compliance rate for the 301¹ covered SFP fleets exceeded 99% as of July 1, 2009.² These fleets complied using either Standard Compliance or Alternative Compliance. The 295 fleets complying using Standard Compliance exceeded their MY 2008 acquisition requirements by 42%. The six covered fleets complying using Alternative Compliance exceeded their MY 2008 petroleum-use-reduction requirements by 73%. Overall, DOE saw increases in biodiesel credits earned and in the number of light-duty vehicles (LDVs) acquired.

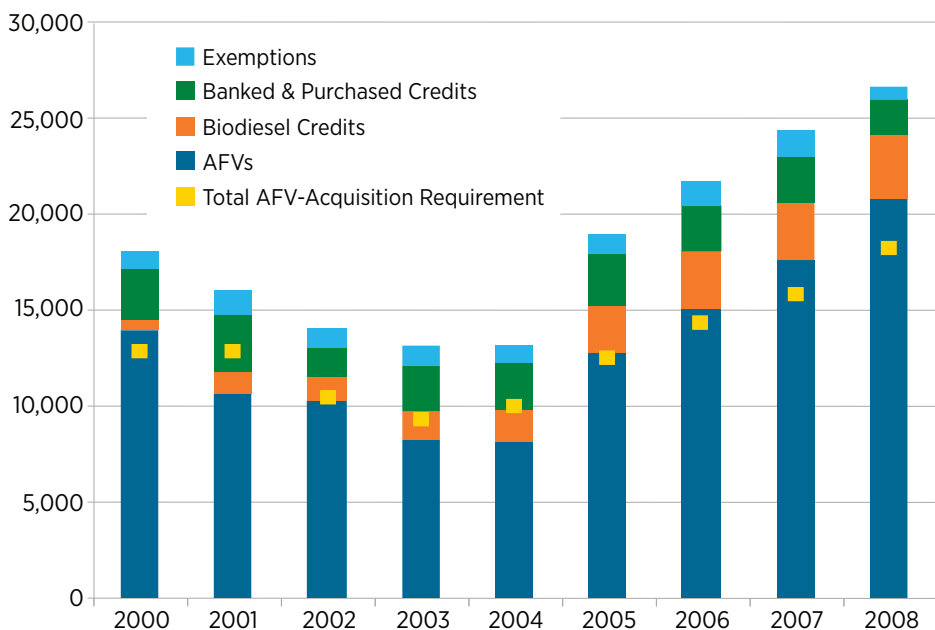
Standard Compliance

Covered SFP fleets operating under Standard Compliance (10 CFR Part 490) achieve compliance by acquiring AFVs and purchasing biodiesel for use as well as by applying banked credits earned previously or acquired from other covered fleets. In MY 2008, covered SFP fleets earned a total of 25,924 AFV-acquisition credits. These 295 fleets:

- Acquired 20,870 AFVs
- Earned 3,307 biodiesel credits through the purchase of 6.3 million gallons of pure biodiesel (B100)³
- Applied 1,747 credits.

As a whole, the fleets operating under Standard Compliance went beyond compliance, exceeding their compliance requirements by approximately 42%.

Standard Compliance Methods



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

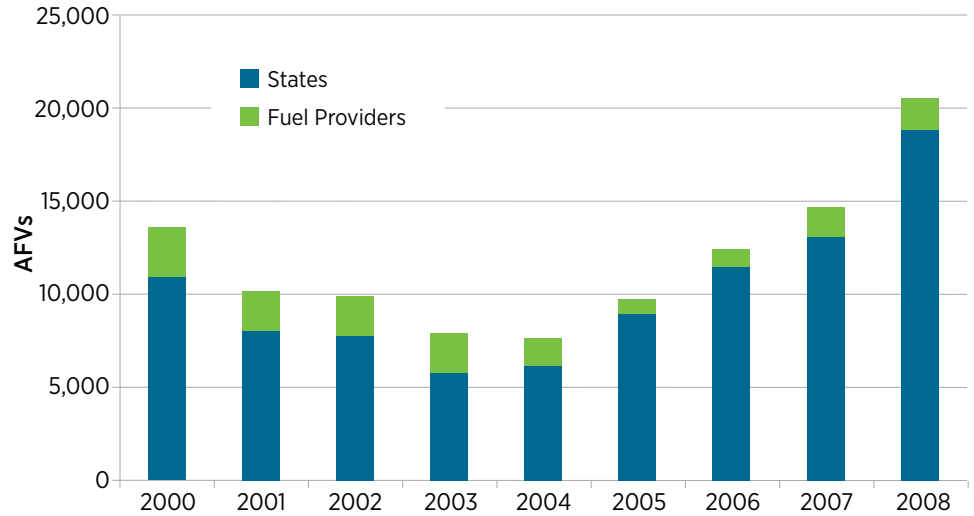
² All covered fleets are now in compliance for MY 2008.

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 only 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 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 2008, the number of covered-fleet AFV acquisitions was 20,870, a nearly 38% increase from the previous year. Flexible-fuel vehicles accounted for 97% of these acquired LDVs.

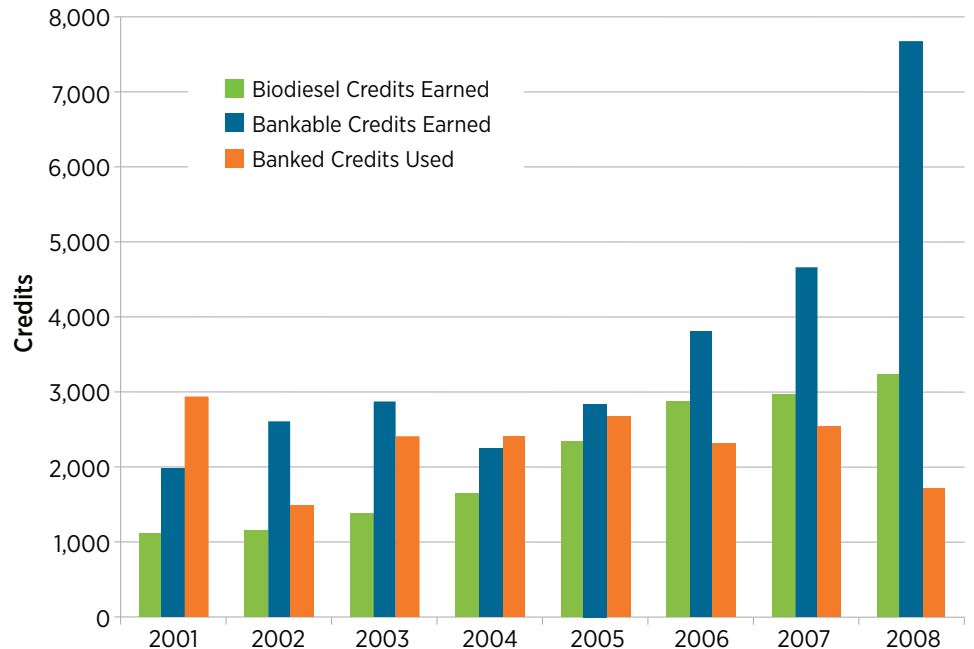
AFV Acquisition



Credit Use and Acquisition

Covered fleets earn bankable credits by acquiring more AFVs than required in a given MY. These fleets may then use these credits to address future AFV-acquisition requirements or may sell them to fleets that have acquired an insufficient number of AFVs. In MY 2008, fleets exceeded their AFV-acquisition requirements and earned 7,677 credits. Fleets also used 1,747 banked credits to comply with EPA's Act—a 25% decrease from MY 2007. Twenty-eight fleets acquired banked credits from other fleets to help them meet their AFV-acquisition requirements. In all, fleets acquired 1,097 credits in MY 2008 compared to 1,574 in MY 2007—down 30%.

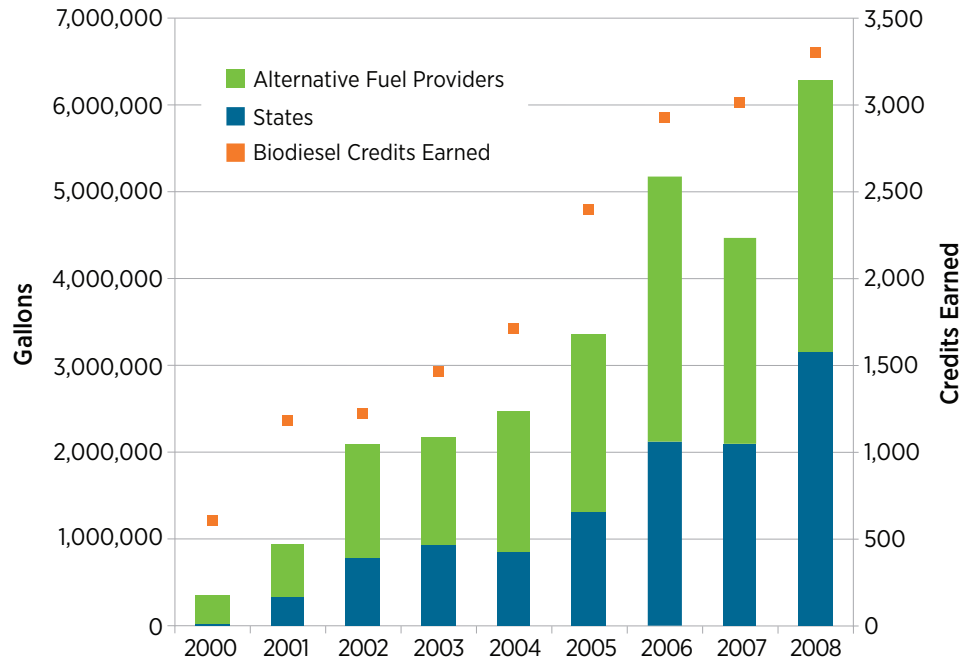
Annual Credits Earned and Used



Biodiesel Fuel Use

Fleets may earn one credit for each 450 gallons of pure biodiesel (B100) or one credit for every 2,250 gallons of 20% biodiesel blends (B20)⁴ (10 CFR 490.701-702) they purchase for use. In MY 2008, covered fleets reported using approximately 6.3 million gallons of B100 in B20 blends, allowing covered fleets to earn a total of 3,307 biodiesel credits. The credits awarded likely do not reflect the total amount of biodiesel purchased because each fleet may apply its biodiesel use to meet only 50% of its annual AFV-acquisition requirement.

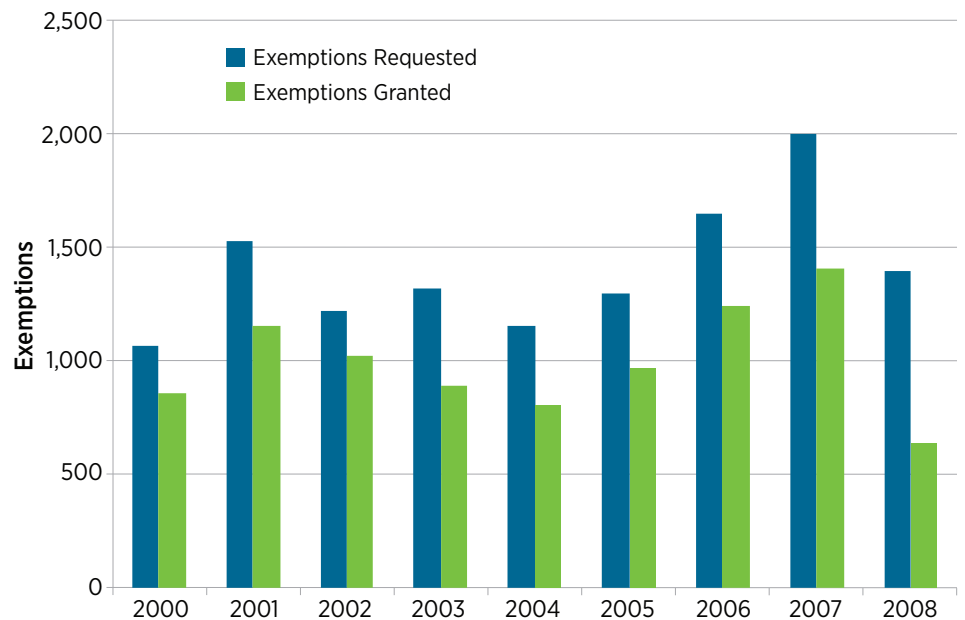
Annual Biodiesel (B100) Use and Biodiesel Credits Earned



Exemptions

Overall, exemptions⁵ represented less than 3% of fleet activity in MY 2008. Fleets received 632 vehicle exemptions—a decrease of 56% from the 1,421 exemptions granted in MY 2007.

Annual Number of Exemptions Requested and Exemptions Granted



⁴ For more information on how biodiesel 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

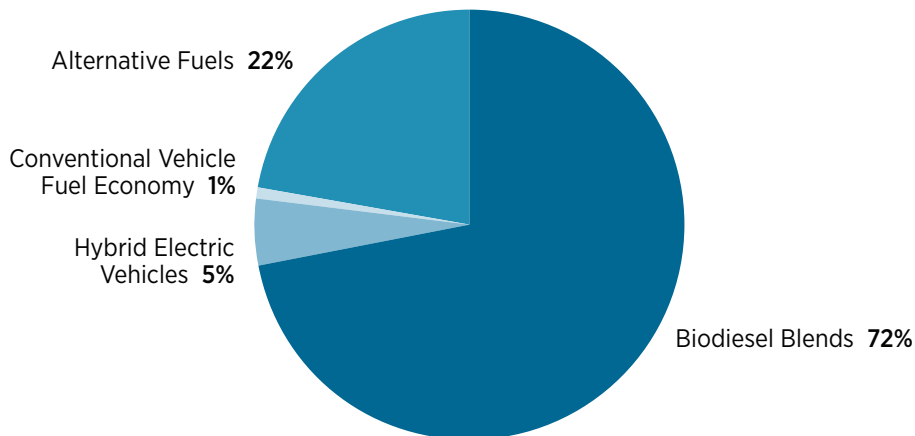
MY 2008 marked the first opportunity for SFP fleets to participate in DOE's Alternative Compliance option to comply with their EPA requirements. EPCA 2005 established Alternative Compliance, and the option was put in place by final rulemaking in March 2007. Under Alternative Compliance, fleets may employ petroleum-reduction measures in lieu of acquiring AFVs under Standard Compliance. Fleets must obtain a waiver from DOE for the upcoming model year (in this case, MY 2009). 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 of how they intend to reduce petroleum consumption.

Plans and Achievements in MY 2008

In MY 2007, DOE approved waiver applications for nine fleets to participate in Alternative Compliance for MY 2008. Six of the nine fleets were able to meet their required fuel reductions for MY 2008, one fleet withdrew from the option, and the remaining two fleets had their waiver revoked and were returned to Standard Compliance. The six fleets' total required petroleum-use reduction for MY 2008 was 684,667 gasoline gallon equivalents (GGE). Their total planned petroleum-consumption reduction was almost 1.0 million GGE, and in the aggregate, the six fleets reduced petroleum consumption by almost 1.2 million GGE. The six fleets achieved this amount of reduction and met their petroleum-consumption reduction goals by:

- Using alternative fuels (22% petroleum reduction achieved)
- Using biodiesel blends (72% petroleum reduction achieved)

Percent of Petroleum Reductions Achieved by AC Strategy Employed in MY 2008



- Acquiring and using hybrid electric vehicles (5% petroleum reduction achieved)
- Employing fuel economy measures in conventional vehicles (1% petroleum reduction achieved).

under Alternative Compliance reduced petroleum consumption by nearly 1.2 million GGE. Nearly all fleets have filed their annual reports, and the few fleets with compliance deficiencies are resolving them.

Notices of Intent

In MY 2008, DOE received 27 notices of intent to apply for a waiver from Standard Compliance for MY 2009. This is two more notices of intent than were received in MY 2007 for MY 2008 compliance. This lack of significant increase in interest in Alternative Compliance is not surprising given that MY 2008 is only the second year in which Alternative Compliance has been an available compliance option for covered SFP fleets.

Conclusion

In MY 2008, covered fleets successfully complied with their Standard Compliance requirements. Their efforts included acquiring 20,870 AFVs and consuming 6.3 million gallons of pure biodiesel (B100). The six fleets operating

What Is EPCA?

The Energy Policy Act of 1992 (EPCA) was passed by Congress to reduce the nation's dependence on imported petroleum. Provisions of EPCA 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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