

THE ENERGY POLICY ACT OF 1992

Summary of Motor Vehicle Fleet and Fuel Provisions of P.L. 102-486

Title III: Alternative Fuels, Federal Programs	
Definition of "Alternative Fuels"	Methanol, denatured ethanol and other alcohols, separately or in mixtures of 85 vol % or more (or other percentage but not less than 70 vol % as determined by DOE rule) with gasoline or other fuels; CNG, LPG, hydrogen, "coal-derived liquid fuels," fuels "other than alcohols," derived from "biological materials," electricity, or any other fuel determined to be "substantially not petroleum" and yielding "substantial energy security benefits and substantial environmental benefits."
Definition of "Alternative Fuel Vehicle"	A dedicated or "dual fueled" vehicle capable of operating on alternative fuel(s). Dual fuel vehicles are to be operated on alternative fuels unless such use is not feasible.
Definition of "Covered Person"	A person that owns operates, leases or controls at least 50 vehicles in the U.S. and a 20-vehicle fleet (centrally fueled or is capable of being centrally-fueled) primarily operated in a Consolidated Metropolitan Statistical Area (CMSA) with a 1980 population of 250,000 or more.

<p>Definition of "Covered Fleet"</p>	<p>A group of 20 or more light duty vehicles which are capable of being centrally-fueled and primarily used in a CMSA with a population of 250,000 or more that are owned, operated, leased or controlled by a governmental entity, or by an other person who controls 50 or more such vehicles except for:</p> <ul style="list-style-type: none"> -- vehicles rented to the general public -- motor vehicles held for sale <ul style="list-style-type: none"> -- test vehicles -- law enforcement vehicles -- emergency motor vehicles -- military vehicles (that are exempt for "national security" reasons) -- nonroad vehicles (including farm and construction equipment) -- vehicles "garaged at personal residences at night."
<p>Definition of "Fuel Supplier"</p>	<p>Any person engaged in the importation, production, storage, transportation, distribution or sale of motor fuel and any person engaged in generating, transmitting, importing, or selling of electricity.</p>
<p>Definition of "Light Duty Vehicle"</p>	<p>Truck or vehicle with a gross vehicle weight (GVW) of up to 8,500 pounds.</p>
<p>Definition of "Replacement Fuel"</p>	<p>That portion of any motor fuel that is methanol, denatured ethanol, or other alcohols, compressed natural gas (CNG), liquefied petroleum gas (LPG), hydrogen, "coal-derived liquid fuels," fuels "other than alcohols," derived from "biological materials," electricity (including solar), ethers, or any other fuel determined by DOE to be "substantially not petroleum" and yielding "substantial energy security benefits and substantial environmental benefits."</p>
<p>Amendments to Energy Policy & Conservation Act (EPCA) (42 U.S.C. 6374)</p>	<p>Broadens definition of eligible vehicles beyond "alcohol powered vehicles, natural gas powered vehicles, and natural gas dual energy vehicles," to include "alternative fuel vehicles" (AFVs) as defined above.</p>

<p>Federal Purchase Requirements (vehicles and fuels)</p>	<p>DOE shall acquire both dedicated and dual fuel AFVs and use alternative fuels defined above that "yield the greatest reduction in pollutants per dollar spent" with a preference for vehicles that operate on alternative fuels that are produced "from domestic sources." Dual fuel vehicles shall be operated on alternative fuels unless it is not feasible, and 50% of the alternative fuel used must be derived from domestic feedstocks (subject to GATT conditions).</p>
<p>Amendment to Alternative Motor Fuels Act of 1988 (AMFA)</p>	<p>The termination date for AFV programs is repealed.</p>
<p>Minimum Federal Fleet Purchase Requirement</p>	<p>The federal government shall acquire "light duty alternative fueled vehicles" according to the following schedule for:</p> <p style="text-align: center;"> FY 1993: 5,000 vehicles FY 1994: 7,500 vehicles FY 1995: 10,000 vehicles FY 1996: 25% of total vehicle purchases FY 1997: 33% of total vehicle purchases FY 1998: 50% of total vehicle purchases FY 1999 and thereafter: 75% of total vehicle purchases. </p>
<p>Incremental Cost of AFVs</p>	<p>Additional costs attributable to AFV purchases are to be allocated across the entire federal fleet.</p>

<p>Covered "Federal Fleet"</p>	<p>A fleet of 20 or more light duty vehicles (centrally-fueled or capable of being centrally-fueled) and primarily used in a Metropolitan Statistical Area (MSA) or a CMSA with a population of 250,000 or more that are owned, operated, leased or controlled by a federal executive department, military department, government corporation, etc. but does not include:</p> <ul style="list-style-type: none"> -- vehicles rented to the general public <ul style="list-style-type: none"> -- test vehicles -- law enforcement vehicles -- emergency motor vehicles -- military vehicles (that are exempt for "national security" reasons) -- nonroad vehicles (including farm and construction equipment).
<p>Refueling</p>	<p>To the extent possible, federal fleets are to be refueled at commercial facilities that offer alternative fuels to the general public. Otherwise an affected agency is authorized to enter into a variety of commercial arrangements to purchase or lease facilities to refuel AFVs.</p>
<p>Federal Agency Promotion and Education</p>	<p>DOE, in conjunction with the General Services Administration (GSA), shall promote the merits of using alternative fuels to employees, etc. by providing information on:</p> <ul style="list-style-type: none"> -- The location of refueling and repair facilities <ul style="list-style-type: none"> -- The range and performance characteristics of AFVs -- State & local government and commercial AFV programs -- Federal AFV purchases and placements -- Operation and maintenance of AFVs in accordance with original equipment manufacturer (OEM) recommendations -- Incentive programs established under this legislation.

Title IV: Alternative Fuels, Non-Federal Programs

<p>Definition of "Alternative Fueled Trucks"</p>	<p>Trucks powered by alternative fuels (defined below), in addition to alcohol and natural gas (as set forth in AMFA), are included.</p>
<p>Definition of "Alternative Fuels"</p>	<p>Methanol, denatured ethanol and other alcohols, separately or in mixtures of 85 vol % or more (or other percentage but not less than 70 vol % as determined by DOE rule) with gasoline or other fuels; CNG, LPG, hydrogen, "coal-derived liquid fuels," fuels "other than alcohols," derived from "biological materials," electricity, or any other fuel determined by DOE to be "substantially not petroleum" and yielding "substantial energy security benefits and substantial environmental benefits."</p>
<p>Amendments to Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2001)</p>	<ul style="list-style-type: none"> - The corporate average fuel economy (CAFE) credit program for dedicated and dual fuel AFVs is amended to include the range of alternative fuels defined above. All fuels would be subject to the labeling requirement for new vehicles describing fuel economy and driving range. <li style="margin-left: 40px;">- All liquid alternative fuels (see above) are to receive the same CAFE previously available only to dedicated AFVs. <li style="margin-left: 40px;">- "Gaseous fuels" (CNG, etc.) will be considered to have a fuel content equivalency of 0.15 gallons of fuel.
<p>Amendment to the Natural Gas Act (15 U.S.C. 717)</p>	<p>"Vehicular Natural Gas (VNG) Jurisdiction" defines VNG as "natural gas ultimately used as a fuel in a self-propelled vehicle." This provision removes VNG from the jurisdiction of the Federal Energy Regulatory Commission (FERC).</p>
<p>Amendments to the Public Utility Holding Company Act of 1935 (PUHCA) (15 U.S.C. 79)</p>	<p>Permits companies from sell VNG from being regulated as public utilities and allows public utilities to acquire an interest in selling VNG and/or equipment related to the sale of VNG.</p>

<p>Public Information Program</p>	<p>Within 18 months of enactment, DOE shall develop a public information campaign (in conjunction with "appropriate federal agencies") on the benefits and costs of AFVs including performance, vehicle and fuel characteristics (as compared to gasoline), "environmental performance," energy efficiency, domestic content, maintenance requirements, reliability, and safety.</p> <p>An "information package" designed for this purpose shall also include information about conversion of conventional vehicles into AFVs. This information shall be updated annually.</p>
<p>Labeling Requirements</p>	<p>Within 18 months of enactment, the Federal Trade Commission (FTC) is required to issue regulations for the labeling of AFVs to provide "simple" consumer information relating to the "costs and benefits" of the alternative fuels and AFVs.</p>
<p>State & Local Incentive Programs</p>	<p>Within one year of enactment, DOE shall issue regulations establishing guidelines for states to implement "comprehensive" programs and incentives (including federal assistance) for alternative fuels that establish a goal of introducing "substantial" numbers of AFVs in the state by the year 2000.</p> <p>These regulations would require states to consider:</p> <ul style="list-style-type: none"> - Exempting AFVs from state sales taxes - Providing special parking at public buildings, etc. - Allowing utilities to rate base the incremental cost of AFVs, vehicle conversions, refueling stations (without creating an unfair advantage for utilities).

<p>Alternative Fuel Bus Program</p>	<p><u>Urban Buses:</u> DOT and DOE shall initiate cooperative ventures with local governments with populations of 100,000 or more to demonstrate the feasibility of commercializing the use of alternative fuels in urban buses. DOE is permitted to involve private sector participation if it includes at least 20% of project cost. Federal assistance is in addition to other programs. Evaluation of project criteria include its beneficial environmental impacts.</p> <p><u>School Buses:</u> DOT may provide financial assistance to local units of government (in urban areas with populations of 100,000 or more) to cover the incremental costs of operating and purchasing school buses and refueling infrastructure for alternative fuels, including vehicle conversions.</p>
<p>Alternative Fuel Use in Nonroad Vehicles & Engines</p>	<p>DOE shall conduct a study to determine whether the use of alternative fuels in nonroad applications would contribute to energy security. "Nonroad vehicles and engines" include those used for surface transportation or principally for commercial or industrial purposes, vehicles used in rail transportation, airport transportation, marine applications, etc.</p>
<p>Low Interest Loan Program</p>	<p>No later than October, 1993, DOE shall establish a low interest loan program (with a small business preference) for fleet operators to cover the incremental costs of purchasing AFVs or for converting vehicles to alternative fuels.</p> <p>An appropriation for the program of \$25,000,000 per year for fiscal years 1993, 1994, and 1995 is authorized.</p>

Title V: Availability & Use of Replacement Fuels, Alternative Fuels, and Alternative Fueled Private Vehicles

<p>Mandate for "Alternative Fuel Providers"</p>	<p>Before January 1, 1994, DOE must issue regulations for new vehicles that must be AFVs when acquired by "covered persons" (defined below) in the following amounts:</p> <p align="center"> FY 1996: 30% of new vehicles FY 1997: 50% of new vehicles FY 1998: 70% of new vehicles FY 1999 and later: 90% of new vehicles </p>
<p>Definition of "Covered Person"</p>	<p>Under this section, a covered person is:</p> <ul style="list-style-type: none"> - One whose principal business is producing, storing, refining, processing, transporting, distributing, importing, or selling at wholesale or retail any alternative fuel other than electricity; - A non-federal covered person whose principal business is generating, transmitting, importing or selling at wholesale or retail electricity*; or - One who produces, imports, or produces and imports in combination an average of 50,000 b/d or more of petroleum and a substantial portion of whose business is producing alternative fuels. <p>(*DOE may, by rule, exempt electric utilities from the above requirement for electric vehicles until after December 31, 1997. Any covered person intending to use electric vehicles to meet these requirements must notify DOE by January 1, 1996.)</p>
<p>Revisions and Extensions</p>	<p>After the 1997 model year, DOE may revise downward the percentage requirements stated above to no less than 20% and extend the implementation schedule by up to two model years.</p>

<p>Replacement Fuel Supply & Demand Program</p>	<p>DOE and DOT, in conjunction with other federal agencies, determine the feasibility of producing replacement fuels, on an energy equivalent basis, to replace a minimum of 10% by 2000 and 30% by 2010 of petroleum derived fuels used in motor vehicles. The goal of this program is to reduce oil imports, improve the economy, and reduce greenhouse gas emissions.</p> <p>Such a program is to be established by October 1, 1993.</p>
<p>Replacement Fuel Demand Estimates & Supply Information</p>	<p>Starting on October 1, 1993, DOE in conjunction with USDA, DOT, the states and other federal agencies, must prepare estimates of the amount and distribution of replacement fuels and AFVs, as well as the "greenhouse gas emissions likely to result from replacement fuel use."</p> <p>In 1994, suppliers of alternative fuels must report to DOE on the amount of replacement fuels they are supplying.</p>
<p>Modification of Goals</p>	<p>DOE has authority to reduce the replacement fuel program goals downward if a determination is made that they cannot be achieved.</p>
<p>Fleet Requirement Program Goals (for "covered persons")</p>	<p>Except for federal and state fleets, covered persons defined above shall acquire the following percentages of AFVs for their fleets according to the following schedule:</p> <p style="text-align: center;"> Model years 1999 - 2001: 20% AFVs Model year 2002: 30% AFVs Model year 2003: 40% AFVs Model year 2004: 50% AFVs Model year 2005: 60% AFVs Model year 2006 and thereafter: 70% AFVs </p> <p>DOE may substitute a lower percentage requirement than that set forth above or initiate the program later than 1998.</p>

<p>Early Rulemaking</p>	<p>No later than one year after enactment, DOE will begin a rulemaking to determine whether such a requirement for private fleets will be implemented in model year 1999, or later, based upon a determination that such a regulation is necessary (e.g., that the replacement fuel program goals are not being met otherwise).</p> <p>Such a determination must be made after December 15, 1996 to be enforceable.</p>
<p>Fleet Requirement Program (for all other fleets)</p>	<p>DOE shall determine, no later than January 1, 2000, whether private mandates would help achieve the replacement fuel goals set forth in this section.</p> <p>If DOE determines by rulemaking that a private fleet program is necessary to meet these goals, the requirement would apply to fleets other than federal and state fleets, or fleets controlled by covered persons. The following percentages of AFVs shall be acquired according to the following schedule:</p> <p style="text-align: center;"> Model year 2002: 20% AFVs Model year 2003: 40% AFVs Model year 2004: 60% AFVs Model year 2005 and later: 70% AFVs </p> <p>DOE may substitute a lower percentage requirement than that set forth above or initiate the program later than 2002.</p> <p>NOTE: Vehicles certified under the "Clean Fuel Fleets" provision of Title II of the Clean Air Act Amendments of 1990 to operate on reformulated gasoline are not considered to be AFVs under the purchase requirement for private fleets.</p>
<p>Inclusion of Urban Buses & Law Enforcement Vehicles</p>	<p>May be included in the above programs if DOE determines that it would contribute to achieving the overall replacement fuel goals (see above), taking into account energy security, costs, safety, lead time requirements, economic impacts, etc.</p>

<p>Mandatory State Fleet Programs</p>	<p>Beginning in calendar year 1995, DOE must issue regulations for new light-duty vehicles that must be AFVs when acquired by state fleets in the following amounts:</p> <p style="padding-left: 40px;"> FY 1996: 10% of new vehicles FY 1997: 15% of new vehicles FY 1998: 25% of new vehicles FY 1999: 50% of new vehicles FY 2000 and later: 75% of new vehicles </p> <p>Within 18 months of enactment, DOE must promulgate regulations implementing the above. States will be required to submit a plan in accordance with this schedule within 12 months of publication of the final rule.</p>
<p>Credits</p>	<p>DOE shall allocate credits to a fleet or covered person to the extent that AFVs are acquired in excess of the minimum requirements set forth above. Credits shall be applicable to the same vehicle type and may be transferred to another fleet or person required to comply with Title V.</p>

Title VI: Electric Motor Vehicles

Definition of "Associated Equipment"	Equipment necessary for the regeneration, refueling, or recharging of batteries or other forms of electric energy used to power an electric vehicle.
Definition of "Electric Motor Vehicle" (EV)	A motor vehicle primarily powered by an electric motor that draws current from rechargeable storage batteries, fuel cells, photovoltaic arrays, or other sources of electric current and may include an electric-hybrid vehicle.
Definition of "Electric-Hybrid Vehicle"	A motor vehicle primarily powered by an electric motor that draws current from rechargeable storage batteries, fuel cells, photovoltaic arrays, or other sources of electric current and also relies on non-electric sources of power.
Definition of "Eligible Metropolitan Area"	An area with a 1980 population of 250,000 or more and designated for a demonstration project.
Commercial Demonstration Program	DOE shall conduct programs to demonstrate EVs in conjunction with the industry and solicit proposals for such projects in eligible metropolitan areas, involving cost sharing arrangements, within 18 months of enactment.
EV Infrastructure and Support Systems	DOE shall undertake a program with federal or non-federal persons, fleet operators, etc., for up to 10 cost-shared research projects across the country on the commercial application of infrastructure and support systems, not to exceed \$4 million per project.

Title XV: Octane Display and Disclosure

Definition of "Automotive Fuel" (amending the Petroleum Marketing Practices Act)	"Automotive fuel" means liquid fuel of a type distributed for use as a fuel in any motor vehicle.
Definition of "Automotive Fuel Rating"	The octane rating of an automotive spark-ignition engine fuel, the cetane rating of diesel fuel (if adopted by rule), or another form of rating determined by the Federal Trade Commission (FTC), after consultation with ASTM, "to be more appropriate."
Effective date	Within one year of enactment.
FTC rulemaking	Must be completed within 270 days of enactment.
Studies	<p>EPA, in conjunction with DOE, will conduct a study to determine whether antiknock characteristics for nonliquid motor fuels can be determined.</p> <p>The FTC, in consultation with EPA, shall study the need for a uniform product label that consolidates all federally-required product information about motor fuels.</p>

Title XIX: Revenue Provisions

<p>Treatment of Clean Fuel Vehicles</p>	<p>Includes a new tax deduction for certain qualified clean fuel vehicle properties and clean fuel refueling properties.</p>
<p>Definition of "Qualified Clean Fuel Vehicle Property"</p>	<p>A property acquired for use by a taxpayer (not for resale) which meets applicable federal emissions standards with respect to each fuel "by which is designed to be propelled" or federal emissions certification. This definition does not include electric vehicles.</p>
<p>Definition of "Qualified Clean Fuel Vehicle Refueling Property"</p>	<p>Any depreciable property (not including a building and its structural components) which is designed for the storage and dispensing of a clean-burning fuel into a fuel tank of the motor vehicle or for the purpose of recharging EVs at the point where recharging occurs.</p>
<p>Definition of "Clean-Burning Fuel"</p>	<p>"Clean-Burning Fuel" is defined as:</p> <ul style="list-style-type: none"> - natural gas - liquefied natural gas - liquefied petroleum gas - hydrogen - electricity, and - any other fuel at least 85% of which is one or more of the following: methanol, ethanol, any other alcohol, or ether.
<p>Tax Deduction (qualified clean-fuel vehicle properties)</p>	<p>The tax deduction for the following qualified clean-fuel vehicle properties shall not exceed:</p> <p>Truck or van (GVW of 10,000 - 26,000 lbs.): \$5,000 Truck or van (GVW more than 26,000 lbs.): \$50,000 Buses (with seating capacity of 20+ adults): \$50,000 All other vehicles: \$2,000</p>

<p>Tax Deduction Phaseout (qualified clean-fuel vehicle properties)</p>	<p>For qualified clean-fuel vehicle properties placed in service after December 31, 2001, the amount applicable to each class of vehicle shall be reduced in accordance with the following schedule:</p> <p style="text-align: center;">In 2002: 25% reduction In 2003: 50% reduction In 2004: 75% reduction</p> <p>This tax deduction is available after June 30, 1993 through December 31, 2004.</p>
<p>Tax Deduction (qualified clean-fuel vehicle refueling properties)</p>	<p>The aggregate cost which is taken into account for qualified clean-fuel vehicle properties shall not exceed the excess of \$100,000 for property placed in service by the taxpayer in the taxable year or preceding taxable years. This tax deduction is available after June 30, 1993 through Dec. 31, 2004.</p>
<p>Definition of "Qualified Electric Vehicles"</p>	<p>Any motor vehicle that is powered primarily by an electric motor drawing current from rechargeable batteries, fuel cells, or other portable sources of electric current.</p>
<p>Tax Credit for "Qualified Electric Vehicles"</p>	<p>The tax credit shall not exceed \$4,000 or 10% of the cost of the vehicle, whichever is lower. For EVs placed in service after December 31, 2001 the amount applicable shall be reduced in accordance with the following schedule:</p> <p style="text-align: center;">In 2002: 25% reduction In 2003: 50% reduction In 2004: 75% reduction</p> <p>This tax credit is available after June 30, 1993 through December 31, 2004.</p>

**Amendment to Federal
Excise Tax Exemption
Provisions for Qualified
Alcohol-Blended Fuels**

This provision establishes new rates of excise tax exemption, in addition to the pre-existing tax exemption for 10 vol% qualified alcohol blended with 90 vol% gasoline. A pro-rated exemption is provided for alcohol-blended fuels at 7.7, and 5.7 vol% levels to correspond to oxygen content requirements for oxygenated fuels and reformulated gasoline under Title II of the Clean Air Act Amendments of 1990.

At present, the motor fuel excise tax on gasoline is a total of \$0.141 per gallon.

The new rates set forth below are applicable for gasoline removed or entered after December 31, 1992.

Additional Reduced Motor Fuel Excise Tax Rates*
(\$ per blended gallon)

Oxygen Content	Ethanol Content/ Amount of Tax	Alcohol (non-ethanol) Content/Amount of Tax
2.7 wt% (oxygenated fuel standard)	7.7 vol%/\$0.0938	7.7 vol%/\$0.0984
2.0 wt% (reformulated gasoline standard)	5.7 vol%/\$0.1058	5.7 vol%/\$0.1092

* Table does not include 2.5 cents/gal. of federal excise tax applied to deficit reduction.

February 25, 1993

Energy Policy Act Fleet Requirements



