



DATE: July 7, 2000

TO: All State Department and Agency Heads

CC: All State Department and Agency Fleet Managers

FROM: Commissioner David Fisher, Department of Administration
 Interim Commissioner Jim Berstein, Department of Commerce
 Commissioner Karen Studders, Minnesota Pollution Control Agency
 Sherry Enzler, Office of Environmental Assistance

SUBJECT: Alternative Fuel Vehicles and Related Federal Mandates

David Fisher
Jim Berstein
Karen Studders
Sherry Enzler

Introduction

A number of state agencies are mandated by the federal government to acquire alternative fueled vehicles under the Energy Policy Act of 1992 (EPAAct). The Minnesota Department of Commerce, Minnesota Pollution Control Agency, Department of Administration, and the Office of Environmental Assistance are coordinating an effort to assist state agencies in acquiring and using alternative fueled vehicles.

You're Invited

We invite you to attend a workshop the morning of July 27th to learn about alternative fuel technologies and related federal mandates. We will review federal requirements impacting state agencies, discuss the benefits and costs of each technology, examine obstacles to progress, and initiate steps to accelerate government acquisition of alternative fueled vehicles and use of the fuels. The meeting will conclude with lunch.

Why Alternative Fueled Vehicles?

Most alternative transportation fuels cost less than gasoline and reduce operating and maintenance expenses. Alternative fuels also reduce tail pipe pollutants and promote domestic energy sources. In Minnesota the primary alternative fuels are biodiesel, ethanol, natural gas, and propane, which can be used in their respective engine technologies.

Recognizing these benefits, Congress passed the Energy Policy Act (EPAAct) in 1992 to support the use of alternative fuels. Under the EPAAct, Department of Energy (DOE) regulation 10 CFR Part 490, federal, state, and fuel provider fleets must buy or lease alternative fueled vehicles as a certain percentage of their annual acquisition of new light-duty vehicles (LDV).

The federal acquisition mandates apply to all state agencies, regardless of whether they lease vehicles from the Travel Management Division of the Department of Administration or acquire them elsewhere. Each individual agency is responsible for ensuring EPAAct compliance. A summary of criteria used by DOE to identify mandated agencies is provided as an Appendix to this letter.

In Closing

We hope this meeting will foster a deeper understanding of and commitment to EPAAct and its requirements, so that Minnesota state government can be a role model for other public and private sectors.

Enclosures

APPENDIX

Summary of EAct Requirements

For federally mandated state agencies, EAct requires that 50 percent of new light-duty vehicle (LDV) purchases or leases in the model year 2000 be alternative fuel vehicles (AFVs). The percentage increases to 75 percent for the model year 2001 and thereafter. For example, if your agency intends to purchase or lease 100 LDVs in 2001, 75 of them need to be AFVs, AFV credits, or some combination thereof.

If your Department or Agency fulfills these three criteria, you have an EAct mandated vehicle fleet:

1. Operation of 50 or more non-exempted LDVs within the United States

AND

2. Operation of 20 or more non-excluded LDVs within the metropolitan area

AND

3. Fueling or having the capability to refuel these 20 or more vehicles at a central location or locations

Exempt LDVs include law enforcement, emergency, non-road, automotive research, and vehicles normally parked at a personal residence as authorized by Minnesota statute.

Meeting the EAct Requirements

The requirement can be met by one of four ways, or in any combination:

1. Purchase or lease AFVs as part of your annual LDV acquisition.
2. Create AFV credits by purchasing or leasing light, medium, or heavy duty AFVs above the required number of vehicles. Medium and heavy-duty vehicles can only be used to earn extra credits, not meet the minimum requirements.
3. Create a credit(s) by purchasing and using 450 gallons of 100 percent biodiesel fuel (B100), as a petroleum diesel replacement. A common biodiesel blend is a 20 percent biodiesel with 80 percent petroleum diesel, therefore using 2250 gallons of B20 (450 gallons of B100, 1800 gallons of petroleum diesel) would create one credit. Only biodiesel blends above 20 percent are eligible.
4. Buy AFV credits from other mandated fleets, be they state, federal, or fuel providers.