Maine Clean Communities = MC^2

A Clean Cities Program Promoting Clean Fuel Vehicles, Energy Independence and Clean Air
Administered by the Greater Portland Council of Governments

November 14, 2006

Mr. Alexander A. Karsner
Assistant Secretary
U.S. Department of Energy
Office of Energy Efficiency and Renewable Energy
EE-2G
RIN 1904-AB67
1000 Independence Avenue, SW
Washington, DC 20585-0121

Re: Alternative Fuel Transportation Program; Replacement Fuel Goal Modification

Dear Mr. Karsner:

Maine Clean Communities (MC^2), the statewide Clean Cities Coalition appreciates the opportunity to provide comment on the Notice of Proposed Rulemaking (NOPR) related to the Alternative Fuel Transportation Program; Replacement Fuel Goal Modification. MC^2 has serious concerns regarding the economic, public health, and energy security implications of the proposed 20-year extension of the 30 percent US replacement fuel goal in the Energy Policy Act of 1992. The U.S. Department of Energy's (DOE) proposed compliance extension from 2010 to 2030 does little to address the most menacing threat, both from an environmental standpoint and a security standpoint, facing our nation – US dependence on foreign petroleum. MC^2, whose mission it is to move the U.S. toward clean, alternative fuels and away from our addiction to oil, strongly disagrees with this proposed action by DOE. The revised goals in this NOPR rely far to heavily on "what will be," assuming the status quo is continued, rather than "what can be" if appropriate action is taken to move the program forward.

In the analysis provided for this NOPR, DOE proposes that the goal of 30% replacement fuel by 2010 is not achievable, and that the interim goal of 10% by 2000 was indeed not met. The NOPR bases this conclusion on feasibility studies conducted in 2000 and on the Annual Energy Outlook (AEO) 2006. The 2000 studies concluded that only with much higher oil prices (all the way *up* to $30 per barrel) would any significant increase in production of replacement fuels occur that would meet the EPAct goals. In 2006, as this NOPR is published, the United States has recently seen oil prices *drop* to $60+ per barrel, yet this NOPR relies on these outdated studies that evaluated the situation using oil prices that were well below $30 per barrel. Despite the low fuel prices utilized in these earlier reports, neither report concluded that meeting the

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EPAct 2010 goals was impossible. Difficult, yes, but not impossible. The AEO 2006 analysis provides some correction to the 2000 studies, however given the advances in technology that have been achieved since 1992 with relatively little investment by the federal government, the AEO 2006 appears to underestimate what is actually achievable with full government support. Maine Clean Communities submits that due to the out-dated nature of the studies used to determine that the 2010 replacement goals are unachievable and that the goals are not achievable until 2030 that DOE has not met their statutory obligation to make such a determination and that new studies based on current fuel prices, along with the inclusion of plug in hybrid electric vehicles in the available future technology, be conducted prior to modifying the dates or levels of replacement fuel goals.

As an alternative, at a minimum any new replacement fuel goals should reflect those established in Figure 4 of the NOPR which evaluates what could be achieved given high priced petroleum fuel (a very likely scenario) and active program development on the part of DOE. This scenario results in fuel replacement of 16.71% in 2020, 28.40% in 2025, and 47.06% in 2030. These figures should be established as the absolute minimum that should be achieved, and the interim years, including earlier years of 2010 and 2015 in order to ensure that the program remains on track this time around, should be targets within the rule as well.

The NOPR states that setting an interim goal will in no way assist with their meeting a revised final goal. We find it difficult to understand first, why additional steps were not taken when it became clear that the 2000 interim goal was not going to be met, a realization that presumably occurred well in advance of the year 2000, and second, why DOE feels establishment of an alternate interim goal as a course of this current action will not serve any purpose. To the contrary, it is our belief that if DOE had actively pursued attainment of both the 2000 interim goal and the final 2010 goal that the use of replacement fuel in the United States would be many times greater than what it is today. Perhaps the 30% target would not have been achievable even with a concerted effort by the federal government, but unfortunately a truly serious effort was not made and therefore we shall never know what could have been achieved.

MC^2 agrees that given the current status of the replacement fuel industry it is unlikely that a goal of 30% use of replacement fuels by 2010 can be met. However, vigorous enforcement of existing EPAct requirements will help drive the industry to provide the additional production capacity and fueling infrastructure necessary to meet the 30% goal, and in a much more expedient time frame than proposed by this current rule making. The fact that this is a difficult goal to meet is not disputed. If it were easy we would not need federal regulation to attain it. But if the United States was able to land astronauts on the moon with 10 years development time, surely we can develop our replacement energy supply in at least the same time frame if appropriate resources are dedicated to the solution. In addition, DOE correctly notes that the current EPAct rule does not require that fleets, other than utility fleets, that are required to purchase AFVs actually use the alternative fuel for which the vehicles are designed. Unfortunately this NOPR fails to adequately address this serious flaw in the EPAct law and propose a workable solution to this gaping loop-hole. And, while the topic is touched upon in the NOPR, the NOPR does not adequately reflect the importance of increasing the overall fuel economy of all classes of new motor vehicles in order to reduce the total petroleum consumption.

In lieu of the proposed goal modification from 30% use of replacement fuels by 2030 instead of by 2010, MC^2 proposes the following:

- That DOE re-evaluate the need to adjust the replacement fuel target dates based on current fuel prices and current production levels of both ethanol and biodiesel.
- That any analysis include aggressive fuel economy improvement estimates, and that DOE support efforts to attain those fuel economy improvements in coming years.
- That, should the dates indeed be adjusted, interim replacement fuel use targets be established of 16% in 2020 and 28% in 2025, with a final 2030 target of 47%.
- That DOE vigorously enforce current EPAct alternative fuel vehicle (AFV) requirements, and seek to change the EPAct rule to require the actual use of replacement and alternative fuels in all EPAct-mandated fleet vehicles capable of using them.
- That requirements for private and municipal fleets to acquire AFVs remain intact in future rulemaking.
- That the DOE report to Congress in 2012 of their progress in meeting the interim 2012 goal, and the projections for compliance with a 30% target by 2020. Such report should include what federal actions are necessary to achieve the 2020 goal (such evaluation should not exclude federal actions limiting greenhouse gas emissions), and the environmental and security impacts of failure to achieve the goal.

As a final note, the NOPR describes various steps that DOE had taken to meet the initial goals. One action highlighted in the NOPR is that "DOE has also established the Clean Cities Program, which supports public and private partnerships that deploy alternative fueled vehicles (AFVs) and build supporting infrastructure." This is true, DOE did establish the Clean Cities program and to date 90 coalitions exist nationwide. Collectively these coalitions are responsible for reducing use of petroleum by well over 1 billion gallons.

However, funding for the Clean Cities program has steadily declined in recent years from a high of $11.5 million (a pittance when compared to subsidies offered by DOE to petroleum companies) to a current Administration request of $4.3 million. This lack of support for the only DOE program that has shown any success in reducing the rise in petroleum use is hardly anything to boast about.

In addition, DOE recently closed all of their regional offices which served as the backbone of support for the Clean Cities coalitions, lending the credibility of federal government backing to the coalition activities. If the DOE is serious about reducing the country's dependence on petroleum then the agency must adequately support those programs and entities that are best able to provide the partnerships necessary to meet these goals.

On behalf of the Stakeholders of the Maine Clean Communities Clean Cities Coalition, thank you very much for the opportunity to provide comments on this NOPR.

Sincerely,

Steven J. Linnell, Coordinator