



U.S. Department of Energy
Energy Efficiency
and Renewable Energy



Clean
Cities

Energy Policy

Act of 2005



Energy Policy Act of 2005

- Over 1,700 pages
- 8 years in the making
- Tax incentives passed the House 5 times and the Senate 4 times
- Energy Bill was signed by President on 8/8
- Highway Bill was signed by President 8/14
- Some provisions of interest to Clean Cities are in both bills
- **This is the START of a long process with appropriations committees and Federal agencies as they struggle to develop budgets, rules, and procedures, and interpret legislative intent.**



Provisions of the Energy Policy Act of 2005 (HR6) of Interest to Clean Cities

Sec. 701 – Federal Fleet Dual Fuel Vehicles - Fed dual fuel vehicles must use AF unless waiver is given.

Sec. 702 – Federal Fleets Incremental Cost Distribution - Requires GSA and other agencies to spread the incremental cost across all vehicles.

Sec. 703 – Alternative Compliance and Flexibility - Allows S&FP fleets, but not federal fleets to seek waiver from AFV acquisition requirements if they can demonstrate equivalent petroleum reductions through other measures.

Sec. 704– Review of EPAct 1992 Program - DOE must report after 180 days on 1) vehicles numbers, 2) AF use 3) petroleum displaced, 4) cost of compliance), 5) obstacles preventing compliance, and 6) impacts of amendments in HR6.

Sec. 706 – Joint Flexible Fuel/Hybrid Vehicle Commercialization Initiative - Establishes a research and grant program to advance the commercialization of hybrid and plug-in/FFVs.



Provisions of the Energy Policy Act of 2005 (HR6) of Interest to Clean Cities

Sec. 712 – Efficient Hybrid & Advanced Diesel Vehicles - DOE to encourage the domestic production and sale of hybrid and advanced diesel vehicles. No specific funding levels provided.

Sec 721-723 – Advanced Vehicles Pilot Demonstration Program – Competitive grant program to fund up to 30 geographically dispersed demo projects administered by Clean Cities.

Sec. 741 – Clean School Bus Program-EPA in consultation with DOE, provides funds to school districts and related organizations to replace, repower, or retrofit buses.

Sec.742 – Diesel Truck Retrofit and Fleet Modernization Program - EPA, in consultation with DOE, administers a competitive grant program for fleet modernization and retrofit of diesel trucks.



Provisions of the Energy Policy Act of 2005 (HR6) of Interest to Clean Cities

Sec. 754 – Diesel Fueled Vehicles: Meeting Tier 2 Standards - DOE accelerates efforts to ensure that diesel vehicles meet Tier 2 standards.

Sec. 756. – Heavy-Duty Vehicle Idle Reduction Analysis and Deployment Program - Requires EPA to conduct analysis on emissions, fuel savings, etc.; Deployment Program: EPA, administers with DOT (not DOE)

Sec. 757 – Biodiesel Engine Testing Program

Sec. 759 – Fuel Economy Incentive Requirements - dual-fuel labeling/information requirement.

Sec. 772 – Extension of Maximum Fuel Economy Increase for AFVs (CAFE)



Provisions of the Energy Policy Act of 2005 (HR6) of Interest to Clean Cities

Sec. 773 – Study of Reducing Use of Fuel for Autos (CAFE) - NHTSA will study feasibility and effects of significantly reducing fuel consumed by autos by MY 2014 and make recommendations regarding CAFE, fuel economy methods, and FCVs.

Sec. 774 – Update Fuel Economy Test Procedures - Requires EPA to evaluate/adjust fuel economy test procedures to reflect reality – higher speeds, faster acceleration, temp. variation, use of A/C, etc.

Sec. 791-797 – Diesel Emission Reductions - Grant and loan program available to State and local government agencies and non-profit organizations for reducing emissions from diesel engines. The program focuses on replacing/retrofitting engines in non-attainment areas.



Provisions of the Energy Policy Act of 2005 (HR6) of Interest to Clean Cities

Sec. 1341 - Alternative Motor Vehicle Credit - Provides a tax credit to the buyer for the purchase of a new, dedicated AFVs, FCVs, hybrids, and lean burn diesel vehicles.

Sec. 1342 – Credit for Installation of Alternative Fueling Stations - Provides a tax credit for the cost of AF refueling equipment for the cost of large stations and for home refueling appliances.

Sec. 1344 – Extension of Excise Tax Provisions and Income Tax Credit for Biodiesel - Extends the current biodiesel excise tax provisions and income tax credit from 2006 to 2008.

Sec. 1348 – Sunset of Deduction for Clean Fuel Vehicles and Certain Fueling Property - Repeals the existing \$100,000 tax deduction for refueling property after 12/31/05.



Provisions of the Energy Policy Act of 2005 (HR6) of Interest to Clean Cities

Sec 1421-1424 – Set America Free: United States Commission On North American Energy Freedom - Establishes a U.S. commission to make recommendations for a coordinated and comprehensive North American energy policy that will achieve energy self-sufficiency by 2025 within Canada, Mexico, and the U.S.

Sec. 1818 – Natural Gas Supply Shortage Report - Requires DOE to study and develop recommendations for achieving a balance between natural gas supply and demand to, in part, facilitate the attainment of national ambient air quality standards under the Clean Air Act.

Sec. 1823: Alternative Fuels Reports - Requires DOE to study on the potential for biodiesel and hythane to become major, sustainable, alternative fuels.



Provisions of the Energy Policy Act of 2005 (HR6) of Interest to Clean Cities

THE FOLLOWING CLEAR ACT-RELATED PROVISION IS INCLUDED IN HIGHWAY BILL (H.R. 3):

Sec. 11113: Volumetric Excise Tax Credit for Alternative Fuels (VEETC)

- Provides an excise tax credit to the seller of CNG or LNG. This credit is different than the fuel credit that had been included in previous versions of the CLEAR ACT.
- \$0.50 per gge for CNG and LNG for use as motor fuel 10/1/06 – 09/30/09
- Partially offsets the value of the excise tax credit, however, is an increase in the motor fuels excise tax rate for both CNG (increase from 4.3 to 18.3 cents per gge) and LNG (11.9 to 24.3 cents.).
- CNG and LNG will pay the same rate of tax into the Highway Trust Fund as all other fuels, but would receive an excise tax credit paid out of the general fund.
- Propane, hydrogen and some minor fuels also are eligible for this credit.



CMAQ Program Changes

- Provides \$8.6 billion over 5 years in new funding
- Funds now allowed for diesel retrofit and truck stop electrification
- Funds now allowed for alternative fuels (used to be only AFVs) in following states:
 - Missouri, Iowa, Minnesota, Wisconsin, Illinois, Indiana, and Ohio



Renewable Fuels Standard

- Requires minimum levels of renewable fuels to be sold
- 4 billion gallons 2006
- 7.5 billion gallons 2012
- Maintain 2012 percentage of renewable fuel after 2012
- Credit trading program to help refineries meet requirements
- Repeals the RFG oxygenate requirement



HOV Exemptions

- Authorizes states to allow certain vehicles to operate in HOV lanes w/single occupant
 - Fuel efficient vehicles
 - Inherently low-emission vehicles
 - AFVs
- Prescribes minimum fuel efficiency requirement
- States may set tighter requirements



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- For a copy of the complete bill go to:

<http://energy.senate.gov/public>