

REDLINE OF CHAIRMAN’S MARK

TITLE VII—TRANSPORTATION FUELS

Subtitle A—Alternative Fuel Programs

SEC. 701. USE OF ALTERNATIVE FUELS BY DUAL-FUELED VEHICLES.

Section 400AA(a)(3)(E) of the Energy Policy and Conservation Act (42 U.S.C. 6374(a)(3)(E)) is amended to read as follows:

“(E)(i) Dual fueled vehicles acquired pursuant to this section shall be operated on alternative fuels unless the Secretary determines that an agency qualifies for a waiver of such requirement for vehicles operated by the agency in a particular geographic area where—

“(I) the alternative fuel otherwise required to be used in the vehicle is not reasonably available to retail purchasers of the fuel, as certified to the Secretary by the head of the agency;

or

“(II) the cost of the alternative fuel otherwise required to be used in the vehicle is unreasonably more expensive compared to gasoline, as certified to the Secretary by the head of the agency.

“(ii) The Secretary shall monitor compliance with this subparagraph by all such fleets and shall report annually to the Congress on the extent to which the requirements of this subparagraph are being achieved. The report shall include information on annual reductions achieved from the use of petroleum-based fuels and the problems, if any, encountered in acquiring alternative fuels.”.

SEC. 702. FUEL USE CREDITS.

(a) IN GENERAL.— Section 312 of the Energy Policy Act of 1992 (42 U.S.C. 13220) is amended to read as follows:

“SEC. 312. FUEL USE CREDITS.

“(a) ALLOCATION.—

“(1) The Secretary shall allocate one credit under this section to a fleet or covered person for each qualifying volume of alternative fuel or biodiesel purchased for use in a *an on-road motor* vehicle operated by the fleet *that weighs more than 8,500*

1 *pounds gross vehicle weight rating.*

2 “(2) No credits shall be allocated under this section for purchase of an
3 alternative fuel or biodiesel that is required by Federal or State law.

4 “(3) A fleet or covered person seeking a credit under this section shall provide
5 written documentation to the Secretary supporting the allocation of a credit to such fleet
6 or covered person under this section.

7 “(b) USE.—

8 “(1) At the request of a fleet or covered person allocated a credit under
9 subsection (a), the Secretary shall, for the year in which the purchase of a qualifying
10 volume is made, treat that purchase as the acquisition of one alternative fueled vehicle
11 the fleet or covered person is required to acquire under this title, title IV, or title V.

12 “(2) *Credits allocated under subsection (a) of this section may not be used*
13 *to satisfy more than 50 percent of the alternative fueled vehicle requirements of a*
14 *fleet or covered person under this title, title IV, or title V. This paragraph shall*
15 *not apply to a fleet or covered person that is an alternative fuel provider*
16 *described in section 501 (a)(2).*

17 “(c) TREATMENT.—A credit provided to a fleet or covered person under this section
18 shall *not* be considered a credit under section 508.

19 “(d) ISSUANCE OF RULE.—Not later than 6 months after the date of enactment of this
20 section, the Secretary shall issue a rule establishing procedures for the implementation of this
21 section.

22 “(e) DEFINITIONS.—For the purposes of this section—

23 “(1) the term “biodiesel” means a diesel fuel substitute produced from non-
24 petroleum renewable resources that meets the registration requirements for fuels and
25 fuel additives established by the Environmental Protection Agency under section 211 of
26 the Clean Air Act; and

27 “(2) the term “qualifying volume” means—

1 “(A) in the case of biodiesel, when used as a component of fuel
 2 containing at least 20 percent biodiesel by volume, 450 gallons, or if the
 3 Secretary determines by rule that the average annual alternative fuel use in light
 4 duty vehicles by fleets and covered persons exceeds 450 gallons or gallon
 5 equivalents, the amount of such average annual alternative fuel use; or

6 “(B) in the case of an alternative fuel, the amount of such fuel
 7 determined by the Secretary to have an equivalent energy content to the amount
 8 of biodiesel defined as a qualifying volume pursuant to subparagraph (A).”

9 (b) TABLE OF CONTENTS AMENDMENT.—The table of contents of the Energy Policy Act of
 10 1992 is amended by adding at the end of the items relating to title III the following new item:

11 “Sec. 312. Fuel use credits.”

12 **SEC. 703. NEIGHBORHOOD ELECTRIC VEHICLES.**

13 Section 301 of the Energy Policy Act of 1992 (42 U.S.C. 13211) is amended—

14 (1) in paragraph (3), by striking “or a dual fueled vehicle” and inserting “, a dual fueled
 15 vehicle, or a neighborhood electric vehicle”;

16 (2) by striking “and” at the end of paragraph (13);

17 (3) by striking the period at the end of paragraph (14) and inserting “; and”; and

18 (4) by adding at the end the following:

19 “(15) the term ‘neighborhood electric vehicle’ means a motor vehicle ~~that qualifies as~~
 20 ~~both—~~

21 “(A) *which meets the definition of a low-speed vehicle, as such term is*
 22 *defined in section ~~571.3(b) part 571~~ of title 49, Code of Federal Regulations; and*

23 “(B) *which meets the definition of a zero-emission vehicle, as such term is*
 24 *defined in section 86.1702–99 of title 40, Code of Federal Regulations.”;*

25 “(C) *which meets the requirements of Federal Motor Vehicle Safety*
 26 *Standard No. 500; and*

27 “(D) *which has a top speed of greater than 25 miles per hour.”.*

28 **SEC. 704. SUBSTANTIAL CONTRIBUTION TOWARDS NONCOVERED FLEETS. CREDITS FOR MEDIUM**

1 *AND HEAVY DUTY DEDICATED VEHICLES.*

2 Section 507 of the Energy Policy Act of 1992 (42 U.S.C. 13258) is ~~further~~ amended by
3 adding at the end the following:

4 ~~“(p) CREDIT FOR SUBSTANTIAL CONTRIBUTION TOWARDS USE OF DEDICATED VEHICLES IN~~
5 ~~NONCOVERED FLEETS: CREDIT FOR PURCHASE OF MEDIUM AND HEAVY DUTY DEDICATED~~
6 ~~VEHICLES.—~~

7 ~~“(1) DEFINITIONS.—In this subsection:~~

8 ~~“(A) The term ‘medium duty *dedicated* vehicle’ means a dedicated vehicle that~~
9 ~~has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000~~
10 ~~pounds.~~

11 ~~“(B) The term ‘heavy duty *dedicated* vehicle’ means a dedicated vehicle that~~
12 ~~has a gross vehicle weight rating of more than 14,000 pounds.~~

13 ~~“(C) The term ‘substantial contribution’ means not less than \$15,000 in cash or~~
14 ~~in kind services, as determined by the Secretary.~~

15 ~~“(2) SUBSTANTIAL CONTRIBUTION.—The Secretary shall issue a credit to a fleet or~~
16 ~~covered person under this title if the fleet or person makes a substantial contribution toward the~~
17 ~~acquisition and use of dedicated vehicles by a person that owns, operates, leases, or otherwise~~
18 ~~controls a fleet that is not covered by this title.~~

19 ~~“(3) MEDIUM OR HEAVY DUTY VEHICLE.—The Secretary shall issue 2 full credits to a~~
20 ~~fleet or covered person under this title if the fleet or person acquires a medium duty dedicated~~
21 ~~vehicle or a heavy duty dedicated vehicle.~~

22 ~~“(2) CREDITS FOR MEDIUM DUTY VEHICLES.—The Secretary shall issue 2 full~~
23 ~~credits to a fleet or covered person under this title, if the fleet or covered person acquires~~
24 ~~a medium duty dedicated vehicle.~~

25 ~~“(3) CREDITS FOR HEAVY DUTY VEHICLES.—The Secretary shall issue 3 full credits~~
26 ~~to a fleet or covered person under this title, if the fleet or covered person acquires a~~
27 ~~heavy duty dedicated vehicle.~~

28 ~~“(4) USE OF CREDITS.—At the request of a fleet or covered person allocated a credit~~

1 under this subsection, the Secretary shall, for the year in which the acquisition of the dedicated
 2 vehicle is made, treat that credit as the acquisition of 1 alternative fueled vehicle that the fleet or
 3 covered person is required to acquire under this title.”.

4 ~~“(5) LIMITATION.—Per vehicle credits acquired under this subsection shall not exceed~~
 5 ~~the per vehicle credits allowed under this section to a fleet for qualifying vehicles in each of the~~
 6 ~~weight categories (light, medium, or heavy duty).”~~

7 **SEC. 705. ALTERNATIVE FUEL INFRASTRUCTURE.**

8 Section 507 of the Energy Policy Act of 1992 (42 U.S.C. 13258) is further amended by
 9 adding at the end the following:

10 **“(q) CREDIT FOR INVESTMENT IN ALTERNATIVE FUEL INFRASTRUCTURE.—**

11 **“(1) DEFINITIONS.—** In this subsection, the term ‘qualifying infrastructure’ means—

12 **“(A)** equipment required to refuel or recharge alternative fueled vehicles;

13 **“(B)** facilities or equipment required to maintain, repair, or operate alternative
 14 fueled vehicles;

15 ~~**“(C)** training programs, educational materials, or other activities necessary to~~
 16 ~~provide information regarding the operation, maintenance, or benefits associated with~~
 17 ~~alternative fueled vehicles; and~~

18 ~~**“(D)** (C)~~ such other activities the Secretary considers to constitute an
 19 appropriate expenditure in support of the operation, maintenance, or further
 20 widespread adoption of or utilization of alternative fueled vehicles.

21 **“(2) ISSUANCE OF CREDITS.—**The Secretary shall issue a credit to a fleet or covered
 22 person under this title for investment in qualifying infrastructure if the qualifying infrastructure is
 23 open to the general public during regular business hours.

24 **“(3) AMOUNT.—**For the purposes of credits under this subsection—

25 **“(A)** 1 credit shall be equal to a minimum investment of \$25,000 in cash or in
 26 ~~kind services~~ *equivalent expenditure*, as determined by the Secretary; and

27 **“(B)** except in the case of a Federal or State fleet, no part of the investment
 28 may be provided by Federal or State funds.

1 “(4) USE OF CREDITS—At the request of a fleet or covered person allocated a credit
2 under this subsection, the Secretary shall, for the year in which the investment is made, treat that
3 credit as the acquisition of 1 alternative fueled vehicle that the fleet or covered person is
4 required to acquire under this title.”.

5 **SEC. 706. INCREMENTAL COST ALLOCATION.**

6 *Section 303(c) of the Energy Policy Act of 1992 (42 U.S.C. 13212(c) is amended by*
7 *striking “may” and inserting “shall”.*

8 **SEC. ~~706~~ 707. REVIEW OF ALTERNATIVE FUEL PROGRAMS.**

9 (a) IN GENERAL.—Not later than ~~60 days~~ *1 year* after the date of enactment of this section, the
10 Secretary shall ~~conduct~~ *complete* a study to determine the effect that titles III, IV and V of the Energy
11 Policy Act of 1992 (42 U.S.C. 13211 et seq.) have had on the development of alternative fueled
12 vehicle technology, its availability in the market, and the cost of light duty motor vehicles that are
13 alternative fueled vehicles.

14 (b) TOPICS.—As part of such study, the Secretary shall specifically identify—

15 (1) the number of alternative fueled vehicles acquired by fleets or covered persons
16 required to acquire alternative fueled vehicles;

17 (2) the amount, by type, of alternative fuel actually used in alternative fueled vehicles
18 acquired by fleets or covered persons;

19 (3) the amount of petroleum displaced by the use of alternative fuels in alternative fueled
20 vehicles acquired by fleets or covered persons;

21 (4) the cost of compliance with vehicle acquisition requirements by fleets or covered
22 persons; and

23 (5) the existence of obstacles preventing compliance with vehicle acquisition
24 requirements and increased use of alternative fuel in alternative fueled vehicles acquired by
25 fleets or covered persons.

26 (c) REPORT.—~~Not later than 1 year after the date of enactment of this section~~ *Upon*
27 *completion of the study*, the Secretary shall submit to the Congress a report that describes the results
28 of the study conducted under this section and includes any recommendations of the Secretary for

1 legislative or administrative changes concerning the alternative fueled vehicle requirements under titles
2 III, IV and V of the Energy Policy Act of 1992 (42 U.S.C. 13211 et seq.). Such study shall be
3 updated on a regular basis as deemed necessary by the Secretary.

4 **SEC. 707 708. HIGH OCCUPANCY VEHICLE EXCEPTION.**

5 Notwithstanding section 102(a)(1) of title 23, United States Code, a State may permit a vehicle
6 with fewer than 2 occupants to operate in high occupancy vehicle lanes if such vehicle is a dedicated
7 vehicle (as defined in section 301 of the Energy Policy Act of 1992 (42 U.S.C. 13211)).

8 **Subtitle B—Automobile Fuel Economy**

9 **SEC. 711. AUTOMOBILE FUEL ECONOMY STANDARDS.**

10 (a) TITLE 49 AMENDMENT.—Section 32902(f) of title 49, United States Code, is amended to
11 read as follows:

12 “(f) CONSIDERATIONS.—When deciding maximum feasible average fuel economy under this
13 section, the Secretary of Transportation shall consider the following matters:

14 “(1) technological feasibility;

15 “(2) economic practicability;

16 “(3) the effect of other motor vehicle standards of the Government on fuel economy;

17 “(4) the need of the United States to conserve energy;

18 “(5) the effects of fuel economy standards on motor vehicle and passenger safety; and

19 “(6) the effects of compliance with average fuel economy standards on levels of
20 employment in the United States.”.

21 (b) CLARIFICATION OF AUTHORITY.—Section 32902(b) of title 49, United States Code, is
22 amended by inserting before the period at the end the following: “or such other number as the Secretary
23 prescribes under subsection (c)”.

24 (c) ENVIRONMENTAL ASSESSMENT.—When issuing final regulations setting forth increased
25 average fuel economy standards under section 32902(a)(2) of title 49, United States Code, as
26 amended by subsection (a) of this section, the Secretary of Transportation shall also issue an
27 environmental assessment of the effects of the increased standards on the environment under the

1 National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

2 (d) AUTHORIZATION OF APPROPRIATIONS.—For the purposes of this section, there are
3 authorized to be appropriated to the Secretary of Transportation \$5,000,000 for each of fiscal years
4 2004 through 2008.

5 **SEC. 712. DUAL-FUELED AUTOMOBILES.**

6 (a) MANUFACTURING INCENTIVES.—Section 32905 of title 49, United States Code, is
7 amended —

8 (1) in subsections (b) and (d), by striking “1993–2004” and inserting “1993–2008”;

9 (2) in subsection (f), by striking “2001” and inserting “2005”.

10 (3) in subsection (f)(1), by striking “2004” and inserting “2008”;

11 (4) in subsection (g), by striking “September 30, 2000” and inserting “September 30,
12 2004”.

13 (b) MAXIMUM FUEL ECONOMY INCREASE.— Subsection (a)(1) of section 32906 of title 49,
14 United States Code, is amended—

15 (1) in subparagraph (A), by striking “the model years 1993–2004” and inserting
16 “model years 1993–2008”; and

17 (2) in subparagraph (B), by striking “the model years 2005–2008” and inserting “model
18 years 2009–2012”.

19 **SEC. 713. FEDERAL FLEET FUEL ECONOMY.**

20 Section 32917 of title 49, United States Code, is amended to read as follows:

21 **“§ 32917. Standards for executive agency automobiles.**

22 “(a) BASELINE AVERAGE FUEL ECONOMY.—The head of each executive agency shall
23 determine, for all automobiles in the agency’s fleet of automobiles that were leased or bought as
24 a new vehicle in fiscal year 1999, the average fuel economy for such automobiles. For the
25 purposes of this section, the average fuel economy so determined shall be the baseline average
26 fuel economy for the agency’s fleet of automobiles.

27 ~~“(b) INCREASE OF AVERAGE FUEL ECONOMY.—The head of an executive agency shall~~
28 ~~manage the procurement of automobiles for that agency in such a manner that—~~

1 ~~“(1) not later than September 30, 2004, the average fuel economy of the new~~
2 ~~automobiles in the agency’s fleet of automobiles is not less than 1 mile per gallon higher~~
3 ~~than the baseline average fuel economy determined under subsection (a) for that fleet;~~
4 ~~and~~

5 ~~“(2) not later than September 30, 2006, the average fuel economy of the new~~
6 ~~automobiles in the agency’s fleet of automobiles is not less than 3 miles per gallon higher~~
7 ~~than the baseline average fuel economy determined under subsection (a) for that fleet.~~

8 “(b) *INCREASE OF AVERAGE FUEL ECONOMY.*—*The head of an executive agency*
9 *shall manage the procurement of automobiles for that agency in such a manner that not*
10 *later than September 30, 2005, the average fuel economy of the new automobiles in the*
11 *agency’s fleet of automobiles is not less than 3 miles per gallon higher than the baseline*
12 *average fuel economy determined under subsection (a) for that fleet.*

13 “(c) *CALCULATION OF AVERAGE FUEL ECONOMY.*—Average fuel economy shall be
14 calculated for the purposes of this section in accordance with guidance which the Secretary of
15 Transportation shall prescribe for the implementation of this section.

16 “(d) *DEFINITIONS.*—In this section:

17 “(1) The term ‘automobile’ does not include any vehicle designed for combat-
18 related missions, law enforcement work, or emergency rescue work.

19 “(2) The term ‘executive agency’ has the meaning given that term in section 105
20 of title 5.

21 “(3) The term ‘new automobile’, with respect to the fleet of automobiles of an
22 executive agency, means an automobile that is leased for at least 60 consecutive days
23 or bought, by or for the agency, after September 30, 1999.”.

24 **SEC. 714. RAILROAD EFFICIENCY.**

25 (a) *ESTABLISHMENT.*—The Secretary of Energy, in cooperation with the Secretary of
26 Transportation *and the Administrator of the Environmental Protection Agency*, shall establish a
27 *cost-shared*, public-private research partnership to develop and demonstrate railroad locomotive
28 technologies that increase fuel economy, reduce emissions, and lower costs of operation. Such

1 partnership shall involve the Federal Government, railroad carriers, locomotive manufacturers and
2 equipment suppliers, and the Association of American Railroads.

3 (b) AUTHORIZATION OF APPROPRIATIONS.— For the purposes of this section, there are
4 authorized to be appropriated to the Secretary of Energy \$25,000,000 for fiscal year 2004,
5 \$35,000,000 for fiscal year 2005, and \$50,000,000 for fiscal year 2006.

6 **SEC. 715. REDUCTION OF ENGINE IDLING IN HEAVY-DUTY VEHICLES.**

7 (a) IDENTIFICATION.—Not later than ~~6 months~~ *180 days* after the date of enactment of this
8 section, the Secretary of Energy, in consultation with the Secretary of Transportation and the
9 Administrator of the Environmental Protection Agency, shall commence a study to analyze the potential
10 fuel savings and emissions reductions resulting from use of idling reduction technologies as they are
11 applied to heavy-duty vehicles. Upon completion of the study, the Secretary of Energy shall, by rule,
12 certify those idling reduction technologies with the greatest economic or technical feasibility and the
13 greatest potential for fuel savings and emissions reductions, and publish a list of such certified
14 technologies in the Federal Register.

15 (b) VEHICLE WEIGHT EXEMPTION.—Section 127(a) of Title 23, United States Code, is
16 amended by adding at the end the following:

17 “In order to promote reduction of fuel use and emissions due to engine idling, the maximum
18 gross vehicle weight limit and the axle weight limit for any motor vehicle equipped with an idling
19 reduction technology certified by the U.S. Department of Energy will be increased by an amount
20 necessary to compensate for the additional weight of the idling reduction system, provided that the
21 weight increase shall be no greater than 400 pounds.”

22 (c) DEFINITIONS.—For the purposes of this section:

23 (1) The term “idling reduction technology” means a device or system of devices utilized
24 to reduce long-duration idling of a vehicle.

25 (2) The term “heavy-duty vehicle” means a vehicle that has a gross vehicle weight rating
26 greater than 8,500 pounds and is powered by a diesel engine.

27 (3) The term “long-duration idling” means the operation of a main drive engine, for a
28 period greater than 30 consecutive minutes, where the main drive engine is not engaged in gear.

1 Such term does not apply to routine stoppages associated with traffic movement or congestion.