

Outline of Discussion Draft Distributed on June 1, 2007

Title I – Fuels

Section 101. Alternative Fuels Program - Requires the Environmental Protection Agency (EPA) to establish minimum volumes of alternative fuel to be included in the mix of motor and nonroad vehicle fuel sold in the United States beginning in 2013. The amount of alternative fuel increases each year, reaching 35 billion gallons in 2025. Alternative fuels include renewable fuel, alcohol-based fuels, natural gas, liquefied petroleum gas, hydrogen, CTL (w/ carbon capture), and electricity. The structure of the Alternative Fuels Standard (AFS) is substantially similar to the current Renewable Fuels Standard (RFS) in terms of obligated parties, waivers, compliance values, and tradable credits.

Section 102. Low Carbon Fuels Standard and Motor Vehicle Carbon Reporting – This section creates a new title of the Clean Air Act governing EPA’s existing authority to regulate greenhouse gas emissions from mobile sources.

Low Carbon Fuels Standard (LCFS) - The Low Carbon Fuel Standard is conceptually similar to CAFE for fuels. The Discussion Draft would provide direction to EPA on how EPA may use its existing Clean Air Act authority to regulate greenhouse gas emissions from fuels. EPA would be directed to issue regulations that would require annual decreases in the average lifecycle carbon intensity of the total pool of motor vehicle and nonroad fuel, rather than imposing per-gallon limitations. The Discussion Draft creates a rebuttable presumption about the appropriate level of the standard for each year, but allows EPA to adjust that level based on technological feasibility and other factors. An obligated party could meet the standard by reducing the average carbon intensity of the fuel it produces and sells, buying credits from other fuel producers, or any combination of those two approaches. As a practical matter, reducing the carbon intensity of the total pool of motor vehicle and nonroad fuels will require greater reliance on biofuels and other low carbon fuels. The structure of the LCFS is substantially similar to the current Renewable Fuel Standard in terms of obligated parties, waivers, and tradable credits.

Lifetime Carbon Emissions from Motor Vehicles - Requires EPA to establish methodologies for auto manufacturers to determine the projected lifetime carbon emissions of their new motor vehicles. Starting with model year 2013, for new motor vehicles subject to EPA’s Tier 2 emissions standards, auto manufacturers would have to report lifetime carbon emissions for each model and for each manufacturer’s fleet. EPA would also be required to establish similar reporting requirements for new motor vehicles not covered by Tier 2 to the extent it is feasible. This new reporting obligation and CAFE would be the exclusive regulatory regimes for governing new motor vehicle emissions of greenhouse gases.

Section 103. Standard Specifications for Biodiesel - Requires EPA to promulgate regulations establishing uniform per gallon fuel standards for categories of biodiesel fuel so that engine manufacturers are able to design engines for biodiesel fuel meeting such standards.

Section 104. Grants for Cellulosic Ethanol Production - Amends EPA Act 2005 to increase the authorized amount of cellulosic ethanol production grants and establish criteria to promote geographical dispersion of grant recipients and feedstock diversity.

Title II – Alternative Fuels Infrastructure

Section 201. Alternative Fuels Infrastructure Development - Requires the Secretary of Energy to establish a grant program to assist with the installation, replacement, or conversion of existing infrastructure to allow it to be used with alternative fuel, including E-85. Also provides for technical assistance and marketing grants. Program authorized at \$200 million per year through 2014.

Section 202. Prohibition of Franchise Agreement Restrictions on Alternative Fuel Infrastructure - Amends the Petroleum Marketing Practices Act (PMPA) to prohibit a franchise agreement from restricting the ability of a franchisee from installing alternative fuel infrastructure, converting existing infrastructure to alternative fuel use, advertising the availability of alternative fuel, or selling alternative fuel in any specified area of the marketing premises.

Section 203. Alternative Fuel Dispenser Requirements - Requires the Secretary of Energy, in consultation with the Secretary of Transportation, to determine and report on the market penetration of flexible-fuel vehicles (FFVs) within geographic regions. When FFV market penetration reaches 15 percent of motor vehicles in a geographic region, the Secretary shall require the installation of E-85 compatible pumps. In mandating pump installation, the Secretary must consider the availability of E-85, fuel sales volume, and physical capacity of retail locations.

Section 204. Pipeline Feasibility Study - Requires the Secretary of Energy, in consultation with the Secretary of Transportation, on the feasibility of the construction of dedicated ethanol pipelines.

Title III - Vehicles

Section 301. Average Fuel Economy Standards - Requires the Secretary of Transportation to prescribe both passenger and non-passenger motor vehicle standards at the maximum feasible level beginning in model year 2012. Standards for passenger automobiles may be no less than 36 mpg after model year 2021, and standards for non-passenger automobiles may be no less than 30 mpg after model year 2024. The Secretary will be required to issue standards in both grams of CO₂ per mile and miles per gallon measurements. It also authorizes the Secretary of Transportation to issue standards based upon one or more vehicle attribute related to fuel economy and carbon efficiency. If the Secretary prescribes attribute-based standards, an anti-backsliding provision will go into effect for passenger vehicles ensuring manufacturers maintain a minimum fleet-wide average. Lastly, it increases fines for non-compliance with CAFE and dedicates the proceeds to the domestic development and production of advanced technology vehicles and vehicle components.

Section 302. Flexible Fuel Vehicle Production - Requires vehicle manufacturers to make a percentage of their new vehicle production Flexible Fuel Vehicles in accordance with the following table:

MODEL YEAR	PERCENT FFVs
2012	45
2013	50
2014	55
2015	60
2016	65
2017	70
2018	75
2019	80
2020	85

Requires the Secretary of Transportation, in consultation with the Administrator of the EPA, to commence a rulemaking excluding certain engine types from this requirement. Individual manufacturers may also petition the Secretary for an exemption for a particular type of engine.

Section 303. Consumer Awareness - Requires the Secretary of Transportation, in consultation with the Secretary of Energy, to engage in a public education campaign to make consumers aware of the availability of Flexible Fuel Vehicles and where alternative fuels can be purchased. Also requires the Secretary of Transportation to partner with interested industry groups and non-profit entities to develop and implement a public information campaign to educate consumers on how they can conserve fuel through the proper use and maintenance of their vehicles.

Sec. 304. Tire Fuel Efficiency Consumer Information - Requires the Secretary of Transportation to engage in a consumer education campaign identifying the fuel efficiency of replacement tires at the point of sale.

Sec. 305. Advanced Battery Loan Guarantee Program - Creates a Department of Energy advanced battery loan guarantee program for the development and production of next generation batteries in the United States.

Sec. 306. Domestic Manufacturing Conversion Grant Program - Creates a grant program to support the domestic development and production of advanced technology vehicles.