

[DISCUSSION DRAFT]

JUNE 1, 2007

1 **TITLE I—FUELS**

2 **SEC. 101. ALTERNATIVE FUELS PROGRAM.**

3 (a) IN GENERAL.—Section 211 of the Clean Air Act
4 (42 U.S.C. 4575) is amended by adding the following new
5 subsection at the end thereof:

6 “(t) ALTERNATIVE FUEL PROGRAM.—

7 “(1) DEFINITIONS.—In this section__

8 “(A) ALTERNATIVE FUEL.—

9 “(i) IN GENERAL.—The term ‘alter-
10 native fuel’ means the portion of any
11 motor vehicle or nonroad fuel, as measured
12 by volume, that consists of—

13 “(I) renewable fuel;

14 “(II) methanol, denatured eth-
15 anol, butanol, and other alcohols;

16 “(III) natural gas, including liq-
17 uid fuels domestically produced from
18 natural gas;

19 “(IV) liquefied petroleum gas;

20 “(V) hydrogen;

21 “(VI) qualifying coal-derived liq-
22 uid fuel;

1 “(VII) fuels (not including a fuel
2 that consists of alcohol) derived from
3 biological materials (including bio-
4 diesel);

5 “(VIII) electricity provided from
6 the electric power transmission and
7 distribution system; and

8 “(IX) any other fuel that the Ad-
9 ministrators determines, by rule, is not
10 derived from crude oil and would yield
11 energy security benefits or environ-
12 mental benefits.

13 “(ii) QUALIFYING COAL-DERIVED LIQ-
14 UID FUEL.—The term ‘qualifying coal-de-
15 rived liquid fuel’ means liquid fuel pro-
16 duced by a project that—

17 “(I) converts coal to one or more
18 liquid or gaseous transportation fuels;

19 “(II) demonstrates the capture,
20 and sequestration or disposal or use
21 of, the carbon dioxide produced in the
22 conversion process; and

23 “(III) on the basis of a carbon
24 dioxide sequestration plan prepared by
25 the applicant, is certified by the Ad-

1 administrator, in consultation with the
2 Secretary of Energy, as producing
3 fuel with life cycle carbon dioxide
4 emissions at or below the average life
5 cycle carbon dioxide emissions for the
6 same type of fuel produced at tradi-
7 tional petroleum based facilities with
8 similar annual capacities.

9 “(iii) BLENDING COMPONENTS.—The
10 term ‘alternative fuel’ includes any portion
11 of a blending component that is derived
12 from an alternative fuel.

13 “(B) NONROAD FUEL.—The term ‘nonroad
14 fuel’ means fuel that is used, intended for use,
15 or made available for use as a fuel in a nonroad
16 engine or a nonroad vehicle.

17 “(C) OBLIGATED PARTY.—The term ‘obli-
18 gated party’ means any refiner, blender, or im-
19 porter of motor vehicle, or nonroad, gasoline or
20 diesel fuel, that is designated an obligated party
21 under regulations issued by the Administrator
22 for purposes of this subsection.

23 “(D) OTHER TERMS.—The terms used in
24 this subsection have the same meaning as when
25 used in subsection (o).

1 “(2) ALTERNATIVE FUEL REGULATIONS.—

2 “(A) STANDARD.—Not later than 2 years
3 after the date of enactment of this subsection,
4 and from time to time thereafter, the Adminis-
5 trator shall promulgate regulations to ensure
6 that motor vehicle and nonroad fuel sold or in-
7 troduced into commerce in the United States,
8 on an annual average basis, contains the appli-
9 cable volume of alternative fuel determined in
10 accordance with this subsection.

11 “(B) PROVISIONS OF REGULATIONS.—Re-
12 gardless of the date of promulgation, the regu-
13 lations promulgated under subparagraph (A)___

14 “(i) shall contain compliance provi-
15 sions applicable to refiners, blenders, dis-
16 tributors, and importers, as appropriate, to
17 ensure that the requirements of this para-
18 graph are met; but

19 “(ii) shall not—

20 “(I) restrict geographic areas in
21 which alternative fuel may be used; or

22 “(II) impose any per-gallon obli-
23 gation for the use of alternative fuel.

24 “(3) APPLICABLE VOLUME.—For the purpose
25 of the regulations under this subsection, the applica-

1 ble volume (in billions of gallons) shall be deter-
2 mined under this paragraph.

3 “(A) CALENDAR YEARS 2013 THROUGH
4 2025.—The applicable volume (in billions of gal-
5 lons) for the calendar years 2013 through 2025
6 shall be as provided in the following table:

calendar year	applicable volume
2013	14
2014	15
2015	16
2016	17
2017	18
2018	19
2019	20
2020	21
2021	23
2022	26
2023	29
2024	32
2025	35

7 “(B) CALENDAR YEAR 2026 AND THERE-
8 AFTER.—Except as otherwise provided in this
9 paragraph, the applicable volume for calendar
10 year 2026 and each calendar year thereafter
11 shall be determined by rule by the Adminis-
12 trator, in coordination with the Secretary of
13 Agriculture and the Secretary of Energy, based
14 on a review of the implementation of the pro-
15 gram under this subsection during calendar
16 years 2020 through 2025, including a review of
17 each of the following:

1 “(i) The impact of the use of alter-
2 native fuels on the energy security of the
3 United States.

4 “(ii) The impact of the use of alter-
5 native fuels on public health and the envi-
6 ronment, including air and water quality.

7 “(iii) The expected annual rate of fu-
8 ture production of alternative fuels.

9 “(iv) The impact of alternative fuels
10 on the infrastructure of the United States,
11 including the deliverability of materials,
12 goods, and products other than alternative
13 fuels, and the sufficiency of the infrastruc-
14 ture to deliver alternative fuel.

15 “(v) The impact of the use of alter-
16 native fuels on job creation, the price and
17 supply of agricultural commodities, and
18 rural economic development.

19 “(C) MINIMUM APPLICABLE VOLUME FOR
20 CALENDAR YEAR 2026 AND THEREAFTER.—For
21 the purpose of subparagraph (B), the minimum
22 applicable volume for calendar year 2026 and
23 each calendar year thereafter shall be equal to
24 the product obtained by multiplying the number

1 obtained under clause (i) by the ratio obtained
2 under clause (ii).

3 “(i) The number of gallons of motor
4 vehicle and nonroad fuel that the Adminis-
5 trator estimates will be sold or introduced
6 into commerce in the calendar year.

7 “(ii) The ratio that—

8 “(I) 35,000,000,000 gallons of
9 alternative fuel bears to

10 “(II) the number of gallons of
11 motor vehicle and nonroad fuel sold or
12 introduced into commerce in calendar
13 year 2025.

14 “(4) ALTERNATIVE FUEL PERCENTAGES.—

15 “(A) PROVISION OF ESTIMATE OF VOL-
16 UMES OF MOTOR VEHICLE AND NONROAD FUEL
17 SALES.—Not later than October 31, 2012, and
18 annually thereafter, the Administrator of the
19 Energy Information Administration shall pro-
20 vide to the Administrator of the Environmental
21 Protection Agency an estimate, with respect to
22 the following calendar year, of the volumes of
23 motor vehicle and nonroad fuel projected to be
24 sold or introduced into commerce in the United
25 States during the following calendar year.

1 “(B) DETERMINATION OF PERCENT-
2 AGES.—Not later than November 30 of each
3 calendar year after 2012, based on the estimate
4 provided under subparagraph (A), the Adminis-
5 trator shall determine and publish in the Fed-
6 eral Register, with respect to the following cal-
7 endar year, the percentage of the projected vol-
8 ume of motor vehicle and nonroad fuel that
9 must be alternative fuel in order to ensure that
10 the applicable volume requirements of para-
11 graph (3) are met.

12 “(C) REQUIRED ELEMENTS.—The alter-
13 native fuel obligation determined for a calendar
14 year under subparagraph (B) shall—

15 “(i) be applicable to refiners, blenders,
16 and importers of motor vehicle and
17 nonroad gasoline and diesel fuel, as appro-
18 priate;

19 “(ii) be expressed in terms of a vol-
20 ume percentage of motor vehicle and
21 nonroad fuel sold or introduced into com-
22 merce in the United States; and

23 “(iii) subject to clause (i), consist of a
24 single applicable percentage that applies to

1 all categories of persons specified in clause
 2 (i).

3 “(D) ADJUSTMENTS.—In determining the
 4 alternative fuel percentage for a calendar year,
 5 the Administrator shall make adjustments to
 6 prevent the imposition of redundant obligations
 7 on any obligated party.

8 “(5) COMPLIANCE VALUES.—

9 “(A) TABLE.—The Administrator shall as-
 10 sign a compliance value for each alternative fuel
 11 in accordance with the following table to be
 12 used as a multiplier to determine the extent to
 13 which each gallon or other specified unit of the
 14 alternative fuel will satisfy the alternative fuel
 15 volume obligation under this subsection:

“Fuel type	Compli- ance Val- ues, Years 2013-2015	Compli- ance Val- ues, Years 2016-2020	Compli- ance Val- ues, Years After 2020
Ethanol (non-Cellulosic)	1.0	1.0	1.0
Ethanol (Cellulosic)	2.5	1.0	1.0
Biodiesel	1.4	1.4	1.4
Gas-to-Liquid Diesel Fuel	1.5	1.5	1.5
Coal-to-Liquid Diesel Fuel	1.5	1.5	1.5
Compressed Natural Gas (78 standard cubic feet)	1.0	1.0	1.0

“Fuel type	Compliance Values, Years 2013-2015	Compliance Values, Years 2016-2020	Compliance Values, Years After 2020
Liquefied Natural Gas	1.0	1.0	1.0
Liquefied Petroleum Gas	1.1	1.1	1.1
Electricity (6.4 kilowatt-hours)	2.5	2.5	1.0
Gaseous Hydrogen (132 standard cubic feet)	2.5	2.5	1.0
Liquid Hydrogen	2.3	2.3	0.8
Methanol	0.8	0.8	0.8
Butanol	1.3	1.3	1.3
Bio-Butanol	1.3	1.3	1.3

1 All values are expressed in terms of gallons un-
 2 less otherwise specified.

3 “(B) AUTHORITY OF THE ADMINIS-
 4 TRATOR.—

5 “(i) IN GENERAL.—In accordance
 6 with the requirements described in clause
 7 (ii), the Administrator may by rule—

8 “(I) add fuel types to the table
 9 contained in subparagraph (A);

10 “(II) revise any fuel type or com-
 11 pliance value referred to in the table
 12 contained in subparagraph (A); and

13 “(III) assign each new or revised
 14 category or subcategory of an alter-

1 native fuel type an appropriate com-
2 pliance value.

3 “(ii) CALCULATION OF COMPLIANCE
4 VALUES.—When the Administrator assigns
5 or revises the compliance value for an al-
6 ternative fuel type, the Administrator shall
7 establish that compliance value equal to
8 the ratio of the energy content of the alter-
9 native fuel to the energy content of eth-
10 anol. No compliance value for the years
11 2013 through 2020 may be revised by the
12 Administrator under this subparagraph for
13 electricity, gaseous hydrogen, or liquid hy-
14 drogen or for the years 2013 through 2015
15 for cellulosic ethanol.

16 “(6) COMPLIANCE WITH STANDARD; USE OF
17 IDENTIFICATION NUMBERS.—

18 “(A) GENERATION AND ASSIGNMENT.—
19 Regulations promulgated under this subsection
20 shall provide that the producer or importer of
21 any alternative fuel shall generate and assign to
22 each batch or other quantifiable unit (as deter-
23 mined by the Administrator) a unique identi-
24 fication number (except as provided in subpara-
25 graph (B)).

1 “(B) ELECTRICITY.—The regulations of
2 the Administrator under this subsection shall
3 establish a process for generating and assigning
4 identification numbers for the amount of elec-
5 tricity from the electric power transmission and
6 distribution system expected to be used as a
7 motor vehicle or nonroad fuel. For vehicles
8 manufactured prior to 2020 or such later time
9 as the Administrator finds that the producers
10 of the electricity used as a motor vehicle or
11 nonroad vehicle fuel can be determined, the reg-
12 ulations shall provide that the identification
13 numbers for electricity shall be assigned to the
14 manufacturer or importer of motor vehicles or
15 nonroad vehicles fueled by electricity from the
16 electric power transmission and distribution
17 system.

18 “(C) BASIS.—The identification numbers
19 referred to in this paragraph shall be based on
20 the volume of the alternative fuel and the com-
21 pliance values established under paragraph (5).

22 “(D) COMPLIANCE WITH THE STAND-
23 ARD.—Obligated parties shall demonstrate com-
24 pliance with the standard under this subsection

1 by surrendering identification numbers in an
2 appropriate quantity to the Administrator.

3 “(E) DURATION.—An identification num-
4 ber generated under this subsection shall be
5 valid to show compliance for the 12 months as
6 of the date of generation. The Administrator
7 shall interpret this subparagraph the same way
8 as section 211(o)(5)(C) of this Act is inter-
9 preted.

10 “(F) TRADING.—Identification numbers
11 may be held by any individual or entity and
12 transferred by any individual or entity to any
13 other individual or entity.

14 “(G) INABILITY TO GENERATE OR PUR-
15 CHASE.—The regulations promulgated under
16 this paragraph shall include provisions allowing
17 any obligated party that is unable to generate
18 or purchase sufficient identification numbers to
19 meet the standard under paragraph (2) to carry
20 forward an alternative fuel deficit on condition
21 that the obligated party in the calendar year
22 following the year in which the deficit is cre-
23 ated—

24 “(i) achieves compliance with the
25 standard under paragraph (2); and

1 “(ii) generates or purchases additional
2 alternative fuel identification numbers to
3 offset the alternative fuel deficit of the pre-
4 vious year.

5 “(H) PROPERTY .—An identification num-
6 ber generated under this subsection does not
7 constitute a property right. Nothing in this sub-
8 section or in any other provision of law shall be
9 construed to limit the authority of the United
10 States to terminate or limit such an identifica-
11 tion number.

12 “(I) IDENTIFICATION NUMBERS FROM RFS
13 PROGRAM.—To demonstrate compliance for the
14 year 2013, the Administrator shall permit the
15 use of identification numbers generated and as-
16 signed under the regulations under subsection
17 (o) to the same extent that subsection (o) would
18 have allowed their use in 2013. Deficits under
19 subsection (o) for the year 2012 may be carried
20 forward to the year 2013 if the requirements of
21 subsection (o)(5)(D) of this section and sub-
22 paragraph (G) of this paragraph are met.

23 “(7) WAIVERS.—

24 “(A) IN GENERAL.—Based on a petition
25 by a State, an obligated party, or on the Ad-

1 administrator’s own motion, the Administrator, in
2 consultation with the Secretary of Agriculture
3 and the Secretary of Energy, may waive the re-
4 quirements of paragraph (2) in whole or in part
5 by reducing the national quantity of alternative
6 fuel required under paragraph (3) if the Admin-
7 istrator, after public notice and opportunity for
8 comment, determines that—

9 “(i) implementation of the require-
10 ments would severely harm the economy or
11 environment of a State, a region, or the
12 United States; or

13 “(ii) there is an inadequate domestic
14 supply.

15 “(B) PETITIONS.—The Administrator shall
16 approve or disapprove a petition for a waiver
17 within 90 days after the date on which the peti-
18 tion is received by the Administrator.

19 “(C) TERMINATION OF WAIVERS.—A waiv-
20 er granted under subparagraph (A) shall termi-
21 nate after 1 year, but may be renewed by the
22 Administrator after consultation with the Sec-
23 retary of Agriculture and the Secretary of En-
24 ergy.”.

1 (b) PENALTIES AND ENFORCEMENT.—Section
2 211(d) of the Clean Air Act (42 U.S.C.7545(d)) is amend-
3 ed as follows:

4 (1) In paragraph (1)___

5 (A) in the first sentence, by striking “or
6 (o)” each place it appears and inserting “(o), or
7 (u)”;

8 (B) in the second sentence, by striking “or
9 (o)” and inserting “(o), or (u)”;

10 (2) in the first sentence of paragraph (2), by
11 striking “and (o)” each place it appears and insert-
12 ing “(o), and (u)”.

13 (c) RENEWABLE FUEL PROGRAM.—

14 (1) TERMINATION.—Subparagraph (B) of sec-
15 tion 211(o)(2) of the Clean Air Act (42 U.S.C.
16 4575(o)(2)(B)) is amended by striking all after
17 clause (i).

18 (2) 2009 THROUGH 2012 REQUIREMENTS.—The
19 items relating to the years 2009 through 2012 in
20 the table in clause (i) of such subparagraph (B) are
21 amended as follows:

22 (A) Strike “6.1” and insert “10” .

23 (B) Strike “6.8” and insert “11” .

24 (C) Strike “7.4” and insert “12”.

25 (D) Strike “7.5” and insert “13”.

1 **SEC. 102. LOW CARBON FUEL STANDARD AND MOTOR VEHI-**
2 **CLE CARBON REPORTING.**

3 (a) REQUIREMENTS FOR CONTROL OF GREENHOUSE
4 GASES.—The Clean Air Act (42 U.S.C. 7401 and fol-
5 lowing) is amended by adding the following new title at
6 the end thereof:

7 **“TITLE VII—CONTROL OF**
8 **GREENHOUSE GAS EMIS-**
9 **SIONS FROM MOBILE**
10 **SOURCES**

11 **“SEC. 701. DEFINITIONS.**

12 “As used in this title:

13 “(1) GREENHOUSE GAS.—The term ‘greenhouse
14 gas’ means any of carbon dioxide,
15 hydrofluorocarbons, methane, nitrous oxide,
16 perfluorocarbons, and sulfur hexafluoride.

17 “(2) CARBON DIOXIDE EQUIVALENT.—With re-
18 spect to each greenhouse gas, the term ‘carbon diox-
19 ide equivalent’ means the amount of the greenhouse
20 gas that traps the same amount of heat as one met-
21 ric ton of carbon dioxide, as determined by the Ad-
22 ministrator.

1 **“Subtitle A—Control of Greenhouse**
2 **Gas Emissions From Motor Ve-**
3 **hicle and Nonroad Fuels**

4 **“SEC. 711. DEFINITIONS.**

5 “(a) IN GENERAL.—The terms ‘nonroad engine’,
6 ‘nonroad fuel’ , ‘nonroad vehicle’ and other terms used in
7 this subtitle have the same meaning as when used in title
8 II of this Act, except as otherwise provided in this subtitle.

9 “(b) OTHER TERMS.—As used in this subtitle:

10 “(1) OBLIGATED PARTY.—The term ‘obligated
11 party’ means those parties designated as obligated
12 parties by the Administrator under regulations pro-
13 mulgated under this subtitle.

14 “(2) LIFECYCLE GREENHOUSE GAS EMIS-
15 SIONS.—The term ‘lifecycle greenhouse gas emis-
16 sions’ means, with respect to a motor vehicle or
17 nonroad fuel, greenhouse gases emitted (directly or
18 indirectly, including from land use changes) during
19 the production, feedstock production or extraction,
20 distribution, marketing, and use of the fuel.

21 “(3) CARBON INTENSITY.—The term ‘carbon
22 intensity’ means, with respect to any fuel, the
23 lifecycle greenhouse gas emissions produced by that
24 fuel divided by a unit of energy produced by that
25 fuel.

1 “(4) AVERAGE CARBON INTENSITY.—The term
2 ‘average carbon intensity’ means, with respect to any
3 fuel or group of fuels, the total lifecycle greenhouse
4 gas emissions produced by that fuel or group of
5 fuels divided by the total amount of energy produced
6 by that fuel or group of fuels.

7 “(5) BASELINE AVERAGE CARBON INTEN-
8 SITY.—The ‘baseline average carbon intensity’
9 means, with respect to any fuel or group of fuels,
10 the average carbon intensity that fuel or group of
11 fuels had in calendar year 2004.

12 **“SEC. 712. LOW CARBON FUEL PROGRAM.**

13 “(a) REGULATIONS.—Not later than 24 months after
14 the date of enactment of this subtitle, the Administrator
15 shall promulgate, and from time to time thereafter modify,
16 regulations under section 211(c) requiring that the aver-
17 age carbon intensity of all motor vehicle and nonroad fuel
18 sold or introduced into commerce in the United States be
19 reduced beginning in the calendar year 2013. The regula-
20 tions under this subtitle shall contain standards and com-
21 pliance provisions applicable to obligated parties and to
22 distributors of motor vehicle or nonroad fuel, as well as
23 to such other persons as the Administrator identifies as
24 appropriate to ensure compliance with this subtitle. Such

1 regulations shall not impose geographic or per-gallon car-
2 bon constraints on any fuel.

3 “(b) ANNUAL AVERAGE CARBON INTENSITY STAND-
4 ARDS.—

5 “(1) IN GENERAL.—The regulations under sec-
6 tion 211(c) and this subtitle shall require that the
7 average carbon intensity of all motor vehicle and
8 nonroad fuel sold or distributed in the contiguous
9 United States in each calendar year after 2012 shall
10 not exceed the average carbon intensity standard es-
11 tablished by the Administrator for the calendar year
12 concerned. The average carbon intensity standard
13 for the calendar year 2013 may not be greater than
14 the baseline average carbon intensity.

15 “(2) AVERAGE CARBON INTENSITY STAND-
16 ARD.— For each year after 2012, the average car-
17 bon intensity standard established by the Adminis-
18 trator under this subsection shall be equal to the av-
19 erage carbon intensity of all motor vehicle and
20 nonroad fuel projected to be sold or distributed in
21 that calendar year assuming that gasoline and diesel
22 fuel have the same average carbon intensity as in
23 2004 and assuming that the alternative fuel stand-
24 ard under section 211(t) is met as follows:

1 “(A) 12,000,000,000 gallons of the alter-
2 native fuel required by that standard will have
3 a carbon intensity equal to 80 percent of the
4 carbon intensity of gasoline.

5 “(B) Of the remainder of the alternative
6 fuel required by that standard for that year__

7 “(i) 50 percent will have a carbon in-
8 tensity equal to 50 percent of the carbon
9 intensity of gasoline; and

10 “(ii) 50 percent will have a carbon in-
11 tensity equal to 25 percent of the carbon
12 intensity of gasoline.

13 “(3) ADJUSTMENT BY ADMINISTRATOR.—The
14 Administrator may adjust the average carbon inten-
15 sity standard to a level other than that prescribed by
16 paragraph (2) based on a consideration of energy,
17 environmental, economic, and safety factors; the
18 time necessary for the development and application
19 of the requisite technology, giving appropriate con-
20 sideration to the cost of compliance and the cost to
21 consumers; and the extent to which the average car-
22 bon intensity standard will assist motor vehicle man-
23 ufacturers in complying with fuel or carbon effi-
24 ciency standards established by the Secretary of
25 Transportation. The Administrator may not lower

1 the average carbon intensity standard below that
2 prescribed by paragraph (2) unless he finds that a
3 lower average carbon intensity is technologically fea-
4 sible. The Administrator may not raise the average
5 carbon intensity standard above that prescribed by
6 paragraph (2) unless he finds that the average car-
7 bon intensity calculated under paragraph (2) is tech-
8 nologically infeasible.

9 **“SEC. 713. ADDITIONAL REQUIREMENTS FOR REGULA-**
10 **TIONS.**

11 “(a) IN GENERAL.—The regulations under section
12 211(e) and this subtitle shall__

13 “(1) define ‘obligated party’ to include any re-
14 finer, importer, or blender of gasoline or diesel fuel;
15 any fuel producer that produces fuel with an average
16 carbon intensity greater than the average carbon in-
17 tensity standard established by the Administrator;
18 and such other fuel producers as the Administrator
19 determines appropriate to aid in the implementation,
20 and assure the enforceability, of the standards estab-
21 lished under this subtitle;

22 “(2) require each obligated party to meet the
23 average carbon intensity standard established under
24 section 712;

1 “(3) modify the identification number system
2 established under section 211(o) so that identifica-
3 tion numbers can be used to track greenhouse gas
4 emissions or carbon intensity and to determine com-
5 pliance with the standards established under this
6 subtitle;

7 “(4) establish a trading system for identifica-
8 tion numbers;

9 “(5) allow each obligated party to comply with
10 the standard established under section 712 through
11 the use of identification numbers described in sec-
12 tion 714;

13 “(6) establish methods for calculating the aver-
14 age carbon intensity of an obligated party’s fuel;

15 “(7) establish default values for the carbon in-
16 tensity of different fuels using different production
17 and extraction processes, feedstocks, and fuel type
18 combinations; and

19 “(8) establish procedures pursuant to which a
20 fuel provider may seek the Administrator’s approval
21 to use a carbon intensity value other than a default
22 value.

23 “(b) LIMITATIONS.—The regulations promulgated
24 under this subtitle shall not—

1 vide that the identification numbers for electricity shall be
2 assigned to the manufacturer or importer of motor vehi-
3 cles or nonroad vehicles fueled by electricity from the elec-
4 tric power transmission and distribution system.

5 “(c) BASIS.—The identification numbers referred to
6 in this section shall contain information reflecting the car-
7 bon intensity of the batch or other quantifiable unit of
8 fuel concerned and such other information as the Adminis-
9 trator deems appropriate.

10 “(d) COMPLIANCE WITH STANDARD.—No later than
11 April 30 of each year, the Administrator shall require each
12 obligated party to demonstrate compliance with the stand-
13 ard established under section 712 for the previous cal-
14 endar year. Identification numbers used to demonstrate
15 compliance shall be surrendered to the Administrator.

16 “(e) DURATION OF IDENTIFICATION NUMBERS.—
17 The identification numbers generated under this subtitle
18 in any calendar year after 2012 may be used by obligated
19 parties to demonstrate compliance with the average carbon
20 intensity standard under this subsection for that calendar
21 year or any calendar year thereafter, subject to record-
22 keeping requirements, regardless of the calendar year in
23 which the fuel is used. The Administrator shall limit the
24 duration of identification numbers as necessary to ensure
25 the integrity of the program. The time period for which

1 identification numbers may be used shall be limited to the
2 time period for which reliable records are kept.

3 “(f) TRADING.—Identification numbers may be held
4 by any individual or entity and transferred to any other
5 individual or entity.

6 “(g) INABILITY TO GENERATE OF PURCHASE SUFFI-
7 CIENT IDENTIFICATION NUMBERS.—The regulations pro-
8 mulgated under this section shall include provisions allow-
9 ing any person that is unable to generate or purchase suf-
10 ficient identification numbers to meet the standard under
11 this subtitle to carry forward a carbon deficit on condition
12 that the person, in the calendar year following the year
13 in which the carbon deficit is created—

14 “(1) achieves compliance with the standard;
15 and

16 “(2) generates or purchases additional identi-
17 fication numbers to offset the deficit of the previous
18 year.

19 “(h) PROPERTY.—An identification number gen-
20 erated under this subsection does not constitute a property
21 right. Nothing in this subsection or in any other provision
22 of law shall be construed to limit the authority of the
23 United States to terminate or limit such an identification
24 number.

1 **“Subtitle B—Greenhouse Gases**
2 **From Motor Vehicles**

3 **“SEC. 721. DEFINITIONS.**

4 “As used in this subtitle:

5 “(1) TITLE II TERMS.—The terms used in this
6 subtitle have the same meaning as when used in title
7 II of this Act, except as otherwise provided in this
8 subtitle.

9 “(2) The term ‘lifetime carbon emissions’
10 means the total projected greenhouse gas emissions
11 from operation of a motor vehicle over the vehicle’s
12 useful life.

13 **“SEC. 722. REPORTS ON FULL USEFUL LIFE CARBON EMIS-**
14 **SIONS.**

15 “(a) REGULATIONS.—Effective with respect to model
16 year 2013 and thereafter, the regulations under section
17 202(a) of title II with respect to greenhouse gas emissions
18 shall contain provisions requiring each motor vehicle man-
19 ufacturer to report on the lifetime carbon emissions of
20 each model of new motor vehicle it sells in the United
21 States, as well as the total lifetime carbon emissions for
22 the entire new motor vehicle fleet it sells.

23 “(b) REPORTING FOR VEHICLES SUBJECT TO TIER
24 2.—The Administrator shall issue regulations no later
25 than 18 months after the enactment of this subtitle, and

1 from time to time thereafter, requiring motor vehicle man-
2 ufacturers to report the projected lifetime carbon emis-
3 sions from new motor vehicles subject to the Tier 2 motor
4 vehicle standards promulgated under title II of this Act.
5 The regulations shall require that each manufacturer re-
6 port emissions for each vehicle model and for the manufac-
7 turer's fleet. These regulations shall take into account
8 lifecycle greenhouse gas emissions of motor vehicle fuel,
9 and shall assume that fuel providers meet alternative fuel
10 and low carbon fuel standards set under this Act.

11 “(c) REPORTING FOR VEHICLES NOT SUBJECT TO
12 TIER 2.—No later than 36 months after the date of the
13 enactment of this subtitle, and from time to time there-
14 after, the Administrator shall issue regulations requiring
15 manufacturers of motor vehicles and motor vehicle engines
16 not covered under subsection (a) to report the lifetime car-
17 bon emissions from each vehicle or engine model and from
18 the manufacturer's fleet or shall issue a final action ex-
19 plaining why it is impracticable to require such reports.”.

20 (b) EPA FUEL REGULATIONS.—Section 211(c) of
21 the Clean Air Act (42 U.S.C. 7545) is amended by adding
22 the following at the end thereof:

23 “(5) The authority of the Administrator to pro-
24 mulgate regulations under this Act regarding green-

1 house gas emissions from motor vehicle and nonroad
2 fuel is limited to the authority under title VII.”.

3 (c) EPA VEHICLE REGULATIONS.—Section 202 of
4 the Clean Air Act (42 U.S.C. 7521) is amended by adding
5 the following new subsection at the end thereof:

6 “(n) CONTROL OF GREENHOUSE GAS EMISSIONS.—
7 The authority of the Administrator to promulgate regula-
8 tions under this Act regarding greenhouse gas emissions
9 from new motor vehicles is limited to the authority under
10 title VII.”.

11 (d) STATE WAIVERS.—Section 209(b)(1) of the
12 Clean Air Act (42 U.S.C. 7543) is amended—

13 (1) in subparagraph (B), by striking “or” at
14 the end;

15 (2) in subparagraph (C), by striking the period
16 and inserting “, or”; and

17 (3) by adding at the end the following subpara-
18 graph:

19 “(D) such State standards are designed to
20 reduce greenhouse gas emissions.”

21 **SEC. 103. STANDARD SPECIFICATIONS FOR BIODIESEL.**

22 Section 211 of the Clean Air Act is amended by add-
23 ing the following new subsection after subsection (t) (as
24 added by this Act):

1 “(u) STANDARD SPECIFICATIONS FOR BIODIESEL.—
2 Not later than 270 days after the date of enactment of
3 this subsection, the Administrator shall promulgate regu-
4 lations establishing a series of uniform per gallon fuel
5 standards for categories of biodiesel fuel and designate an
6 identification number for fuel meeting each standard in
7 each such category so that vehicle manufacturers are able
8 to design engines to use biodiesel fuel meeting one or more
9 of such standards.”.

10 **SEC. 104. GRANTS FOR CELLULOSIC ETHANOL PRODUC-**
11 **TION.**

12 Subsection (r) of section 211 of the Clean Air Act
13 (as added by section 1512 of the Energy Policy Act of
14 2005), relating to conversion assistance for cellulosic bio-
15 mass, waste-derived ethanol, and approved renewable
16 fuels, is redesignated as subsection (p) and amended as
17 follows:

18 (1) By adding the following new subparagraphs
19 at the end of paragraph (3):

20 “(D) \$500,000,000 for fiscal year 2009.

21 “(E) \$500,000,000 for fiscal year 2010.”.

22 (2) By adding the following new paragraph at
23 the end thereof:

24 “(5) CRITERIA.—In awarding grants under this
25 section, the Secretary shall give priority to applica-

1 tions that promote feedstock diversity and the geo-
2 graphic dispersion of production facilities.”.

3 **TITLE II—ALTERNATIVE FUELS**
4 **INFRASTRUCTURE**

5 **SEC. 201. ALTERNATIVE FUELS INFRASTRUCTURE DEVEL-**
6 **OPMENT.**

7 (a) DEFINITION.—For purposes of this section, the
8 term “alternative fuel” has the meaning given that term
9 in section 211(t)(1)(A) of the Clean Air Act, and includes
10 E–85 gasoline.

11 (b) INFRASTRUCTURE DEVELOPMENT GRANTS.—
12 The Secretary of Energy shall establish a program for
13 making grants for providing assistance to retail and
14 wholesale motor fuel dealers or other entities for the in-
15 stallation, replacement, or conversion of motor fuel storage
16 and dispensing infrastructure to be used exclusively to
17 store and dispense alternative fuel. Such infrastructure
18 may include equipment used in the blending, distribution,
19 and transport of such fuels.

20 (c) RETAIL TECHNICAL AND MARKETING ASSIST-
21 ANCE.—The Secretary of Energy shall enter into contracts
22 with entities with demonstrated experience in assisting re-
23 tail fueling stations in installing refueling systems and
24 marketing alternative fuels nationally, for the provision of

1 technical and marketing assistance to recipients of grants
2 under this section. Such assistance shall include—

3 (1) technical advice for compliance with applica-
4 ble Federal and State environmental requirements;

5 (2) help in identifying supply sources and se-
6 curing long-term contracts; and

7 (3) provision of public outreach, education, and
8 labeling materials.

9 (d) ALLOCATION.—The Secretary of Energy may re-
10 serve funds appropriated for carrying out this section to
11 support alternative fuels infrastructure development
12 projects with a cost of greater than \$1,000,000, that are
13 of national significance. The Secretary shall reserve funds
14 appropriated for the alternative fuels infrastructure devel-
15 opment grant program for technical and marketing assist-
16 ance described in subsection (c).

17 (e) SELECTION CRITERIA.—Not later than 12
18 months after the date of enactment of this Act, the Sec-
19 retary shall establish criteria for evaluating applications
20 for grants under this section that will maximize the avail-
21 ability and use of the alternative fuel, and that will ensure
22 that alternative fuels are available across the country.
23 Such criteria shall provide for—

24 (1) consideration of the public demand for each
25 alternative fuel in a particular geographic area based

1 on State registration records showing the number of
2 automobiles that can be operated with alternative
3 fuel;

4 (2) consideration of the opportunity to create or
5 expand corridors of alternative fuel stations along
6 interstate or State highways;

7 (3) consideration of the experience of each ap-
8 plicant with previous, similar projects;

9 (4) consideration of population, number of vehi-
10 cles that can operate on E-85, number of diesel
11 powered vehicles, number of retail fuel outlets, and
12 saturation of vehicles capable of operating on alter-
13 native fuels; and

14 (5) priority consideration to applications that—

15 (A) are most likely to maximize displace-
16 ment of petroleum consumption, measured as a
17 total quantity and a percentage;

18 (B) are best able to incorporate existing
19 infrastructure while maximizing, to the extent
20 practicable, the use of alternative fuels; and

21 (C) demonstrate the greatest commitment
22 on the part of the applicant to ensure funding
23 for the proposed project and the greatest likeli-
24 hood that the project will be maintained or ex-

1 panded after Federal assistance under this sec-
2 tion is completed.

3 (f) COMBINED APPLICATIONS.—States and local gov-
4 ernment entities and nonprofit entities may apply for as-
5 sistance under this section on behalf of a group of retailers
6 within a certain geographic area, or to carry out regional
7 or multistate deployment projects. Any such application
8 shall certify the availability and details of a program to
9 match the Federal grant as required under subsection (g)
10 and list the retail locations that would receive the funds.

11 (g) LIMITATIONS.—Assistance provided under this
12 section shall not exceed—

13 (1) 33 percent of the estimated cost of the in-
14 stallation, replacement, or conversion of motor fuel
15 storage and dispensing infrastructure; or

16 (2) \$180,000 for a combination of equipment at
17 any one retail outlet location.

18 (h) OPERATION OF ALTERNATIVE FUEL STA-
19 TIONS.—The Secretary shall establish rules that set forth
20 requirements for grant recipients under this section that
21 include providing to the public the alternative fuel, estab-
22 lishing a marketing plan that informs consumers of the
23 price and availability of the alternative fuel, clearly label-
24 ing the dispensers and related equipment, and providing
25 periodic reports on the status of the alternative fuel sales,

1 the type and amount of the alternative fuel dispensed at
2 each location, and the average price of such fuel.

3 (i) NOTIFICATION REQUIREMENTS.—Not later than
4 the date on which each alternative fuel station begins to
5 offer alternative fuel to the public, the grant recipient that
6 used grant funds to construct or upgrade such station
7 shall notify the Secretary of Energy of such opening. The
8 Secretary of Energy shall add each new alternative fuel
9 station to the alternative fuel station locator on its
10 Website when it receives notification under this sub-
11 section.

12 (j) INELIGIBILITY.—No person may receive assist-
13 ance under this section and receive a credit under section
14 30C of the Internal Revenue Code of 1986.

15 (k) AUTHORIZATION OF APPROPRIATIONS.—There
16 are authorized to be appropriated to the Secretary of En-
17 ergy for carrying out this section \$200,000,000 for each
18 of the fiscal years 2008 through 2014, and such sums as
19 may be necessary thereafter.

20 **SEC. 202. PROHIBITION ON FRANCHISE AGREEMENT RE-**
21 **STRICTIONS RELATED TO ALTERNATIVE**
22 **FUEL INFRASTRUCTURE.**

23 (a) IN GENERAL.—Title I of the Petroleum Mar-
24 keting Practices Act (15 U.S.C. 2801 et seq.) is amended
25 by adding at the end the following:

1 **“SEC. 107. PROHIBITION ON RESTRICTION OF INSTALLA-**
2 **TION OF ALTERNATIVE FUEL PUMPS.**

3 “(a) DEFINITION.—In this section:

4 “(1) ALTERNATIVE FUEL.—The term ‘alter-
5 native fuel’ means any fuel—

6 “(A) at least 85 percent of the volume of
7 which consists of ethanol, natural gas, com-
8 pressed natural gas, liquefied natural gas, lique-
9 fied petroleum gas, hydrogen, or any combina-
10 tion of those fuels; or

11 “(B) any mixture of biodiesel (as defined
12 in section 40A(d)(1) of the Internal Revenue
13 Code of 1986) and diesel fuel (as defined in
14 section 4083(a)(3) of the Internal Revenue
15 Code of 1986), determined without regard to
16 any use of kerosene and containing at least 20
17 percent biodiesel.

18 “(2) FRANCHISE-RELATED DOCUMENT.—The
19 term ‘franchise-related document’ means—

20 “(A) a franchise under this Act; and

21 “(B) any other contract or directive of a
22 franchisor relating to terms or conditions of the
23 sale of fuel by a franchisee.

24 “(b) PROHIBITIONS.—

25 “(1) IN GENERAL.—Notwithstanding any provi-
26 sion of a franchise-related document in effect on the

1 date of enactment of this section, no franchisee or
2 affiliate of a franchisee shall be restricted from—

3 “(A) installing on the marketing premises
4 of the franchisee an alternative fuel pump;

5 “(B) converting an existing tank and
6 pump on the marketing premises of the
7 franchisee for alternative fuel use;

8 “(C) advertising (including through the
9 use of signage or logos) the sale of any alter-
10 native fuel; or

11 “(D) selling alternative fuel in any speci-
12 fied area on the marketing premises of the
13 franchisee (including any area in which a name
14 or logo of a franchisor or any other entity ap-
15 pears).

16 “(2) ENFORCEMENT.—Any restriction de-
17 scribed in paragraph (1) that is contained in a fran-
18 chise-related document and in effect on the date of
19 enactment of this section—

20 “(A) shall be considered to be null and
21 void as of that date; and

22 “(B) shall not be enforced under section
23 105.

24 “(c) EXCEPTION TO 3-GRADE REQUIREMENT.—No
25 franchise-related document that requires that 3 grades of

1 gasoline be sold by the applicable franchisee shall prevent
2 the franchisee from selling an alternative fuel in lieu of
3 1 grade of gasoline.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) IN GENERAL.—Section 101(13) of the Pe-
6 troleum Marketing Practices Act (15 U.S.C.
7 2801(13)) is amended by adjusting the indentation
8 of subparagraph (C) appropriately.

9 (2) TABLE OF CONTENTS.—The table of con-
10 tents of the Petroleum Marketing Practices Act (15
11 U.S.C. 2801 note) is amended—

12 (A) by inserting after the item relating to
13 section 106 the following:

“Sec. 107. Prohibition on restriction of installation of alternative fuel pumps.”;
and

14 (B) by striking the item relating to section
15 202 and inserting the following:

“Sec. 202. Automotive fuel rating testing and disclosure requirements.”.

16 **SEC. 203. ALTERNATIVE FUEL DISPENSER REQUIREMENTS.**

17 (a) MARKET PENETRATION REPORTS.—The Sec-
18 retary of Energy, in consultation with the Secretary of
19 Transportation, shall determine and report to Congress
20 annually on the market penetration for flexible-fuel vehi-
21 cles in use within geographic regions to be established by
22 the Secretary of Energy.

1 (b) REQUIREMENT.—Not later than 18 months after
2 the date of enactment of this Act, the Secretary of Energy
3 shall issue regulations requiring motor fuel retailers in a
4 region where flexible-fuel vehicle market penetration
5 reaches 15 percent of light-duty motor vehicles, as deter-
6 mined under subsection (a), to install an E-85 compatible
7 dispenser and related systems at their retail fuel facilities
8 on a schedule and priority to be determined by the Sec-
9 retary. In establishing the schedule and priority for the
10 installation of such systems, the Secretary shall—

11 (1) require E-85 fuel compatible dispenser in-
12 stallation consistent with flexible-fuel vehicle market
13 penetration in that region;

14 (2) consider the commercial availability of E-85
15 fuel and the number of competing E-85 wholesale
16 suppliers in the region;

17 (3) consider the level of financial assistance
18 provided on an annual basis by the Federal Govern-
19 ment, State governments, and nonprofit entities for
20 the installation of E-85 compatible infrastructure;

21 (4) exempt retailers who operate only 2 under-
22 ground storage tank dispensers and whose retail lo-
23 cations are unable to support an additional system;

24 (5) provide for waivers for retailers who can
25 demonstrate economic hardship; and

1 (6) provide sufficient time for retailers to make
2 necessary arrangements to comply with the require-
3 ment, including securing necessary funding.

4 (c) CIVIL PENALTY.—A person who violates this sec-
5 tion or the requirements established by the Secretary of
6 Energy under this section shall be liable to the Secretary
7 for a civil penalty to be determined by the Secretary but
8 not to exceed \$500 for each day of such violation.

9 (d) STUDY AND REPORT.—Not later than 1 year
10 after the date of enactment of this Act, the Secretary of
11 Energy shall conduct a study and report to Congress on
12 the feasibility and expense of converting existing motor
13 fuel infrastructure to transport and dispense E-85 fuel.

14 **SEC. 204. PIPELINE FEASIBILITY STUDY.**

15 (a) IN GENERAL.—The Secretary of Energy, in con-
16 sultation with the Secretary of Transportation, shall con-
17 duct a study of the feasibility of the construction of dedi-
18 cated ethanol pipelines.

19 (b) FACTORS.—In conducting the study, the Sec-
20 retary shall consider—

21 (1) the quantity of ethanol production that
22 would make dedicated pipelines economically viable;

23 (2) existing or potential barriers to dedicated
24 ethanol pipelines, including technical, siting, financ-
25 ing, and regulatory barriers;

1 (1) in subsection (a)—

2 (A) in the subsection heading, by inserting
3 “MANUFACTURED BEFORE MODEL YEAR
4 2012” after “NON-PASSENGER AUTOMOBILES”;
5 and

6 (B) by adding at the end the following:
7 “This subsection shall not apply to automobiles
8 manufactured after model year 2012.”;

9 (2) in subsection (b)—

10 (A) in the subsection heading, by inserting
11 “MANUFACTURED BEFORE MODEL YEAR
12 2012” after “PASSENGER AUTOMOBILES”;

13 (B) by striking “Except as provided for in
14 this section, the” and inserting “The”; and

15 (C) by inserting “and before model year
16 2012” after “1984”;

17 (3) by amending subsection (c) to read as fol-
18 lows:

19 “(c) AUTOMOBILES MANUFACTURED AFTER MODEL
20 YEAR 2011.—

21 “(1) PASSENGER AUTOMOBILES.—(A) Not later
22 than 18 months before the beginning of each model
23 year after model year 2011, the Secretary of Trans-
24 portation shall prescribe, by regulation, average fuel

1 economy standards for passenger automobiles manu-
2 factured by a manufacturer in that model year.

3 “(B) Each standard shall be at the maximum
4 feasible average fuel economy level that the Sec-
5 retary decides the manufacturers can achieve in that
6 model year. Each standard shall be expressed in
7 terms of average miles per gallon of fuel and in
8 terms of average grams per mile of carbon dioxide
9 emissions, such that the specified average grams per
10 mile of carbon dioxide emissions is equivalent in
11 stringency to the average miles per gallon of fuel
12 specified in the standard for that model year.

13 “(C) Except as provided in this section, the av-
14 erage standard for passenger automobiles manufac-
15 tured by a manufacturer in a model year after model
16 year 2021 shall be no less than 36 miles per gallon.

17 “(2) NON-PASSENGER AUTOMOBILES.—(A) Not
18 less than 18 months before the beginning of each
19 model year after model year 2011, the Secretary of
20 Transportation shall prescribe, by regulation, aver-
21 age fuel economy standards for non-passenger auto-
22 mobiles manufactured by a manufacturer in that
23 model year.

24 “(B) Each standard shall be at the maximum
25 feasible average fuel economy level that the Sec-

1 retary decides the manufacturers can achieve in that
2 model year. Each standard shall be expressed in
3 terms of average miles per gallon of fuel and in
4 terms of average grams per mile of carbon dioxide
5 emissions, such that the specified average grams per
6 mile of carbon dioxide emissions is equivalent in
7 stringency to the average miles per gallon of fuel
8 specified in the standard for that model year.

9 “(C) Except as provided in this section, the av-
10 erage standard for non-passenger automobiles manu-
11 factured by a manufacturer in a model year after
12 model year 2024 shall be no less than 30 miles per
13 gallon.

14 “(3) AUTHORITY OF THE SECRETARY.—(A) In
15 prescribing standards under this subsection, the Sec-
16 retary may prescribe standards based on one or
17 more vehicle attributes that relate to fuel economy,
18 which includes carbon efficiency for purposes of this
19 chapter.

20 “(B) Notwithstanding the maximum feasible
21 average fuel economy level established by regulations
22 prescribed under this subsection, for any model year
23 in which the Secretary prescribes attribute-based
24 standards for passenger automobiles, the minimum
25 fleetwide average fuel economy standard for pas-

1 senger automobiles manufactured by a manufacturer
2 in that model year for that manufacturer's domestic
3 fleet and foreign fleet, as calculated under section
4 32904 of this chapter as in effect before the enact-
5 ment of this section, shall be the greater of:

6 “(i) 27.5 miles per gallon; or

7 “(ii) 92 percent of the average fuel econ-
8 omy projected by the Secretary for the com-
9 bined domestic and foreign fleets manufactured
10 by all manufacturers in that model year, which
11 projection shall be published in the Federal
12 Register not later than 18 months before the
13 beginning of that model year.”; and

14 (4) in subsection (g)(1), by striking “subsection
15 (a) or (d)” each place it appears and inserting “sub-
16 section (a), (b), (c), or (d)”.

17 (b) CIVIL PENALTIES.—Section 32912 of title 49,
18 United States Code, is amended—

19 (1) in subsection (b), by striking “\$5” and in-
20 serting “\$10”;

21 (2) by adding a new subsection at the end
22 thereof:

23 “(e) FUND FOR DOMESTIC COMMERCIALIZATION
24 AND PRODUCTION OF ADVANCED TECHNOLOGY VEHI-
25 CLES AND COMPONENTS.—(1) There shall be established

1 in the Treasury of the United States a separate account
2 to fund domestic commercialization and production of ad-
3 vanced technology vehicles and vehicle components. Civil
4 penalties obtained under this section from any manufac-
5 turer that violates a standard prescribed for a model year
6 under section 32902 of this chapter shall be credited to
7 the separate account.

8 “(2) Amounts in the separate account shall be avail-
9 able, subject to annual appropriation, without regard to
10 fiscal year limitation. Additional amounts may be appro-
11 priated to the account.

12 “(3) The Secretary is authorized to make grants from
13 the separate account to automobile manufacturers and
14 component suppliers to pay a portion of the cost to reequip
15 or expand an existing manufacturing facility in the United
16 States to produce advanced technology vehicles or compo-
17 nents.

18 “(4) The Secretary shall deposit at the end of each
19 fiscal year, in the United States Treasury as miscellaneous
20 receipts, amounts in the separate account that the Sec-
21 retary decides are in excess of the needs of the account.
22 The Secretary may carry over funds to the following fiscal
23 year, if the Secretary decides that the continued avail-
24 ability of the funds will be necessary to carry out the pur-
25 poses of this subsection.

1 “(5) The Secretary shall promulgate regulations im-
2 plementing this subsection in consultation with the Sec-
3 retary of Energy and the Administrator of the Environ-
4 mental Protection Agency.”.

5 **SEC. 302. FLEXIBLE FUEL VEHICLE PRODUCTION.**

6 (a) PRODUCTION REQUIREMENTS.—Chapter 329 of
7 title 49, United States Code, is amended by inserting after
8 section 32904 the following new section:

9 **“§ 32904A. Flexible fuel vehicle production require-
10 ments**

11 “(a) PRODUCTION REQUIREMENTS.—Beginning in
12 model year 2012, each manufacturer of new motor vehicles
13 (as defined under section 30(c)(2) of the Internal Revenue
14 Code of 1986) shall ensure that the percentage of such
15 vehicles manufactured in a particular model year that are
16 dual fueled automobiles shall not be less than the percent-
17 age set forth in the following table:

“For model year:	The percentage of dual fueled automobiles shall be:
2012	45
2013	50
2014	55
2015	60
2016	65
2017	70
2018	75
2019	80
2020	85

1 “(b) EXCEPTION.—The Secretary of Transportation
2 may temporarily exclude certain automobiles with certain
3 engine types from the production requirements in sub-
4 section (a) if the Secretary determines, in consultation
5 with the Administrator of the Environmental Protection
6 Agency and the Secretary of Energy, that it is techno-
7 logically infeasible for the engines to have dual fuel capa-
8 bility.”.

9 (b) B20 BIODIESEL AS ALTERNATIVE FUEL FOR
10 PURPOSES OF DUAL FUELED AUTOMOBILES.—Section
11 32901(a) of title 49, United States Code, is amended—

12 (1) in paragraph (1), by redesignating subpara-
13 graphs (J) and (K) as subparagraphs (K) and (L),
14 respectively, and inserting after subparagraph (I)
15 the following:

16 “(J) B20 biodiesel blend;” and

17 (2) by redesignating paragraphs (7) through
18 (16) as paragraphs (9) through (18), respectively,
19 and insert after paragraph (6) the following:

20 “(7) ‘biodiesel’ means the monoalkyl esters of
21 long chain fatty acids derived from plant or animal
22 matter which meet—

23 “(A) the registration requirements for
24 fuels and fuel additives established by the Envi-

1 ronmental Protection Agency under section 211
2 of the Clean Air Act (42 U.S.C. 7545); and

3 “(B) the requirements of the American So-
4 ciety of Testing and Materials D6751.

5 “(8) ‘B20 biodiesel blend’ means a mixture of
6 biodiesel and diesel fuel meeting any standards es-
7 tablished under section 211(u) of the Clean Air Act
8 approximately 20 percent of the content of which is
9 biodiesel, and commonly known as ‘B20’.”.

10 **SEC. 303. CONSUMER AWARENESS.**

11 (a) CONSUMER EDUCATION CAMPAIGN RELATING TO
12 DUAL FUELED AUTOMOBILES.—The Secretary of Trans-
13 portation, in consultation with the Secretary of Energy,
14 shall carry out an education program to inform people
15 about which automobiles are dual fueled automobiles (as
16 defined in section 32901(a)(8) of title 49, United States
17 Code) and how to exercise their opportunity to choose al-
18 ternative fuels. The Secretary is authorized to obtain from
19 the automobile manufacturers the list of first purchasers
20 of each dual fueled automobile it produced under section
21 30117(b) of title 49, United States Code, and other appro-
22 priate databases maintained by automobile manufacturers
23 for the purpose of identifying the owners of dual fueled
24 automobiles for purposes of notifying them of where alter-
25 native fuels are sold in their area.

1 (b) FUEL CONSERVATION EDUCATION PROGRAM.—

2 (1) PARTNERSHIP.—The Secretary of Trans-
3 portation shall enter into a partnership with inter-
4 ested industry groups, including groups from the
5 automotive, gasoline refining, and oil industries, and
6 groups representing the public interest and con-
7 sumers to establish a public education campaign
8 that provides information to United States drivers
9 about immediate measures that may be taken to
10 conserve transportation fuel.

11 (2) ACCESSIBILITY.—The public information
12 campaign under this section shall be targeted to
13 reach the widest audience possible. The education
14 campaign may include television, print, Internet
15 website, or any other method designed to maximize
16 the dissemination of transportation fuel savings in-
17 formation to drivers.

18 (3) COST SHARING.—The Secretary shall pro-
19 vide no more than 50 percent of the cost of the cam-
20 paign created under this section. The Secretary is
21 authorized to accept private funds to augment funds
22 made available under this paragraph.

23 (4) AUTHORIZATION OF APPROPRIATIONS.—
24 There are authorized to be appropriated to the Sec-

1 retary of Transportation such sums as may be nec-
2 essary to carry out this subsection.

3 **SEC. 304. TIRE FUEL EFFICIENCY CONSUMER INFORMA-**
4 **TION.**

5 (a) IN GENERAL.—Chapter 323 of title 49, United
6 States Code, is amended by inserting after section 32304
7 the following new section:

8 **“§ 32304A. Tire Fuel Efficiency Consumer Informa-**
9 **tion**

10 “(a) RULEMAKING.—(1) Not later than 18 months
11 after the date of enactment of this section, the Secretary
12 of Transportation shall, after notice and opportunity for
13 comment, promulgate rules establishing a national tire
14 fuel efficiency consumer information program for replace-
15 ment tires designed for use on motor vehicles to educate
16 consumers about the effect of replacement tires on auto-
17 mobile fuel efficiency.

18 “(2) ITEMS INCLUDED IN RULE.—The rulemaking
19 shall include each of the following:

20 “(A) A national tire fuel efficiency rating sys-
21 tem for motor vehicle replacement tires to assist
22 consumers in making more educated tire purchasing
23 decisions.

24 “(B) Requirements for providing information to
25 consumers, including information at the point of sale

1 of replacement tires and other potential information
2 dissemination methods, including the internet.

3 “(C) Specifications for test methods for tire
4 manufacturers to use in assessing and rating re-
5 placement tires to avoid variation among test equip-
6 ment and manufacturers.

7 “(D) A national tire maintenance consumer
8 education program including, information on tire in-
9 flation pressure, alignment, rotation, and tread wear
10 to maximize fuel efficiency.

11 “(3) APPLICABILITY.—This section shall not apply to
12 tires excluded from coverage under section 575.104(c)(2)
13 of title 49, Code of Federal Regulations, as in effect on
14 date of enactment of this section.

15 “(b) CONSULTATION.—The Secretary shall consult
16 with the Secretary of Energy and the Administrator of
17 the Environmental Protection Agency on the means of
18 conveying tire fuel efficiency consumer information.

19 “(c) REPORT TO CONGRESS.—The Secretary shall
20 conduct periodic assessments of the rules promulgated
21 under this section to determine the utility of such rules
22 to consumers, the level of cooperation by industry, and the
23 contribution to national goals pertaining to energy con-
24 sumption. The Secretary shall transmit periodic reports
25 detailing the findings of such assessments to the Com-

1 mittee on Energy and Commerce of the House of Rep-
2 resentatives and the Committee on Commerce, Science,
3 and Transportation of the Senate.

4 “(d) TIRE MARKING.—The Secretary shall not re-
5 quire permanent labeling of any kind on a tire for the pur-
6 pose of tire fuel efficiency information.

7 “(e) PREEMPTION.—When a requirement under this
8 section is in effect, a State or political subdivision of a
9 State may adopt or enforce a law or regulation on tire
10 fuel efficiency consumer information only if the law or reg-
11 ulation is identical to that requirement. Nothing in this
12 section shall be construed to preempt a State or political
13 subdivision of a State from regulating the fuel efficiency
14 of tires not otherwise preempted under this chapter.”.

15 (b) ENFORCEMENT.—Section 32308 of such chapter
16 is amended by adding at the end the following:

17 “(e) SECTION 32304A.—Any person who fails to
18 comply with the national tire fuel efficiency consumer in-
19 formation program under section 32304A is liable to the
20 United States Government for a civil penalty of not more
21 than \$50,000 for each violation.”.

22 (c) TABLE OF CONTENTS.—The table of contents for
23 chapter 301 of title 49 is amended by adding the following
24 new item after the item relating to section 32304:

“32304A. Tire fuel efficiency consumer information.”.

1 **SEC. 305. ADVANCED BATTERY LOAN GUARANTEE PRO-**
2 **GRAM.**

3 (a) ESTABLISHMENT OF PROGRAM.—The Secretary
4 of Energy shall establish a program to provide guarantees
5 of loans by private institutions for the construction of fa-
6 cilities for the manufacture of advanced vehicle batteries
7 that are developed and produced in the United States, in-
8 cluding advanced lithium ion batteries.

9 (b) REQUIREMENTS.—The Secretary may provide a
10 loan guarantee under subsection (a) to an applicant if—

11 (1) without a loan guarantee, credit is not
12 available to the applicant under reasonable terms or
13 conditions sufficient to finance the construction of a
14 facility described in subsection (a);

15 (2) the prospective earning power of the appli-
16 cant and the character and value of the security
17 pledged provide a reasonable assurance of repayment
18 of the loan to be guaranteed in accordance with the
19 terms of the loan; and

20 (3) the loan bears interest at a rate determined
21 by the Secretary to be reasonable, taking into ac-
22 count the current average yield on outstanding obli-
23 gations of the United States with remaining periods
24 of maturity comparable to the maturity of the loan.

1 (c) CRITERIA.—In selecting recipients of loan guar-
2 antees from among applicants, the Secretary shall give
3 preference to proposals that—

4 (1) meet all applicable Federal and State per-
5 mitting requirements;

6 (2) are most likely to be successful; and

7 (3) are located in local markets that have the
8 greatest need for the facility.

9 (d) MATURITY.—A loan guaranteed under subsection
10 (a) shall have a maturity of not more than 20 years.

11 (e) TERMS AND CONDITIONS.—The loan agreement
12 for a loan guaranteed under subsection (a) shall provide
13 that no provision of the loan agreement may be amended
14 or waived without the consent of the Secretary.

15 (f) ASSURANCE OF REPAYMENT.—The Secretary
16 shall require that an applicant for a loan guarantee under
17 subsection (a) provide an assurance of repayment in the
18 form of a performance bond, insurance, collateral, or other
19 means acceptable to the Secretary in an amount equal to
20 not less than 20 percent of the amount of the loan.

21 (g) GUARANTEE FEE.—The recipient of a loan guar-
22 antee under subsection (a) shall pay the Secretary an
23 amount determined by the Secretary to be sufficient to
24 cover the administrative costs of the Secretary relating to
25 the loan guarantee.

1 (h) FULL FAITH AND CREDIT.—The full faith and
2 credit of the United States is pledged to the payment of
3 all guarantees made under this section. Any such guar-
4 antee made by the Secretary shall be conclusive evidence
5 of the eligibility of the loan for the guarantee with respect
6 to principal and interest. The validity of the guarantee
7 shall be incontestable in the hands of a holder of the guar-
8 anteed loan.

9 (i) REPORTS.—Until each guaranteed loan under this
10 section has been repaid in full, the Secretary shall annu-
11 ally submit to Congress a report on the activities of the
12 Secretary under this section.

13 (j) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated such sums as are nec-
15 essary to carry out this section.

16 (k) TERMINATION OF AUTHORITY.—The authority of
17 the Secretary to issue a loan guarantee under subsection
18 (a) terminates on the date that is 10 years after the date
19 of enactment of this Act.

20 **SEC. 306. DOMESTIC MANUFACTURING CONVERSION**
21 **GRANT PROGRAM.**

22 Section 712 of the Energy Policy Act of 2005 (42
23 U.S.C. 16062) is amended—

24 (1) in subsection (a)—

1 (A) by inserting “and components thereof”
2 after “sales of efficient hybrid and advanced
3 diesel vehicles”;

4 (B) by inserting “, plug-in electric hybrid,
5 flexible-fuel,” after “production of efficient hy-
6 brid”; and

7 (C) by adding at the end the following:
8 “Priority shall be given to the refurbishment or
9 retooling of manufacturing facilities that have
10 recently ceased operation or will cease operation
11 in the near future.”; and

12 (2) by striking subsection (b) and inserting the
13 following:

14 “(b) COORDINATION WITH STATE AND LOCAL PRO-
15 GRAMS.—The Secretary may coordinate implementation of
16 this section with State and local programs designed to ac-
17 complish similar goals, including the retention and retrain-
18 ing of skilled workers from the such manufacturing facili-
19 ties, including by establishing matching grant arrange-
20 ments.

21 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be appropriated to the Secretary such
23 sums as may be necessary to carry out this section”.