



Clean Fuels Formula Grant Program Reauthorization (49 USC 5308) Policy Recommendations



The Environmental and Energy Study Institute, with support from the National Clean Bus Network, an informal group of more than 430 individuals representing academia, public health agencies, local, state and federal government agencies, industry groups, trade associations and others, recommend the reauthorization of the Clean Fuels Formula Grant Program with the following modifications:

1. **Use EPACT definition of clean fuels and support advanced vehicle technologies** – use the definition of alternative fuels provided by section 301 of the Energy Policy Act of 1992 (42 USC 13211) and determined by the Secretary of Energy. These are substantially non-petroleum, yield substantial energy security benefits and offer substantial environmental and health benefits; they include methanol, ethanol and other alcohols, blends of 85 percent more of alcohol with gasoline, natural gas and liquid fuels domestically produced from natural gas, propane, coal-derived liquid fuels, hydrogen and electricity, biodiesel and other fuels the Secretary of Energy Determines by rule to offer similar benefits. Ensure that advanced vehicle technologies like hybrid-electric drive systems and fuel cells are eligible for support under the program. (For example, hybrids are not part of the EPACT definition)
2. **Maintain the program as a formula grant program** – the formula levels the playing field among applicants and permits local/regional planners to estimate the amount of funding they will receive, providing critical certainty for their bus emissions reduction initiatives.
3. **Discontinue support for low-sulfur diesel** – eliminate project eligibility for the deployment of low-sulfur diesel and related expenses. The EPA has already mandated the deployment of low-sulfur diesel fuel and cleaner diesel engines beginning in 2007.
4. **Broaden program eligibility** – make not only transit agencies eligible for funds, but provide eligibility to Clean Cities Coalitions to deploy cleaner fuels and technologies in heavy-duty diesel vehicle fleets, and encourage projects that address “hot spot” concentrations of pollutants from diesel vehicles at the neighborhood level in metropolitan areas.
5. **Account for new non-attainment designations** - add eligibility for new PM 2.5 and 8-hour ozone non-attainment areas, and make Early Action Compact Areas (EACs) eligible for funding.
6. **Fund Operational Expenses for emerging technologies** – Show funding for training and maintenance programs for emerging advanced vehicle technologies like fuel cells, hybrid-electric and dedicated electric drive systems and cover up to 80 percent of the differential cost of renewable alternative fuels. This funding should be available to a project for a maximum of three years. Experience shows that such training is critical to ensure success of new technologies being deployed. Because of potentially higher costs, an incentive should be provided to encourage the use of renewable fuels.
7. **Cover the price differential of vehicle purchases** – provide funds to cover the entire price differential for the purchase of rolling stock in which the purchase price is no greater than twice that of a comparable vehicle model (to be determined by the Secretary of Transportation).
8. **Dedicate funding for hybrid-electric drive systems** – support the wide-scale deployment of hybrid-electric drive systems, which improve the efficiency and reduce the emissions of any fuel, by dedicating a minimum 25 percent of funds to these projects.
9. **Require Data Collection and Reporting** – require grant recipients to report on vehicle performance, operation and maintenance, including the emission reductions achieved through the use of cleaner fuels and technologies. Include the incremental cost of reporting as an operational expense eligible for funding under this program. Require the FTA Department of Technology, Research and Innovation to spearhead this effort. Request the Secretary to submit an annual report to the committee that reviews the projects funded and the emission reductions and health benefits achieved through this program.
10. **Fund education and outreach** – educate transit planners and system operators about the availability of clean fuels formula grants by setting aside one percent of annual funds toward this end.
11. **Require program implementation** – require the publication of regulations for the program within six months of passage and the solicitation of applications within the following 60 days.

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