



## EPAct Summary

**The Energy Policy Act of 1992 (EPAct)** was amended in 1998 to include biodiesel as an option for covered fleets to meet a portion of their annual Alternative Fuel Vehicle (AFV) acquisition requirements through the purchase and use of biodiesel. Previously biodiesel blended fuels and blended fuel vehicles were entirely excluded from EPAct programs. The new program contained in the Biodiesel Fuel Use Credit provisions provides a means to consume large volumes of biodiesel within EPAct programs. For the first time fleet managers can comply with EPAct requirements by using an alternative fuel rather than simply acquiring additional AFVs that may or may not ever operate on any alternative fuel.

Under the Biodiesel Fuel Use Credits provisions, fleets may choose to operate existing diesel vehicles that weigh more than 8500 lbs on blends of biodiesel in lieu of purchasing a new AFV. The biodiesel component of the fuel blend must constitute at least 20% of the volume of the fuel (B20). The fleet may count the biodiesel portion of that blend towards their annual AFV requirement. For each 450 gallons of biodiesel purchased and consumed, a full vehicle credit is awarded. No credit is given for the non-biodiesel (petroleum) portion of the fuel blend. No credit is given for the actual vehicles operating on the biodiesel-blended fuel. Only the actual purchase and consumption of biodiesel may be substituted for a fleet vehicle purchase requirement.

The amendment contains several safeguards to protect the integrity of the existing EPAct alternative fuel vehicle program and to assure full compliance with the fuel purchase provisions of the amendment. Fleets seeking to substitute biodiesel fuel use for their required vehicle purchases must provide written reports to the Secretary of Energy that document the total volume of biodiesel blended fuel used in fleet vehicles, the total volume of biodiesel used as a consequence of using that blend, and the specific vehicles the fleet has operated on biodiesel blended fuel. No credits will be given for biodiesel used in vehicles that have already been counted by a fleet toward its alternative fueled vehicle acquisition requirements in that, or any previous, year. To maintain a diversified market for alternative fueled vehicles, fleets may only substitute their biodiesel fuel consumption for up to one half of their total annual alternative fueled vehicle fuel purchase requirements. Based on current diesel fuel consumption data, this represents a market potential of over 29 million gallons for biodiesel or 213 million pounds of soybean oil in the federal fleet alone. State fleets and utility companies will add greatly to this potential.

The amendment establishes for the first time, fuel use as a means for the EPAct program to meet its goals of helping our nation reduce its dependence on imported petroleum. This amendment does not create any new mandates or impose any new requirements on covered fleets. Instead, it provides more choice and greater flexibility for fleet operators who already are burdened with the responsibility of complying with the requirements of EPAct. It simply rearranges the existing EPAct incentives and requirement program to directly reward the use of alternative fuel to achieve the goals of the Act to immediately displace imported petroleum.