



U.S. Department of Energy  
Energy Efficiency  
and Renewable Energy



# *The Clean Cities Program 2008 Update*

*Program Priorities,  
Budgets & Legislation,  
Future Areas of Emphasis*

**Mike Scarpino**

U.S. Department of Energy  
National Energy Technology Laboratory



U.S. Department of Energy  
Energy Efficiency  
and Renewable Energy



# **Funding: Future Clean Cities Solicitation**



## Potential Funding Categories for FY 09 Solicitation

### 1. Infrastructure for Alternative Fuels:

- intend to fund a percentage of the infrastructure cost associated with developing alternative fuel fueling capability.

### 2. Education/Outreach & Workshops:

- intended to provide technical support to help accelerate the transition to biofuels and other alternative fuels in the transportation sector. This may include the development of educational materials, direct technical assistance, and workshops on subjects such as, Vehicle/Fuel Benefits and Availability, Fuel Handling & Quality, First Responder Training, the Safe and Proper use of AFVs and refueling equipment/stations, working with local public safety and regulatory officials, etc.

### 3. Incremental Cost of Alternative Fuel Vehicles

- intend to fund a percentage of the incremental cost associated with purchase of dedicated alternative fuel vehicles.

### 4. Biofuels College/University Program

- intend to fund projects to support an integrated program from curriculum through application to demonstrate production and use of biofuels on campus (vehicle fleets, heating, off-road vehicles, etc.)



## Potential Schedule for FY 09 Clean Cities Program Solicitation

1. NETL will have Project Management and Administrative oversight
2. Estimated Date to Issue Solicitation: late Nov 2008
3. Estimated Due Date For Proposals: February 2009
4. Estimated Award Date: Late Spring 2009
5. Estimated Funding Available: \$6 million in DOE funds over 2 year funding period (i.e. \$3 million in FY 09 funds & \$3 million in FY 10 funds).

*Note: All funding estimates are contingent upon final Federal budget appropriations for FY09 and future years.*



U.S. Department of Energy  
Energy Efficiency  
and Renewable Energy



# Funding: Federal Laws & Incentives



# EPAct 2005 Tax Incentives

## *Alternative Motor Fuel Vehicle Credit (P.L. 109-58, Sec. 1341)*

Provides for tax credits for the following types of vehicles:

- Alternative Fuel Motor Vehicle, 50-80% of incremental cost for vehicles: \$4,000 max. for LDVs and \$8,000-\$32,000 max. for MDVs/HDV
  - Fuel Cell Vehicle, \$8,000-\$40,000
  - Hybrid Motor Vehicle, up to \$3,400 (LDV) or \$1,500 - \$12,000 for MDVs/HDV
  - Advanced Lean Burn Technology Motor Vehicle, up to \$3,400 (LDVs only)
- Aftermarket conversions also qualify



# EPAct 2005 Tax Incentives

## Expiration Dates for Vehicle Credits

- Alternative Fuel Motor Vehicle – 12/31/2010
- Fuel Cell Vehicles – 12/31/2014
- LD Hybrid Motor Vehicle – 12/31/2010\*
- MD/HD Hybrid Motor Vehicle – 12/31/2009
- Advanced Lean Burn Technology Motor Vehicle – 12/31/2010\*

*\* Subject to phase-out per 60,000 vehicle threshold, includes both hybrid and lean-burn vehicles sold by a manufacturer*



# EPAct 2005 Tax Incentives

## AFV Refueling Property Credit (P.L. 109-58, Sec. 1342)

- Provides for tax credits of:
  - Up to 30% of fueling equipment cost (max. credit of \$30,000)
  - Up to \$1,000 for a residential installation
- Form 8911, “AFV Refueling Property Credit” – available
- Instructions clarify that credit may be taken for more than one refueling property
  - Not clear if multiple dispensers at single location qualify
  - Not clear if upgrades to stations qualify
- Credits expire **12/31/2010\*** (except 12/31/2014 for Hydrogen)

\*recently extended via Emergency Economic Stabilization Act of 2008



# Alternative Fuel Tax Credit

*Enacted as part of **SAFETEA-LU**  
(P.L. 109-59, section 11113)*

- AFs included: LPG, LNG, CNG, and liquefied hydrogen
- Credit worth 50¢ per gal. (CNG per 121 cubic feet)
- Credit generally goes to retail sellers, but can also go to users that operate their own fueling station(s)
- If you use another fleet's private station, they get the credit
- Public entities and tax exempt entities qualify for the credit/payment.



## Alternative Fuels Tax Credit (cont.)

- Effective period: Oct. 1, 2006 – **Dec. 31, 2009\*** (2014 for H2)
  - \*recently extended via Emergency Economic Stabilization Act of 2008
- Claiming the credit – IRS forms which may be required, depending on circumstances: Form 637; Form 720; Form 8849, Schedule 6; and Form 4136

Additional sources of information:

- IRS Guidance – [www.irs.gov/pub/irs-drop/n-06-92.pdf](http://www.irs.gov/pub/irs-drop/n-06-92.pdf)
- IRS Forms – [www.irs.gov/formspubs/lists/0,,id=97817,00.html](http://www.irs.gov/formspubs/lists/0,,id=97817,00.html)
- NGVAmerica Summary

<http://www.ngvamerica.org/pdfs/Notice2006-92RegSum2.pdf>



# Energy Independence & Security Act of 2007 (EISA)

- **December 2007, Congress Passes and President Signs the Energy Independence and Security Act of 2007 (EISA, P.L. 110-140)**
  - **What EISA did:**
    - Expanded Renewable Fuel Standard (RFS) to 36B gal/yr of renewable fuel by 2022 (vs. 7.5B gal/yr by 2012, from EPA Act 2005)
      - Corn Ethanol limited to 15B of 36B gallons in 2022 – remaining 21B gallons is Advanced Biofuels & Biodiesel must be at least 1B gallons in 2022
    - Increased Corporate Average Fuel Economy (CAFE)
      - Increases CAFE levels to 35 mpg overall by 2020 – estimated to save 0.9M barrels per day by 2020, and 2M barrels per day by 2030
  - **What EISA did NOT do:**
    - Create New Tax Incentives



# EISA Biofuels Utilization

## Sec. 244 – Renewable Fuel Infrastructure & Fueling Station Grants

- Calls for DOE to administer grants for renewable fuel infrastructure (blends of >10% up to 85% with gasoline (no cap for diesel blends))
  - up to 33% of costs, up to \$180,000 for any single retail outlet. No double benefit w/tax credits.
- Also allows for technical/marketing assistance.
- Also includes refueling infrastructure corridor program
  - up to 10 areas,
  - maximum of \$20M/applicant,
  - requires involvement of EERE Vehicle Technology deployment program participants
- \$200M/yr Authorization, FY2008-2014. No funds appropriated.
- Authorization DOES NOT EQUAL Appropriation – just because Congress authorizes money doesn't mean the program gets it.



## Emergency Economic Stabilization Act of 2008 (EESA 2008)

### October 2008, Congress Passes and President Signs the Emergency Economic Stabilization Act of 2008

- Section 202 amends the existing biodiesel mixture and agri-biodiesel production tax credits by:
  - extending the tax credits for one year through December 31, 2009
  - allowing all biodiesel, regardless of feedstock, to qualify for the \$1.00 per gallon mixture incentive (with the exception of co-processed renewable diesel); and
  - adding camelina as a qualified feedstock for agri-biodiesel production.
- Section 204 **amends** the expiration date for the existing alternative fuel excise tax credit from September 30, 2009, to **December 31, 2009**.
- Section 205 creates a **new tax credit** for qualified **plug-in hybrid electric vehicles** (PHEVs) purchased between December 31, 2008, and December 31, 2014. The credit amount is determined based on vehicle weight and battery capacity (**\$2,500 to \$15,000**). A phase-out period will be initiated once 250,000 qualified PHEVs are sold in the U.S.
- Section 206 **exempts qualified idle reduction devices from the retail excise tax** imposed on heavy-duty trucks.
- Section 207 amends the existing alternative fuel infrastructure tax credit by:
  - extending the incentive for one year through **December 31, 2010**; and
  - adding electricity to the list of qualified alternative fuels.



# Incentives and Laws

State:	Regulation/Incentive:	Technology/Fuel:	End User:
South Dakota	All Regulations/Incentives	All Technologies/Fuels	All End Users
Tennessee	Grants	Alternative Fuel - All	Individual Vehicle Purchaser/Driver
Texas	Tax Incentives	Biodiesel	Fleet Purchaser/Manager
Utah	Loans and Leases	Ethanol	Fueling/Recharging Station Builder or Operator
Vermont	Rebates	Natural Gas	Alternative Fuel Producer
Virgin Islands	HOV Lane Access	Liquefied Petroleum Gas (LPG)	Alternative Fuel Dealer
Virginia	Exemptions from Requirements/Restrictions	Electric Vehicles (EV and NEV)	Alternative Fuel Purchaser
Washington	Fuel Discounts	Hydrogen/Fuel Cells	Alternative Fuel or AFV Researcher
West Virginia	Technical Assistance	Blends	Electrified Truck Stop Builder/Operator
Wisconsin	Acquisition Requirements	Hybrid Electric Vehicles (HEV)	AFV Manufacturer/Retrofitter
Wyoming	Fuel Taxes	Emissions Based	

## Alternative Fuels & Advanced Vehicles Data Center

- About the AFDC
- Fuels
- Vehicles
- Fleets
- Incentives & Laws
- Data, Analysis & Trends
- Information Resources
- Home

### Custom Query Results



#### Virginia

##### Alternative Fuel Vehicle (AFV) and Infrastructure Loans

The Virginia Board of Education may use funding from the state Literary Fund to grant loans to school boards that convert school buses to operate on alternative fuels or construct alternative fuel refueling stations. (Reference [Virginia Code 22.1-146](#))



#### United States (Federal)

##### Congestion Mitigation and Air Quality Improvement Program

The Congestion Mitigation and Air Quality (CMAQ) Improvement Program is currently under short term legislation while being reauthorized under the Safe, Accountable, Flexible and Efficient Transportation Equity Act (SAFETEA) at a funding level of \$10.3 billion for the years 2003-2009. The CMAQ program funds projects and programs in air quality non-attainment and maintenance areas that reduce transportation-related emissions. Eligible activities include transit improvements, travel demand management strategies, traffic flow improvements, idle reduction equipment, alternative refueling infrastructure, and public fleet conversions to cleaner fuels. For more information about CMAQ activities and updates on the passing of SAFETEA, visit [www.fhwa.dot.gov/reauthorization/index.htm](http://www.fhwa.dot.gov/reauthorization/index.htm).

##### Clean Fuels Grant Program

The Clean Fuels Grant Program accelerates the deployment of advanced bus technologies by supporting the use of low-emission vehicles in



U.S. Department of Energy  
Energy Efficiency  
and Renewable Energy



## *DOE Contact Info*

### **Mike Scarpino**

U.S. Department of Energy - NETL

P.O. Box 10940, 626 Cochrans Mill Road

Pittsburgh, PA 15236-0940

Office: 412-386-4726 E-mail: [Michael.Scarpino@netl.doe.gov](mailto:Michael.Scarpino@netl.doe.gov)

## *DOE Websites*

Clean Cities: <http://www.eere.energy.gov/cleancities/>

Alt Fuel Data Center: <http://www.eere.energy.gov/afdc/>

Fuel Economy.Gov: <http://www.fueleconomy.gov/>



U.S. Department of Energy  
Energy Efficiency  
and Renewable Energy



*THANK YOU!*