

Requesting an Exemption from Standard Compliance

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Preface

The U.S. Department of Energy (DOE) established the Alternative Fuel Transportation Program (Program) and associated regulatory requirements pursuant to the Energy Policy Act of 1992 (EPA Act). The Program, otherwise known as the State and Alternative Fuel Provider Fleet Program, requires covered state government and alternative fuel provider fleets operating under Standard Compliance to acquire alternative fuel vehicles (AFVs) as a specific percentage of their annual nonexcluded light-duty vehicle (LDV) acquisitions.

The opportunity for covered fleets operating under Standard Compliance to request exemptions from their AFV-acquisition requirements serves as administrative relief in the unlikely event a fleet is unable to satisfy its requirements through the normally available compliance alternatives. These alternatives include the acquisition of light-duty AFVs, the acquisition of other, creditable vehicles (e.g., gasoline-fueled hybrid electric vehicles), making certain investments, the purchase of biodiesel for use in medium- or heavy-duty vehicles to the maximum extent allowed, and purchasing or trading for banked AFV credits.

This document addresses requests for exemptions from the AFV-acquisition requirements and to help covered fleets better understand:

1. How to file a request for an exemption
2. Information and documentation DOE needs to process an exemption request
3. Important policies relevant for filing exemption requests.

When may exemption requests be filed?

A covered fleet may submit an exemption request only after it has submitted and DOE has approved the fleet's annual report for the relevant model year. In addition, an exemption request may be submitted no earlier than September 1 following the model year for which the exemption is sought and no later than January 31 following the model year for which the exemption is sought.

What are the appropriate bases for an exemption request?

Requests for exemptions from AFV-acquisition requirements may be based on a lack of available alternative fuels and/or a lack of available AFVs.¹ In addition, state government entities may request exemptions on the basis of unreasonable financial hardship. Covered fleets must apply to DOE to receive exemptions, and DOE reviews these requests on a case-by-case basis.

How should fleets develop and complete exemption requests?

DOE recommends that fleets pursuing exemptions use the online “Exemption Request Tool.” This tool is available for approved annual reports from September 1 through January 31 following the reporting model year. Sign in to the reporting section of the website at https://epact.energy.gov/users/sign_in and click on the highlighted “Request an Exemption” text next to the annual report in the fleet’s Annual Reporting - Standard Method section.

The tool automatically loads information from the annual report into the exemption request and provides guidance and prompts for backup documentation where appropriate for each step in the exemption process, thus ensuring a complete submittal. Fleet managers may continue to edit the exemption request right up until the time it is submitted. Once submitted, the exemption request is no longer available for editing, but a pdf

¹ Exemption requests should not be confused with requests for exclusion from the Program. Generally, a fleet may be excluded if it does not own, operate, lease, or otherwise control 50 or more LDVs, of which at least 20 are used primarily within any single Metropolitan Statistical Area (MSA) or Consolidated Metropolitan Statistical Area (CMSA) and centrally fueled or capable of being centrally fueled.

version may be viewed and downloaded from the “View Reports” section of the fleet’s reporting website. The tool automatically loads information from a fleet's annual report, removing a number of labor-intensive steps associated with the spreadsheet method, which is a manual exemption request. The tool is available at afdc.energy.gov/vehiclesandfuels/epact/compliance.

Components of a Complete Exemption Request

The following is a checklist of the information that should be included in any exemption request. A fleet completing its exemption request online will, by virtue of using the tool, submit all the items in this checklist because a great deal of this information is loaded automatically into the request. The tool generates an exemption request pre-filled with the following information from the annual report:

- Fleet name and address, along with the appropriate contact name and contact information
- Model year for which the fleet is seeking exemption(s)
- Number of nonexcluded, light-duty vehicles (LDVs) the fleet acquired during the given model year
- AFV-acquisition requirement for the given model year
- Total light-duty AFVs the fleet acquired during the given model year
- Total AFV credits earned during the given model year through the acquisition of other, creditable vehicles (non-AFV electric vehicles)
- Total AFV credits earned during the given model year through creditable investments
- Total volume of biodiesel (in gallons of B100) purchased during the given model year for use, in blends of B20 or higher, in medium- or heavy-duty vehicles

The following questions must be answered to complete the exemption request;

- If biodiesel was not purchased for use in medium- or heavy-duty vehicles up to at least 50% of the fleet's annual AFV-acquisition requirement for the given model year, why not?
- If non-AFV hybrid electric vehicles (HEVs) were not acquired up to at least 50% of the fleet's AFV-acquisition requirement during the given model year, why not?
- What is the total number of banked AFV credits the fleet applied toward compliance for the given model year? (The online tool allows a fleet to modify its annual report by changing the number of banked credits applied.)
- What are the number of exemptions requested, including (a) identification of the vehicles for which exemptions are sought, and (b) on what grounds the exemptions are sought (e.g., lack of available alternative fuel, lack of available AFV models) for the given model year?
- For each nonexcluded LDV, for which an exemption will be requested, acquired during the model year, what is the vehicle profile, including (a) acquisition date, (b) make, (c) model, (d) model year of manufacture, (e) vehicle identification number (VIN), (f) fuel type (e.g., gasoline, diesel, compressed natural gas, E85), (g) location (i.e., street address and ZIP code), and (h) gross vehicle weight rating (GVWR)?
- What is the appropriate documentation to support the basis for which an exemption is sought, as described below:
 - **Lack of Available Alternative Fuel:** An exemption request based on lack of available alternative fuel also should provide, as appropriate:
 - A map of the fleet's service or operating territory

- A map indicating the distance of all alternative fueling sites available within a 25-mile radius of each vehicle location for which exemptions are requested. Such a map may be obtained using DOE's Alternative Fueling Station Locator at afdc.energy.gov/locator/stations/
- Justification supporting any claim that alternative fuel is unavailable as a result of a lack of station accessibility due to unreasonable travel time to a fueling station, limited hours of operation, lack of access to private stations, etc.
- **Lack of Available AFVs:** An exemption request based on lack of available AFVs also should provide, as appropriate:
 - Proof of lack of availability of a particular AFV model in the type of LDV the fleet needs. If regional vehicle dealers do not offer AFVs, include documentation from those dealers. If no original equipment manufacturers (OEMs) offer the type of vehicle for which your fleet seeks the exemption, indicate this. For information on available light-duty AFVs and non-AFV HEVs offered by OEMs, see the most recent Fuel Economy Guide at www.fueleconomy.gov
 - Proof of lack of availability of non-AFV HEV models in the type of LDV the fleet needs
 - Three years of historical documentation demonstrating your fleet has regularly acquired the vehicles for which exemptions are requested.
- **Unreasonable Financial Hardship (UFH); available to covered state fleets only):** DOE considers UFH to be the exemption of *very last* resort. Covered state fleets submitting an exemption request based on UFH should provide:
 - Explanation of why a UFH exemption is warranted
 - Detail on the steps taken by the fleet to use biodiesel in its medium- and/or heavy-duty vehicles to the maximum extent possible
 - Total fleet budget for LDV acquisitions and, if known, the number of LDV acquisitions budgeted.
 - The purchase price differential between an AFV (or non-AFV HEV) and a comparable conventional LDV and whether that differential was factored into the budget.

Fleets using a spreadsheet must email their exemption requests to regulatory.info@nrel.gov and mail a copy of the complete request to:

Regulatory Manager

Alternative Fuel Transportation Program Vehicle Technologies Office (EE-3V)
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585-0121

Exemption Review Process

Once DOE receives a *complete* exemption request, it has 45 working days to grant or deny the request. If DOE receives an incomplete exemption request, DOE will contact the fleet to request the missing information. DOE places incomplete exemption requests on hold, and the fleet will have 30 days from the date of DOE's request for additional information to submit *all* the necessary documentation. DOE's 45-working day evaluation window begins when all information is in hand. If a fleet does not provide DOE all requested information within the 30-day holding period, DOE will evaluate the exemption request based on the information provided, which may not be sufficient to support granting the exemption request either in whole or in part.

DOE will provide written notification of its final determination for each complete exemption request received. DOE may grant exemptions in whole, in part, or deny them. All determinations are final and will not be reconsidered.

Exemption Request Policies

Appeals

As indicated, DOE's exemption request determinations are final. If a fleet disagrees with DOE's determination, it may submit an appeal to the DOE Office of Hearings and Appeals, but must do so within 30 days of the date of DOE's determination letter. Appeals must be sent to the following address:

Office of Hearings and Appeals
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585-0121

Biodiesel as a Compliance Option

DOE believes biodiesel is a viable option for all fleets unless a fleet provides DOE with information clearly indicating otherwise. As a result, exemption requests *must* address the fleet's use of and/or capacity to use biodiesel fuel blends in any medium- or heavy-duty on-road fleet vehicles.

For fleets seeking exemptions, the only justifications for not using biodiesel are that the fleet lacks medium- or heavy-duty diesel vehicles or proof that fuel suppliers will not make biodiesel fuel available in the fleet's service area. Additional information on how to earn biodiesel fuel use credits toward compliance with AFV-acquisition requirements can be found under the "Purchasing Biodiesel" section of the Standard Compliance page (eact.energy.gov/standard-compliance/?tab=4#biodiesel).

Non-AFV HEVs as a Compliance Option

DOE notes that non-AFV HEVs and the fuel on which they operate (i.e., gasoline) are widely available throughout the country. Consequently, exemption requests *must* demonstrate why the fleet was unable to acquire non-AFV HEVs and therefore meet at least 50% of its annual AFV-acquisition requirements (because each non-AFV HEV acquired is allocated ½ an AFV credit). For a fleet seeking an exemption, the only justifications for not acquiring non-AFV HEVs is that they were not available in the type of LDV the fleet needed or were cost-prohibitive. Absent this demonstration, DOE will limit the number of exemptions granted based on the shortfall of non-AFV HEV acquisitions.

Compliance Deficiency

DOE will not process an exemption request in a particular model year for any fleet having an outstanding compliance deficiency from a prior model year. Only after the fleet formally notifies DOE in writing and explains what steps the fleet has taken to correct the outstanding deficiency will DOE review the exemption request. The fleet's explanation must address the steps taken to acquire AFV credits through purchase or trade with another covered fleet, or justification as to why a credit transaction was not completed.

Future Acquisition in Place of a Previous Vehicle Exemption

DOE may require a covered fleet to acquire AFVs in place of all or some of the vehicles exempted in future model years.

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For more information, visit:
epact.energy.gov

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