light duty vehicles. The Energy Information Administration also estimates that 65 percent of our total petroleum demand will be imported in 2010.

The greatest gains in displacing petroleum motor fuel consumption by the year 2010 are expected to occur by replacing gasoline with alternative fuels such as electricity, ethanol, hydrogen, methanol, natural gas and propane, in a portion of the U.S. car and truck population, which is projected to be in excess of 200 million vehicles in the year 2010. Currently, alternative fueled vehicles comprise a small fraction of the total U.S. vehicle stock. According to the Energy Information Administration, of the 180 million light duty vehicles registered in 1992, 250,000 were alternative fueled vehicles. Of this total, about 221,000 were fueled by liquified petroleum gas (propane), about 24,000 were fueled by compressed natural gas, and about 3,400 were fueled by methanol or ethanol. The remaining quantity of vehicles was comprised of electric vehicles and vehicles fueled by liquified natural gas. In 1994, it is expected that 300,000 alternative fueled vehicles will be registered in the U.S. and that the proportion of vehicles operating on each fuel will be approximately the same. (Alternatives to Traditional Transportation Fuels: An Overview, DOE/EIA-0585/0, 1994)

To enable the Act's displacement goals to be met, alternative fuels must be readily accessible and motor vehicles that operate on these alternative fuels must be available for purchase. Thus, two important elements of reducing petroleum motor fuel consumption are: a nationwide alternative fuels infrastructure and the availability of alternative fueled vehicles for purchase at a reasonable cost by the general public in a wide variety of vehicle types and fueling options.

B. Description of the Energy Policy Act Alternative Fuel Transportation Program's Basic Provisions

1. General structure. Titles III, IV, V, and VI of the Act contain the basic provisions for regulatory mandates and authorities, as well as various financial incentives, all of which are aimed at displacing substantial quantities of oil consumed by motor vehicles. Title III contains general definitions which set forth legislatively mandated policy essential to understanding: (1) What constitutes an alternative fueled vehicle; (2) who must comply with regulatory mandates to acquire such vehicles; and (3) the extent to which a regulated entity's inventory of vehicles is subject to mandates to acquire alternative

fueled vehicles. Title III also sets forth mandatory requirements for Federal fleet acquisitions of alternative fueled vehicles, which began in fiscal year 1993.

Title IV includes a financial incentive program for states, a public information program, and a program for certifying alternative fuel technician training programs.

Title V provides for separate regulatory mandates for the purchase of alternative fueled vehicles which apply to: (1) Alternative fuel providers; (2) State government fleets; and (3) private and municipal fleets. These mandates set forth annual percentages of new light duty motor vehicle acquisitions which must be alternative fueled vehicles. The minimum acquisition requirements are phased-in, escalating from year to year until reaching a fixed percentage. The acquisition schedules for alternative fuel providers and State governments automatically take effect at the beginning of model year 1996. The acquisition schedule for private and municipal fleets in section 507(a) is a tentative schedule which may only take effect if confirmed in a DOE rulemaking. Such a rulemaking could conclude that imposition of a vehicle acquisition mandate on private and municipal fleets is not appropriate.

Title V also allows for credits for new light duty alternative fueled motor vehicles acquired beyond what is legally required. These credits may be sold and used by other persons or fleets subject to a vehicle acquisition mandate. Finally, title V contains investigative and enforcement authorities including provisions for civil penalties and, in certain circumstances, criminal fines for noncompliance with the statutory mandates and implementing regulations.

Title VI of the Act contains a variety of authorities to promote development and utilization of electric motor vehicles. More specifically, subtitle A provides for a commercial demonstration program, and subtitle B provides for an infrastructure and support systems development program.

support systems development program. This notice of proposed rulemaking focuses principally on: (1) The general definitions of title III applicable to alternative fuel providers, state governments, and private and municipal fleets; (2) procedures for obtaining interpretive rulings applying the regulations to particular facts; (3) the title V vehicle acquisition mandates applicable to alternative fuel providers and to state governments; (4) the credit program applicable to alternative fuel providers, state governments, and private and municipal fleets; and (5) the investigative and enforcement authorities which also apply to alternative fuel providers, state governments, and private and municipal fleets. In a separate notice, the Department will be proposing rules for the financial incentive program for States under section 409 of the Act. 42 U.S.C. 13235.

As provided by section 507, DOE will be initiating a statutorily required rulemaking to determine whether a fleet requirement program is necessary for private and municipal fleets, 42 U.S.C. 13257. Section 507 contains complex requirements for making such a determination, and it is not clear at this time what determination will be made. Nevertheless, private persons (other than alternative fuel providers) and municipal authorities may be interested in reviewing and commenting on the proposed rules in the general subpart A and subpart F (credit program) of this notice which could apply to private and municipal fleet owners if the Department were to issue rules for a private and municipal fleet requirement program.

With respect to alternative fuel providers, there is discretion in section 501(b) of the Act to reduce the acquisition percentage requirements to as low as 20 percent for model years 1997 and beyond, and to extend the time to comply for up to two years. 42 U.S.C. 13251(b). The Department currently does not intend to exercise its discretion under section 501(b). The Department seeks comment on the conditions under which it should propose a rule to reduce the percentage requirements. There is no similar provision in section 507 authorizing modifications to the vehicle acquisition mandate on state governments. See 42 U.S.C. 13257(h), (o).

2. Who must comply and which vehicles are covered. The vehicle acquisition mandate applicable to alternative fuel providers is set forth in section 501 of the Act, 42 U.S.C. 13251. There are a series of subsections in section 501 which, when read in conjunction with certain definitions in section 301 of the Act, make the task of determining who must comply and to what extent the vehicle inventory is affected a complex matter.

The vehicle acquisition mandate applicable to states in section 507(o) of the Act, 42 U.S.C. 13257, also has to be read in conjunction with the definitions in section 301. While it is clear that the mandate in section 507(o) applies to state governments as distinguished from municipal governments, determining the extent to which a State's vehicle