

and the environment. Subsequently, EPA is proposing the deletion of this Site from the NPL.

State Concurrence

The Florida Department of Environmental Protection concurs with the proposed deletion of the Chemform, Inc. Superfund Site from the NPL. FDEP submitted a "Letter of Concurrence" to EPA on November 22, 1999. EPA also worked closely with FDEP in establishing a five year review period in the ESD.

Reports that contain extensive Site characterization information are available for review, along with the RODs and ESD, in the Administrative Record. A Deletion Docket, which contains all pertinent information supporting the deletion recommendation, is also available to the public at the EPA Regional office and the local Site repository.

Dated: April 6, 2000.

A. Stanley Meiburg,

Acting Regional Administrator, Region IV.

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DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

49 CFR Part 538

[Docket No.: NHTSA-2000-7087]

Automotive Fuel Economy Manufacturing Incentives for Alternative Fuel Vehicles

AGENCY: National Highway Traffic Safety Administration (NHTSA), Department of Transportation (DOT).

ACTION: Request for comments.

SUMMARY: This document seeks comments to assist the National Highway Traffic Safety Administration (NHTSA) in the study of the success of the policy of providing corporate average fuel economy (CAFE) incentives for "dual-fuel" alternative fuel and gaseous dual-fuel vehicles and whether the agency should extend the incentive program for four years beyond MY 2004. Comments received in response to this document will be used to assist NHTSA in completing a study and issuing a report to Congress on or before September 30, 2000.

DATES: Comments must be received on or before June 8, 2000.

ADDRESSES: Comments to this document must refer to the docket number and notice number set forth above and be

submitted (preferably two copies) to: U.S. Department of Transportation, Docket Management, Room PL-401, 400 Seventh Street, S.W., Washington, D.C. 20590. Docket hours are 9 a.m. to 5 p.m. Monday through Friday.

FOR FURTHER INFORMATION CONTACT: The following persons at the National Highway Traffic Safety Administration, 400 Seventh Street, S.W., Washington, D.C. 20590: For non-legal issues: Mr. Lawrence Fleming, Consumer Programs Division, Office of Planning and Consumer Programs, NPS-32, Room 5320, telephone (202) 366-4936, facsimile (202) 493-2290. For legal issues: Otto Matheke, Office of the Chief Counsel, NCC-20, Room 5219, telephone (202) 366-5263, facsimile (202) 366-3820.

SUPPLEMENTARY INFORMATION: Corporate average fuel economy (CAFE) is the fuel economy, expressed in miles per gallon, of a manufacturer's fleet of: (1) Passenger cars, or (2) light trucks under 8,500 lbs. gross vehicle weight rating. Each manufacturer's average fuel economy is determined by the Environmental Protection Agency in accordance with procedures set forth in 49 U.S.C. 32904 and is calculated by computing the weighted fuel economy average of various model types of a manufacturer in a particular model year. The MY 2000 CAFE standard is 27.5 mpg for passenger cars and 20.7 mpg for light trucks. Failure to comply with the standard for either passenger car or light truck fleets in any given model year results in civil penalties of \$5.50 for each tenth of a mile per gallon per vehicle. (49 U.S.C. 32912(b)).

Manufacturers can earn "credits" to offset deficiencies in their CAFE performance. Specifically, when the average fuel economy of the vehicles manufactured by a manufacturer in a particular model year exceeds the average fuel economy standard, the manufacturer earns credits. The number of credits a manufacturer earns is determined by multiplying the number of tenths of a mile per gallon by which the manufacturer exceeded the fuel economy standard in that model year times the number of vehicles they manufactured in that model year. These credits can be applied to any of the three consecutive model years immediately after, or if a carry-back plan is approved under 32903(b), before the model year for which the credits are earned. For a variety of reasons, credits are highly valued by manufacturers and provide a significant incentive to exceed the applicable standards for a given model year.

The Alternative Motor Fuels Act of 1988 ("AMFA"; Pub. L. 100-94, October 14, 1988) was enacted with the primary purpose of encouraging the development and use of methanol, ethanol and natural gas as transportation fuels and to promote the production of alternate fuel vehicles (AFVs) by auto manufacturers. To this end, AMFA contains provisions that allow for special treatment of vehicle fuel economy calculations for dedicated alternative fuel vehicles and dual-fuel vehicles that meet specified requirements. Passenger automobiles and light trucks that are eligible for special fuel economy calculations are "dedicated" and designed to operate exclusively on methanol or ethanol in composition of 70 percent or more or on natural gas; or "flexible fuel" vehicles that have the capability to operate on either conventional petroleum or a blend of alcohols in conjunction with either gasoline or diesel; or on natural gas. These vehicles also must meet energy efficiency and minimum driving range requirements. A manufacturer producing alternative fuel vehicles that meet energy efficiency and minimum driving range requirements may be able to raise their overall fleet fuel economy performance by manufacturing these vehicles.

AMFA directs the Secretary of Transportation to conduct a study and issue a report on the success of the policy of providing CAFE incentives for alternative dual-fuel vehicles by assessing alternative fuel use; cost and availability; the availability and affordability of vehicles capable of operating on either alternative or conventional fuel; the effect these vehicles have on the environment; energy conservation; and other relevant factors. This document seeks information and data that will assist the agency in conducting its assessment.

1. Statutory Background

Section 6 of AMFA amended the fuel economy provisions of Title V of the Motor Vehicle Information and Cost Savings Act by adding a new section 513 that contains incentives for the manufacture of vehicles designed to operate on alternative fuels, including dual-fuel vehicles. Dual-fuel vehicles are generally defined as one of two classes that operate on either alternative fuel and gasoline or diesel fuel, or those capable of operating on natural gas or either gasoline or diesel fuel. Section 513(h) specifically defined a "dual energy" automobile as one that meets a minimum driving range and:

(i) Which is capable of operating on alcohol and on gasoline or diesel fuel;

(ii) Which provides equal or superior energy efficiency, as calculated for the applicable model year during fuel economy testing for the Federal Government, while operating on alcohol as it does while operating on gasoline or diesel fuel; [and]

(iii) Which* * * provides equal or superior energy efficiency, as calculated for the applicable model year during fuel economy testing for the Federal Government, while operating on a mixture of alcohol and gasoline or diesel fuel containing exactly 50 percent gasoline or diesel fuel as it does while operating on gasoline or diesel fuel as those vehicles capable of operating on alcohol and on either gasoline or diesel fuel, or those capable of operating on natural gas and on either gasoline or diesel fuel [.]

A "natural gas dual energy" automobile was defined as a vehicle that met specified minimum driving range, and:

(i) Which is capable of operating on natural gas and on gasoline or diesel fuel; [and]

(ii) Which provides equal or superior energy efficiency, as calculated for the applicable model year during fuel economy testing for the Federal Government, while operating on natural gas as it does while operating on gasoline or diesel fuel [.]

The Energy and Policy Act of 1992 added new provisions of Section 513 of the Motor Vehicle Information and Cost Savings Act. In addition, the definition of alternative fuel was expanded to include liquefied petroleum gas, hydrogen, liquid fuels derived from coal and biological materials, electricity and any other fuel that the Secretary of Transportation determines to be substantially non-petroleum based and have environmental and energy security benefits. The law also revised terminology by replacing "dual energy" and "natural gas dual energy" with "alternative fueled vehicles" in order to more appropriately reflect the expanded list of fuels.

Beginning in MY 1993, manufacturers of AFVs that met the minimum driving range and energy efficiency criteria could qualify for special treatment in the calculation of their CAFE by computing the weighted average of fuel economy while operating on gasoline or diesel fuel and when operating on the alcohol after dividing the alcohol fuel economy by a factor of 0.15. For instance, a dedicated AFV that would achieve 15 mpg fuel economy while operating on alcohol would have a CAFE calculated as follows:

$FE=(1/0.15)(15)=100$ miles per gallon

For alternative dual-fuel vehicles, an assumption is made that the vehicles would operate 50% of the time on the alternative fuel and 50% of the time operating on conventional fuel, resulting in a fuel economy that is based

on a harmonic average of alternative and conventional fuel. The fuel economy for an alternative dual-fuel model is calculated by dividing 1.0 by the sum of 0.5 divided by the fuel economy as measured on the conventional fuel and 0.5 divided by the fuel economy as measured on the alternative fuel, using the 0.15 volumetric conversion factor. For example, for an alternative dual-fueled model that achieves 15 miles per gallon operating on an alcohol fuel and 25 mpg on the conventional fuel, the resulting CAFE value would be:

$1/((0.5/25)+(0.5/100))=40$ miles per gallon

The CAFE calculated values for a natural gas alternative fuel vehicle are arrived at in similar fashion. For the purposes of this calculation, the fuel economy is equal to the weighted average of the vehicle fuel economy while operating on natural gas and while operated on either gasoline or diesel fuel. Section 32905(c) specifies the energy equivalency of 100 cubic feet of natural gas to be equal to 0.823 gallons of gasoline, with the gallon equivalent of natural gas to be considered to have a fuel content equal to 0.15 gallons of fuel. The applicability of these special mileage calculation procedures is for vehicles manufactured for sale in MY 1993 through MY 2004, and the maximum allowable increase in a manufacturer's fleet average fuel economy attributed to these dual-fuel vehicles is 1.2 miles per gallon.

Section 32905(g) stipulates that the Secretary of Transportation (the Secretary), in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, shall submit a report to the Committee on Commerce, Science and Transportation and Governmental Affairs of the Senate, and the Committee on Energy and Commerce of the House of Representatives, a report containing the results of the study of the success of this alternative fuel vehicle mileage credit incentive policy and make recommendations whether to extend the program for up to an additional four (4) model years, with a maximum allowable increase in average fuel economy for a manufacturer attributed to dual-fuel vehicles of 0.9 miles per gallon. In preparation of this study and report, the Secretary is to consider the following factors:

(i) [T]he availability to the public of alternative fueled automobiles, and alternative fuels;

(ii) energy conservation and energy security;

(iii) environmental considerations; and

(iv) other relevant factors.

Upon completion of the study and report, the Secretary shall either promulgate a final rule that extends the incentive program for up to four additional model years, or issue public notice of the decision to terminate the incentive program with appropriate justification. The final rule or regulatory decision must be issued no later than December 31, 2001.

2. The Intent of the Alternative Motor Fuels Act of 1988 and the Basis for Evaluation of the Study and Report

It is clear that in creating special CAFE incentives for alternative fuel vehicles in AMFA and EPACT amendments, Congress intended to foster the commercialization of alternative fuels used for transportation and to further the development of the alternative fuel production, supply and distribution infrastructure. While AMFA has provisions for special CAFE calculations for both dedicated and dual-fuel vehicles, the statutory language directs that the study and report to Congress only assess the policy of providing CAFE incentives for dual-fuel vehicles and not dedicated AFVs. Accordingly, information on dedicated AFVs will be included in the study only as it pertains to evaluating the policy of providing CAFE mileage credits for dual-fuel vehicles.

It should be noted that while the Energy Policy Act of 1992 expanded the definition of alternative fuels to include liquefied petroleum gas, hydrogen, electrically powered and others, the rulemaking procedures for implementing the provisions of AMFA were already in process by the time these other energy source fuels were classified as "alternative" fuels, and the final rule implementing the related provisions of AMFA has procedures for CAFE credit calculations for alcohol and compressed natural gas powered vehicles only (ref: 59 FR 39368; August 3, 1994).

In executing the study and preparing the report, NHTSA will specifically attempt to evaluate the effect of the incentives upon the acceptance of alternative fuels as measured by the change in fuel use for light vehicle transportation. NHTSA will also examine the change in the number of vehicles that operate on alternative fuels manufactured since the 1993 model year and evidence, if any, that associates the design, development and production of these vehicles to the incentives offered in fuel economy calculations. Wherever possible, the costs and benefits to both consumers and industry will be

analyzed as well as the impact upon energy security and the environment.

3. Questions and Comments

To assess the impacts of the CAFE incentives program as described above, NHTSA, in coordination with the Environmental Protection Agency and the Department of Energy, seeks specific information and relevant comments. Set forth below are questions organized under three categories to facilitate collection of data and relevant information: (1) The automobile industry; (2) the fuel industry; and (3) general interest. NHTSA invites comments and input from all interested parties on any of the questions listed in this document. The information sought by the agency will assist in the preparation of the study and report to Congress on the effect of CAFE incentives for dual-fuel and gaseous dual-fuel vehicles and the agency's determination on whether to continue the program with a reduced maximum attributed allowance through the 2008 model year. In providing a comment on a particular matter or in responding to a particular question, interested parties are requested to provide any relevant factual information to support their conclusions or opinions, including but not limited to statistical and cost data or marketing studies, and the source of such information. Wherever used, the terms "sale", "production" and "design" pertain to passenger cars and light trucks up to 8,500 lbs. gross vehicle weight rating that are manufactured either domestically or imported for sale in the United States and U.S. Territories and possessions, including lease sales, fleet sales, etc.

NHTSA requests information and comments to the following questions:

(A) Questions/Issues Primarily Related to Automobile Manufacturers

1. How and to what extent has the AMFA CAFE incentives program affected manufacturers' decisions to design, manufacture and sell dual-fuel alcohol and natural gas powered vehicles and other alternative fuel vehicles? Specifically for MY 1993 through MY 2000, list all the alternative fuel vehicles that are offered for sale and for each vehicle line, indicate whether credits were a major factor, a minor factor, or of little or no consideration to the company's decision to offer an alternative fuel vehicle.

2. What was/is the price differential for offering alcohol and compressed natural gas powered dual-fuel vehicles and other alternative fuel vehicles versus conventionally fueled models? Please provide examples of

manufacturers' suggested retail price of applicable alternative fuel vehicle models versus the retail price of their conventional fuel counterpart models.

3. Using the response to Question 2, what was/is the "dollar value" of each AMFA qualifying vehicle, defined as the savings generated by avoiding CAFE penalties less the expenses associated with design and manufacturing of these alternative fuel vehicles?

4. What was/is the cost differential (on a per vehicle basis) to produce alcohol and compressed natural gas powered dual-fuel vehicles and other alternative fuel vehicles versus conventionally fueled models?

5. What new technologies have been specifically developed and implemented in order to accommodate the use of methanol/ethanol or natural gas to qualify for the fuel economy calculation benefit? What is the attributed cost of each of the technologies?

6. Have there been performance or durability problems associated with operating vehicles on methanol/ethanol or natural gas? If yes, please specify the nature (e.g., materials degradation due to incompatibility of oxygenated fuels, cold start and driveability issues, etc.) and the extent of the problems.

7. What efforts have manufacturers taken, or plan to take, to market dual-fuel or other alternative fuel vehicles to fleet operators? What information relative to performance or durability has been or will be provided by the fleet operators to the automobile manufacturer?

8. What initiatives have manufacturers and dealers taken to educate consumers about vehicles' capability to operate on an alternative fuel? Please provide any available owner's manual information, dealer bulletins, or other point of sale literature that is relevant.

9. What are the auto manufacturers' plans for MY 2001 through MY 2008 relative to the AMFA CAFE incentive program? How would the decision to extend the maximum allowable mileage increase at 0.9 mpg as prescribed by AMFA affect manufacturers' product strategy? Conversely, what effect would a decision not to extend the provision beyond MY 2004 have on manufacturers' product plans?

(B) Questions/Issues Primarily Related to Fuel Producers, Distributors and Retailers

1. How has the AMFA CAFE program affected the fuel industry's production and sales of alternative fuels from 1993 through 2000?

2. How has the AMFA CAFE program directly affected the number of alternative fuel refueling sites from 1993 through the present time?

3. How will the fuel industry's projected plans for production and distribution be affected by the decision to either continue or discontinue a vehicle-specific incentive program beyond 2004?

4. Does the fuel industry believe that changes to the infrastructure as a result of considerations other than/in addition to the AMFA CAFE credits program would be warranted in order to improve an alternative fuels infrastructure? Please recommend any possible changes other than AMFA CAFE incentives that would facilitate further development of that infrastructure.

5. What efforts have been made by the fuel industry and other groups to educate consumers and promote the use of methanol/ethanol or compressed natural gas as an alternative fuel?

(C) Questions/Issues of General Interest

1. How difficult is it for consumers to find fueling locations for, and availability information on, alternative fuels? How do they seek alternative fuel locations?

2. What are the most common consumer complaints regarding problems or concerns related to the use of the dual-fuel vehicles or availability of the alternative fuels?

3. Assuming an ample supply of alternative fuels and vehicles, would consumers be willing to use alternative fuels over conventional ones? Please provide the basis for this response.

4. What changes would be necessary to improve consumer awareness and acceptance of alternative fuel vehicles?

5. What other efforts could government or industry take to increase the use of alternative fuels?

6. Is there any information available on the approximate percentage of vehicle mileage for which a owner/driver of a dual-fuel vehicle uses the alternative fuel versus gasoline or diesel fuel? If so, should the "50/50 split" used in the credit calculation formula be revised to a value that more closely represents actual alternative fuel use?

7. Are there companion programs necessary to ensure that vehicles manufactured for purposes of complying with the CAFE requirement are actually using alternative fuels?

8. Has the AMFA CAFE program affected the total use of methanol/ethanol and compressed natural gas use? If so, how?

9. What changes could be made to this program, either from the vehicle production aspect or the fuel industry

aspect, that would be perceived as an even greater incentive to produce, distribute and market alternative fuels in the future?

10. In addition to energy conservation, energy security, environmental considerations, and the availability of alternative fuel vehicles and alternative fuels to the public, what other factors should be considered in the evaluation of the policy of providing additional CAFE credits for dual-fuel vehicles?

11. Do you believe the policy of providing additional CAFE credits for dual-fuel vehicles should be continued? Please explain the basis for your position.

NHTSA solicits public comments on this document. It is requested but not required that two copies be submitted.

How Do I Prepare and Submit Comments?

Your comments must be written and in English. To ensure that your comments are correctly filed in the Docket, please include the Docket number of this document in your comments.

Your primary comments must not be more than 15 pages long (49 CFR 553.21). However, you may attach additional documents to your primary comments. There is no limit on the length of the attachments.

Please send two paper copies of your comments to Docket Management or submit them electronically. The mailing address is: U. S. Department of Transportation, Docket Management, Room PL-401, 400 Seventh Street, SW, Washington, DC 20590. If you submit your comments electronically, log onto the Dockets Management System website at <http://dms.dot.gov> and click

on "Help and Information" or "Help/Info" to obtain instructions.

How Can I Be Sure That My Comments Were Received?

If you wish Docket Management to notify you upon its receipt of your comments, enclose a self-addressed, stamped postcard in the envelope containing your comments. Upon receiving your comments, Docket Management will return the postcard by mail.

How Do I Submit Confidential Business Information?

If you wish to submit any information under claim of confidentiality, send three copies of your complete submission, including the information you claim to be confidential business information, to the Chief Counsel, NCC-01, National Highway Traffic Safety Administration, Room 5219, 400 Seventh Street, SW, Washington, DC 20590. Include a cover letter supplying the information specified in our confidential business information regulation (49 CFR Part 512).

In addition, send two copies from which you have deleted the claimed confidential business information to Docket Management, Room PL-401, 400 Seventh Street, SW, Washington, DC 20590.

Will the Agency Consider Late Comments?

NHTSA will consider all comments that Docket Management receives before the close of business on the comment closing date indicated above under DATES. To the extent possible, NHTSA will also consider comments that Docket Management receives after that date.

Please note that even after the comment closing date, NHTSA will continue to file relevant information in the Docket as it becomes available. Further, some people may submit late comments. Accordingly, we recommend that you periodically check the Docket for new material.

How Can I Read the Comments Submitted by Other People?

You may read the comments by visiting Docket Management in person at Room PL-401, 400 Seventh Street, SW, Washington, DC from 9:00 a.m. to 5:00 p.m., Monday through Friday.

You may also see the comments on the Internet by taking the following steps:

(1) Go to the Docket Management System (DMS) Web page of the Department of Transportation (<http://dms.dot.gov/search/>)

(2) On that page, click on "search".

(3) On the next page (<http://dms.dot.gov/search/>) type in the four digit Docket number shown at the beginning of this Notice. Click on "search".

(4) On the next page, which contains Docket summary information for the Docket you selected, click on the desired comments. You may also download the comments.

Authority: (49 U.S.C. 32905(g); delegation of authority at 49 CFR 1.50 and 49 CFR 501.8)

Issued on: April 27, 2000.

Stephen R. Kratzke,

Associate Administrator for Safety Performance Standards.

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