

## **UPDATED INFORMATIVE DIGEST**

### **Amendments to The Clean Fuels Regulations Regarding Clean Fuel Outlets**

#### **Sections Affected:**

Amendments to sections 2300-2317, and adoption of sections 2303.5 and 2311.5, title 13, California Code of Regulations (CCR).

#### **Background**

In 1990-1991, the Board adopted the Low-Emission Vehicle / Clean Fuels Regulations to require that light- and medium-duty vehicles meet increasingly stringent low-emission vehicle (LEV) exhaust emission standards, and that clean alternative fuels used to certify significant numbers of LEVs be made available to the public. The Clean Fuels Regulations require certain owners/lessors of retail gasoline stations to equip an appropriate number of their stations to dispense a designated clean fuel if 20,000 or more vehicles are certified in California to a LEV standard on a clean alternative fuel. When the 20,000 vehicle trigger is met for a specific fuel, the number of required clean fuel outlets and the affected owners/lessors of retail gasoline stations are determined based on a formula for estimating demand for alternative fuel at retail outlets. Flexible-fueled and dual-fuel LEVs are only counted as alternative fuel vehicles if they are certified to a less stringent emission standard on gasoline than the alternative clean fuel. Only owners/lessors of a large number of retail gasoline stations are affected initially by the regulations.

Affected owners/lessors may comply with their clean fuel outlet requirements in any of three ways. Owners/lessors who own existing fueling facilities that meet the clean fuel outlet criteria may use those facilities to meet their obligation to equip clean fuel outlets. They may also elect to equip new clean fuel outlets. Finally, they may enter into agreements with individuals who own existing qualifying clean fuel facilities to allow those facilities to be used exclusively by the affected party to meet the clean fuel outlet requirements. This is known as "constructive allocation." All clean fuel outlets must meet specific amenity and public accessibility requirements.

The ARB staff is required to notify affected gasoline retailers 18 months and again 12 months in advance of each year when clean fuel outlets are required. Clean fuel outlets must be installed and operational by January 1 of the year in which they are required.

The Clean Fuels Regulations have applied on a statewide basis starting in 1997. The regulations have applied in the greater Los Angeles area (within the boundaries of the South Coast Air Quality District (SCAQMD)) starting in 1994, when the first LEVs were expected to be

introduced. During 1994-1996, major gasoline suppliers were required to equip a specified number of their gasoline stations in the greater Los Angeles to dispense any clean fuel that met the 20,000 LEV trigger level. However, no clean alternative fuel has to date reached the trigger level, because the great majority of LEVs have been certified using California Phase 2 Reformulated gasoline, the gasoline that is sold throughout the state. Most alternative fuel LEVs that have been produced are currently owned and operated by fleets which utilize central fueling facilities.

## **The Adopted Amendments**

At a July 22, 1999 hearing, the Board adopted amendments to sections 2300-2317, and new sections 2303.5 and 2311.5, title 13, California Code of Regulations (CCR) to improve implementation of the Clean Fuels Regulations and to reflect the current state of the alternative fuels vehicle market.

Removal of obsolete sections and streamlining. Obsolete sections of the regulations pertaining to the requirements in the SCAQMD for 1994 through 1996, which have expired and were never used, have been removed. The amendments also simplify the ARB staff's notifications to affected parties regarding the requirements for new clean fuel outlets by requiring one rather than two annual notifications, 14 months before the start of the year in which the outlets are required. The outlets need to be operational May 1 rather than January 1. The reporting requirements for retail gasoline outlet owners/lessors, fleet operators, and clean fuel distributors are delayed until it is likely the trigger level for an alternative fuel will be reached.

Calculation of the 20,000 vehicle trigger. The amendments modify the method used to count the number of vehicles included towards the 20,000 vehicle trigger, in order to reflect the fact that fleet vehicles are usually fueled at nonretail fleet facilities. This calculation fully counts non-fleet vehicles, and discounts the number of fleet-operated vehicles by 75 percent. A fleet is defined as 15 LEV vehicles operated on the same fuel under common ownership or operation. The ARB Executive Officer is authorized to reduce the discount, based on information indicating that the discount should be less. In addition, any person or organization may request the ARB Executive Officer to revise the trigger discount or determination based on additional information.

Determining the number of clean fuel outlets required in a year. The amendments also make several changes to the way in which the number of required clean fuel outlets is determined for each year. The estimated clean fuel will no longer be adjusted downward by 10 percent to account for flexible and dual fuel vehicles. Instead of determining the clean fuel volume for LEVs at nonretail facilities and subtracting that from the projected maximum clean fuel volume, the amendments direct the Executive Officer to subtract the total volume of the clean fuel used in fleet vehicles, multiplied by the discount factor identified for the trigger determination.

The preexisting regulations based the total number of clean fuel outlets for liquid fuels on an average annual outlet throughput of 300,000 gasoline equivalent gallons (geg) for 1994-1996, and a 600,000 geg annual throughput starting in 1997. The amendments reinstitute the 300,000 geg annual throughput value to provide more clean fuel outlets during the early years of the program.

Once 5 percent of the state's retail gasoline stations in the State have been equipped to dispense the clean fuel, the average annual outlet throughput volume for additional outlets will increase to 600,000 geg, slowing the rate of new clean fuel outlets after the program has matured. In addition, the number of required clean fuel outlets will be reduced by subtracting existing clean fuel retail outlets where gasoline is not marketed, if the outlets meet certain amenities requirements.

The Executive Officer is allowed to adjust the calculated number of clean fuel outlets up or down, within a maximum and a minimum level, based on evidence that the adjusted number of outlets would better reflect fueling demand. The maximum level is based on the LEV clean fuel demand for all LEVs operating on the clean fuel without discounting the fleet vehicles. The minimum level is based on the LEV fuel demand for only dedicated clean fuel vehicles in non-fleet use. In addition, interested parties are authorized to request a revised adjustment, based on additional information, within the maximum and minimum levels.

Compliance by maintaining separate clean fuel outlets. Under the preexisting regulations, only clean fuel dispensing facilities at retail gasoline outlets counted towards an owner/lessor's required number of clean fuel outlets. The amendments now count clean fuel outlets where gasoline is not marketed, if modified amenity requirements applicable to such outlets are met. The clean fuel at such outlets must be available to the public without the use of a key or cardkey.

Revisions to amenity requirements. The amendments establish some separate amenity provisions for clean fuel outlets that do not market gasoline, and some amenity requirements have been simplified.

Sunset provision. Finally, the amendments add a sunset provision that removes the requirements to install clean fuel outlets for a specific clean fuel when 10 percent of the retail gasoline stations in the State have made that clean fuel available for purchase.

### **Comparable Federal Regulations.**

There are no comparable federal regulations pertaining to the installation of clean fuel outlets for motor vehicles.