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Will the Agency Consider Late Comments?

We 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, we will also consider comments that Docket Management receives after that date.

How Can I Read the Comments Submitted by Other People?

You may read the comments received by Docket Management at the address given above under **ADDRESSES**. The hours of the Docket are indicated above in the same location.

You may also see the comments on the Internet. To read the comments on the Internet, take the following steps:

- (1) Go to the Docket Management System (DMS) Web page of the Department of Transportation (<http://dms.dot.gov/>).
- (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 document. Example: If the docket number were "NHTSA-1998-1234," you would type "1234." After typing the docket number, click on "search."
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Please note that even after the comment closing date, we 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.

William H. Walsh,
Associate Administrator for Plans and Policy.
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DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

49 CFR Part 538

[Docket No. NHTSA-2001-10774]

RIN 2127-AI41

Automotive Fuel Economy Manufacturing Incentives for Alternative Fuel Vehicles

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

ACTION: Notice of intent to issue a notice of proposed rulemaking (NPRM).

SUMMARY: To provide an incentive for the production of vehicles that can operate on certain alternative fuels as well as on regular petroleum fuels, Congress established a special procedure for calculating the fuel economy of those vehicles for the purpose of determining compliance with the Corporate Average Fuel Economy standards. This procedure increases the fuel economy attributed to such "dual-fueled" vehicles. By statute, the incentive is available through the 2004 model year and may be extended by up to four additional model years through rulemaking.

The purpose of this document is to announce the intention to issue a proposal to extend the availability of the incentive for one or more additional model years.

FOR FURTHER INFORMATION CONTACT: The following persons at the National Highway Traffic Safety Administration, 400 Seventh Street, SW, Washington, DC 20590:

For non-legal issues: Mr. Kenneth Katz, 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:

Background

Congress created the Corporate Average Fuel Economy (CAFE) program

when it enacted the Energy Policy and Conservation Act of 1975 (Public Law 94-163; Dec. 22, 1975). The CAFE statutory provisions, now codified in chapter 329 of Title 49 of the United States Code (49 U.S.C. 32901 *et seq.*), mandate fuel economy standards that must be met by vehicle manufacturers. These standards apply separately to each manufacturer's annual fleet of passenger cars and to its annual fleet of light trucks under 8,500 lbs. gross vehicle weight rating, instead of applying to individual vehicles. 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. Those procedures provide for determining the fuel economy of a manufacturer's model types produced in a particular model year and calculating a weighted fuel economy average for the manufacturer.

Congress amended the CAFE provisions when it enacted the Alternative Motor Fuels Act of 1988 ("AMFA") (Public Law 100-94; October 14, 1988). The purposes of AMFA were to encourage the development and use of methanol, ethanol and natural gas as transportation fuels and to promote the production of alternative fuel vehicles (AFVs). For the latter purpose, AMFA provides special procedures for calculating the fuel economy of "dedicated" alternative fuel vehicles and "dual-fueled" vehicles that meet specified eligibility criteria. "Dedicated vehicles" are cars or light trucks designed to operate exclusively either on natural gas or on a methanol or ethanol fuel mixture composed of at least 85 percent of either substance. "Dual-fueled vehicles" have the capability to operate on conventional petroleum and the capability to operate on an alternative fuel. Most dual-fueled vehicles produced to date are capable of operating on E85 (a blend of 85% ethanol and 15% gasoline) and either gasoline or diesel. The special calculation procedures used in determining the fuel economy of alternative fuel vehicles substantially increase the fuel economy ratings of these vehicles.

In creating the incentive program for dual-fueled vehicles, Congress expressly limited both the extent to which a manufacturer can avail itself of the incentive in any model year as well as the duration of the incentives.¹ For the 1993-2004 model years, the maximum increase in CAFE available to a

¹ Congress did not apply either of these limitations to the incentive program for dedicated vehicles.

manufacturer for producing qualifying dual-fueled vehicles is 1.2 miles per gallon.

AMFA provides that the incentive is available through the end of the 2004 model year. In addition, AMFA provides that the agency may either extend the program to model years beyond the end of the 2004 model year or allow the program to terminate at that time. An extension of up to four model years is authorized. If the program were extended, the maximum increase in

CAFE that could be attributed to the incentive would be limited to .9 miles per gallon in any of those model years.

AMFA further directs that NHTSA evaluate the dual-fuel incentive program and provide a report to Congress analyzing the success of the incentive program and preliminary conclusion regarding extension of the program beyond the 2004 model year.

Forthcoming Actions

In the near future, the agency plans to issue the report to Congress and a proposal to extend the incentive program for one or more additional model years.

Issued on: December 31, 2001.

Noble Bowie,

Director, Office of Planning and Consumer Programs.

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