



2021 Clean Fuels Federal Policy Agenda

Stabilize Gas Prices, Improve Air Quality, Create Jobs

Three quarters of the 20 million barrels of petroleum consumed by America each day is used for transportation. Transportation is the nation's largest source of greenhouse emissions, and the largest source of local air pollution and largest energy expense in many communities. Even though the U.S. is now the world's largest energy producer, we remain vulnerable to the actions of foreign governments that do not share our interests.

American ingenuity and technology innovation have enabled vehicles using electricity, natural gas, propane, biodiesel, ethanol, and hydrogen to begin to make their way into the marketplace. According to the Department of Energy, there are 2 million alternative fuel vehicles in use in the United States and more than 100,000 alternative fueling stations. Yet this represents only a very small fraction of the total American fleet.

The United States must aggressively expand our use of domestically produced alternatives to petroleum fuel if we are to stabilize gasoline prices, improve air quality and create more American jobs.

Now is the time for Congress to continue the nation's investment in clean American transportation fuels and vehicles by acting immediately on the following urgent policy matters:

1. Extend the tax incentives for alternative fuels, vehicles, and infrastructure through 2030.
2. Increase federal funding in FY 2022 for the Department of Energy (DOE) Clean Cities alternative fuel deployment program and the U.S. EPA Diesel Emission Reduction Grants.
3. Preserve the Renewable Fuel Standard (RFS).
4. Include funding for clean vehicles and fueling infrastructure in federal infrastructure legislation.
5. Ensure that the Federal Highway Administration (FHWA) approves Congestion Mitigation and Air Quality (CMAQ) funding for clean vehicles and infrastructure in a timely fashion.
6. Authorize the DOE Clean Cities Program.

Investment in Clean Transportation Fuels Creates American Jobs

In addition to enhancing our energy security, the clean transportation industry is also critical to our economic growth and global competitiveness.

- There are now 1.4 million plug-in electric vehicles on the road in the U.S. The global market for lithium-ion batteries will grow from \$25 billion in 2017 to \$47 billion in 2023 and annual revenue from the infrastructure charging sector is projected to grow to \$5.8 billion by 2022.
- The ethanol industry contributes \$46 billion a year to the U.S. economy, including over 365,000 American jobs.
- Biodiesel has grown into a 2.8 billion gallon per year industry with 125 plants across the U.S. supporting more than 64,000 jobs and providing \$17 billion in economic activity.
- There are more than 200,000 propane-powered vehicles on America's roads, including a fleet of about 20,000 propane-powered school buses that transport 1.2 million children to school each day.
- The U.S. is the number one producer of natural gas in the world, and the industry provides 4.1 million American jobs. About 175,000 natural gas vehicles operate on America's roads today. These vehicles are supported by nearly 1,740 fueling stations that are connected by 2.5 million miles of natural gas pipelines.
- Over the last five years, Renewable Natural Gas (RNG) use as a transportation fuel has increased 577%. There are now 99 RNG facilities operating in the U.S. that have created more than 17,000 direct and indirect jobs. Another 90 new plants are under development and they will create an additional 15,500 new direct and indirect jobs.

Helping Clean Cities coalitions and working toward American energy independence since 1999.

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Transportation Energy Partners 2021 Federal Policy Priorities

1. **Extend Tax Incentives for Alternative Transportation Fuels, Vehicles, and Infrastructure:** Congress should provide an extension through 2030 of the tax credits for sellers of natural gas and propane, for producers of biodiesel, for developers of alternative fuel infrastructure, and for purchasers of qualified fuel cell and for two-wheeled plug-in electric vehicles. Congress must display long term support for these incentives to encourage investment in the next generation of alternative fuels, vehicles, and infrastructure.

Congress should also increase the production cap for the Electric Vehicle tax credit to 600,000 per manufacturer as provided in the bipartisan Driving America Forward Act. This will ensure that the plug-in vehicle credit continues to advance a diverse marketplace and consumer choice since several manufacturers have already reached the current cap of 200,000 and others will reach it soon.

2. **Ensure Adequate Federal Funding in FY 2022 for Key Alternative Fuels Programs:** Congress should support funding for the following federal programs, which advance the development and deployment of clean transportation technologies:
 - Congress should provide \$60 million for the **DOE Clean Cities program**, including \$40 million in competitive grants for new alternative fuel and vehicle deployment solutions. Clean Cities is DOE's only initiative focused on the deployment of alternative transportation fuels, vehicles, and infrastructure.
 - Congress should provide \$100 million for the **EPA Clean Diesel Grants program**, which has created jobs and improved air quality in hundreds of communities across the U.S.
3. **Preserve the Renewable Fuels Standard (RFS):** Congress should reject efforts to undermine or eliminate the RFS, which sets annual standards for production and use of conventional and advanced biofuels. Congress should also encourage the Administration and the EPA to continue growing RFS volumes to ensure that we continue diversifying the transportation fuels market with clean alternatives that are creating jobs, cutting pollution, and reducing our dependence on foreign oil. Renewable fuels have helped reduce oil imports by 25 percent since 2000 and now provide 10 percent of America's on-road transportation needs. In addition to ethanol, the RFS is stimulating impressive growth in Renewable Natural Gas and Advanced Biofuels such as biodiesel, which last year produced about 2.5 billion gallons and is poised for significant growth under a stable RFS.
4. **Ensure Timely Approval of DOT CMAQ Funding for Alternative Fuel Vehicles:** Congress should make sure the FHWA reviews Buy America compliance for alternative fuel vehicles in a timely fashion, so they can receive CMAQ funding. There are currently dozens of projects including hundreds of vehicles that have been waiting for FHWA approval for more than a year. In the past, FHWA has approved compliance for vehicles assembled in the U.S. on a quarterly basis.
5. **Federal Infrastructure Legislation Should Invest in Clean Vehicles and Refueling and Support All Alternative Fuels:** (a) \$1 billion targeted to state and local clean vehicle initiatives through the DOT CMAQ Program; (b) \$1 billion to transition the nation's 49,000 buses to cleaner alternatives through the FTA; (c) \$1 billion to build out alternative fueling infrastructure along the National Highway System under the DOT Clean Corridors Program; (d) \$1 billion to transition the nation's 480,000 school buses to clean alternatives under the EPA Diesel Emission Reduction Act Program; and (e) \$1 billion for demonstration and deployment projects under the DOE Clean Cities Program.
6. **Authorize the DOE Clean Cities Program:** The Clean Cities program has been one of the nation's most effective tools in promoting the use of domestic fuel sources, improving local air quality, and deploying advanced vehicle technologies. Congressman McEachin will soon reintroduce legislation that would institutionalize the program and enable it to be even more effective in leveraging public-private partnerships to advance cleaner fuels and vehicles.

Transportation Energy Partners (TEP) is a national, non-profit policy and education organization that brings *Clean Cities* coalitions together with the clean transportation industry to advance policies that will reduce American dependence on petroleum-based fuels. Since 1993, the nation's 80 *Clean Cities* coalitions and their 16,000 stakeholders have played a leading role in implementing local programs and projects to deploy alternative fuels, vehicles, and infrastructure that has reduced petroleum consumption by more than 12.5 billion gallons.

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