

TITLE 35: ENVIRONMENTAL PROTECTION
SUBTITLE B: AIR POLLUTION
CHAPTER II: ENVIRONMENTAL PROTECTION AGENCY

PART 275
ALTERNATE FUELS PROGRAM

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275.APPENDIX A Annual Fuel Cost Differential For LDVs (Repealed)

AUTHORITY: Implementing and authorized by Sections 15 and 30 of the Alternate Fuels Act (415 ILCS 120/15 and 30).

SOURCE: Adopted at 21 Ill. Reg. 7150, effective May 29, 1997; amended at 23 Ill. Reg. 11916, effective September 13, 1999; amended at 25 Ill. Reg. 6877, effective May 18, 2001; amended at 34 Ill. Reg. 16841, effective October 18, 2010.

SUBPART A: GENERAL PROVISIONS

Section 275.100 Purpose

This Part establishes procedures for applying for an original equipment manufacturer (OEM) differential cost rebate, conversion cost rebate, or fuel cost differential rebate as authorized by the Alternate Fuels Act [415 ILCS 120].

(Source: Amended at 34 Ill. Reg. 16841, effective October 18, 2010)

Section 275.110 Other Definitions

Unless otherwise defined in Section 275.120 and unless a different meaning of a term is clear from its context, the definitions of terms used in this Part shall have the meanings specified by Section 10 of the Act.

(Source: Amended at 34 Ill. Reg. 16841, effective October 18, 2010)

Section 275.120 Definitions

"Act" means the Alternate Fuels Act [415 ILCS 120].

"Agency" means the Illinois Environmental Protection Agency.

"Alternate fuel" means liquefied petroleum gas (propane), natural gas, E85 blend fuel, hydrogen fuel, electricity when used as the primary external fuel source to power the vehicle excluding on-board electric generation, fuel composed of a minimum 80% ethanol or 80% bio-based methanol, or fuels that are at least 80% derived from biomass.

"Alternate fuel vehicle" means any motor vehicle or engine that is capable of using an alternate fuel and is operated in the State of Illinois.

"Base retail price" means the manufacturer's suggested retail price excluding options, upgrades, and applicable taxes, title, license, document fee, destination charge, and other add-ons or dealer-related charges.

"Biodiesel fuel" means a renewable fuel conforming to the industry standard ASTM D 6751, incorporated by reference in Section 275.140 of this Subpart.

"Conventional", when used to modify the word "vehicle", "engine", or "fuel", means gasoline or diesel or any reformulations of those fuels. [415 ILCS 120/10]

"Conversion Cost Rebate" means a rebate issued to offset, in part, the cost of converting a conventional vehicle to alternate fuel capability.

"Covered area" means the counties of Cook, DuPage, Kane, Lake, McHenry, and Will and those portions of Grundy County and Kendall County that are included in the following zip code areas, as designated by the U.S. Postal Service on August 7, 1998: 60416, 60444, 60447, 60450, 60481, 60538, and 60543.

"Domestic renewable fuel" means a fuel, produced in the United States or its territories, composed of a minimum 80% ethanol or 80% bio-based methanol, minimum 20% biodiesel fuel, or other fuels derived from at least 80% biomass.

"E85 blend fuel" means fuel that contains 85% ethanol and 15% gasoline [415 ILCS 120/10] or any wintertime blend of at least 70% ethanol.

"Fuel cost differential rebate" means a rebate issued to offset, in part, the increased cost of using an alternate fuel or domestic renewable fuel compared to conventional fuel.

"Gross Vehicle Weight Rating" or "GVWR" means the total vehicle weight, including the maximum load, as designated by the original equipment manufacturer.

"Heavy-duty vehicle" or "HDV" means a motor vehicle whose GVWR is more than 8,500 lbs.

"Location" means:

a parcel of real property or

multiple, contiguous parcels of real property that are separated by private roadways, public roadways, or private or public rights-of-way and are owned, operated, leased, or under common control of one party. [415 ILCS 120/10]

"Motor vehicle" means a car, truck, van, bus, motorcycle, or other similar on-road vehicle that can be legally driven on all public roadways and all highways in Illinois for the purpose of transporting passengers or cargo. Types of vehicles that are designed to be used primarily as off-road vehicles or equipment, including, but not limited to, vehicles and equipment used for agriculture, construction, recreation or landscaping, and golf carts that are designed and manufactured for operation on a golf course or similar vehicles that resemble golf carts, are not motor vehicles for the purposes of this Part.

"OEM differential cost rebate" means a rebate issued to offset, in part, the increased cost of purchasing an OEM alternate fuel vehicle.

"Owner" means any person who has legal or equitable title to a motor vehicle.

"Person" means any individual, business, corporation, organization, partnership, firm, association, trust, estate, public or private institution, group, municipality, political subdivision of a state, any agency, department, or instrumentality of the United States, and any officer, agent or employee of any of the above. A car dealer or car dealership is not a person for the purposes of this Part.

"Private fueling operation" means any activity in which alternate fuel or domestic renewable fuel is transferred from a stationary or mobile source to a fuel storage

system used to provide fuel to the engine or motor of that vehicle where the fuel is not available to the public.

"Proof of payment" means a copy of a cancelled check, an invoice or bill showing that the applicable amount has been paid or that no remaining balance exists, or other appropriate proof, acceptable to the Agency, that payment has been made for the related purchase.

"Public fueling operation" means any site where alternate fuel or domestic renewable fuel is transferred from a stationary source to a fuel storage system used to provide fuel to the engine or motor of that vehicle, and is a retail operation.

"Retail" means to sell directly to the ultimate consumer in small quantities (e.g., gallons) and deliver fuel to a fuel storage system used to provide fuel to the engine or motor of a vehicle.

"Small fleet owner" means a person who owns or operates no more than 30 motor vehicles and employs 100 or fewer employees.

(Source: Amended at 34 Ill. Reg. 16841, effective October 18, 2010)

Section 275.130 Abbreviations and Acronyms

Agency	Illinois Environmental Protection Agency
ASTM	ASTM International
CARB	California Air Resources Board
FEIN	Federal Employer Identification Number
GVWR	gross vehicle weight rating
HDV	heavy-duty vehicle
OEM	original equipment manufacturer
USEPA	United States Environmental Protection Agency
VIN	vehicle identification number

(Source: Amended at 34 Ill. Reg. 16841, effective October 18, 2010)

Section 275.140 Incorporations by Reference

The following materials are incorporated by reference and do not contain any subsequent additions or amendments:

- a) Control of Air Pollution from Mobile Sources, 40 CFR 85, subparts F and V, as amended on July 13, 2005 (70 Fed. Reg. 40432).
- b) Control of Emissions from New and In-Use Highway Vehicles and Engines, 40

CFR 86, as amended on November 25, 2009 (74 Fed. Reg. 61537).

- c) ASTM D 6751, ASTM International, 100 Barr Harbor Drive, PO Box C700, West Conshohocken PA 19428-2959 (2009).

(Source: Amended at 34 Ill. Reg. 16841, effective October 18, 2010)

SUBPART B: REBATES

Section 275.200 General Applicant and Vehicle Eligibility

- a) Owners of alternate fuel vehicles may apply for a rebate under this Part if the vehicle meets the eligibility requirements of subsection (a)(1), (a)(2) or (a)(3) of this Section and by submitting the information required by Section 275.230 of this Subpart to the Agency:
 - 1) Converting a conventional vehicle to an alternate fuel vehicle in accordance with the requirements of Section 275.210 of this Subpart;
 - 2) Purchasing an OEM alternate fuel vehicle or engine in accordance with the requirements of Section 275.215 of this Subpart; or
 - 3) Purchasing an alternate fuel or domestic renewable fuel in accordance with the requirements of Section 275.220 of this Subpart.
- b) Notwithstanding subsection (a) of this Section, vehicles owned by the federal government or vehicles registered or primarily operated in a state outside of Illinois are not eligible for rebates offered under this Part.
- c) Rebates will be issued in accordance with Section 275.240 of this Subpart. The total amount of all rebates issued in the Alternate Fuel Program for a given calendar year will be limited to an amount not exceeding the funds available in the Alternate Fuel Fund for that calendar year.
- d) A vehicle is eligible for only one type of rebate. Once a vehicle receives a rebate, it is no longer eligible to receive a rebate during its lifetime, except pursuant to Section 275.220(b). A subsequent owner of a vehicle is not eligible to receive a rebate if the vehicle has previously received a rebate in accordance with this Part.
- e) An owner of alternate fuel vehicles or vehicles using domestic renewable fuel may receive rebates for no more than 150 vehicles per location and no more than 300 vehicles total for all locations.

(Source: Amended at 34 Ill. Reg. 16841, effective October 18, 2010)

Section 275.210 Conversion Cost Rebate Eligibility

The owner of a motor vehicle is eligible to apply for a conversion cost rebate if the requirements of this Section and Section 275.200 are met.

- a) The conventional motor vehicle was not certified to a federal emission standard by the manufacturer as an alternate fuel vehicle, but is subsequently converted in accordance with the requirements of subsections (b), (c), and (d) of this Section and is an alternate fuel vehicle;
- b) The conversion to alternate fuel capability took place in Illinois;
- c) The conversion system installed on the vehicle is the latest model in current production for that particular vehicle make, model, model year and engine at the time of conversion, and, unless not required by federal law, is tested and certified by either USEPA or CARB; and
- d) The conversion system installed on the vehicle has a valid "Certificate of Conformity" issued by USEPA or a valid "Retrofit System Certification" issued by CARB, unless not required by federal law.

(Source: Amended at 34 Ill. Reg. 16841, effective October 18, 2010)

Section 275.215 OEM Differential Cost Rebate Eligibility

The owner of a motor vehicle or engine is eligible to apply for an OEM differential cost rebate if the requirements of this Section and Section 275.200 are met.

- a) *A new OEM vehicle or engine must be purchased in Illinois and must either be an alternate fuel vehicle or used in an alternate fuel vehicle. [415 ILCS 120/30(b)]*
For an HDV only, if the same or comparable OEM alternate fuel vehicle or engine is not available for purchase in Illinois, then it may be purchased from a dealership or similar vendor outside of Illinois;
- b) The OEM alternate fuel vehicle or engine has the capability to use alternate fuels; and
- c) The OEM alternate fuel vehicle or engine is certified by USEPA to meet the appropriate emission standards in effect at the time of manufacture.

(Source: Added at 34 Ill. Reg. 16841, effective October 18, 2010)

Section 275.220 Fuel Cost Differential Rebate Eligibility

- a) An owner may apply for a fuel cost differential rebate, if the owner:

- 1) Owns an alternate fuel vehicle that meets the requirements in Section 275.210 or 275.215 of this Subpart or owns a motor vehicle that operates on biodiesel fuel, and the vehicle is registered and operated in the State of Illinois;
 - 2) Has purchased an alternate fuel or domestic renewable fuel to fuel the vehicle that is more expensive to use, factoring in the reduction in energy content, as compared to using conventional fuel;
 - 3) Has purchased an alternate fuel or domestic renewable fuel that was used in the vehicle for at least 50% of the miles driven annually and at least 50% of fill-ups averaged throughout a calendar year. A "fill-up" means refueling a vehicle by at least one-third of its fuel tank capacity; and
 - 4) Uses at least 250 gallons of alternate fuel or domestic renewable fuel in the vehicle in the calendar year for which a rebate is submitted.
- b) An owner of a vehicle approved for a rebate pursuant to Section 275.240 of this Subpart is eligible to receive the rebate for up to two more consecutive years after the year of the initial approved application, for a total of three consecutive years. To receive the rebate in each of the three consecutive years, the eligibility requirements of subsection (a) of this Section must be met, and the owner must:
- 1) Submit the documentation required pursuant to Section 275.230(a) and (d) of this Subpart for each qualifying year. This documentation must be submitted in accordance with Section 275.230(e) of this Subpart;
 - 2) Continue to own the vehicle. *If the vehicle ceases to be registered to the original applicant owner, a prorated installment shall be paid to the owner or the owner's designee and the remainder of the rebate shall be canceled* [415 ILCS 120/30(c)]; and
 - 3) Maintain records of alternate fuel or domestic renewable fuel purchases for the applicable years. Records must include:
 - A) Receipts or invoices of bulk fuel purchases indicating the type of alternate fuel or domestic renewable fuel and the number of gallons or equivalent gallons purchased;
 - B) Receipts of fuel purchases from a retail fuel operation indicating the type of alternate fuel or domestic renewable fuel and the number of gallons or equivalent gallons purchased, or other documentation acceptable to the Agency; or
 - C) Bills for fuels provided through metered service that itemize the

cost of the fuel for the vehicle (e.g., electricity, natural gas).

(Source: Amended at 34 Ill. Reg. 16841, effective October 18, 2010)

Section 275.230 Applications

To apply for a rebate, owners of alternate fuel vehicles or motor vehicles that operate on biodiesel fuel must provide the Agency with the information listed in subsection (a) of this Section and the information from subsection (b), (c) or (d) of this Section.

- a) Applications for a conversion cost, OEM differential cost, or fuel cost differential rebate must include the following information for each vehicle:
 - 1) The make, model and model year of original manufacture;
 - 2) The date of vehicle purchase or conversion;
 - 3) The vehicle identification number (VIN);
 - 4) The license plate number and the state of registration;
 - 5) The type of alternate fuel or domestic renewable fuel used in the vehicle;
 - 6) Whether the vehicle will be primarily fueled at a public or a private fueling operation;
 - 7) Proof of payment as set forth in subsection (b), (c), or (d) of this Section;
 - 8) The name, mailing address, phone number, and, if available, email address of the owner;
 - 9) For an individual, social security number;
 - 10) If the applicant is not an individual:
 - A) The name of the entity, mailing address and location of records if they are different from the information reported in subsection (a)(8) of this Section;
 - B) The name of the primary contact person, mailing address, phone number, and, if available, email address;
 - C) The number of employees; and
 - D) The Federal Employer Identification Number (FEIN);

- 11) The number of vehicles owned by the applicant;
 - 12) The primary locations of the vehicles;
 - 13) The name, address, and social security number of the payee for the rebate;
and
 - 14) The signature of the owner, printed name, and date signed.
- b) Applicants for an OEM differential cost rebate, in addition to the information required by subsection (a) of this Section, must provide the following:
- 1) A copy of the sales invoice or sales contract;
 - 2) Documentation, such as the window sticker, from the retailer clearly showing the incremental cost or upcharge of the vehicle for having an alternate fuel engine and being capable of operating on an alternate fuel as compared to the same make, model, and year of its conventional counterpart. For OEM alternate fuel vehicles that do not have a conventional counterpart, the applicant must provide documentation, such as the window sticker, from the retailer indicating the base retail price of the OEM alternate fuel vehicle;
 - 3) Proof of payment; and
 - 4) In accordance with Section 275.215(a), for HDVs purchased outside of Illinois, the GVWR.
- c) Applicants for a conversion cost rebate, in addition to the information required by subsection (a) of this Section, must provide:
- 1) The name and address of the persons performing the conversion;
 - 2) A statement that the motor vehicle was converted in accordance with the applicable requirements of Section 275.210 of this Subpart and the following, as applicable:
 - A) Whether USEPA or CARB certified the conversion system for that particular make, model, model year and engine; and
 - B) If the conversion system is certified by:
 - i) USEPA, a copy of the USEPA "Certificate of Conformity" specific for the conversion system installed on that particular make, model, model year and engine; or

- ii) CARB, a copy of the "Retrofit System Certification" specific for the conversion system installed on that particular make, model, model year and engine;
 - 3) A copy of the conversion invoices or receipts showing the cost of the conversion of the vehicle to alternate fuel capability;
 - 4) Proof of payment; and
 - 5) The name of the conversion system manufacturer, if applicable.
- d) Applicants for a fuel cost differential rebate, in addition to the information required in subsection (a) of this Section, must provide in each qualifying rebate application year:
- 1) The number of gallons or equivalent gallons of alternate fuel or domestic renewable fuel purchased during the calendar year;
 - 2) The number of miles the vehicle was driven during the calendar year;
 - 3) Proof of payment, including:
 - A) Receipts or invoices of bulk fuel purchases indicating the type of alternate fuel or domestic renewable fuel and the number of gallons or equivalent gallons purchased;
 - B) Receipts of fuel purchases from a retail fuel operation indicating the type of alternate fuel or domestic renewable fuel and the number of gallons or equivalent gallons purchased, or other documentation acceptable to the Agency; or
 - C) Bills for fuels provided through metered service that itemize the cost of the fuel for the vehicle (e.g., electricity, natural gas);
 - 4) When applying for a domestic renewable fuel or alternate fuel rebate, except E85 blend fuel, minimum 80% ethanol fuel, or minimum 80% bio-based methanol fuel, the applicant must provide the average incremental cost of the domestic renewable fuel or alternate fuel per gallon above the cost of the conventional fuel during the calendar year; and
 - 5) The type of vehicle.

- e) Applications for conversion or OEM differential costs that meet the requirements of this Section and either Section 275.210 or 275.215 of this Subpart, as applicable, must be submitted within 12 months after the month in which the vehicle conversion or vehicle purchase took place, as applicable. Applications for alternate fuel or domestic renewable fuel costs incurred during a calendar year that meet the requirements of this Section and Section 275.220 of this Subpart must be submitted by January 31 of the following year.

(Source: Amended at 34 Ill. Reg. 16841, effective October 18, 2010)

Section 275.240 Rebate Priorities and Rebate Amounts

- a) The Agency shall review and approve applications that meet the requirements of Section 275.230 of this Subpart, consistent with fund availability and prioritization as set forth in subsections (b) and (c) of this Section.
- b) In the event of insufficient fund availability, the Agency may establish priority classes for rebate applications in the following order:
 - 1) Vehicles of small fleet owners located in the covered area that refuel at a public fueling operation;
 - 2) Vehicles of small fleet owners located outside of the covered area that refuel at a public fueling operation;
 - 3) Other vehicles located in the covered area that refuel at a public fueling operation;
 - 4) Other vehicles located outside of the covered area that refuel at a public fueling operation;
 - 5) Vehicles of small fleet owners located in the covered area that refuel at a private fueling operation;
 - 6) Vehicles of small fleet owners located outside of the covered area that refuel at a private fueling operation;
 - 7) Other vehicles located in the covered area that refuel at a private fueling operation;
 - 8) Other vehicles located outside of the covered area that refuel at a private fueling operation and all other vehicles.
- c) In addition to the priorities in subsection (b) of this Section, the Agency may further prioritize applications within a priority class as determined by subsection

(b) of this Section by giving applications priority in the order in which the application was received.

d) Rebate amounts shall be calculated as follows:

- 1) The amount of the OEM differential cost rebate shall be determined as follows; however, the rebate amount is limited to a maximum of \$4,000 per vehicle:
 - A) The rebate amount shall be 80% of the incremental cost of the engine and fuel system in the alternate fuel vehicle as compared to the cost of the conventional counterpart engine and fuel system in the same make, model, and model year vehicle.
 - B) For alternate fuel vehicles other than those covered by subsection (d)(1)(A) of this Section, the amount of the rebate shall be 10% of the base retail price of the alternate fuel vehicle.
- 2) The amount of the conversion cost rebate shall be 80% of the cost of converting a conventional vehicle to an alternate fuel vehicle, excluding applicable taxes and miscellaneous charges such as shipping and handling. The rebate amount is limited to a maximum of \$4,000 per vehicle.
- 3) The amount of the fuel cost differential rebate shall be determined as follows:
 - A) For vehicles using E85 blend fuel or minimum 80% ethanol, the rebate amount shall be:
 - i) If the vehicle travels more than 17,500 miles in the calendar year, \$450; or
 - ii) If the vehicle travels 17,500 miles or less in the calendar year, \$340.
 - B) For vehicles using minimum 80% bio-based methanol fuel, the rebate amount shall be:
 - i) If the vehicle travels more than 17,500 miles in the calendar year, \$525; or
 - ii) If the vehicle travels 17,500 miles or less in the calendar year, \$390.

- C) For vehicles using alternate fuels or domestic renewable fuels other than those listed in subsection (d)(3)(A) or (d)(3)(B) of this Section, the rebate amount shall be calculated using the following equation (factoring in the average incremental cost per gallon (or per gallon-equivalent) of using the fuel versus a conventional fuel, the number of gallons used in the eligible vehicle during the calendar year, and the reduction in energy content for the fuel):

$$\left(\frac{mi / yr \times f_1 / gal}{mi / gal_1} - \frac{mi / yr \times f_2 / gal}{mi / gal_2} \right) \times .80$$

where:

- f_1/gal = price per gallon in dollars of the domestic renewable fuel or alternate fuel
- f_2/gal = price per gallon in dollars of the conventional fuel
- mi/gal_1 = number of miles to the gallon on the domestic renewable fuel or alternate fuel
- mi/gal_2 = number of miles to the gallon on the conventional fuel
- mi/yr = number of miles driven in the applicable calendar year

- D) Alternate fuel and domestic renewable fuel rebate amounts are limited to a maximum of \$4,000 over a consecutive three-year period.
- e) Rebates in any period will be limited to the funds available in the Alternate Fuel Fund for the applicable period.
- f) The Agency shall notify owners if their application for a rebate has been held over to the next rebate issuance period due to insufficient funds in the Alternate Fuel Fund. Applications held over retain their priority as determined by subsections (b) and (c) of this Section.

(Source: Amended at 34 Ill. Reg. 16841, effective October 18, 2010)

Section 275.250 Appeal of Agency Decision

- a) An applicant whose application for a rebate has been denied by the Agency, or who is contesting the determination of the amount of the rebate, may appeal the denial or rebate amount by filing a notice of appeal with the Director of the Agency.
- b) The notice of appeal must:
- 1) Be made in writing;

- 2) Be clearly marked "APPEAL OF ALTERNATE FUEL REBATE ";
 - 3) Include a copy of the original application and a copy of the denial letter or rebate check received by the applicant; and
 - 4) Identify which provisions of this Part the Agency did not properly apply and provide an explanation how the Agency allegedly misapplied the provisions of this Part.
- c) The notice of appeal must be postmarked within 30 days after the date of mailing of the denial letter or the rebate check, as applicable.
 - d) The Director shall reverse the denial or rebate amount determination if the procedures in this Part were incorrectly applied, resulting in a denial or a rebate determination that is less than the amount for which the applicant is entitled, and if funds were available for the payment of a valid rebate at the time of the initial decision.
 - e) If the Director reverses the denial of the rebate, the applicant will be paid during the next payment cycle.
 - f) If the Director modifies the amount of the rebate, the applicant will be paid the difference between the amount of the rebate check and the modified amount during the next payment cycle.
 - g) If the Director affirms the Agency's denial or rebate amount determination, the applicant may file suit for injunctive or declaratory relief in the Circuit Court for Sangamon County or in the county in which the applicant resides.

(Source: Amended at 34 Ill. Reg. 16841, effective October 18, 2010)

Section 275.APPENDIX A Annual Fuel Cost Differential For LDVs (Repealed)

(Source: Repealed at 34 Ill. Reg. 16841, effective October 18, 2010)