

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

PART 275
ALTERNATE FUELS PROGRAM

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

SOURCE: Adopted at 21 Ill. Reg. 7150, effective May 29, 1997.

SUBPART A: GENERAL PROVISIONS

Section 275.100 Purpose

This Part establishes procedures for applying for an alternate fuel vehicle rebate or domestic renewable fuel rebate as authorized by the Alternate Fuels Act [415 ILCS 120]. Applications for The Alternate Fuels Program may be submitted for calendar years 1997 and 1998, and pre-approved rebates may also be given in fiscal years 1999 and 2000, depending on fund availability.

Section 275.110 Other Definitions

Unless otherwise defined herein 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 35 Ill. Adm. Code 241.102 and Section 10 of the Alternate Fuels Act [415 ILCS 120/10]. The

definitions in Section 275.120 of this Subpart are applicable only to the provisions of this Part.

Section 275.120 Definitions

"Alternate fuel" means liquefied petroleum gas, natural gas, fuel composed of a minimum 80% ethanol or 80% bio-based methanol, fuels derived from 80% biomass, or electricity.

"Alternate fuel vehicle" means any motor vehicle or engine that meets a federal or CARB emission standard, or meets the federal anti-tampering provisions pursuant to USEPA Memorandum 1A, incorporated by reference at Section 275.140 of this Subpart, is capable of using an alternate fuel, and is operated in the State of Illinois.

"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]

"COVERED AREA" MEANS THE COUNTIES OF COOK, DUPAGE, KANE, LAKE, MCHENRY, AND WILL AND THE TOWNSHIPS OF AUX SABLE AND GOOSE LAKE IN GRUNDY COUNTY AND THE TOWNSHIP OF OSWEGO IN KENDALL COUNTY. [415 ILCS 120/10]

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

"Federal low emission standard" means the low emission vehicle (LEV), ultra-low emission vehicle (ULEV), zero emission vehicle (ZEV), or inherently low emission vehicle (ILEV) standard, as set forth in 40 CFR Part 88, incorporated by reference in Section 275.140 of this Subpart.

AGross Vehicle Weight Rating (GVWR)@ means the total vehicle weight, including the maximum load, as designated by the original equipment manufacturer.

AHeavy-duty vehicle (HDV)@ means a motor vehicle whose GVWR is more than 8,500 lbs.

AInherently Low Emission Vehicle (ILEV)@ means any LDV certified to the applicable ILEV evaporative emission standard found in 40 CFR 88, incorporated by reference at Section 275.140 of this Subpart, or any HDV with an engine certified to the applicable ILEV standard. No dual fueled or flexible fueled vehicle shall be considered an ILEV unless it is certified to the applicable standard(s) (i.e., LEV, ULEV or ZEV) for such weight class on all fuel types for which it is designed to operate.

ALight-duty vehicle (LDV)@ means a motor vehicle whose GVWR is no more than 8,500 lbs.

ALOCATION@ 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 THE COMMON CONTROL OF ONE PARTY. [415 ILCS 120/10]

ALow Emission Vehicle (LEV)@ means any LDV, or any HDV with an engine certified to the applicable federal low emission vehicle standard, in 40 CFR 88, incorporated by reference in Section 275.140 of this Subpart.

AOwner@ means any person who has legal or equitable title to a motor vehicle.

APerson@ means any individual, corporation, partnership, firm, association, trust, estate, public or private institution, group, state, 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.

APrivate fueling operation@ means any activity where alternate 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 such fuel is not available to the public.

APublic fueling operation@ means any site where alternate 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.

AUltra Low Emission Vehicle (ULEV)@ means any LDV, or any HDV with an engine certified to the applicable federal ultra low emission vehicle standard, as set forth in Appendix A of this Part and in 40 CFR 88, incorporated by reference in Section 275.140 of this Subpart.

AZero Emission Vehicle (ZEV)@ means any LDV, or any HDV certified to the applicable federal zero emission vehicle standard in 40 CFR 88, incorporated by reference in Section 275.140 of this Subpart.

Section 275.130 Abbreviations

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| Agency | Illinois Environmental Protection Agency |
| CARB | California Air Resources Board |
| FEIN | Federal Employer Identification Number |

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| GVWR | gross vehicle weight rating |
| HDV | heavy-duty vehicle |
| ILEV | inherently low emission vehicle |
| LDV | light-duty vehicle |
| LEV | low emission vehicle |
| MY | model year |
| mi/yr | miles driven per year |
| OEM | original equipment manufacturer |
| ULEV | ultra low emission vehicle |
| USEPA | United States Environmental Protection Agency |
| VEC | vehicle emission configuration |
| VIN | vehicle identification number |
| ZEV | zero emission vehicle |

Section 275.140 Incorporations by Reference

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

- a) Clean Fuel Vehicles, 40 CFR 88.
- b) Control of Air Pollution from New, and In-Use Motor Vehicles and New and In-Use Motor Vehicle Engines: Certification and Test Procedures, 40 CFR 86.
- c) Mobile Source Enforcement Memorandum No. 1A: Interim Tampering Enforcement Policy, USEPA (June 25, 1974).

SUBPART B: REBATES

Section 275.200 Eligibility

- a) Owners of alternate fuel vehicles may apply for a rebate under this Part by meeting the requirements of either subsection (a)(1), (a)(2) or (a)(3) of this Section and 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(a) of this Subpart;
 - 2) Purchasing an alternate fuel OEM vehicle or engine in accordance with the requirements of Section 275.210(b) of this Subpart; or
 - 3) Purchasing a domestic renewable fuel in accordance with the requirements of Section 275.220 of this Subpart.
- b) Notwithstanding subsection (a) of this Section, alternate fuel VEHICLES

OWNED BY THE FEDERAL GOVERNMENT OR REGISTERED OR OPERATED IN A STATE OUTSIDE OF ILLINOIS ARE NOT ELIGIBLE FOR REBATES OFFERED UNDER THIS PART. [415 ILCS 120/30(d)]

- c) Rebates will be given in accordance with the criteria in 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 the funds available in the Alternate Fuel Fund for that calendar year.

Section 275.210 Alternate Fuel Vehicles and Rebates

A motor vehicle is an alternate fuel vehicle for the purposes of this Part if it meets the requirements of either subsection (a) or (b), and subsection (c) or (d) of this Section:

- a) Conversion of a conventional vehicle to an alternate fuel vehicle:
 - 1) A conventional vehicle that 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 subsection (c) or (d) of this Section and is operated as an alternate fuel vehicle; and
 - 2) CONVERSION OF A CONVENTIONAL VEHICLE TO ALTERNATE FUEL CAPABILITY MUST TAKE PLACE IN ILLINOIS. [415 ILCS 120/30(a)]
- b) Purchase of an OEM alternate fuel vehicle or engine:
 - 1) The alternate fuel OEM vehicle or engine, when operated using an alternate fuel, is certified to meet the requirements of subsection (c) or (d) of this Section; and
 - 2) 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)]
- c) An eligible light-duty alternate fuel vehicle must meet the requirements of either subsection(c)(1)(A), (B), or (C), or (c)(2)(A) or (B) of this Section, and subsection (c)(3) of this Section:
 - 1) The conversion systems must be the latest model in current production and shall have been tested and certified by either:
 - A) USEPA;

- B) CARB; or
 - C) A conversion system manufacturer using USEPA Memorandum 1A for the specific engine families, incorporated by reference in Section 275.140 of this Part; or
- 2) OEM vehicles must be certified by either:
 - A) USEPA; or
 - B) CARB; and
- 3) Notwithstanding subsections (c)(1) and (c)(2) of this Section, an alternate fuel LDV vehicle must MEET OR EXCEED EMISSION STANDARDS APPLICABLE FOR THE VEHICLE'S MODEL YEAR AND WEIGHT CLASS. [415 ILCS 120/20]
- d) An eligible heavy-duty alternate fuel vehicle must meet the requirements of subsections (d)(1) or (d)(2), and (d)(3) of this Section:
 - 1) The conversion system must be the latest model in current production and shall have been tested and certified by USEPA; or
 - 2) The OEM vehicle must be certified by USEPA; and
 - 3) NOTWITHSTANDING THE ABOVE, ENGINES USED IN ALTERNATE FUEL VEHICLES GREATER THAN 8500 POUNDS GVWR, WHETHER NEW OR REMANUFACTURED, SHALL MEET THE APPROPRIATE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY EMISSIONS STANDARDS AT THE TIME OF MANUFACTURE, AND IF CONVERTED, SHALL MEET THE STANDARDS IN EFFECT AT THE TIME OF CONVERSION. [415 ILCS 120/20]

Section 275.220 Fuel Cost Differential Rebate

- a) An owner may apply for a fuel cost differential rebate, if the owner:
 - 1) Owns an alternate fuel vehicle(s) that meets the requirements in Section 275.210(a) or (b) of this Subpart, and the alternate fuel vehicle is registered and operated in the State of Illinois; and
 - 2) Has purchased domestic renewable fuel to fuel an alternate fuel vehicle(s).
- b) As part of the application required pursuant to Section 275.230(d) of this Subpart, the owner must certify to the following:

- 1) The type of alternate fuel vehicle (HDV or LDV);
 - 2) The type of domestic renewable fuel on which the vehicle operates;
 - 3) That the domestic renewable fuel was used in the vehicle for over one-half of the miles driven annually, and the number of miles driven; and
 - 4) That the costs were incurred.
- c) An owner approved for a rebate pursuant to Section 275.240 of this Subpart is eligible to receive the rebate for up to 3 consecutive years. To receive the rebate, the owner must:
- 1) Submit the documentation required pursuant to Section 275.230(a), (d) and (e) of this Subpart for each qualifying year.
 - 2) Continue to own the alternate fuel vehicle and use domestic renewable fuel for more than one-half of the miles driven. IF THE ALTERNATE FUEL 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)] or if domestic renewable fuel is used for less than one-half of the miles driven in the applicable calendar year, the rebate will be canceled for that year.
 - 3) Maintain records of domestic renewable fuel purchases for the applicable years. Records must include:
 - A) Receipts of bulk fuel purchases;
 - B) Receipts of fuel purchases from a retail fuel operation; or
 - C) Bill for fuels provided through metered service.
- d) The amount of the annual rebate shall be determined as follows:
- 1) For LDVs using methanol or ethanol fuels, the amount listed in Appendix A of this Part.
 - 2) For LDVs using biomass fuels and any HDV using domestic renewable fuels, the formula below, but in no case will a rebate for the three year period exceed \$4,000:

$$\frac{\text{mi}}{\text{yr}} * \frac{f_1}{\text{gal}} - \frac{\text{mi}}{\text{yr}} * \frac{f_2}{\text{gal}} * (.80)$$

mi/gal₁ mi/gal₂

f₁/gal = price per gallon in dollars of the domestic renewable fuel
f₂/gal = price per gallon in dollars of the conventional fuel
mi/gal₁ = number of miles to the gallon on domestic renewable fuel
mi/gal₂ = number of miles to the gallon on the conventional fuel
mi/yr = number of miles driven in the applicable calendar year

Section 275.230 Applications

To apply for a rebate, owners of alternate fuel vehicles must provide the Agency with the information listed in subsections (a) and (e) of this Section and the information from either subsection (b),(c), or (d) of this Section.

- a) Applications for a conversion, OEM or fuel cost differential rebate must include the following information:
 - 1) For each alternate fuel vehicle:
 - A) The make, model and year of manufacture;
 - B) The date of vehicle acquisition or conversion;
 - C) The vehicle identification number (VIN);
 - D) The license plate number and the state of registration;
 - E) The emission standard(s), to which the alternate fuel vehicle is certified (e.g., conventional, LEV, ULEV, ZEV, or ILEV) and the certifying agent (e.g., USEPA, CARB, or the Conversion System Manufacturer to Memorandum No. 1A, incorporated by reference in Section 275.140 of this Part);
 - F) The alternate fuel for which the vehicle is certified to meet the requirements of Section 275.210(c) or (d) of this Subpart;
 - G) For LDVs, the 8-character alpha numeric bar-coded vehicle emission configuration number assigned by the manufacturer and imprinted on vehicles manufactured on or after MY 1993;
 - H) The GVWR of the vehicle; and
 - I) Whether the vehicle will be primarily fueled at a public or a private fueling operation.
 - 2) The amount of the rebate being requested and documentation as required

by either subsection (b), (c) or (d) of this Section, demonstrating that the costs were actually incurred and how the rebate amount was calculated.

- b) Applicants for an OEM alternate fuel vehicle rebate, in addition to the information required by subsections (a) and (e) of this Section, must provide the following:
 - 1) A copy of the sales invoice showing the purchase price of the alternate fuel vehicle; and
 - 2) Documentation from the retailer indicating the retail cost or sticker price of a conventional fuel vehicle that is the same make, model, equipment, and year of as the alternate fuel vehicle or engine purchased for which a rebate is being sought under this Part.
- c) Applicants for a conversion alternate fuel vehicle rebate, in addition to the information required by subsections (a) and (e) of this Section, must provide:
 - 1) The name and address of the person(s) performing the conversion;
 - 2) A statement that the motor vehicle was converted in accordance with the applicable requirements of Section 275.210(a) of this Subpart; and
 - 3) A copy of the conversion invoice showing the cost of the conversion.
- d) Applicants for a fuel cost differential rebate, in addition to the information required in subsections (a) and (e) of this Section, must provide:
 - 1) For the first year:
 - A) For LDVs using methanol or ethanol, the name of the primary fuel supplier(s), the number of gallons of domestic renewable fuel purchased, and number of miles driven that calendar year; and
 - B) For alternate fuel LDVs using biomass fuels and any alternate fuel HDV, the name of the primary fuel supplier(s), the name of the domestic renewable fuel, the number of miles to the gallon for the domestic renewable fuel, the number of miles to the gallon for the conventional fuel, the cost per gallon of the domestic renewable fuel, the cost per gallon of the conventional fuel, and the number of miles driven that calendar year.
 - 2) For the second and third years, the owner must annually certify, once approved, that the owner still owns and operates the alternate fuel vehicle, has purchased domestic renewable fuel, and that domestic renewable fuel was used for more than one-half of the miles driven in that calendar year.

The statement must be signed by the owner, and must be submitted to the Agency no more than 30 days after the anniversary date of the rebate.

- e) In addition to the information required in subsection (a) of this Section and either subsection (b), (c) or (d) of this Section, all applications submitted to the Agency must include the following:
 - 1) The name, address, and phone number of the owner;
 - 2) 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 (e)(1) of this Section;
 - B) The number of employees; and
 - C) The FEIN number;
 - 3) The number of motor vehicles owned;
 - 4) The primary location(s) of the vehicles;
 - 5) The name, address and social security number of the payee for the rebate; and
 - 6) The signature of the owner.
- f) Applications for costs incurred during calendar years 1997 and 1998 that meet the requirements of this Section and either Section 275.210 or 275.220 of this Subpart must be submitted by December 31 of that calendar year, but may be submitted earlier.

Section 275.240 Agency Action

- a) The Agency shall review and approve applications that meet the requirements of Section 275.230 of this Subpart in June and December of fiscal years 1998, 1999, and 2000, consistent with fund availability and prioritization as set forth in subsections (b), (c) and (d) of this Section.
- b) The Agency shall establish priority classes for rebate applications for rebates 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 shall further sub-prioritize applications within a priority class by giving an alternate fuel vehicle that is federally certified or CARB certified to an ILEV, LEV, ULEV or ZEV emission standard higher priority within their priority class as determined by subsection (b) of this Section.
- d) In addition to the priorities in subsections (b) and (c) of this Section, the Agency shall further prioritize applications within a sub-priority class as determined by subsection (c) of this Section by giving applications priority in the order in which the application was received.
- e) Notwithstanding subsections (b) and (c) of this Section, rebate amounts shall be limited by the following criteria:
- 1) An owner may receive only one type of rebate per alternate fuel vehicle either for the conversion, OEM, or the fuel cost differential. An alternate fuel vehicle is eligible for only one rebate.
 - 2) An owner of an alternate fuel vehicle may receive rebates for no more than 150 alternate fuel vehicles per location and no more than 300 alternate fuel vehicles total for all locations.
 - 3) Rebates for OEMs or conversions of conventional vehicles are limited to \$4,000 per vehicle or 80% of the cost of either subsection (e)(3)(A) or (e)(3)(B) of this Section, whichever is less:

- A) The cost of converting a conventional vehicle to an alternate fuel vehicle; or
 - B) The additional cost of purchasing an OEM alternate fuel vehicle or engine versus a conventional vehicle or engine.
- 4) Rebates for the purchase of domestic renewable fuels will be determined in accordance with Section 275.220(d) of this Subpart, but in no case will a rebate for the three year period exceed \$4,000.
- f) Rebates in any period will be limited to the funds available in the Alternate Fuel Fund for the applicable period.
- g) The Agency shall notify owners of whether their application for a rebate has been approved or held over to a subsequent period within 90 days after the end of the applicable period. Applications held over retain their priority as determined by subsections (b), (c) and (d) of this Section.

275. Appendix A Annual Fuel Cost Differential For LDVs

| <u>ANNUAL MILES</u> | <u>ETHANOL FUEL</u> (in dollars) | <u>METHANOL FUEL</u> (in dollars) |
|---------------------|-------------------------------------|--------------------------------------|
| >17,500 mi/yr | 450 | 525 |
| ≤17,500 mi/yr | 340 | 390 |

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