

March XX, 2002

The Honorable Joe Skeen
Chairman,
Subcommittee on the Interior
House Committee on Appropriations
B-308 Rayburn House Office Building
Washington, DC 20515

The Honorable Norman Dicks
Ranking Member
Subcommittee on the Interior
House Committee on Appropriations
1016 Longworth House Office Building
Washington, DC 20515

Dear Chairman Skeen and Ranking Member Dicks,

We are writing to request an increase in funding to assist in the deployment of alternative fuel vehicles on America's roads and highways. Increased usage of alternative fuels such as natural gas, propane, ethanol, electricity, fuel cells, and bio-diesel is critical if America is ever to reduce its dependence on imported oil and address current air quality challenges.

The Energy Policy Act of 1992 (EPACT) made the reduction of imported oil a national priority. The Clean Air Act Amendments of 1990 further established air quality as a priority. Both laws outlined the need to research, develop, and deploy alternative fuel vehicle (AFV) technology as a means to reduce oil imports and air pollution. While the research and development phases have been successful, deployment efforts have fallen well short of hopes and expectations.

As with many advanced technologies, unfavorable economies of scale and associated costs can hamper marketing efforts. Therefore, in order for R&D expenditures on the part of Congress and industry to be justified, we must act now to assist in the deployment of these technologies.

The primary federal deployment program for alternative fuels is the Department of Energy's Clean Cities Program and its State Energy Program grants (SEP). The Clean Cities State Energy Program grants directly support AFV purchases at the local level by helping to offset the incremental costs of the vehicles and encouraging infrastructure development. As of February 2002, 77 communities were active in the program – leveraging the participation and resources of over 4,400 state, local and private industry stakeholders.

Although SEP grants are highly competitive and highly leveraged (typically a 7 to 1 private/local to federal match), their low level of funding severely limits SEP's impact. In FY2002, just \$6.2 million will be appropriated to deploy these vehicles, which can play such an important part in helping meet our national objectives.

We believe that an appropriate level of funding for Clean Cities and its SEP grant program would be \$30 million, and request that you include that or as near to that as may be feasible in the appropriation bill for FY2003.

The clean fuels and technologies deployed under the Clean Cities SEP grants are the fuels of the future. Their use will benefit both urban non-attainment areas across the country as well as communities in the farm belt. However, until market demand alone can provide the necessary economies of scale, government investment in the Clean Cities program will remain critical to meeting the well-established national policy objectives of energy security and a cleaner environment.

We appreciate your consideration of our request.

Sincerely,