

AMENDMENT NO. _____ Calendar No. _____

Purpose: To improve air quality by expanding the use of
low-emission natural gas as a transportation fuel.

IN THE SENATE OF THE UNITED STATES—110th Cong., 2d Sess.

S. 3268

To amend the Commodity Exchange Act to prevent excessive
price speculation with respect to energy commodities,
and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by _____

Viz:

1 At the end, add the following:

2 **TITLE II—NATURAL GAS**

3 **SEC. 201. SHORT TITLE.**

4 This title may be cited as the “Drive America on Nat-
5 ural Gas Act of 2008”.

1 **SEC. 202. NEW QUALIFIED ALTERNATIVE FUEL MOTOR VE-**
2 **HICLE CREDIT ALLOWED FOR DUAL FUELED**
3 **MOTOR VEHICLES.**

4 (a) IN GENERAL.—Clause (i) of section 30B(e)(4)(A)
5 of the Internal Revenue Code of 1986 (relating to defini-
6 tion of new qualified alternative fuel motor vehicle) is
7 amended to read as follows:

8 “(i) which—
9 “(I) is only capable of operating
10 on an alternative fuel, or
11 “(II) is capable of operating on
12 an alternative fuel alone and gasoline
13 or diesel fuel alone,”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to property placed in service after
16 the date of the enactment of this Act.

17 **SEC. 203. NATURAL GAS VEHICLE RESEARCH, DEVELOP-**
18 **MENT, AND DEMONSTRATION PROJECTS.**

19 (a) DEFINITIONS.—In this section:

20 (1) ADMINISTRATOR.—The term “Adminis-
21 trator” means the Administrator of the Environ-
22 mental Protection Agency.

23 (2) NATURAL GAS.—The term “natural gas”
24 means compressed natural gas, liquefied natural gas,
25 biomethane, and mixtures of hydrogen and methane
26 or natural gas.

1 (3) SECRETARY.—The term “Secretary” means
2 the Secretary of Energy.

3 (b) PROGRAM.—The Secretary, in coordination with
4 the Administrator, shall conduct a program of natural gas
5 vehicle research, development, and demonstration.

6 (c) PURPOSE.—The program under this section shall
7 focus on—

8 (1) the continued improvement and develop-
9 ment of new, cleaner, more efficient light-duty, me-
10 dium-duty, and heavy-duty natural gas vehicle en-
11 gines;

12 (2) the integration of those engines into light-
13 duty, medium-duty, and heavy-duty natural gas vehi-
14 cles for onroad and offroad applications;

15 (3) expanding product availability by assisting
16 manufacturers with the certification of the engines
17 or vehicles described in paragraph (1) or (2) to Fed-
18 eral and California certification requirements and in-
19 use emission standards;

20 (4) the demonstration and proper operation and
21 use of the vehicles described in paragraph (2) under
22 all operating conditions;

23 (5) the development and improvement of na-
24 tionally recognized codes and standards for the con-

1 tinued safe operation of natural gas vehicles and
2 components;

3 (6) improvement in the reliability and efficiency
4 of natural gas fueling station infrastructure;

5 (7) the certification of natural gas fueling sta-
6 tion infrastructure to nationally recognized and in-
7 dustry safety standards;

8 (8) the improvement in the reliability and effi-
9 ciency of onboard natural gas fuel storage systems;

10 (9) the development of new natural gas fuel
11 storage materials;

12 (10) the certification of onboard natural gas
13 fuel storage systems to nationally recognized and in-
14 dustry safety standards; and

15 (11) the use of natural gas engines in hybrid
16 vehicles.

17 (d) CERTIFICATION OF CONVERSION SYSTEMS.—The
18 Secretary shall coordinate with the Administrator on
19 issues related to streamlining the certification of natural
20 gas conversion systems to the appropriate Federal certifi-
21 cation requirements and in-use emission standards.

22 (e) COOPERATION AND COORDINATION WITH INDUS-
23 TRY.—In developing and carrying out the program under
24 this section, the Secretary shall coordinate with the nat-

1 ural gas vehicle industry to ensure cooperation between
2 the public and the private sector.

3 (f) CONDUCT OF PROGRAM.—The program under
4 this section shall be conducted in accordance with sections
5 3001 and 3002 of the Energy Policy Act of 1992 (42
6 U.S.C. 13541, 13542).

7 (g) REPORT.—Not later than 2 years after the date
8 of enactment of this Act, the Secretary shall submit to
9 Congress a report on the implementation of this section.

10 (h) AUTHORIZATION OF APPROPRIATIONS.—There
11 are authorized to be appropriated to the Secretary such
12 sums as are necessary to carry out this section.

13 **SEC. 204. DEVELOPMENT OF LOW-EMISSION NATURAL GAS**
14 **TRANSPORTATION-FUELED VEHICLES.**

15 Part C of title II of the Clean Air Act (42 U.S.C.
16 7581 et seq.) is amended by adding at the end the fol-
17 lowing:

18 **“SEC. 251. DEVELOPMENT OF LOW-EMISSION NATURAL GAS**
19 **TRANSPORTATION-FUELED VEHICLES.**

20 “(a) DEFINITIONS.—In this section:

21 “(1) ALTERNATIVE FUEL.—The term ‘alter-
22 native fuel’ means compressed or liquefied natural
23 gas or liquefied petroleum gas.

24 “(2) ALTERNATIVE-FUELED VEHICLE.—The
25 term ‘alternative-fueled vehicle’ means a vehicle that

1 is manufactured or converted to operate using alter-
2 native fuel.

3 “(3) BI-FUELED VEHICLE.—The term ‘bi-fueled
4 vehicle’ means a vehicle that is capable of operating
5 on gasoline or an alternative fuel, but not both at
6 the same time.

7 “(4) CONVERT.—The term ‘convert’, with re-
8 spect to a vehicle, means to modify the engine and
9 other applicable components of the vehicle to enable
10 the vehicle to operate using an alternative fuel (in-
11 cluding compressed natural gas).

12 “(5) OBD SYSTEM.—The term ‘OBD system’
13 means an on-board, computer-based diagnostic sys-
14 tem built into certain vehicles to monitor the per-
15 formance of certain primary engine components of
16 the vehicle (including components responsible for
17 controlling emissions).

18 “(6) PROGRAM.—The term ‘program’ means
19 the alternative-fueled vehicle development dem-
20 onstration program established under subsection (b).

21 “(7) SMALL VOLUME MANUFACTURER.—

22 “(A) IN GENERAL.—The term ‘small vol-
23 ume manufacturer’ means a manufacturer of
24 vehicles described in section 86.001–1(e) of title
25 40, Code of Federal Regulations (or a successor

1 regulation) that is approved and certified in ac-
2 cordance with part 86 of subchapter C of chap-
3 ter I of title 40, Code of Federal Regulations
4 (or successor regulations).

5 “(B) INCLUSION.—The term ‘small volume
6 manufacturer’ includes a manufacturer of kits
7 or equipment used to convert vehicles.

8 “(b) PROGRAM.—

9 “(1) ESTABLISHMENT.—For the period of fiscal
10 years 2009 through 2013, the Administrator shall
11 establish and carry out a demonstration program to
12 assist States in facilitating the development of alter-
13 native-fueled vehicles.

14 “(2) APPLICATION.—A State may participate in
15 the program by submitting to the Administrator an
16 application at such time, in such form, and con-
17 taining such information as the Administrator shall
18 specify.

19 “(3) BENEFITS AVAILABLE TO PARTICIPATING
20 SMALL VOLUME MANUFACTURERS.—Under the pro-
21 gram, with respect to small volume manufacturers
22 located in States participating in the program, the
23 Administrator shall, by regulation—

1 “(A) waive all fees applicable to small vol-
2 ume manufacturers for the certification and
3 conversion of alternative-fueled vehicles;

4 “(B) waive requirements for recertification
5 of kits for the conversion of vehicles in any case
6 in which, as determined by the Administrator—

7 “(i) the kit has been previously cer-
8 tified for the model of vehicle to be con-
9 verted; and

10 “(ii) neither the kit nor the design
11 and specifications of the model of vehicle
12 to be converted have substantially changed;

13 “(C) modify such regulatory requirements
14 relating to OBD systems as the Administrator
15 determines to be appropriate to provide flexi-
16 bility to small volume manufacturers in re-
17 programming OBD systems to be compatible
18 with the use of alternative fuel;

19 “(D) permit small volume manufacturers
20 to include more vehicles and engines in a single
21 engine category to improve the cost-efficiency of
22 emission testing of converted vehicles;

23 “(E) waive the liability of small volume
24 manufacturers, in the case of a bi-fueled vehicle
25 capable of operating on gasoline or compressed

1 natural gas, for the compliance of the gasoline
2 system of the bi-fueled vehicle with applicable
3 emission requirements;

4 “(F) provide additional guidance to small
5 volume manufacturers with respect to the con-
6 version of older models of vehicles; and

7 “(G) revise and streamline certification re-
8 quirements applicable to small volume manufac-
9 turers.

10 “(4) STATE RESPONSIBILITY.—As a condition
11 of participating in the program, during the period of
12 fiscal years 2009 through 2013, a State shall—

13 “(A) develop regulations for (as compared
14 to Federal requirements in effect as of the date
15 of enactment of this section) an equally effec-
16 tive but less burdensome system of certifying
17 and verifying emissions of alternative-fueled ve-
18 hicles and equipment used for conversions; and

19 “(B) not later than December 31, 2012,
20 submit the proposed regulations of the State to
21 the Administrator for review.

22 “(c) STATE PROGRAMS.—Upon receipt of proposed
23 regulations of a State under subsection (b)(4), the Admin-
24 istrator shall—

25 “(1) review the regulations; and

1 “(2) if the Administrator determines that the
2 implementation of the regulations would result in (as
3 compared to Federal requirements in effect as of the
4 date of enactment of this section) an equally effec-
5 tive but less burdensome system of certifying and
6 verifying emissions of alternative-fueled vehicles and
7 equipment used for conversions, authorize the State
8 to implement the regulations with respect to small
9 volume manufacturers in the State for the period of
10 fiscal years 2014 through 2018, subject to—

11 “(A) the submission of annual reports to
12 the Administrator; and

13 “(B) such periodic inspection and other
14 oversight requirements as the Administrator de-
15 termines to be appropriate.

16 “(d) DURATION OF PROGRAM.—The program and all
17 authority under the program (other than the authority of
18 the Administrator described in subsection (c)) shall termi-
19 nate on December 31, 2013, unless the Administrator—

20 “(1) in consultation with the States, elects to
21 continue the program; and

22 “(2) promulgates such regulations as are nec-
23 essary to continue the program.

