Fleet Electrification Analysis: Norfolk State University
EXECUTIVE SUMMARY

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Virginia Clean Cities
Executive Summary:

Virginia Clean Cities (VCC) conducted an alternative fuel fleet analysis with Norfolk State University (NSU) which focused on the feasibility and implementation of alternative fuel vehicle adoption (encompassing full battery electric vehicles (EV), plug-in hybrid electric vehicles (PHEV), and hybrid electric vehicles (HEV)). This study aims to demonstrate how implementing alternative fuel vehicles at NSU can reduce greenhouse gasses on campus and in the greater Norfolk region, while also analyzing the financial return on investment over the vehicles’ useful life. The following report covers the analysis of Norfolk State University’s fleets.

After collecting fleet data from NSU, VCC conducted an analysis to establish a baseline of NSU’s current fleet and vehicle performance, identify available alternative fuel options, and develop cost/benefit performance profiles, including operational cost comparisons, total cost of ownership, and return on investment for each vehicle use case. Recommendations were provided for electric vehicle supply equipment (EVSE) site planning at NSU fleet locations, prioritizing vehicle replacements identified in the analysis, and aligning with the city’s fleet goals. NSU’s diverse fleet encompasses various vehicle types and use cases, with a focus in this report on identifying short-term replacements for alternative fuel vehicles while offering guidance for long-term fleet planning. For instance, although data on cargo/passenger vans were provided, limited viable EV and HEV alternatives are currently available, suggesting prioritization of these vehicles for long-term replacement or consideration of propane as an alternative fuel.

The vehicle use case feasibility profiles were subdivided into three categories: those light-duty use cases eligible for EV and HEV replacement, those medium-to-heavy-duty use cases to consider on a longer-term (4+ years) replacement schedule based on model availability and market factors, and those medium-to heavy-duty vehicles that may be better served by propane replacement. Chart 1 shows the 102-vehicle on-road fleet broken down by use case category.
While we enthusiastically support the increased use of alternative fuel vehicles, it is unlikely that the Norfolk State University fleet will find it cost-effective to fully eliminate gasoline from operations in the near term. In the past, fleets have also been at a disadvantage when it came to purchasing EVs, as they have been ineligible for the Federal EV Tax Credit, but this has recently changed! The 45W Commercial Clean Vehicle Tax Credit and 30C Alternative Fuel Infrastructure Tax Credit could significantly reduce the cost of electric vehicles and their charging infrastructure. The 45W Commercial Clean Vehicle Tax Credit can provide tax rebates between $7,500 and $40,000 per vehicle, depending on vehicle weight. The 30C Alternative Fuel Infrastructure Tax Credit allows applicants located in designated census tracts to be eligible to receive a 30% tax credit up to $100,000 (utilize this mapping tool by Argonne National Labs to review the eligibility). This year the IRS opened these credits for Elective pay and transferability, which allows tax-exempt and governmental entities that were generally unable to use tax credits to benefit from clean energy tax credits. To take advantage of these credits, NSU would need to work with their vehicle and charging vendors as well as their tax professionals to develop a process for utilizing this tax credit. Another incentive that NSU, being a public university in a Congestion Mitigation and Air Quality area could utilize to reduce upfront capital costs is the Alternative Fuel Government Fleet Vehicle Incentive. This program enables fleets in
designated CMAQ nonattainment air quality areas to receive an incentive of up to $10,000 per qualifying alternative fuel vehicle (AFV). In some cases, this incentive could reduce incremental costs of AFVs to $0, resulting in an instant payback scenario for NSU. This program is administered by the Virginia Department of Energy and open to any state agency or local government in a CMAQ area. Further, many fleets, particularly public fleets, have several advantages when purchasing non-electric fuels. These include exemptions from state fuel taxes and the ability to negotiate attractive pricing based on the large annual fuel volumes purchased. An additional factor that reduces the financial benefit of electric and hybrid vehicles is the low annual mileage of some of the university’s vehicles. Vehicles with high annual mileage recognize the benefits of Virginia’s stable and low-cost electricity faster than those with low annual mileage. Finally, existing supply chain disruptions are reducing the available supply of EVs and HEVs. However, there are still significant benefits to transitioning select areas of fleet operations to EVs in both the near and long term.

**Baseline vehicle analysis**

Using the EPA ratings for miles per gallon and the fleet’s average total annual miles driven per year, we can calculate the estimated baseline for fuel consumption (use and cost) and mileage for Norfolk State University fleet vehicles. We can then sort by class/use case allowing for comparisons to be made, and showing the potential effects and outcomes when using EVs, PHEVs, and HEVs, as replacements for internal combustion engine (ICE) vehicles currently operating in the fleet. We did not include Passenger Vans, Medium Duty Trucks, or Box Trucks data provided by NSU in this breakdown as there are currently no alternative fuel replacements on the market that would be cost-effective for the university.

<table>
<thead>
<tr>
<th>Vehicle Class</th>
<th>Vehicle count</th>
<th>Average Model Year</th>
<th>Average Annual total Mileage</th>
<th>Miles per day**</th>
<th>2023 EPA MPG</th>
<th>2023 Fuel Gallon Usage (estimate)</th>
<th>2023 Fuel cost per gallon</th>
<th>2022 Fuel cost (estimate)</th>
<th>Fuel $/mile</th>
<th>2023 Maintenance $/mile</th>
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<td>$409.07</td>
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<td>$0.15*</td>
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*Table 1: Current KPI Averages Across Fleet Vehicle Classes*

In the data presented Crossover SUV’s and SUV’s are broken out for brevity as this more closely resembles the data NSU provided, however for the AFLEET analysis these two vehicle categories are combined into the single standard SUV classification.

*denotes national average used ** based on 5 days a week, 50 weeks a year average
The three (3) lightest fleet vehicle classes assessed (LD Trucks, SUVs, and Sedan) presented the best near-term options for EV replacements capable of resulting in a payback over a 15-year vehicle lifecycle. The replacement options among these make-and-model use cases, along with their one-to-one EV replacements and approximate battery charging requirements (accounts for idling and in-use battery draws), are represented in Table 2. Note that any replacement with “immediate” payback is recommended for short-term replacement; many replacement options that result in a payback of greater than ten (10) years or are listed as “no payback” are likely related to the fleet’s low annual mileage. Fleet right-sizing could make more EV and HEV replacements viable for the University. An explanation of the minimum annual miles needed to achieve payback can be found in the following section.

### Utilizing Incentives to increase “Payback”

The paybacks calculated in Table 2 do not factor in the use of CMAQ or the 45W Clean Commercial Vehicle federal tax credit as they were not readily available at the time of the analysis. Additionally VCC wanted to present a transition plan that did not include the incentives due to their varying availability. However, if eligible and received, these two incentives could provide a reimbursement of up to $17,500 per vehicle ($7,500 from 45W Commercial Vehicle tax credit and $10,000 from the CMAQ). Utilizing these incentives would lead to either an immediate payback or payback within the first year of ownership for each vehicle purchased.

### Baseline vehicle analysis (continued)
Based on our analysis of the use case for each vehicle type and available electric and hybrid vehicles on the Virginia Sheriff’s Contract, we have identified several vehicle types that present strong cases for EV and Hybrid replacement. These cases are based on Total Cost of Ownership (TCO) savings potential. For all vehicles, we recommend prioritizing the replacement of the oldest vehicles and those with the greatest annual miles.

Based on the existing truck, SUV, sedan, and cargo van model availability, our recommendations for replacements are as follows:

1) Priority/near-term - The oldest Light Duty pickups can be replaced with Ford F150 Hybrid or the smaller Ford Maverick Hybrid.

2) Priority/near-term - The oldest SUVs can be replaced or downsized to Bolt EUVs for immediate payback or replaced with Ford Interceptor Hybrid.

3) General Fleet consolidation to increase daily and annual miles use of "clean fuel" vehicles to increase cost savings and mitigate more GHG's.

4) F-250 class trucks with F-150 Lightnings where duty-cycle is appropriate.

Other vehicles that the University should plan to replace in the medium and long term would be passenger vans with smaller options such as Bolt EUVs or Chrysler Pacificas plug-in hybrid passenger vans, cargo vans with Ford E-transit 350s, and medium and heavy-duty trucks with electric alternatives that are expected to come to market or come down in price over the next decade. Figures 1 through 4 show the Total Cost of Ownership (TCO) comparisons over a 15-year lifecycle for replacing the average fleet vehicle with EVs/HEVs versus Internal Combustion Engine (ICE) vehicles and demonstrate the annual and lifetime emissions mitigation associated with replacing an ICE vehicle with an EV/HEV. Additionally, within these TCO scenarios the cost of procuring and installing one Level 2 charging station is included in the total cost of ownership however it is stated within each vehicle section how many vehicles could or should share the charging station to maximize utility.

**Total Cost of Ownership Analysis & GHG Mitigation**

For this analysis, all vehicle comparisons utilize the base contract price provided on the Virginia Sheriff’s contract unless otherwise specified. This rideable contract allows public entities such as local and state governments to purchase vehicles without requiring a procurement process. Norfolk would be considered in the “Chesapeake” region for procurement purposes. These analyses were performed using the AFLEET tool (spreadsheets attached). The AFLEET tool was designed by Argonne National Laboratory to examine both the environmental and economic costs and benefits of alternative fuel. This tool also provides default data that can be used to supplement fleet data. In these analyses, default maintenance and infrastructure cost data was utilized for each vehicle type. Explanation and data sources are provided in the “background data” tab of the AFLEET tool. In this report the word “Payback” and the phrase “Return on Investment” are used interchangeably when referring to the point at which the original cost of the new vehicle is recouped via its use.
In this section, we also compare the annual and lifetime GHG emissions savings for each vehicle replacement based on the average fleet vehicle. Replacement with EVs will always result in a higher reduction of GHGs than their HEV counterparts. These GHG reduction comparisons along with the previous total cost of ownership analysis can help the NSU weigh its environmental goals with its budget. EVs and PHEVs running only on electricity have zero tailpipe emissions, but emissions may be produced by the source of electrical power, such as a power plant. In geographic areas that use relatively low-polluting energy sources for electricity generation, PHEVs and EVs typically have a well-to-wheel emissions advantage over similar conventional vehicles running on gasoline or diesel. These GHG emission calculations were created using Norfolk’s local energy mix breakdown, detailed in Chart 2. The charts below demonstrate the expected GHG mitigation achieved for vehicle replacements compared to their gasoline counterparts.

Chart 2  Norfolk, VA electric grid mix  https://www.epa.gov/egrid/power-profiler/#/SRVC

TCO of Standard Sedan
Across the NSU Fleet, there were 5 types of sedans listed for a total of 16 vehicles. For this report, we have selected the [2024 Nissan Altima](#) as the standard ICE sedan comparison. Under the current use case at NSU, the replacement of a standard sedan, like the Nissan Altima, with a [Toyota Camry Hybrid](#) or Chevrolet Bolt EUV would result in a payback in roughly 10 years. It should be noted that the Toyota Camry Hybrid is not on Virginia Sheriff's contract and would therefore need to be purchased directly from a dealer. However, if NSU was able to consolidate and right-size its fleet of sedans and put more cumulative miles on a Hybrid or EV at roughly **14,000 miles** per year, NSU would see a payback in approximately 5 years. Considering this, we recommend that the NSU prioritize replacing older model sedans with a hybrid vehicle, such as the Toyota Camry Hybrid or a Chevy Bolt. While both the hybrid and EV options have a higher purchase price the Toyota Camry Hybrid specifically will ultimately have a lower cumulative cost of ownership and account for over 40,000lbs of CO2 mitigation as a one-to-one swap (see Figure 1.2 & 1.3). This TCO estimate assumes that 3 EVs would be sharing one level 2 charging station as these vehicles do not amass high daily mileage.
Figure 1.2: 2024 Sedan (Nissan Altima), TCO Replacement Annual GHG mitigation, Average NSU Utilization of 7,525 annual miles.

Figure 1.3: 2024 Sedan (Nissan Altima), TCO Replacement Lifetime GHG mitigation, Average NSU Utilization of 7,525 annual miles.
TCO of Standard Light Duty Trucks

Cumulative Cost of Ownership (Light Duty Trucks)

Figure 2: 2024 Light-Duty Truck, TCO Replacement Comparison, Average NSU Utilization of 5,030 annual miles, 15-year Lifecycle.

For ICE light-duty trucks like the Ford F-150 we recommend prioritizing near-term replacements with Ford F-150 Hybrid. The Hybrid F-150 has the lowest cost of ownership, lowest sticker price (see Figure 2), immediate payback, and has potential to mitigate approximately 35,000lbs of CO2 over its useful life (see figure 2.3). Another option is the smaller and less expensive Ford Maverick Hybrid. While it is not compared here the Maverick would also result in an immediate payback and contribute to a significant GHG reduction. The Maverick was not compared above is not a direct one-to-one comparison, but it can still serve many use cases within AWD configurations and can tow up to 4,000 lbs. The Ford F-150 Lightning would be the closest one-to-one EV replacement available to the fleet, however, with high purchase prices and high demand on vehicle stock they should be prioritized for longer-term replacement (3 to 4 years down the road). Additionally, with NSU’s lower-than-average annual mileage, the larger F-150 EV replacements are unlikely to reach payback within the ten or fifteen-year expected lifetime of the vehicle. To reach payback within 10 years a Ford F-150 Lightning at NSU would need to be driven at least 12,000 annual miles. With fleet right-sizing across remaining vehicles, these higher annual mileages may be achievable. This TCO estimate assumes that 4 EVs would be sharing one level 2 charging station as these vehicles do not amass high daily mileage.
Figure 2.2: 2024 Light-Duty Truck (Ford F-150), TCO Replacement Annual GHG mitigation, Average NSU Utilization of 5,030 annual miles.

Figure 2.3: 2024 Light-Duty Truck (Ford F-150), TCO Replacement Lifetime GHG mitigation, Average NSU Utilization of 5,030 annual miles.
TCO of Standard Cargo Van

Cargo Van Replacement Total Cost of Ownership

Figure 3: 2023 Cargo Van, TCO Replacement Comparison, Average NSU Utilization of 3,857 annual miles, 15-year Lifecycle

For fleet Cargo Vans we recommend replacement with E-Transit T-350 130" WB Low Roof Cargo Vans on vehicles with higher annual mileage. Since specific van configurations were not provided, the standard 130" wheelbase, low roof configuration was used for this comparison (Figure 3). For these vehicle replacements to reach payback in 10 years or less, vehicle miles will need to exceed 4,600 miles annually. At current average utilization rates, of 3,857 annual miles, the fleet would not expect to reach payback until year 14. At this time, we do not recommend the replacement of passenger vans with alternative fuel vehicles due to the high cost of the vehicles. While EV passenger vans are available on the market, their configurations often exceed $100,000, making payback unachievable at this time. As the cost of EV passenger vans decreases, this replacement may become a possibility for NSU fleets. Until that time, we recommend the fleet consider if any passenger vans could be replaced by minivans or SUVs that do have viable EV and hybrid alternatives. This TCO estimate assumes that 4 vans would be sharing one level 2 charger as these vehicles do not amass high daily mileage.
Figure 3.1: Cargo Van Annual GHG Emission Mitigation

Figure 3.2: Cargo Van Lifetime GHG Emission Mitigation
TCO of Standard SUV

Figure 4: 2024 Standard SUV, TCO Replacement Comparison, Average NSU Utilization of 7,431 annual miles, 15-year Lifecycle

Across the NSU Fleet there were 7 types of SUVs listed for a total of 16 vehicles. For this report, we have selected the 2024 Ford Edge as the ICE comparison. Similarly to Light Duty Trucks and Sedans the EV comparison replacement has a higher price tag however, they do considerably reduce tailpipe emissions over the life of the vehicle (see Figure 4.3) and are the only vehicle compared in the SUV category that will actually see a return on investment within the 15 year life cycle laid out in Figure 4. Again it is suggested that exchanging multiple lower mileage gasoline vehicles for an EV that accumulates more annual mileage would significantly increase payback potential over the life of the vehicle. For example: if the Ford Mach-E replaced a 2024 Ford Edge equivalent and accumulated 14,000 miles annually NSU would have payback by the middle of year 7 of ownership. Additionally, it is recommended that NSU prioritize replacing older model SUV vehicles first as they are approaching end-of-lifecycle and therefore would have the greatest financial and environmental benefit. Specifically, replacing old model Chevy Suburbans could mitigate as much as 66,000lbs of CO2 or more (see Figure 4.3).

Another recommendation is to replace a smaller SUV or Crossover SUVs with a Chevy Bolt EUV. The Bolt will not be a one-to-one comparison with only 5 seats and a cargo capacity of 16 ft³ but the Bolt EUV would have an immediate payback if utilized in the replacement of an ICE SUV at roughly 7,400 miles per year. In cases where a larger SUV-type vehicle is required, we
recommend the **Hybrid Ford Interceptor** for lower GHG emissions, especially in vehicles that frequently idle. However, at the current purchase price and MPG, the Hybrid Ford Interceptor is not expected to reach payback during the vehicle’s life cycle. Price savings from replacements that produce immediate payback in other parts of the fleet may be able to offset this cost difference for Hybrid Explorer vehicles (see Figure 4). This TCO estimate assumes that 3 EVs would be sharing one level 2 charging station as these vehicles do not amass high daily mileage but more mileage than LD trucks.

![Figure 4.2: 2024 Standard SUV (Ford Edge), TCO Replacement Annual GHG Mitigation, Average NSU Utilization of 7,431 annual miles.](image)

![Figure 4.3: 2024 Standard SUV (Ford Edge), TCO Replacement Lifetime GHG Mitigation, Average NSU Utilization of 7,431 annual miles.](image)
Larger Vehicle Considerations

MD and HD trucks

Heavy and medium-duty trucks or any truck that has a use case that cannot be served by an F-250 or smaller, do not have cost-effective EV or HEV technology available on the market at this time. However, propane autogas conversions or replacements may offer the city GHG reductions and lower TCO. Propane conversions can be completed in most vehicle types and top out at class 7 heavy-duty vehicles with a GVWR of 33,000. Anything larger than 33,000 GVWR does not have a cost-efficient alternative fuel replacement at this time. There are EV models available to replace gasoline and diesel box trucks, however, their starting costs typically exceed their internal combustion engine counterparts by more than $200,000. To make this fuel transition to electric work NSU would need to drive their box trucks tens of thousands of miles a year, current records note box trucks are driven less than ten thousand miles a year. Norfolk State University is located in an ozone attainment and maintenance area, making the university eligible for Congestion Mitigation and Air Quality Improvement (CMAQ) funding. The Program provides a reimbursement of up to an average of $10,000 for the incremental cost of a new vehicle or aftermarket conversion to propane autogas. This would only be recommended if NSU was able to utilize another entity’s fueling station or if the university were to convert or replace 10 vehicles with propane, this is due to the high cost of building and maintaining a propane fueling station for a small number of vehicles. If the fleet has acquired 10 or more propane vehicles, some propane providers will cover the costs of the propane station. If the fleet were interested in pursuing propane as a solution for their larger vehicles, a purchasing contract was recently established in Virginia that allows fleets to purchase renewable propane. This contract will allow fleets in Virginia to 20% renewable autogas blend, reducing harmful emissions such as carbon and particulate matter even further than conventional propane alone.

Buses

Electric vehicles typically achieve cost savings through their lower fuel and maintenance costs. Fleets with higher vehicle utilization rates will typically see quicker payback on their EV investments as their high fuel and maintenance costs are reduced by the technology’s efficiencies. The buses utilized by the NSU fleet have an estimated yearly utilization between 5,935 and 31,128 miles. As the current electric transit bus costs on Virginia state contract are close to double the cost of their diesel counterparts at an average of $876,000 compared to the diesel average of $504,000 (40-foot configuration) it is unlikely that NSU will achieve payback with their current vehicle utilization rates. To achieve payback, the fleet would need to put at least 45,000 miles on their transit buses annually, this does not include the cost of the chargers.

Fleet and vehicle right-sizing
Fleet right-sizing is also a valuable strategy for reducing operations and maintenance costs and should be one of the first steps taken when considering alternative fuel replacements. Fleet right-sizing can be done in two ways, first by reducing the number of vehicles in a fleet, and second by decreasing the size of the vehicle in a fleet. Alternative fuels achieve higher TCO savings at higher utilization rates. This is because the biggest money-saving factor of alternative fuel vehicles is their less expensive fuel costs. By removing lesser-used vehicles from their fleet and distributing those miles across the remaining vehicles, Norfolk State University could increase the impact of alternative fuel vehicle replacements through less expensive fuels and fewer vehicles to maintain. NSU could also decrease its vehicle costs and emissions by vehicle right-sizing. As an example, please see NSU expected TCO for SUVs and Light-Duty trucks in the Total Cost of Ownership section.

NSU should also engage in right-sizing their charger planning. Not all vehicles need their gas tanks refilled daily, and the principle same applies to EVs. Planning charging infrastructure that allows vehicles with lower daily mileage to share a charger can significantly reduce infrastructure costs. If vehicles are parked alone but have consistent dwell times such as overnight, you may consider a slower but less expensive charger option.

<table>
<thead>
<tr>
<th>Key Recommended Actions</th>
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<tbody>
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<td><strong>EV Options Assessment</strong></td>
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</tbody>
</table>

1. **Near term (next two to three years)**
   a. Consider where fleet right-sizing can occur
      i. Remove vehicles that accumulate low annual miles and redistribute their use across remaining vehicles
   b. Consider what vehicles can be replaced with smaller vehicles ex: Ford F-150s that can be replaced with smaller Ford Hybrid Mavericks or Ford Explorers that can be replaced with smaller Bolt EUVs
   c. Phase in the procurement of Ford F150 Hybrids or Ford Maverick Hybrids for fleet light-duty trucks. Phase in procurement of Chevrolet Bolt EUVs for fleet SUVs and fleet Minivans. Phase in procurement of Ford F-150 Lightnings for medium light-duty trucks (Ford F-250s and F-350s).
      i. Prioritize replacement of older vehicles and those with the highest annual mileage first
      ii. Utilize immediate payback from replacements with Maverick Hybrids and Bolt EUVs to offset the more expensive Ford F-150 Lightning replacements for light-duty trucks that have use cases that cannot be served by Maverick Hybrids
   d. Currently, the E-Transit only comes in cargo van options: should Ford begin releasing similar options for passenger vans, these should be considered under comparable market and utilization conditions.
i. Customization for passenger van configurations is available, however, current price estimates exceed $100,000.
e. Utilize the CMAQ Alternative Fuel Vehicle Government Incentive and the federal Section 45W tax credit to reduce upfront vehicle capital costs.

EVSE Procurement and Installation Recommendations

1. Consider level 1 chargers for vehicles running 35 miles/day or less, approximately 8,500 annual miles, if they can be charged overnight for 8 hours after each use.

2. Based on the above EV assessment and the data provided, the following are our recommendations for prioritizing the procurement and installation of Level 2 charging stations:
   a. Prioritize installations at locations where multiple vehicles park. The creation of central hub locations for charging infrastructure, that allow multiple vehicles to share one charger, has the best current financial case for electrification. Like conventional ICE vehicles, most EVs will not need to be charged every day, so can share a charger.
   b. Prioritize charging stations at locations where fleet vehicles frequently travel to on campus such as maintenance shops, and athletic fields
      i. Consider if these chargers would be available for public use

Exploring Fleet Management Options

1. Create Right-Sizing Policies and Procedures for all new vehicle and equipment acquisitions.

2. Create new procedures to establish vehicle lifecycle and replacement schedules that will maximize the useful life of equipment while reducing operational and maintenance costs.

3. Develop procedures to track and eliminate unnecessary vehicle idling including:
   a. Creation of a clear tracking system
   b. Development of Idle Reduction Training Program for Equipment Operators
   c. Deployment of cost-effective technologies such as GPS tracking systems, engine timers, auxiliary power systems, and automatic engine shutdown devices

4. Conduct a detailed fleet vehicle utilization study and develop a process for regular review. Establish procedures to ensure fleet size matches current staffing levels and overall operational needs. Coordinate strategic higher utilization and down-sizing when appropriate to increase cases where an EV replacement results in TCO savings.

Additional Background

Hybrid Electric Vehicles
Today's hybrid electric vehicles (HEVs) are powered by an internal combustion engine in combination with one or more electric motors that use energy stored in batteries. HEVs combine the benefits of high fuel economy and low tailpipe emissions with the power and range of conventional vehicles.

**Help from an Electric Motor**

In an HEV, the extra power provided by the electric motor may allow for a smaller combustion engine. The battery can also power auxiliary loads and reduce engine idling when the vehicle is stopped. Together, these features result in better fuel economy without sacrificing performance.

An HEV cannot plug in to off-board sources of electricity to charge the battery. Instead, the vehicle uses regenerative braking and the internal combustion engine to charge. The vehicle captures energy normally lost during braking by using the electric motor as a generator and storing the captured energy in the battery.

![Hybrid Electric Vehicle](image)

*Figure 1: Key Components of a Hybrid Electric Car*

HEVs can be either mild or full hybrids, and full hybrids can be designed in series or parallel configurations.

- **Mild hybrids**—also called micro hybrids—use a battery and electric motor to help power the vehicle and can allow the engine to shut off when the vehicle stops (such as at traffic lights or in stop-and-go traffic), further improving fuel economy. Mild hybrid systems cannot power the vehicle using electricity alone. These vehicles generally cost less than full hybrids but provide less fuel economy benefit than full hybrids.

- **Full hybrids** have larger batteries and more powerful electric motors, which can power the vehicle for short distances and at low speeds. These vehicles cost more than mild hybrids but provide better fuel economy benefits.

**Plug-in Hybrid Electric (PHEV)**
Plug-in hybrid electric vehicles (PHEVs) use batteries to power an electric motor, as well as another fuel, such as gasoline or diesel, to power an internal combustion engine or other propulsion source. PHEVs can charge their batteries through charging equipment and regenerative braking. Using electricity from the grid to run the vehicle some or all of the time reduces operating costs and fuel use, relative to conventional vehicles. PHEVs may also produce lower levels of emissions, depending on the electricity source and how often the vehicle is operated in all-electric mode.

PHEVs have an internal combustion engine and an electric motor, which uses energy stored in batteries. PHEVs generally have larger battery packs than hybrid electric vehicles. This makes it possible to drive moderate distances using just electricity (about 15 to 60-plus miles in current models), commonly referred to as the "electric range" of the vehicle.

During urban driving, most of a PHEV's power can come from stored electricity. For example, a light-duty PHEV driver might drive to and from work on all-electric power, plug the vehicle in to charge at night, and be ready for another all-electric commute the next day. The internal combustion engine powers the vehicle when the battery is mostly depleted, during rapid acceleration, or when intensive heating or air conditioning loads are present.

PHEV batteries can be charged by an outside electric power source, by the internal combustion engine, or through regenerative braking. During braking, the electric motor acts as a generator, using the energy to charge the battery, thereby recapturing energy that would have been lost.

PHEV fuel consumption depends on the distance driven between battery charges. For example, if the vehicle is never plugged in to charge, fuel economy will be about the same as a similarly sized hybrid electric vehicle. If the vehicle is driven a shorter distance than its all-electric range and plugged in to charge between trips, it may be possible to use only electric power. Therefore, consistently charging the vehicle is the best way to maximize the electric benefits.

**Battery Electric Vehicles (EV)**

All-electric vehicles (EVs), also referred to as battery electric vehicles, use a battery pack to store the electrical energy that powers the motor. EV batteries are charged by plugging the vehicle into an electric power source. Although electricity production may contribute to air pollution, the U.S. Environmental Protection Agency categorizes all-electric vehicles as zero-emission vehicles because they produce no direct exhaust or tailpipe emissions.

Light-duty EVs are commercially available. EVs are typically more expensive than similar conventional and hybrid vehicles, although some cost can be recovered through fuel savings, a federal tax credit, or state incentives.
Today's EVs generally have a shorter range (per charge) than comparable conventional vehicles have (per tank of gas). However, the increasing range of new models and the continued development of high-powered charging equipment is reducing this gap. The efficiency and driving range of EVs varies substantially based on driving conditions. Extreme outside temperatures tend to reduce range, because more energy must be used to heat or cool the cabin. EVs are more efficient under city driving than highway travel. City driving conditions have more frequent stops, which maximize the benefits of regenerative braking, while highway travel typically requires more energy to overcome the increased drag at higher speeds. Compared with gradual acceleration, rapid acceleration reduces vehicle range. Hauling heavy loads or driving up significant inclines also has the potential to reduce range.

For PHEVs and electric vehicles additional infrastructure will be necessary. These electric police vehicles are designed to charge on a J1772 standard electric vehicle chargers operating at medium amperage. While equipment for medium amp electric vehicle chargers are currently listed at between $200 to $2,000 from many vendors, the installation, wiring, conduit, and appropriate siting of the charger may represent a project of far greater cost. For pilot projects, ease of installation of equipment and lowering costs with close proximity to available electrical equipment and limited trenching should be considered.
An example of a portable 15-amp level 1 electric vehicle charger which would charge vehicles at up to 1 kWh. All EVs come equipped with this equipment. An example of a wall or pedestal mounted 40-amp level 2 electric vehicle charger capable of charging vehicles at up to 7.7 kWh.

**Battery Overview**

Energy storage systems, usually batteries, are essential for all-electric vehicles, plug-in hybrid electric vehicles (PHEVs), and hybrid electric vehicles (HEVs).

Lithium-ion batteries are currently used in most portable consumer electronics such as cell phones and laptops because of their high energy per unit mass relative to other electrical energy storage systems. They also have a high power-to-weight ratio, high energy efficiency, good high-temperature performance, and low self-discharge. Most components of lithium-ion batteries can be recycled, but the cost of material recovery remains a challenge for the industry. The U.S. Department of Energy is also supporting the [Lithium-Ion Battery Recycling Prize](https://www.energy.gov/eere/vehicles/battery-recycling-prize) to develop and demonstrate profitable solutions for collecting, sorting, storing, and transporting spent and discarded lithium-ion batteries for eventual recycling and materials recovery. Most of today’s all-electric vehicles and PHEVs use lithium-ion batteries, though the exact chemistry often varies from that of consumer electronics batteries. Research and development are ongoing to reduce their relatively high cost, extend their useful life, and address safety concerns in regard to overheating.

Since Electric-drive vehicles are relatively new to the U.S. auto market, only a small number of them have approached the end of their useful lives. As electric-drive vehicles become increasingly common, the battery-recycling market may expand. Widespread battery recycling would keep hazardous materials from entering the waste stream, both at the end of a battery’s useful life and during its production. The material recovery from recycling would also reintroduce critical materials back into the supply chain and would increase the domestic sources for such materials. Work is now underway to develop battery-recycling processes that minimize the life-cycle impacts of using lithium-ion and other kinds of batteries in vehicles. But not all recycling processes are the same and require different methods of separation for material recovery:
• Smelting: Smelting processes recover basic elements or salts. These processes are operational now on a large scale and can accept multiple kinds of batteries, including lithium-ion and nickel-metal hydride. Smelting takes place at high temperatures where organic materials, including the electrolyte and carbon anodes, are burned as fuel or reductant. The valuable metals are recovered and sent to refining so that the product is suitable for any use. The other materials, including lithium, are contained in the slag, which is now used as an additive in concrete.

• Direct recovery: At the other extreme, some recycling processes directly recover battery-grade materials. Components are separated by a variety of physical and chemical processes, and all active materials and metals can be recovered. Direct recovery is a low-temperature process with minimal energy requirement.

• Intermediate processes: The third type of process is between the two extremes. Such processes may accept multiple kinds of batteries, unlike direct recovery, but recover materials further along the production chain than smelting does.

Separating the different kinds of battery materials is often a stumbling block in recovering high-value materials. Therefore, battery design that considers disassembly and recycling is important in order for electric-drive vehicles to succeed from a sustainability standpoint. Standardizing batteries, materials, and cell design would also make recycling easier and more cost-effective.

The U.S. Department of Energy (DOE) and its national laboratories are researching ways to reduce the life-cycle impacts of lithium-ion batteries. One of the National Renewable Energy Laboratory’s (NREL) research objectives is to achieve a circular vision for lithium-ion batteries (e.g., see the following study https://www.nrel.gov/news/program/2021/pathways-to-achieve-new-circular-vision-for-lithium-ion-batteries.html).

In addition to battery recycling, second-life applications for batteries can extend the useful life of the technology. There are currently growing opportunities for EV batteries to be reused for a second life, such as to support the electricity grid. Here in Virginia, Dominion Energy is planning to pilot this technology with their deployment of electric school buses. By using a battery in a post-vehicle application, the lifetime value of the battery increases, and the cost of the battery can be shared between both the primary and secondary users. This could help resolve lithium-ion battery cost barriers to the deployment of both EVs and grid-connected energy storage.

This and more alternative fuel information can be found on the U.S. Department of Energy’s Alternative Fuels Data Center.

About VCC
Virginia Clean Cities at James Madison University (VCC-JMU) is a university hosted government-industry partnership designed to promote healthful air through the reduction of petroleum consumption in the transportation sector by advancing the use of alternative fuels and vehicles, idle reduction technologies, hybrid electric vehicles, fuel blends, and fuel economy. Virginia Clean Cities is one of nearly 100 Department of Energy (DOE) sponsored coalitions across the U.S. that help meet the objectives of improving air quality, developing
Appendix: Federal Tax Incentives and Programs

Alternative Fuels Excise Tax Credit. Section 13201 extends the $0.50 per gasoline gallon equivalent excise tax credits for alternative fuels from 2021 through 2024. Public transit agencies that fuel their vehicles with compressed natural gas (CNG), liquefied natural gas (LNG), or liquified hydrogen benefit from this tax credit. Transit agencies may file a claim for payment equal to the amount of the alternative fuel credit. The credit is first applied to the applicable excise tax liability under section 26 U.S.C. § 4041 or 26 U.S.C § 4081, and any excess credit may be taken as a payment.

Biodiesel and Renewable Diesel Excise Tax Credit. This section also extends the $1.00 per gallon excise tax credits for biodiesel and renewable diesel from 2022 through 2024. Transit agencies may file a claim for payment equal to the amount of the biodiesel or renewable diesel tax credit.

Alternative Fuel Vehicle Refueling Property Credit. Section 13404 extends the alternative fuel vehicle refueling property credit from 2021 through 2032, and substantially restructures the credit. Refueling property is property for the storage or dispensing of clean-burning fuel or electricity into the vehicle fuel tank or battery. Clean-burning fuels include CNG, LNG, electricity, and hydrogen. The bill clarifies that bidirectional charging equipment is eligible property. Tax credits for refueling property used in a trade or business are part of the general business credit. Generally, in the case of refueling property sold to a tax-exempt entity, the taxpayer selling the property may claim the tax credit.

This section also substantially restructures the tax credit. Under current law, taxpayers may claim a 30 percent credit for an alternative fuel property up to $30,000 per location. The bill provides a base credit of six percent up to $100,000 per project. In addition, it provides a bonus credit totaling 30 percent for expenses up to $100,000 for each project if the taxpayer satisfies Davis-Bacon prevailing wage requirements during construction of the project. In addition, under the bill, the alternative fuel property is only eligible for the credit if the property is placed in service in a low-income community (under 26 U.S.C. § 45D(e)) or rural census tract.

Under the provision, the 2021 rules of the alternative fuel vehicle refueling property credit apply in 2022. In 2023 and subsequent years, the restructured tax credit will apply.

30C Alternative Fuel Infrastructure Tax Credit

Commercial Clean Vehicle Tax Credit. Section 13403 creates a new tax credit for commercial clean vehicles (e.g., zero-emission buses). The amount of the credit with respect to a qualified commercial electric vehicle is equal to the lesser of 30 percent of the cost of the vehicle or the incremental cost of the vehicle. The limit of the credit is $7,500 for a vehicle that weighs less than 14,000 pounds and $40,000 for all other vehicles. Commercial clean vehicles include battery electric and fuel cell vehicles. This 10-year tax credit takes effect in 2023 and expires December 31, 2032. In January 2023 the IRS issued guidance that tax-exempt organizations qualify for this tax incentive. (https://www.irs.gov/credits-deductions/commercial-clean-vehicle-credit).
$1 Billion for Clean Heavy-Duty Vehicles. Section 60101 provides $1 billion to EPA to carry out a new Clean Heavy-Duty Vehicles program. Under the program, EPA will make grants and rebates to states, municipalities, Indian tribes, and eligible contractors to replace Class 6 or Class 7 heavy-duty vehicles as defined in 40 CFR 1037.801 (i.e., vehicles with a gross vehicle weight between 19,501 pounds and 33,000 pounds) with zero-emission vehicles. The grants may pay up to 100 percent of costs for:

- the incremental cost of replacing eligible vehicles with zero-emission vehicles;
- purchasing, installing, operating, and maintaining zero-emission infrastructure;
- workforce development and training for zero-emission vehicles; and
- planning and technical activities to support adoption and deployment of zero-emission vehicles.

IRS Elective pay and transferability

Allows tax-exempt and governmental entities that were generally unable to use tax credits to benefit from clean energy tax credits.

CMAQ Vehicle Fuel Conversion Incentive Program

Congestion Mitigation and Air Quality Improvement (CMAQ) funding. The Program provides a reimbursement of up to an average of $10,000 for the incremental cost of a new alternative electric vehicle or dedicated/aftermarket conversion to propane autogas/compressed natural gas. Local governments and state agencies in EPA nonattainment air quality areas are eligible to apply through Virginia Energy