The FAR rule requires that agencies acquire PIV products and services that comply with the FIPS PUB 201 standard. The impact on small entities will, therefore, vary depending on the approval process for vendor products and services.

4. Description of projected reporting, recordkeeping, and other compliance requirements of the rule, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record.

The rule does not impose any new reporting, recordkeeping, or compliance requirements.

5. Identification, to the extent practicable, of all relevant Federal rules which may duplicate, overlap, or conflict with the rule.

The rule does not duplicate, overlap, or conflict with any other Federal rules.

6. Description of any significant alternatives to the rule which accomplish the stated objectives of applicable statutes and which minimize any significant economic impact of the rule on small entities.

There are no practical alternatives that will accomplish the objectives of HSPD–12.

The FAR Secretariat has submitted a copy of the IRFA to the Chief Counsel for Advocacy of the Small Business Administration. A copy of the IRFA may be obtained from the FAR Secretariat. The Councils will consider comments from small entities concerning the affected FAR Part 4 in accordance with 5 U.S.C. 610. Comments must be submitted separately and should cite 5 U.S.C 601, *et seq.* (FAR case 2005–017), in correspondence.

C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the proposed changes to the FAR do not impose information collection requirements that require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

List of Subjects in 48 CFR Part 4

Government procurement.

Dated: August 17, 2006.

Ralph De Stefano,

Director, Contract Policy Division.

Therefore, DoD, GSA, and NASA propose amending 48 CFR part 4 as set forth below:

PART 4—ADMINISTRATIVE MATTERS

1. The authority citation for 48 CFR part 4 continues to read as follows:

Authority: 40 U.S.C. 121(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

2. Revise Subpart 4.13 to read as follows:

Subpart 4.13—Personal Identity Verification

Sec.

4.1300 Scope of subpart.

This subpart provides policy and procedures associated with Personal Identity Verification as required by—

(a) Federal Information Processing Standards Publication (FIPS PUB) Number 201, ''Personal Identity Verification of Federal Employees and Contractors''; and

(b) Office of Management and Budget (OMB) guidance M–05–24, dated August 5, 2005, ''Implementation of Homeland Security Presidential Directive (HSPD) 12—Policy for a Common Identification Standard for Federal Employees and Contractors''.

4.1301 Contractual implementation of personal identity verification requirement.

(a) Agencies must follow FIPS PUB 201 and the associated OMB implementation guidance for personal identity verification for all affected contractor and subcontractor personnel when contract performance requires contractors to have physical access to a federally-controlled facility or access to a Federal information system.

(b) Agencies must include their implementation of FIPS PUB 201 and OMB guidance M–05–24, in solicitations and contracts that require the contractor to have physical access to a federally-controlled facility or access to a Federal information system.

(c) Agencies must designate an official responsible for verifying contractor employee personal identity.

4.1302 Acquisition of approved products and services for personal identity verification.

(a) In order to comply with FIPS PUB 201, agencies must only purchase approved personal identity verification products and services. Agencies may acquire the approved products and services from the GSA, Federal Supply Schedule 70, Special Item Number (SIN) 132–62, HSPD–12 Product and Service Components.

(b) When acquiring personal identity verification products and services not using the process in paragraph (a) of this section, agencies must ensure that the applicable products and services are approved as compliant with FIPS PUB 201 including—

(1) Certifying the products and services procured meet all applicable Federal standards and requirements;

(2) Ensuring interoperability and conformance to applicable Federal standards for the lifecycle of the components; and

(3) Maintaining a written plan for ensuring ongoing conformance to applicable Federal standards for the lifecycle of the components.

4.1303 Contract clause.

The Contracting Officer shall insert the clause at 52.204–9, Personal Identity Verification of Contractor Personnel, in solicitations and contracts when contract performance requires contractors to have physical access to a federally-controlled facility or access to a federally-controlled information system.

[FR Doc. 06–7088 Filed 8–22–06; 8:45 am]

BILLING CODE 6820–EP–S

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

49 CFR Part 531

[Docket No. NHTSA–2006–25593]

Exemptions From Average Fuel Economy Standards; Passenger Automobile Average Fuel Economy Standards

AGENCY: National Highway Traffic Safety Administration (NHTSA), Department of Transportation (DOT).

ACTION: Proposed Decision to Grant Exemption.

SUMMARY: This proposed decision responds to a petition filed by Spyker Automobielen B.V. (Spyker) requesting that it be exempted from the generally applicable average fuel economy standard of 27.5 miles per gallon (mpg) for model years 2006 and 2007, and that, for Spyker, lower alternative standards be established. In this document, NHTSA proposes that the requested exemption be granted to Spyker and that alternative standards of 18.9 mpg be established for MY's 2006 and 2007.

DATES: Comments on this proposed decision must be received on or before September 22, 2006.

ADDRESSES: You may submit comments by any of the following methods:

- Web site: *http://dms.dot.gov.* Follow the instructions for submitting comments on the DOT electronic docket site.
- Fax: 1–202–493–2251.
- Mail: Docket Management Facility; U.S. Department of Transportation, 400

Seventh Street, SW., Nassif Building, Room PL–401, Washington, DC 20590–001.

• Hand Delivery: Room PL–401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

• Federal eRulemaking Portal: Go to *http://www.regulations.gov.* Follow the online instructions for submitting comments.

Instructions: All submissions must include the agency name and docket number or Regulatory Identification Number (RIN) for this rulemaking. For detailed instructions on submitting comments and additional information on the rulemaking process, see the Request for Comments heading of the **SUPPLEMENTARY INFORMATION** section of this document. Note that all comments received will be posted without change to *http://dms.dot.gov,* including any personal information provided. Please see the Privacy Act heading under Rulemaking Analyses and Notices.

Docket: For access to the docket to read background documents or comments received, go to *http://dms.dot.gov* at any time or to Room PL–401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: For technical issues, contact Ken Katz, Lead Engineer, Fuel Economy Division, Office of International Policy, Fuel Economy, and Consumer Programs, at (202) 366–0846, facsimile (202) 493–2290, electronic mail *kkatz@nhtsa.dot.gov.* For legal issues, contact Stephen Wood of the Office of the Chief Counsel, at (202) 366–2992.

SUPPLEMENTARY INFORMATION:

Statutory Background

Pursuant to 49 U.S.C. section 32902(d), NHTSA may exempt a low volume manufacturer of passenger automobiles from the generally applicable average fuel economy standards if NHTSA concludes that those standards are more stringent than the maximum feasible average fuel economy for that manufacturer and if NHTSA establishes an alternative standard for that manufacturer at its maximum feasible level. Under the statute, a low volume manufacturer is one that manufactured (worldwide) fewer than 10,000 passenger automobiles in the second model year before the model year for which the exemption is sought (the affected model year) and that will manufacture fewer than 10,000 passenger automobiles in the affected model year. In determining the maximum feasible average fuel economy, the agency is required under 49 U.S.C. 32902(f) to consider:

(1) Technological feasibility

(2) Economic practicability

(3) The effect of other Federal motor vehicle standards on fuel economy, and

(4) The need of the United States to conserve energy.

The statute permits NHTSA to establish alternative average fuel economy standards applicable to exempted low volume manufacturers in one of three ways: (1) A separate standard for each exempted manufacturer; (2) a separate average fuel economy standard applicable to each class of exempted automobiles (classes would be based on design, size, price, or other factors); or (3) a single standard for all exempted manufacturers.

Background Information on Spyker

Spyker is a Dutch company, which manufacturers limited-production sports cars, built to individual order. Spyker debuted its first in vehicle 2000. The company operations are located in Zeewolde, The Netherlands. The petitioner stated that in 2003, Spyker of North America LLC was incorporated in Delaware as a subsidiary of Spyker in order to address U.S. distribution. The petitioner also stated that in 2004, Spyker took the company public by means of an initial public offering. It is listed on the Amsterdam Stock Exchange.

As stated by petitioner, Spyker has teamed up with Cosworth Technologies, a 100 percent-owned subsidiary of Audi, to integrate the LEV V8 powertrain of the Audi A8 into the Spyker chassis.

The petitioner stated that it manufactured a total of 51 vehicles between 2002 and 2004, and projects that it will manufacturer no more than 160 vehicles per year between 2005 and 2007. In 2006 and 2007, the years for which an alternative standard is requested, Spyker projects that 77 and 112 vehicles, respectively, will be exported to the U.S.

The Spyker Petition

NHTSA's regulations on low volume exemptions from CAFE standards state that petitions for exemption are submitted ''not later than 24 months before the beginning of the affected model year, unless good cause for later submission is shown'' (49 CFR 525.6(b)).

NHTSA received a petition from Spyker on May 11, 2005, seeking exemption from the passenger automobile fuel economy standards for MYs 2006 and 2007. This petition was filed less than 24 months before the beginning of MYs 2006 and 2007 and was therefore untimely under 49 CFR 526.6(b). Spyker indicated that its decision to enter the U.S. market for MY 2006 was not made until late 2004 after it reached an agreement with Audi that allowed Spyker to use a U.S. certified powerplant.

Under the circumstances, NHTSA concludes that Spyker took reasonable measures to submit a petition in as timely a manner as possible. The agency notes that Spyker's ability to enter the U.S. market apparently hinged on obtaining a U.S.-certified powerplant. This, according to Spyker, was not possible or feasible until it reached an agreement with Audi to provide the required engine. Therefore, the agency has determined that good cause exists for the late submission of the petition. This is consistent with a previous determination made by the agency with regard to the timeliness of a petition submitted by DeTomaso Automobiles, Ltd. (see, 64 FR 73476; December 30, 1999; Docket No. NHTSA–99–6676).

Methodology Used To Project Maximum Feasible Average Fuel Economy Level for Spyker

Baseline Fuel Economy

To project the level of fuel economy which could be achieved by Spyker in the 2006 and 2007 model years, NHTSA considered whether there were technical or other improvements that would be feasible for these vehicles, and whether the company currently plans to incorporate such improvements in the vehicles. The agency reviewed the technological feasibility of any changes and their economic practicability.

NHTSA interprets ''technological feasibility'' as meaning that technology which would be available to Spyker for use on its 2006 and 2007 model year automobiles, and which would improve the fuel economy of those automobiles. The areas examined for technologically feasible improvements were weight reduction, aerodynamic improvements, engine improvements, drive line improvements, and reduced rolling resistance.

The agency interprets ''economic practicability'' for the purpose of petitions filed under 49 CFR part 525 as meaning the financial capability of the manufacturer to improve its average fuel economy by incorporating technologically feasible changes to its 2006 and 2007 model year automobiles. In assuming that capability, the agency has always considered market demand

as an implicit part of the concept of economic practicability. Consumers need not purchase what they do not want.

In accordance with the concerns of economic practicability, NHTSA has considered only those improvements that would be compatible with the basic design concepts of Spyker's automobile. Since NHTSA assumes that Spyker will continue to build high performance cars, design changes that would remove items traditionally offered on these types of vehicles were not considered. Such changes to the basic design would be economically impracticable since they might well significantly reduce the demand for these automobiles, thereby reducing sales and causing significant economic injury to the low volume manufacturer.

Technology for Fuel Economy Improvement

The nature of Spyker's vehicles generally do not result in high fuel economy values. Also, Spyker lags in having the latest developments in fuel efficiency technology because suppliers generally provide components and technology to small manufacturers only after supplying large manufacturers.

Spyker states that the requested alternative fuel economy values represent the best possible CAFE that Spyker can achieve for the 2006 and 2007 model years. For MYs 2006 and 2007, Spyker stated that the fuel economy value of 18.9 mpg [1] represents the best possible CAFE that it can achieve.

Spyker produces a small lightweight innovative sports vehicle. Performance is achieved through obtaining maximum output per unit of engine displacement and the use of lightweight aerodynamic body designs. The vehicle's compact dimensions provide efficient performance coupled with a strong and relatively lightweight aerodynamic body construction. Since the chassis/body configuration is small, aerodynamic and lightweight, further fuel economy improvements through changes to the chassis and body appear to be limited.

Spyker has stated that it is unable to change the supplier of the vehicle's engine and that the engine is the most advanced engine available to a small vehicle manufacturer from an outside source. As such, the ability to obtain further fuel economy improvements from engine and drive train modifications is limited. The petitioner also stated that the fuel economy label values of the vehicle are similar to those of similar vehicles, e.g., Cadillac XLR, Dodge Viper, Porsche 911.

Model Mix

Spyker has no opportunity to improve its fuel economy by changing its fleet mix since it has stated that it will only export one model to the U.S. during the years for which this petition was filed.

Effect of Other Federal Motor Vehicle Standards

Federal motor vehicle safety standards (FMVSS) and regulations are anticipated to have an adverse effect on the fuel economy of Spyker's vehicles. These standards include 49 CFR part 581, Bumper Standard and FMVSS 208, *Occupant crash protection.* These standards may reduce achievable fuel economy values, since they result in increased vehicle weight. Spyker's projection reflected the impact of these standards. Spyker is a small company and engineering resources are limited, limiting the amount of resources Spyker can apply to comply with both the mandatory standards and the fuel economy requirements.

Additionally, as a small volume manufacturer, the more stringent California evaporative emission standards will apply to Spyker beginning in MY 2006, and the U.S. EPA Tier 2–LEV II exhaust standards will be applicable in MY 2007. A portion of Spyker's limited engineering resources will have to be expended to comply with these more stringent emissions standards including, but not limited to, evaporative emission standards.

The Need of the United States To Conserve Energy

The agency recognizes there is a need to conserve energy, to promote energy security, and to improve balance of payments. However, as stated above, NHTSA has tentatively determined that it is not technologically feasible or economically practicable for Spyker to achieve an average fuel economy in MYs 2006 and 2007 above the levels set forth in this proposed decision. Granting an exemption to Spyker and setting an alternative standard at that level would result in only a negligible increase in fuel consumption and would not affect the need of the United States to conserve energy. In fact, there would not be any increase since Spyker cannot attain those generally applicable standards. Nevertheless, the agency estimates that the additional fuel consumed by operating the MYs 2006 and 2007 fleets of Spyker vehicles at the CAFE of 18.9 mpg (compared to a hypothetical 27.5 mpg fleet) is 13,138 barrels of fuel. Obviously, this is insignificant compared to the fuel used daily by the entire motor vehicle fleet, which amounts to 8.4 million barrels per day for passenger cars in the United States in 2003 (USDOE/EIA, Monthly Energy Review, April 2005, Table 11.2).

Maximum Feasible Average Fuel Economy for Spyker

The agency has tentatively concluded that it would not be technologically feasible and economically practicable for Spyker to improve the fuel economy of its MY 2006 and 2007 fleet above an average of 18.9 mpg for those years, that Federal automobile standards would not adversely affect achievable fuel economy beyond the amount already factored into Spyker's projections, and that the national effort to conserve energy would not be affected by granting the requested exemption and establishing an alternative standard.

Consequently, the agency tentatively concludes that the maximum feasible average fuel economy for Spyker is 18.9 mpg for MYs 2006 and 2007.

Chapter 329 permits NHTSA to establish an alternative average fuel economy standard applicable to exempted manufacturers in one of three ways: (1) A separate standard may be established for each exempted manufacturer; (2) classes, based on design, size, price or other factors, may be established for the automobiles of exempted manufacturers, with a separate fuel economy standard applicable to each class; or (3) a single standard may be established for all exempted manufacturers. The agency tentatively concludes that it would be appropriate to establish a separate standard for Spyker.

While the agency has the option of establishing a single standard for all exempted manufacturers, we note that previous exemptions have been granted to manufacturers of high-performance cars, luxury cars and specialized vehicles for the transportation of persons with physical impairments. The agency's experience in establishing exemptions indicates that selection of a single standard would be inappropriate. Such a standard would have little impact on energy conservation while doing little to ease the burdens faced by small manufacturers which cannot meet the fuel economy standards applicable to larger manufacturers. Similarly, the

[1] Spyker based this fuel economy on the combined fuel economy of 19.1 obtained at the U.S. EPA, reduced by 0.15 mpg in order to allow for potential production variation. As opposed to reducing 19.1 mpg value by 0.15 mpg, Spyker added 0.15 mpg to the value in the petition. Given that fuel economy compliance is determined in tenths of mpg, the agency confirmed with a representative of Spyker that the petition is requesting an alternative fuel economy requirement of 18.9 mpg.

agency is not proposing to establish alternative standards based on different classes of vehicles. Again, the agency's experience has been that vehicles manufactured by low volume manufacturers may differ widely in size, price, design or other factors. Based on the information available at this time, we do not believe it would be appropriate to establish class-based alternative standards.

Regulatory Impact Analyses

NHTSA has analyzed this proposal and determined that neither Executive Order 12866 nor the Department of Transportation's regulatory policies and procedures apply. Under Executive Order 12866, the proposal would not establish a ''rule,'' which is defined in the Executive Order as ''an agency statement of general applicability and future effect.'' The proposed exemption is not generally applicable, since it would apply only to Spyker, as discussed in this notice. Under DOT regulatory policies and procedures, the proposed exemption would not be a ''significant regulation.'' If Departmental policies and procedures were applicable, the agency would have determined that this proposed action is not significant. The principal impact of this proposal is that the exempted company would not be required to pay civil penalties if its maximum feasible average fuel economy were achieved, and purchasers of those vehicles would not have to bear the indirect burden of those civil penalties in the form of higher prices. Since this proposal is for an alternative standard at the level tentatively determined to be the maximum feasible levels for Spyker for MYs 2006 and 2007, no fuel would be saved by establishing a higher alternative standard. NHTSA finds in the Section on ''The Need of the United States to Conserve Energy'' that because of the small size of the Spyker fleet, that incremental usage of gasoline by Spyker's customers would not affect the United States' need to conserve gasoline. There would not be any impacts for the public at large.

The agency has also considered the environmental implications of this proposed exemption in accordance with the Environmental Policy Act and determined that this proposed exemption if adopted, would not significantly affect the human environment. Regardless of the fuel economy of the exempted vehicles, they must pass the emissions standards which measure the amount of emissions per mile traveled. Thus, the quality of the air is not affected by the proposed exemptions and alternative standards. Further, since the exempted passenger automobiles cannot achieve better fuel economy than is proposed herein, granting these proposed exemptions would not affect the amount of fuel used.

How You May Comment on the Spyker Application

We invite you to submit comments on the application described above. You may submit comments [identified by the DOT Docket number in the heading of this document] by any of the following methods:

- Web site: *http://dms.dot.gov*. Follow the instructions for submitting comments on the DOT electronic docket site by clicking on ''Help and Information'' or ''Help/Info.''
- Fax: 1–202–493–2251.
- Mail: Docket Management Facility, U.S. Department of Transportation, 400 Seventh Street, SW., Nassif Building, Room PL–401, Washington, DC 20590.
- Hand Delivery: Room PL–401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.
- Federal eRulemaking Portal: Go to *http://www.regulations.gov*. Follow the online instructions for submitting comments.

Instructions: All submissions must include the agency name and docket number or Regulatory Identification Number (RIN) for this rulemaking. Note that all comments received will be posted without change to *http://dms.dot.gov*, including any personal information provided.

Docket: For access to the docket in order to read background documents or comments received, go to *http://dms.dot.gov* at any time or to Room PL–401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

Privacy Act: Anyone is able to search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review DOT's complete Privacy Act Statement in the **Federal Register** published on April 11, 2000 (Volume 65, Number 70; Pages 19477–78) or you may visit *http://dms.dot.gov*.

We will consider all comments received before the close of business on the comment closing date indicated below. To the extent possible, we shall also consider comments filed after the closing date. We will publish a notice of final action on the application in the **Federal Register** pursuant to the authority indicated below.

List of Subjects in 49 CFR Part 531

Energy conservation, Gasoline, Imports, Motor Vehicles.

In consideration of the foregoing, 49 CFR part 531 would be amended to read as follows:

PART 531—[AMENDED]

1. The authority citation for part 531 continues to read as follows:

Authority: 49 U.S.C. 32902, delegation of authority at 49 CFR 1.50.

2. Section 531.5 would be amended by adding paragraph (b)(15) to read as follows:

§ 531.5 Fuel economy standards.

* * * * *

(b) * * *

(15) Spyker Automobielen B.V.

AVERAGE FUEL ECONOMY STANDARD

Model year	(Miles per gallon)
2006	18.9
2007	18.9

Issued on: August 17, 2006.

H. Keith Brewer,

Director, Crash Avoidance Standards.

[FR Doc. E6–13957 Filed 8–22–06; 8:45 am]

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