

Environmental Protection Agency

§ 88.204-94

per the language of §86.708-94(b)(1) of this chapter.

Trading means the exchange of credits between manufacturers.

§ 88.203-94 Abbreviations.

The abbreviations in subpart A of this part and in 40 CFR part 86 apply to this subpart.

§ 88.204-94 Sales requirements for the California Pilot Test Program.

(a) The total annual required minimum sales volume of new clean fuel vehicles in California for this program shall correspond to Table B204.

(b) (1) When manufacturers of vehicles subject to the regulations of this section file a report pursuant to 40 CFR 86.085-37(b), such report shall include the following information: the number of light-duty vehicles and light-duty trucks sold only in California, and the number of clean-fuel vehicles sold for the Pilot program beginning with model year 1996.

(2) For model years 1996 and 1997, manufacturers may exclude heavy light-duty trucks from the reporting required by this section.

(c) (1) Except as provided in paragraph (d) of this section, each vehicle manufacturer must sell clean-fuel vehicles in California in an amount equal to the required annual sales volume calculated in paragraph (c)(2) of this section.

(2) The required annual clean fuel vehicle sales volume for a given manufacturer is expressed in the following equation rounded to the nearest whole number:

$$RMS = \frac{MS}{TS} \times TCPPS$$

Where:

RMS = a manufacturer's required sales in a given model year.

MS = the average of a manufacturer's total LDV and light LDT sales in California three and four model years earlier than year in question (for MY 1996 and 1997 RMS calculations).

= the average of a manufacturer's total LDV and LDT sales in California three and four model years earlier than year in question (for MY 1998 and later RMS calculations).

TS = the average of total LDV and light LDT sales in California of all manufacturers

three and four model years earlier than the year in question (for MY 1996 and 1997 RMS calculations). Sales of manufacturers which meet the criteria of (d) of this paragraph will not be included.

= the average of total LDV and LDT sales in California of all manufacturers three and four model years earlier than the year in question (for MY 1998 and later RMS calculations). Sales of manufacturers which meet the criteria of (d) of this paragraph will not be included.

TCPPS = Pilot program annual CFV sales requirement (either 150,000 or 300,000) for the model year in question.

(i) A manufacturer's share of required annual sales for model years 1996 and 1997 will be based on LDV and light LDT sales only. Once the heavy LDT standards are effective beginning with model year 1998, a manufacturer's required sales share will be based on all LDV and LDT sales.

(ii) A manufacturer certifying for the first time in California shall calculate annual required sales share based on projected California sales for the model year in question. In the second year, the manufacturer shall use actual sales from the previous year. In the third year, the manufacturer will use sales from two model years prior to the year in question. In the fourth year, the manufacturer will use sales from three years prior to the year in question. In the fifth year and subsequent years, the manufacturer will use average sales from three and four years prior to the year in question.

(d) (1) Small volume manufacturer is defined in the Pilot program as one whose average annual LDV and LDT sales in California are less than or equal to 3,000 units during a consecutive three-year period beginning no earlier than model year 1993.

(i) A manufacturer with less than three consecutive years of sales in California shall use a single year of sales or, if available, the average of two years of sales in California to determine whether they fall at or below the threshold of 3,000 units.

(ii) A manufacturer certifying for the first time in California shall be considered a small volume manufacturer if their projected California sales level is at or below 3,000 units for a given year. Once the manufacturer has actual sales data for one year, this actual sales

data shall be used to determine whether the manufacturer qualifies as a small volume manufacturer.

(iii) A manufacturer which does not qualify as a small volume manufacturer in model year 1996 but whose average annual LDV and LDT sales fall to or below the 3,000 unit threshold between 1996 and 2001 shall be treated as a small volume manufacturer and shall be subject to requirements for small volume manufacturers as specified in paragraph (d)(2) of this section beginning with the next model year.

(2) A manufacturer which qualifies as a small volume manufacturer prior to model year 2001 is not required to comply with the sales requirements of this section until model year 2001.

TABLE B204—PILOT PROGRAM VEHICLE SALES SCHEDULE

| Model years | Vehicle types | Required annual sales |
|---------------|---|-----------------------|
| 1996 and 1997 | LDTs (< 6000 GVWR and ≤5750 LVW); and LDVs. | 150,000 |
| 1998 | All Applicable Vehicle Types ... | 150,000 |
| 1999+ | All Applicable Vehicle Types ... | 300,000 |

[59 FR 50078, Sept. 30, 1994, as amended at 61 FR 127, Jan. 3, 1996]

§ 88.205-94 California Pilot Test Program Credits Program.

(a) *General.* (1) The Administrator shall administer this credit program to enable vehicle manufacturers who are required to participate in the California Pilot Test Program to meet the clean-fuel vehicle sales requirements through the use of credits. Participation in this credit program is voluntary.

(2) All credit-generating vehicles must meet the applicable emission standards and other requirements contained in subpart A of this part.

(b) *Credit generation.* (1) Credits may be generated by any of the following means:

(i) Sale of qualifying clean-fuel vehicles earlier than required. Manufacturers may earn these credits starting with the 1992 model year, contingent upon the requirements of paragraph (g) of this section.

(ii) Sale of a greater number of qualifying clean-fuel vehicles than required.

(iii) Sale of qualifying clean-fuel vehicles that meet more stringent emission standards than those required.

(2) For light-duty vehicles and light-duty trucks, credit values shall be determined in accordance with the following:

(i) For model-years through 2000, credit values shall be determined in accordance with table B-1 of this subpart.

(ii) For the 2001 and subsequent model-years, credit values shall be determined according to table B-2 of this subpart. The sale of light-duty vehicles classified as Transitional Low-Emission Vehicles shall not receive credits starting in model year 2001.

(iii) For the calculation of credits for the sale of more clean-fuel vehicles than required, the manufacturer shall designate which sold vehicles count toward compliance with the sales requirement. The remaining balance of vehicles will be considered as sold beyond the sales requirement for credit calculations.

(3) Vehicles greater than 8500 lbs gvwr may not generate credits.

(c) *Credit use.* (1) All credits generated in accordance with these provisions may be freely averaged, traded, or banked for later use. Credits may not be used to remedy any nonconformity determined by enforcement testing.

(2) There is one averaging and trading group containing all light-duty vehicles and light-duty trucks.

(3) A vehicle manufacturer desiring to demonstrate full or partial compliance with the sales requirements by the redemption of credits, shall surrender sufficient credits, as established in this paragraph (c). In lieu of selling a clean-fuel vehicle, a manufacturer shall surrender credits equal to the credit value for the corresponding vehicle class and model year found in table B-1.3 or table B-2.3 of this subpart.

(d) *Participation in the credit program.*

(1) During certification, the manufacturer shall calculate the projected credits, if any, based on required sales projections.

(2) Based on information from paragraph (d)(1) of this section, each manufacturer's certification application under this section must demonstrate: