

Environmental Protection Agency

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During the model year and before submittal of the end-of-year report, credits originally designated in the certification process for banking will be considered reserved and may be redesignated for trading or averaging in the end-of-year report and final report.

(d) Credits declared for banking from the previous model year that have not been reviewed by EPA may be used in averaging or trading transactions. However, such credits may be revoked at a later time following EPA review of the end-of-year report or any subsequent audit actions.

[65 FR 24309, Apr. 25, 2000]

§ 90.215 Trading under the optional program.

(a) An engine manufacturer may exchange emission credits with other engine manufacturers in trading.

(b) Credits for trading can be obtained from credits banked in previous model years or credits generated during the model year of the trading transaction.

(c) Traded credits can be used for averaging, banking, or further trading transactions.

(d) Traded credits are subject to the limitations on use for past model years, as set forth in § 90.213(c).

(e) In the event of a negative credit balance resulting from a transaction, both the buyer and the seller are liable, except in cases involving fraud. Certificates of all engine families participating in a negative trade may be voided ab initio pursuant to § 90.123.

[65 FR 24310, Apr. 25, 2000]

§ 90.216 Credit calculation and manufacturer compliance with emission standards under the optional program.

(a)(1) For each engine family, HC+NO_x [NMHC+NO_x] certification emission credits (positive or negative) are to be calculated according to the following equation and rounded to the nearest gram. Consistent units are to

be used throughout the following equation:

$$\text{Credits} = \text{Production} \times (\text{Standard} - \text{FEL}) \times \text{Power} \times \text{Useful life} \times \text{Load Factor} \times \text{Adjustment Factor}$$

Where:

Production = eligible production as defined in this part. Annual production projections are used to project credit availability for initial certification. Eligible production volume is used in determining actual credits for end-of-year compliance determination.

Standard = the current and applicable Small SI engine HC+NO_x (NMHC+NO_x) emission standard in grams per kilowatt hour as determined in § 90.103 or, for early credits, the applicable emission level as specified in § 90.214(b).

FEL = the family emission limit for the engine family in grams per kilowatt hour.

Power = the maximum modal power of the certification test engine, in kilowatts, as calculated from the applicable federal test procedure as described in this part.

Useful Life = the useful life in hours corresponding to the useful life category for which the engine family was certified.

Load Factor = 85 percent (i.e., 0.85) for Test Cycle C. For approved alternate test procedures, the load factor must be calculated according to the formula in paragraph (a)(2) of this section:

Adjustment Factor = 1.0, except for purposes of calculating credits for banking under the optional transition year program, in which case the adjustment factor is listed in Table 1, Table 2, or Table 3 of paragraph (a)(3) of this section, whichever is applicable, based on the model year of the engine and its certified FEL.

(2) Use the following formula to calculate the load factor in paragraph (a)(1) of this section:

$$\sum_{i=1}^n (\% \text{MTT mode}_i) \times (\% \text{MTS mode}_i) \times (\text{WF mode}_i)$$

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Where:

%MTT mode_i = percent of the maximum FTP torque for mode i.

%MTS mode_i = percent of the maximum FTP engine rotational speed for mode i.

WF mode_i = the weighting factor for mode i.

(3) Tables 1, 2, and 3 follow:

TABLE 1—ADJUSTMENT FACTORS FOR CLASS III ENGINES

Model year 2002 or earlier engine families with FELs:	Model year 2003 engine families with FELs:	Model year 2004 engine families with FELs:	Adjustment factor
>113 g/kW-hr	>87 g/kW-hr		0.25
>87–113 g/kW-hr	>72–87 g/kW-hr	>72–87 g/kW-hr	0.50
>72–87 g/kW-hr	>50–72 g/kW-hr	≤72 g/kW-hr	1.00
≤72 g/kW-hr	≤50 g/kW-hr		1.25

TABLE 2—ADJUSTMENT FACTORS FOR CLASS IV ENGINES

Model year 2002 or earlier engine families with FELs:	Model year 2003 engine families with FELs:	Model year 2004 engine families with FELs:	Adjustment factor
>99 g/kW-hr	>87 g/kW-hr		0.25
>87–99 g/kW-hr	>72–87 g/kW-hr	>72–87 g/kW-hr	0.50
>72–87 g/kW-hr	>50–72 g/kW-hr	≤72 g/kW-hr	1.00
≤72 g/kW-hr	≤50 g/kW-hr		1.25

TABLE 3—ADJUSTMENT FACTORS FOR CLASS V ENGINES

Model year 2004 or earlier engine families with FELs:	Model year 2005 engine families with FELs:	Model year 2006 engine families with FELs:	Adjustment factor
>96 g/kW-hr	>87 g/kW-hr		0.25
>87–96 g/kW-hr	>72–87 g/kW-hr	>72–87 g/kW-hr	0.50
>72–87 g/kW-hr	>50–72 g/kW-hr	≤72 g/kW-hr	1.00
≤72 g/kW-hr	≤72 g/kW-hr		1.25

(b) Manufacturer compliance with the emission standards is determined on a corporate average basis at the end of each model year. A manufacturer is in compliance when the sum of positive and negative emission credits it holds is greater than or equal to zero, except that the sum of positive and negative credits may be less than zero as allowed under paragraph (c) of this section.

(c) If, as a result of production line testing as required in subpart H of this part, an engine family is determined to be in noncompliance pursuant to § 90.710, the manufacturer may raise its FEL for past and future production as necessary. Further, a manufacturer may carry a negative credit balance (known also as a credit deficit) for the subject class and model year and for the next three model years. The credit deficit may be no larger than that created by the nonconforming family. If the credit deficit still exists after the model year following the model year in

which the nonconformity occurred, the manufacturer must obtain and apply credits to offset the remaining credit deficit at a rate of 1.2 grams for each gram of deficit within the next two model years. The provisions of this paragraph (c) are subject to the limitations in paragraph (d) of this section.

(d) Regulations elsewhere in this part notwithstanding, if an engine manufacturer experiences two or more production line testing failures pursuant to the regulations in subpart H of this part in a given model year, the manufacturer may raise the FEL of previously produced engines only to the extent that such engines represent no more than 10 percent of the manufacturer's total eligible production for that model year, as determined on the date when the FEL is adjusted. For any additional engine families determined to be in noncompliance, the manufacturer must conduct offsetting projects approved in advance by the Administrator.

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(e) If, as a result of production line testing under this subpart, a manufacturer desires to lower its FEL it may do so subject to § 90.708(c).

(f) Except as allowed at paragraph (c) of this section, when a manufacturer is not in compliance with the applicable emission standard by the date 270 days after the end of the model year, considering all credit calculations and transactions completed by then, the manufacturer will be in violation of these regulations and EPA may, pursuant to § 90.123, void ab initio the certificates of engine families for which the manufacturer has not obtained sufficient positive emission credits.

[65 FR 24310, Apr. 25, 2000]

§ 90.217 Certification under the optional program.

(a) In the application for certification a manufacturer must:

(1) Submit a statement that the engines for which certification is requested will not, to the best of the manufacturer's belief, cause the manufacturer to be in noncompliance under § 90.216(b) when all credits are calculated for the manufacturer's engine families.

(2) Declare an FEL for each engine family for HC+NO_x (NMHC+NO_x). The FEL must have the same number of significant digits as the emission standard.

(3) Indicate the projected number of credits generated/needed for this family; the projected applicable eligible annual production volume, and the values required to calculate credits as given in § 90.216.

(4) Submit calculations in accordance with § 90.216 of projected emission credits (positive or negative) based on annual production projections for each family.

(5)(i) If the engine family is projected to have negative emission credits, state specifically the source (manufacturer/engine family or reserved) of the credits necessary to offset the credit deficit according to projected annual production.

(ii) If the engine family is projected to generate credits, state specifically (manufacturer/engine family or reserved) where the projected annual credits will be applied.

(iii) The manufacturer may supply the information required by this section in the form of a spreadsheet detailing the manufacturer's annual production plans and the credits generated or consumed by each engine family.

(b) All certificates issued are conditional upon manufacturer compliance with the provisions of this subpart both during and after the model year of production.

(c) Failure to comply with all provisions of this subpart will be considered to be a failure to satisfy the conditions upon which the certificate was issued, and the certificate may be determined to be void ab initio pursuant to § 90.123.

(d) The manufacturer bears the burden of establishing to the satisfaction of the Administrator that the conditions upon which the certificate was issued were satisfied or waived.

(e) Projected credits based on information supplied in the certification application may be used to obtain a certificate of conformity. However, any such credits may be revoked based on review of end-of-year reports, follow-up audits, and any other verification steps considered appropriate by the Administrator.

[65 FR 24311, Apr. 25, 2000]

§ 90.218 Maintenance of records under the optional program.

(a) The manufacturer must establish, maintain, and retain the following adequately organized and indexed records for each engine family:

(1) EPA engine family identification code;

(2) Family Emission Limit (FEL) or FELs where FEL changes have been implemented during the model year;

(3) Maximum modal power for the certification test engine;

(4) Projected production volume for the model year; and

(5) Records appropriate to establish the quantities of engines that constitute eligible production as defined in § 90.3 for each FEL.

(b) Any manufacturer producing an engine family participating in trading reserved credits must maintain the following records on an annual basis for each such engine family:

(1) The engine family;