

**§ 1051.710**

using projected U.S.-directed production volumes for your application for certification.

(c) After the end of your model year, calculate a final average emission level according to §1051.720 for each type of recreational vehicle or engine you manufacture or import. Use actual U.S.-directed production volumes.

(d) If your preliminary average emission level is below the allowable average standard, see §1051.710 for information about generating and banking emission credits. These credits will be considered reserved until we verify them in reviewing the end-of-year report.

**§ 1051.710 How do I generate and bank emission credits?**

(a) If your average emission level is below the average standard, you may calculate credits according to §1051.720.

(b) You may generate credits if you are a certifying manufacturer.

(c) You may bank unused emission credits, but only after the end of the calendar year and after we have reviewed your end-of-year reports. Credits you generate do not expire.

(d) During the calendar year and before you send in your end-of-year report, you may consider reserved any credits you originally designate for banking during certification. You may redesignate these credits for trading in your end-of-year report, but they are not valid to demonstrate compliance until verified.

(e) You may use for averaging or trading any credits you declared for banking from the previous calendar year that we have not reviewed. But,

we may revoke these credits later—following our review of your end-of-year report or audit actions. For example, this could occur if we find that credits are based on erroneous calculations; or that emission levels are misrepresented, unsubstantiated, or derived incorrectly in the certification process.

**§ 1051.715 How do I trade emission credits?**

(a) You may trade only banked emission credits, not reserved credits.

(b) You may trade banked credits to any certifying manufacturer.

(c) If a negative credit balance results from a credit trade, both buyers and sellers are liable, except in cases involving fraud. We may void the certificates of all emission families participating in a negative trade.

(1) If you buy credits but have not caused the negative credit balance, you must only supply more credits equivalent to the amount of invalid credits you used.

(2) If you caused the credit shortfall, you may be subject to the requirement of § 1051.730(b)(6).

**§ 1051.720 How do I calculate my average emission level or emission credits?**

(a) Calculate your average emission level for each type of recreational vehicle or engine for each model year according to the following equation and round it to the nearest tenth of a g/km or g/kW-hr. Use consistent units throughout the calculation.

(1) For exhaust emissions:

(i) Calculate the average emission level as:

$$\text{Emission level} = \left[ \sum_i (\text{FEL})_i \times (\text{UL})_i \times (\text{Production})_i \right] / \left[ \sum_i (\text{Production})_i \times (\text{UL})_i \right]$$

Where:

FEL<sub>i</sub> = The FEL to which the engine family is certified.

UL<sub>i</sub> = The useful life of the engine family.

Production<sub>i</sub> = The number of vehicles in the engine family.

(ii) Use U.S.-directed production projections for initial certification, and

actual U.S.-directed production volumes to determine compliance at the end of the model year.

(2) For vehicles that have standards expressed as g/kW-hr and a useful life in km, convert the useful life to kW-hr based on the maximum power output observed over the emission test and an