

§ 1051.735

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credits (or project to have received traded credits) to offset the deficit.

(2) Detailed calculations of projected emission credits (zero, positive, or negative) based on U.S.-directed production projections. If you project a credit deficit, state the source of credits needed to offset the credit deficit.

(b) At the end of each model year, send an end-of-year report.

(1) Your report must include three things:

(i) Calculate in detail your average emission level and any emission credits (positive, or negative) based on actual U.S.-directed production volumes.

(ii) If your average emission level is above the allowable average standard, demonstrate that you have the credits needed to offset the credit deficit. If you cannot demonstrate that you have the credits at the time you submit your end-of-year report, we may void the certificates for all families certified to FELs above the allowable average.

(iii) If your average emission level is below the allowable average standard, state whether you will reserve the credits for banking.

(2) Base your U.S.-directed production volumes on the point of first retail sale. You may consider distributors to be the point of first retail sale if all their engines are sold to ultimate buyers in the United States.

(3) Send end-of-year reports to the Designated Officer within 120 days of the end of the model year. If you send reports later, you are violating the Act.

(4) If you generate credits for banking and you do not send your end-of-year reports within 120 days after the end of the model year, you may not use or trade the credits until we receive and review your reports. You may not use projected credits pending our review.

(5) You may correct errors discovered in your end-of-year report, including errors in calculating credits according to the following table:

If—	And if—	Then we—
(i) Our review discovers an error in your end-of-year report that increases your credit balance.	the discovery occurs within 180 days of receipt.	restore the credits for your use.
(ii) You discover an error in your report that increases your credit balance.	the discovery occurs within 180 days of receipt.	restore the credits for your use.
(iii) We or you discover and error in your report that increases your credit balance.	the discovery occurs more than 180 days after receipt.	do not restore the credits for your use.
(iv) We discover an error in your report that reduces your credit balance.	at any time after receipt	reduce your credit balance

(6) If our review of a your end-of-year-report shows a negative balance, you may buy credits to bring your credit balance to zero. But you must buy 1.1 credits for each 1.0 credit needed. If enough credits are not available to bring your credit balance to zero within 90 days of when we notify you, we may void the certificates for all families certified to FELs above the allowable average.

(c) Within 90 days of any credit trade, you must send the Designated Officer a report of the trade that includes three types of information:

(1) The corporate names of the buyer, seller, and any brokers.

(2) Copies of contracts related to credit trading from the buyer, seller, and broker, as applicable.

(d) Include in each report a statement certifying the accuracy and authenticity of its contents.

(e) We may void a certificate of conformity for any emission family if you do not keep the records this section requires or give us the information when we ask for it.

§ 1051.735 Are there special averaging provisions for snowmobiles?

For snowmobiles, you may only use credits for the same phase or set of

standards against which they were generated, except as allowed by this section.

(a) *Restrictions.* (1) You may not use any Phase 1 or Phase 2 credits for Phase 3 compliance.

(2) You may not use Phase 1 HC credits for Phase 2 HC compliance. However, because the Phase 1 and Phase 2 CO standards are the same, you may use Phase 1 CO credits for compliance with the Phase 2 CO standards.

(b) *Special credits for next phase of standards.* You may choose to generate credits early for banking for purposes of compliance with later phases of standards as follows:

(1) If your corporate average emission level at the end of the model year exceeds the applicable (current) phase of standards (without the use of traded or previously banked credits), you may choose to redesignate some of your snowmobile production to a calculation to generate credits for a future phase of standards. To generate credits the snowmobiles designated must have an FEL below the emission level of that set of standards. This can be done on a pollutant specific basis.

(2) Do not include the snowmobiles that you redesignate in the final compliance calculation of your average emission level for the otherwise applicable (current) phase of standards. Your average emission level for the remaining (non-redesignated) snowmobiles must comply with the otherwise applicable (current) phase of standards.

(3) Include the snowmobiles that you redesignate in a separate calculation of your average emission level for redesignated engines. Calculate credits using this average emission level relative to the specific pollutant in the future phase of standards. These credits may be used for compliance with the future standards.

(4) For generating early Phase 3 credits, you may generate credits for HC+NO_x or CO separately as described:

(i) To determine if you qualify to generate credits in accordance with paragraphs (b)(1) through (3) of this section, you must meet the credit trigger level. For HC+NO_x this value is 62 g/kW-hr (which would be the HC+NO_x standard that would result from inputting the highest allowable CO

standard (275 g/kW-hr) into the Phase 3 equation). For CO the value is 200 g/kW-hr (which would be the CO standard that would result from inputting the highest allowable HC+NO_x standard (90 g/kW-hr) into the Phase 3 equation).

(ii) HC+NO_x and CO credits for Phase 3 are calculated relative to the 62 g/kW-hr and 200 g/kW-hr values, respectively.

(5) Credits can also be calculated for Phase 3 using both sets of standards. Without regard to the trigger level values, if your net emission reduction for the redesignated averaging set exceeds the requirements of Phase 3 in §1051.103 (using both HC+NO_x and CO in the Phase 3 equation in §1051.103), then your credits are the difference between the Phase 3 reduction requirement of that section and your calculated value.

Subpart I—Definitions and Other Reference Information

§1051.801 What definitions apply to this part?

The following definitions apply to this part. The definitions apply to all subparts unless we note otherwise. All undefined terms have the meaning the Act gives to them. The definitions follow:

Act means the Clean Air Act, as amended, 42 U.S.C. 7401 et seq.

Adjustable parameter means any device, system, or element of design that someone can adjust (including those which are difficult to access) and that, if adjusted, may affect emissions or engine performance during emission testing or normal in-use operation. You may ask us to exclude a parameter that is difficult to access if it cannot be adjusted to affect emissions without significantly degrading performance, or if you otherwise show us that it will not be adjusted in use in a way that affect emissions

Aftertreatment means relating to any system, component, or technology mounted downstream of the exhaust valve or exhaust port whose design function is to reduce exhaust emissions.

All-terrain vehicle means a land-based or amphibious nonroad vehicle that meets the criteria listed in paragraph (1) of this definition; or, alternatively,