

## Environmental Protection Agency

## § 86.1864-10

must be submitted to: Director, Vehicle Programs and Compliance Division, U.S. Environmental Protection Agency, 2000 Traverwood, Ann Arbor, Michigan 48105.

(5) Failure by a manufacturer to submit the annual report in the specified time period for all vehicles and trucks subject to the provisions in this section is a violation of section 203(a)(1) of the Clean Air Act for each subject vehicle and truck produced by that manufacturer.

(6) If EPA or the manufacturer determines that a reporting error occurred on an annual report previously submitted to EPA, the manufacturer's credit or debit calculations will be recalculated. EPA may void erroneous credits, unless transferred, and must adjust erroneous debits. In the case of transferred erroneous credits, EPA must adjust the selling manufacturer's credit or debit balance to reflect the sale of such credits and any resulting generation of debits.

(c) *Notice of opportunity for hearing.* Any voiding of the certificate under paragraph (a)(6) of this section will be made only after EPA has offered the manufacturer concerned an opportunity for a hearing conducted in accordance with § 86.614 for light-duty vehicles or § 86.1014 for light-duty trucks and, if a manufacturer requests such a hearing, will be made only after an initial decision by the Presiding Officer.

[65 FR 6869, Feb. 10, 2000]

### § 86.1863-07 Optional chassis certification for diesel vehicles.

(a) A manufacturer may optionally certify heavy-duty diesel vehicles weighing 14,000 pounds GVWR or less, to the standards specified in § 86.1816-08. Such vehicles must meet all requirements of Subpart S of this part that are applicable to Otto-cycle vehicles, except for evaporative, refueling, and OBD requirements where the diesel specific OBD requirements would apply.

(b) For OBD, diesel vehicles optionally certified under this section are subject to the OBD requirements of § 86.1806-05.

(c) Diesel vehicles optionally certified under this section may be tested using the test fuels, sampling systems,

or analytical systems specified for diesel engines in Subpart N of this part.

(d) Diesel vehicles optionally certified under this section may not be included in any averaging, banking, or trading program.

(e) The provisions of § 86.004-40 apply to the engines in vehicles certified under this section.

(f) Diesel vehicles may be certified under this section to the standards applicable to model year 2008 prior to model year 2008.

(g) Diesel vehicles optionally certified under this section in model years 2007, 2008, or 2009 shall be included in phase-in calculations specified in § 86.007-11(g).

[66 FR 5193, Jan. 18, 2001, as amended at 68 FR 35801, June 17, 2003]

### § 86.1864-10 How to comply with the fleet average cold temperature NMHC standards.

(a) *Applicability.* Cold temperature NMHC exhaust emission standards apply to the following vehicles, subject to the phase-in requirements in § 86.1811-10(g)(3) and (4):

(1) 2010 and later model year LDV/LLDTs.

(2) 2012 and later model year HLDT/MDPVs.

(3) Aftermarket conversion systems as defined in 40 CFR 85.502, including conversion of MDPVs.

(4) Vehicles imported by ICIs as defined in 40 CFR 85.1502.

(b) *Useful life requirements.* Full useful life requirements for cold temperature NMHC standards are defined in § 86.1805-04(g). There is not an intermediate useful life standard for cold temperature NMHC standards.

(c) *Altitude.* Altitude requirements for cold temperature NMHC standards are provided in § 86.1810-09(f).

(d) *Small volume manufacturer certification procedures.* Certification procedures for small volume manufacturers are provided in § 86.1838-01.

(e) *Cold temperature NMHC standards.* Fleet average cold temperature NMHC standards are provided in § 86.1811-10(g)(2).

(f) *Phase-in.* Phase-in of the cold temperature NMHC standards are provided in § 86.1811-10(g)(3) and (4).

(g) *Phase-in flexibilities for small volume manufacturers.* Phase-in flexibilities for small volume manufacturer compliance with the cold temperature NMHC standards are provided in § 86.1811-04(k)(5).

(h) *Hardship provisions for small volume manufacturers.* Hardship provisions for small volume manufacturers related to the cold temperature NMHC standards are provided in § 86.1811-04(q)(1).

(i) *In-use standards for applicable phase-in models.* In-use cold temperature NMHC standards for applicable phase-in models are provided in § 86.1811-10(u).

(j) *Durability procedures and method of determining deterioration factors (DFs).* The durability data vehicle selection procedures of § 86.1822-01 and the durability demonstration procedures of § 86.1823-06 apply for cold temperature NMHC standards. For determining compliance with full useful life cold temperature NMHC emission standards, the 68-86 °F, 120,000 mile full useful life NMOG DF may be used.

(k) *Vehicle test procedure.* (1) The test procedure for demonstrating compliance with cold temperature NMHC standards is contained in subpart C of this part. With prior EPA approval, alternative testing procedures may be used, as specified in § 86.106-96(a), provided cold temperature NMHC emissions test results are equivalent or superior.

(2) Testing of all LDVs, LDTs and MDPVs to determine compliance with cold temperature NMHC exhaust emission standards set forth in this section must be on a loaded vehicle weight (LVW) basis, as defined in § 86.1803-01.

(3) Testing for the purpose of providing certification data is required only at low altitude conditions and only for vehicles that can operate on gasoline, except as requested in §§ 86.1810-09(f) and 86.1844-01(d)(11). If hardware and software emission control strategies used during low altitude condition testing are not used similarly across all altitudes for in-use operation, the manufacturer must include a statement in the application for certification, in accordance with §§ 86.1844-01(d)(11) and 86.1810-09(f), stating what the different strategies are

and why they are used. If hardware and software emission control strategies used during testing with gasoline are not used similarly with all fuels that can be used in multi-fuel vehicles, the manufacturer will include a statement in the application for certification, in accordance with §§ 86.1844-01(d)(11) and 86.1810-09(f), stating what the different strategies are and why they are used. For example, unless a manufacturer states otherwise, air pumps used to control emissions on dedicated gasoline vehicles or multi-fuel vehicles during low altitude conditions must also be used to control emissions at high altitude conditions, and software used to control emissions or closed loop operation must also operate similarly at low and high altitude conditions and similarly when multi-fueled vehicles are operated on gasoline and alternate fuels. These examples are for illustrative purposes only; similar strategies would apply to other currently used emission control technologies and/or emerging or future technologies.

(1) *Emission data vehicle (EDV) selection.* Provisions for selecting the appropriate EDV for the cold temperature NMHC standards are provided in §§ 86.1828-10(g) and 86.1829-01(b)(3).

(m) *Calculating the fleet average cold temperature NMHC standard.* Manufacturers must compute separate sales-weighted fleet average cold temperature NMHC emissions at the end of the model year for LDV/LLDTs and HLDV/MDPVs, using actual sales, and certifying test groups to FELs, as defined in § 86.1803-01. The FEL becomes the standard for each test group, and every test group can have a different FEL. The certification resolution for the FEL will be 0.1 grams/mile. LDVs and LLDTs must be grouped together when calculating the fleet average, and HLDVs and MDPVs must also be grouped together to determine the fleet average. Manufacturers must compute the sales-weighted cold temperature NMHC fleet averages using the following equation, rounded to the nearest 0.1 grams/mile:

Fleet average cold temperature NMHC exhaust emissions (grams/mile) =  $\Sigma(N \times \text{FEL}) \div \text{Total number of vehicles}$

## Environmental Protection Agency

## § 86.1864-10

sold of the applicable weight category (i.e., either LDV + LLDTs, or HLDT + MDPVs)

Where:

N = The number of LDVs and LLDTs, or HLDTs and MDPVs, sold within the applicable FEL, based on vehicles counted to the point of first sale.

FEL = Family Emission Limit (grams/mile).

(n) *Certification compliance and enforcement requirements for cold temperature NMHC standards.* (1) Compliance and enforcement requirements are provided in § 86.1864-10 and § 86.1848-10(c)(8).

(2) The certificate issued for each test group requires all vehicles within that test group to meet the emission standard or FEL to which the vehicles were certified.

(3) Each manufacturer must comply with the applicable cold temperature NMHC fleet average standard on a sales-weighted average basis, at the end of each model year, using the procedure described in paragraph (m) of this section.

(4) During a phase-in year, the manufacturer must comply with the applicable cold temperature NMHC fleet average standard for the required phase-in percentage for that year as specified in § 86.1811-10(g)(3) or (4).

(5) Manufacturers must compute separate cold temperature NMHC fleet averages for LDV/LLDTs and HLDT/MDPVs. The sales-weighted cold temperature NMHC fleet averages must be compared with the applicable fleet average standard.

(6) Each manufacturer must comply on an annual basis with the fleet average standards as follows:

(i) Manufacturers must report in their annual reports to the Agency that they met the relevant corporate average standard by showing that their sales-weighted average cold temperature NMHC emissions of LDV/LLDTs and HLDT/MDPVs, as applicable, are at or below the applicable fleet average standard;

(ii) If the sales-weighted average is above the applicable fleet average standard, manufacturers must obtain and apply sufficient NMHC credits as permitted under paragraph (o)(8) of this section. A manufacturer must show via the use of credits that they have offset any exceedence of the cor-

porate average standard. Manufacturers must also include their credit balances or deficits.

(iii) If a manufacturer fails to meet the corporate average cold temperature NMHC standard for two consecutive years, the vehicles causing the corporate average exceedence will be considered not covered by the certificate of conformity (see paragraph (o)(8) of this section). A manufacturer will be subject to penalties on an individual-vehicle basis for sale of vehicles not covered by a certificate.

(iv) EPA will review each manufacturer's sales to designate the vehicles that caused the exceedence of the corporate average standard. EPA will designate as nonconforming those vehicles in test groups with the highest certification emission values first, continuing until reaching a number of vehicles equal to the calculated number of noncomplying vehicles as determined above. In a group where only a portion of vehicles would be deemed nonconforming, EPA will determine the actual nonconforming vehicles by counting backwards from the last vehicle produced in that test group. Manufacturers will be liable for penalties for each vehicle sold that is not covered by a certificate.

(o) *Requirements for the cold temperature NMHC averaging, banking and trading (ABT) program.* (1) Manufacturers must average the cold temperature NMHC emissions of their vehicles and comply with the cold temperature NMHC fleet average corporate standard. Manufacturers may generate credits during and after the phase-in period. Manufacturers may generate credits prior to the phase-in periods as described in paragraph (o)(5) of this section. A manufacturer whose cold temperature NMHC fleet average emissions exceed the applicable standard must complete the calculation in paragraph (o)(4) of this section to determine the size of its NMHC credit deficit. A manufacturer whose cold temperature NMHC fleet average emissions are less than the applicable standard must complete the calculation in paragraph (o)(4) of this section to generate NMHC credits.

(2) There are no property rights associated with NMHC credits generated

under this subpart. Credits are a limited authorization to emit the designated amount of emissions. Nothing in this part or any other provision of law should be construed to limit EPA's authority to terminate or limit this authorization through a rulemaking.

(3) Each manufacturer must comply with the reporting and recordkeeping requirements of paragraph (p) of this section for NMHC credits, including early credits. The averaging, banking and trading program is enforceable through the certificate of conformity that allows the manufacturer to introduce any regulated vehicles into commerce.

(4) Credits are earned on the last day of the model year. Manufacturers must calculate, for a given model year, the number of credits or debits it has generated according to the following equation, rounded to the nearest 0.1 grams/mile:

$$\text{NMHC Credits or Debits} = (\text{Cold Temperature NMHC Standard} - \text{Manufacturer's Sales-Weighted Fleet Average Cold Temperature NMHC Emissions}) \times (\text{Total Number of Vehicles Sold})$$

Where:

Cold Temperature NMHC Standard = 0.3 grams/mile for LDV/LLDTs or 0.5 grams/mile for HLDT/MDPV, per § 86.1811-10(g)(2).  
 Manufacturer's Sales-Weighted Fleet Average Cold Temperature NMHC Emissions = average calculated according to paragraph (m) of this section.

Total Number of Vehicles Sold = Total 50-State sales based on the point of first sale.

(5) The following provisions apply for early banking:

(i) Manufacturers may certify LDV/LLDTs to the cold temperature NMHC exhaust standards in § 86.1811-10(g)(2) for model years 2008-2009 to bank credits for use in the 2010 and later model years. Manufacturers may certify HLDT/MDPVs to the cold temperature NMHC exhaust standards in § 86.1811-10(g)(2) for model years 2010-2011 to bank credits for use in the 2012 and later model years.

(ii) This process is referred to as "early banking" and the resultant credits are referred to as "early credits." To bank early credits, a manufacturer must comply with all exhaust emission standards and requirements applicable to LDV/LLDTs and/or

HLDT/MDPVs. To generate early credits, a manufacturer must separately compute the sales-weighted cold temperature NMHC average of the LDV/LLDTs and HLDT/MDPVs it certifies to the exhaust requirements and separately compute credits using the calculations in paragraph (o)(4) of this section. Early HLDT/MDPV credits may not be applied to LDV/LLDTs before the 2010 model year. Early LDV/LLDT credits may not be applied to HLDT/MDPV before the 2012 model year.

(6) NMHC credits are not subject to any discount or expiration date except as required under the deficit carryforward provisions of paragraph (o)(8) of this section. There is no discounting of unused credits. NMHC credits have unlimited lives, subject to the limitations of paragraph (o)(2) of this section.

(7) Credits may be used as follows:

(i) Credits generated and calculated according to the method in paragraph (o)(4) of this section may be used only to offset deficits accrued with respect to the standard in § 86.1811-10(g)(2). Credits may be banked and used in a future model year in which a manufacturer's average cold temperature NMHC level exceeds the applicable standard. Credits may be exchanged between the LDV/LLDT and HLDT/MDPV fleets of a given manufacturer. Credits may also be traded to another manufacturer according to the provisions in paragraph (o)(9) of this section. Before trading or carrying over credits to the next model year, a manufacturer must apply available credits to offset any credit deficit, where the deadline to offset that credit deficit has not yet passed.

(ii) The use of credits shall not be permitted to address Selective Enforcement Auditing or in-use testing failures. The enforcement of the averaging standard occurs through the vehicle's certificate of conformity. A manufacturer's certificate of conformity is conditioned upon compliance with the averaging provisions. The certificate will be void ab initio if a manufacturer fails to meet the corporate average standard and does not obtain appropriate credits to cover its shortfall in that model year or in the subsequent

model year (see deficit carryforward provision in paragraph (o)(8) of this section). Manufacturers must track their certification levels and sales unless they produce only vehicles certified to cold temperature NMHC levels below the standard and do not plan to bank credits.

(8) The following provisions apply if debits are accrued:

(i) If a manufacturer calculates that it has negative credits (also called “debits” or a “credit deficit”) for a given model year, it may carry that deficit forward into the next model year. Such a carry-forward may only occur after the manufacturer exhausts any supply of banked credits. At the end of that next model year, the deficit must be covered with an appropriate number of credits that the manufacturer generates or purchases. Any remaining deficit is subject to an enforcement action, as described in this paragraph (o)(8). Manufacturers are not permitted to have a credit deficit for two consecutive years.

(ii) If debits are not offset within the specified time period, the number of vehicles not meeting the fleet average cold temperature NMHC standards (and therefore not covered by the certificate) must be calculated by dividing the total amount of debits for the model year by the fleet average cold temperature NMHC standard applicable for the model year in which the debits were first incurred.

(iii) EPA will determine the number of vehicles for which the condition on the certificate was not satisfied by designating vehicles in those test groups with the highest certification cold temperature NMHC emission values first and continuing until reaching a number of vehicles equal to the calculated number of noncomplying vehicles as determined above. If this calculation determines that only a portion of vehicles in a test group contribute to the debit situation, then EPA will designate actual vehicles in that test group as not covered by the certificate, starting with the last vehicle produced and counting backwards.

(iv)(A) If a manufacturer ceases production of LDV/LLDTs and HLDT/MDPVs, the manufacturer continues to be responsible for offsetting any debits

outstanding within the required time period. Any failure to offset the debits will be considered a violation of paragraph (o)(8)(i) of this section and may subject the manufacturer to an enforcement action for sale of vehicles not covered by a certificate, pursuant to paragraphs (o)(8)(ii) and (iii) of this section.

(B) If a manufacturer is purchased by, merges with, or otherwise combines with another manufacturer, the controlling entity is responsible for offsetting any debits outstanding within the required time period. Any failure to offset the debits will be considered a violation of paragraph (o)(8)(i) of this section and may subject the manufacturer to an enforcement action for sale of vehicles not covered by a certificate, pursuant to paragraphs (o)(8)(ii) and (iii) of this section.

(v) For purposes of calculating the statute of limitations, a violation of the requirements of paragraph (o)(8)(i) of this section, a failure to satisfy the conditions upon which a certificate(s) was issued and hence a sale of vehicles not covered by the certificate, all occur upon the expiration of the deadline for offsetting debits specified in paragraph (o)(8)(i) of this section.

(9) The following provisions apply to NMHC credit trading:

(i) EPA may reject NMHC credit trades if the involved manufacturers fail to submit the credit trade notification in the annual report. A manufacturer may not sell credits that are not available for sale pursuant to the provisions in paragraphs (o)(7)(i) of this section.

(ii) In the event of a negative credit balance resulting from a transaction that a manufacturer could not cover by the reporting deadline for the model year in which the trade occurred, both the buyer and seller are liable, except in cases involving fraud. EPA may void ab initio the certificates of conformity of all engine families participating in such a trade.

(iii) A manufacturer may only trade credits that it has generated pursuant to paragraph (o)(4) of this section or acquired from another party.

(p) *Maintenance of records and submittal of information relevant to compliance with fleet average cold temperature*

*NMHC standards*—(1) *Maintenance of records.* (i) Manufacturers producing any light-duty vehicles, light-duty trucks, or medium-duty passenger vehicles subject to the provisions in this subpart must establish, maintain, and retain all the following information in adequately organized records for each model year:

(A) Model year.

(B) Applicable fleet average cold temperature NMHC standards.

(C) Fleet average cold temperature NMHC value.

(D) All values used in calculating the fleet average cold temperature NMHC value.

(ii) Manufacturers producing any light-duty vehicles, light-duty trucks, or medium-duty passenger vehicles subject to the provisions in this subpart must establish, maintain, and retain all the following information in adequately organized records for each LDV/T or MDPV subject to this subpart:

(A) Model year.

(B) Applicable fleet average cold temperature NMHC standard.

(C) EPA test group.

(D) Assembly plant.

(E) Vehicle identification number.

(F) Cold temperature NMHC FEL to which the LDV, LDT, or MDPV is certified.

(G) Information on the point of first sale, including the purchaser, city, and state.

(iii) Manufacturers must retain all required records for a period of eight years from the due date for the annual report. Records may be stored in any format and on any media, as long as manufacturers can promptly send EPA organized, written records in English if we ask for them. Manufacturers must keep records readily available as EPA may review them at any time.

(iv) The Administrator may require the manufacturer to retain additional records or submit information not specifically required by this section.

(v) Pursuant to a request made by the Administrator, the manufacturer must submit to the Administrator the information that the manufacturer is required to retain.

(vi) EPA may void ab initio a certificate of conformity for vehicles cer-

tified to emission standards as set forth or otherwise referenced in this subpart for which the manufacturer fails to retain the records required in this section or to provide such information to the Administrator upon request.

(2) *Reporting.* (i) Each covered manufacturer must submit an annual report. The annual report must contain for each applicable cold temperature NMHC standard, the calculated fleet average cold temperature NMHC value, all values required to calculate the cold temperature NMHC emissions value, the number of credits generated or debits incurred, all the values required to calculate the credits or debits, the resulting balance of credits or debits, and sufficient information to show compliance with all phase-in or alternate phase-in requirements.

(ii) For each applicable fleet average cold temperature NMHC standard, the annual report must also include documentation on all credit transactions the manufacturer has engaged in since those included in the last report. Information for each transaction must include all of the following:

(A) Name of credit provider.

(B) Name of credit recipient.

(C) Date the trade occurred.

(D) Quantity of credits traded.

(E) Model year in which the credits were earned.

(iii) Unless a manufacturer reports the data required by this section in the annual production report required under § 86.1844-01(e), a manufacturer must submit an annual report for each model year after production ends for all affected vehicles produced by the manufacturer subject to the provisions of this subpart and no later than May 1 of the calendar year following the given model year. Annual reports must be submitted to: Director, Compliance and Innovative Strategies Division, U.S. Environmental Protection Agency, 2000 Traverwood, Ann Arbor, Michigan 48105.

(iv) Failure by a manufacturer to submit the annual report in the specified time period for all vehicles subject to the provisions in this section is a violation of section 203(a)(1) of the Clean Air Act (42 U.S.C. 7522 (a)(1)) for

each applicable vehicle produced by that manufacturer.

(v) If EPA or the manufacturer determines that a reporting error occurred on an annual report previously submitted to EPA, the manufacturer's credit or debit calculations will be recalculated. EPA may void erroneous credits, unless traded, and will adjust erroneous debits. In the case of traded erroneous credits, EPA must adjust the selling manufacturer's credit balance to reflect the sale of such credits and any resulting credit deficit.

(3) *Notice of opportunity for hearing.* Any revoking of the certificate under paragraph (p)(1)(vi) of this section will be made only after EPA has offered the affected manufacturer an opportunity for a hearing conducted in accordance with §86.614-84 for light-duty vehicles or §86.1014-84 for light-duty trucks and, if a manufacturer requests such a hearing, will be made only after an initial decision by the Presiding Officer.

[72 FR 8567, Feb. 26, 2007]

#### APPENDIX I TO SUBPART S OF PART 86— VEHICLE PROCUREMENT METHODOLOGY

I. *Test Sampling:* The master owner list will be obtained from manufacturer records or owner registration lists. The list shall include all vehicle configurations of the target reality check test group within the selected mailing area. The mailing area shall be within a radius of at least 20 miles from the test site.

II. *Selection Guidelines:* The manufacturer or their representative shall make a reasonable effort to contact potential participants. Solicitation letters will be sent to potential participants in the order of their appearance on a randomized master owner list. The manufacturer or their representative shall perform the following steps:

(a) The manufacturer or their representative shall mail solicitation letters in batches. The size of each batch is at least five times the required number of vehicles to be tested for the group that year. First class mail shall be used.

(b) If the response rate is less than 20% after two to four weeks, the manufacturer or their representative shall make one more attempt and send a new solicitation package to the potential participants who have not yet responded.

(c) A telephone questionnaire will be conducted on a random selection of returned, positive-response postcards.

(d) If the required number of vehicles is not obtained, additional solicitation letters shall

be sent to the next batch of potential participants in the order of their appearance on a randomized master owner list until the required number of vehicles are procured.

(e) Alternative selection methods may be used with advanced approval from the Administrator.

III. *Vehicles Not Available:* Vehicles may not be available or will not be pursued for procurement for the following reasons:

(a) The potential participant response indicates "not willing to participate."

(b) The customer has moved out of the area.

(c) The solicitation letter is undeliverable.

(d) The customer did not respond after two attempts.

(e) The vehicle is not in the appropriate mileage or age category.

#### APPENDIX II TO SUBPART S OF PART 86— AS-RECEIVED TESTING VEHICLE REJECTION CRITERIA

1. The odometer is inoperative, has been replaced, or the indicated mileage is outside the target range.

2. The emission system of the vehicle has been obviously tampered or the vehicle has been operated on leaded fuel. A manufacturer may request a vehicle be rejected because of the addition of an aftermarket security system if the manufacturer establishes that the installation would make that vehicle's emissions unrepresentative.

3. The vehicle has been used for severe duty (trailer towing for passenger cars, snow plowing, racing)

4. The vehicle has a history of extensive collision damage or major engine repair (piston, crank, cylinder head, engine block).

5. The vehicle exhibits ominous noises or serious fluid leaks from the engine or transmission, a modified exhaust system, (headers, side pipes, aftermarket catalysts, etc) or an exhaust system with an audible leak.

6. Testing the vehicle could endanger the safety of the vehicle, test facility, or individuals conducting the testing.

7. The MIL light is flashing (severe misfire indication).

8. Other items with prior agency approval.

#### APPENDIX III TO SUBPART S OF PART 86—AS-RECEIVED INSPECTION

Items to be recorded at time of Initial Inspection of Vehicle—

1. Date of Inspection
3. Test Group
4. Evaporative/refueling Family
5. Vehicle model
6. Odometer Reading
7. Build Date
8. MIL light on/off status
9. Readiness code status
10. Stored OBD codes