

section: "This engine is certified to operate only in transportation refrigeration units. Use of this the engine in other applications is a violation of federal law subject to civil penalty."

(2) State in the installation instructions required by § 1039.130 all instructions necessary to ensure that the engine will operate only in the modes covered by the test cycle described in this section.

(3) Keep records to document the destinations and quantities of engines produced under this section.

(e) An engine is not a TRU engine that can be certified under this section if any of the following are true:

(1) The engine is installed in any equipment other than refrigeration units for railcars, truck trailers or other freight vehicles.

(2) The engine operates in any mode not covered by the test cycle described in this section, except for negligible transitional operation between two allowable modes. As an example, a thirty-second transition period would clearly not be considered negligible.

(3) The engine is sold in a configuration that allows the engine to operate in any mode not covered by the test cycle described in this section. As an example, this would include an engine sold without a governor that limited operation to only those modes covered by the test cycle described in this section.

(4) The engine is subject to Tier 3 or earlier standards, or phase-out Tier 4 standards.

(f) All engines certified under this section must comply with the NTE requirements of subpart B of this part. This requirement applies without regard to whether the engine would otherwise have been subject to NTE standards if it had not been certified under this section.

Subpart H—Averaging, Banking, and Trading for Certification

§ 1039.701 General provisions.

(a) You may average, bank, and trade (ABT) emission credits for purposes of certification as described in this subpart to show compliance with the standards of this part. Participation in this program is voluntary.

(b) The averaging set restrictions that apply are specified in § 1039.735.

(c) The definitions of Subpart I of this part apply to this subpart. The following definitions also apply:

(1) *Actual credits* means credits you have generated that we have verified in reviewing the final report.

(2) *Broker* means any entity that facilitates a trade between a buyer and seller.

(3) *Buyer* means the entity that receives credits as a result of trade.

(4) *Reserved credits* means credits you have generated that we have not yet verified in reviewing the final report.

(5) *Seller* means the entity that provides credits during a trade.

(6) *Standard* means the standard that applies under subpart B of this part for engines not participating in the ABT program of this subpart.

(d) Credits generated under this subpart cannot be used to offset any exceedances above FEL. This applies for all testing, including certification, SEA, and in-use testing. Note: You may use credits to allow you to recertify the engine family to a higher FEL that would be applicable to future production.

(e) Credits can be used in the year they are generated or in future years. Credits may not be used for past model years.

(f) Engine families that use credits for one or more pollutants, may not generate positive credits for another pollutant.

§ 1039.705 How do I generate and calculate emission credits?

The provisions of this section apply separately for calculating NO_x credits, $\text{NMHC}+\text{NO}_x$ credits, or PM credits.

(a) Calculate positive credits for an engine family that has an FEL below the applicable standard. Calculate negative credits for an engine family that has an FEL above the applicable standard.

(b) For each participating engine family, calculate NO_x emission credits, $\text{NMHC}+\text{NO}_x$ emission credits and/or PM emission credits (positive or negative) according to the following equation. Round them to the nearest one-hundredth of a megagram (Mg), using consistent units throughout the equation:

$$\text{Emission credits} = (\text{Std} - \text{FEL}) \times (\text{Volume}) \times (\text{AvgPR}) \div (\text{UL} \times (10^{-6}))$$

Where:

Std = the standard, in grams per kilowatt-hour, that applies under subpart B of this part for engines not participating in the ABT program of this subpart.

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

Volume = the number of nonroad engines eligible to participate in the averaging, banking, and trading program within the given engine family during the model year, as described in paragraph (c) of this section.

AvgPR = the average maximum engine power of all of the configurations within an engine family, calculated on a sales-weighted basis, in kilowatts.

UL = the useful life for the given engine family, in hours.

(c) Use quarterly projections of production volumes for initial certification. Compliance at the end of the model year is determined based on the actual applicable production/sales volumes. Do not include any of the following engines in your applicable production/sales volumes:

(1) Engines exempted under subpart G of this part or under part 1068.

(2) Exported engines.

(3) Engines not subject to the requirements of this part, including engines excluded under § 1039.5.

(4) Engines certified using special test procedures under 40 CFR 1065.10. (Note: this restriction does not apply for engines certified using alternate test procedures under 40 CFR 1065.10.)

(5) Any other engines, where we indicate elsewhere in this part 1039 that they are not to be included in the calculations of this subpart.

§ 1039.710 How do I average?

(a) Averaging is the exchange of emissions credits among engine families.

(b) You may certify one or more engine families to an FEL above or below the applicable standard if you show, at the time of certification, that the summation of your projected balance of all emissions credit transactions in that model year is greater than or equal to zero.

(c) If you certify an engine family to an FEL that exceeds the applicable standard, you must obtain sufficient emissions credits to offset the credit shortfall produced by the engine family. Emissions credits used in averaging to address this shortfall may come from emissions credits generated from your other engine families in the same model year, from banked emissions credits, or from emissions credits obtained through trading.

§ 1039.715 How do I bank emission credits?

(a) Banking is the retention of emissions credits by the manufacturer generating the emissions credits, for use in averaging or trading in future model years.

(b) In your application for certification, designate any emissions credits that you intend to bank. These credits will be considered reserved