

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

(c) Credits designated 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 or final report or any subsequent audit actions.

(d) Banked credits are considered actual credits only after the end of the model year and after EPA has reviewed the end-of-year and final reports.

§ 1039.720 How do I trade emissions credits?

(a) Trading is the exchange of emissions credits between manufacturers. Trading of emissions credits may only occur within the same averaging set.

(b) You may trade actual or reserved credits. Credits banked in a previous model year or credits generated during the model year of the trading transaction may be used for trading. Traded reserved credits, such as those generated during the model year of the trading transaction, remain reserved until we verify them after the end of the model year. Traded credits may be used for averaging, banking, or further trading transactions.

(c) If a negative credit balance results from a transaction, both the buyer and seller are liable, except in cases deemed involving fraud. Certificates of all engine families participating in a negative trade may be voided under § 1039.740.

§ 1039.725 What records must I keep?

(a) Establish, maintain and keep the following properly organized and indexed records for each engine family certified using the ABT program in this subpart:

(1) Model year and EPA engine family.

(2) FELs.

(3) Useful life.

(4) Maximum engine power for each configuration tested.

(5) Projected applicable production/sales volume for the model year.

(6) Actual applicable production/sales volume for the model year.

(b) Establish, maintain and keep the following properly organized and indexed records for each engine in the ABT program:

(1) Model year and EPA engine family.

(2) Engine identification number.

(3) Maximum engine power.

(4) Build date and assembly plant.

(5) Purchaser and destination.

(c) Manufacturers involved in trading reserved credits must maintain the records specified in this paragraph (c) for each engine family in the trading program. We may ask you to provide this information on a quarterly basis. This requirement applies with respect to the following information:

(1) The engine family.

(2) The actual quarterly and cumulative applicable production/sales volume.

(3) All values required to calculate credits.

(4) The resulting type and number of credits generated/required.

(5) How and where credit surpluses are dispersed.

(6) How and through what means credit deficits are met.

(d) Keep the records required by this section for eight years from the due date for the end-of-year report. You may use any appropriate storage formats or media, including paper, microfilm, or computer diskettes.

(e) Nothing in this section limits our discretion in requiring the manufacturer to retain additional records or submit information not specifically required by this section.

(f) Upon request, you must submit to us the information specified in this section.

§ 1039.730 What must I include in my application for certification?

(a) You must declare in your application your intent to use the provisions of this subpart for each engine family that will be certified using the ABT program. You must also declare for which pollutants you are using ABT, and declare the FELs for your engine family for those pollutants. Your FELs must comply with the specifications of subpart B of this part, including the FEL caps. FELs must be expressed to the same number of decimal places as the applicable standards.

(b) Include the following in your application for certification:

(1) A statement that, to the best of your belief, you will not have a negative credit balance for any engine family when all credits are calculated.

(2) Detailed calculations of projected emission credits (positive or negative) based on quarterly projections of applicable production/sales volume. If your engine family will generate positive emission credits, state specifically where the credits will be applied (e.g., to which engine family they will be applied in averaging, trading, or if they will be reserved for

banking). If you have negative emission credits for your engine family, state the source of positive credits needed to offset the negative credits. Describe the source of credits by indicating from which engine family (and manufacturer, as applicable), and by specifying whether the credits are actual or reserved and whether they come from banking, trading, or from averaging with your other engine families within the model year.

§ 1039.732 What reports must I submit after the end of the model year?

This section specifies the requirements for submitting the end-of-year report and the final report. This section specifies in paragraph (g) an additional report that must be submitted if you are involved in a trade of credits.

(a)(1) If any of your engine families are certified using the ABT provisions of this subpart, you must submit the end-of-year report within 90 days of the end of the model year. The end-of-year report must include the information specified in this section. We may waive the requirement to submit the end-of-year report, provided you submit the final report specified in paragraph (a)(2) of this section.

(2) If any of your engine families are certified using the ABT provisions of this subpart, you must submit the final report within 270 days of the end of the model year. The final report must include the information specified in this section.

(b) Failure to submit reports on time is a violation of the Act with respect to each engine.

(c) Your end-of-year and final reports must identify the engine families for which they apply and must include:

(i) Detailed calculation of emission credits (positive or negative) based on actual applicable production/sales volumes. Base your applicable production/sales volumes on the location of first retail sale. This location is also called the final product purchase location. A dealership is a typical location for the first retail sale.

(ii) Demonstrate that you have the positive credits needed to offset any negative credits.

(iii) State whether you will reserve any credits for banking.

(d) Send end-of-year reports to the Designated Compliance Officer.

(e) If you generate credits for banking and you do not send your end-of-year reports within 90 days after the end of the model year, you may not use the credits until we receive and review your reports. You may not use projected credits pending our review.