

§ 88.205-94

40 CFR Ch. I (7-1-04 Edition)

meet the criteria of (d) of this paragraph will not be included.

TCPPS = Pilot program annual CFV sales requirement (either 150,000 or 300,000) for the model year in question.

(i) A manufacturer's share of required annual sales for model years 1996 and 1997 will be based on LDV and light LDT sales only. Once the heavy LDT standards are effective beginning with model year 1998, a manufacturer's required sales share will be based on all LDV and LDT sales.

(ii) A manufacturer certifying for the first time in California shall calculate annual required sales share based on projected California sales for the model year in question. In the second year, the manufacturer shall use actual sales from the previous year. In the third year, the manufacturer will use sales from two model years prior to the year in question. In the fourth year, the manufacturer will use sales from three years prior to the year in question. In the fifth year and subsequent years, the manufacturer will use average sales from three and four years prior to the year in question.

(d) (1) Small volume manufacturer is defined in the Pilot program as one whose average annual LDV and LDT sales in California are less than or equal to 3,000 units during a consecutive three-year period beginning no earlier than model year 1993.

(i) A manufacturer with less than three consecutive years of sales in California shall use a single year of sales or, if available, the average of two years of sales in California to determine whether they fall at or below the threshold of 3,000 units.

(ii) A manufacturer certifying for the first time in California shall be considered a small volume manufacturer if their projected California sales level is at or below 3,000 units for a given year. Once the manufacturer has actual sales data for one year, this actual sales data shall be used to determine whether the manufacturer qualifies as a small volume manufacturer.

(iii) A manufacturer which does not qualify as a small volume manufacturer in model year 1996 but whose average annual LDV and LDT sales fall to or below the 3,000 unit threshold between 1996 and 2001 shall be treated as

a small volume manufacturer and shall be subject to requirements for small volume manufacturers as specified in paragraph (d)(2) of this section beginning with the next model year.

(2) A manufacturer which qualifies as a small volume manufacturer prior to model year 2001 is not required to comply with the sales requirements of this section until model year 2001.

TABLE B204—PILOT PROGRAM VEHICLE SALES SCHEDULE

Model years	Vehicle types	Required annual sales
1996 and 1997	LDTs (< 6000 GVWR and ≤5750 LVW); and LDVs.	150,000
1998	All Applicable Vehicle Types ...	150,000
1999+	All Applicable Vehicle Types ...	300,000

[59 FR 50078, Sept. 30, 1994, as amended at 61 FR 127, Jan. 3, 1996]

§ 88.205-94 California Pilot Test Program Credits Program.

(a) *General.* (1) The Administrator shall administer this credit program to enable vehicle manufacturers who are required to participate in the California Pilot Test Program to meet the clean-fuel vehicle sales requirements through the use of credits. Participation in this credit program is voluntary.

(2) All credit-generating vehicles must meet the applicable emission standards and other requirements contained in subpart A of this part.

(b) *Credit generation.* (1) Credits may be generated by any of the following means:

(i) Sale of qualifying clean-fuel vehicles earlier than required. Manufacturers may earn these credits starting with the 1992 model year, contingent upon the requirements of paragraph (g) of this section.

(ii) Sale of a greater number of qualifying clean-fuel vehicles than required.

(iii) Sale of qualifying clean-fuel vehicles that meet more stringent emission standards than those required.

(2) For light-duty vehicles and light-duty trucks, credit values shall be determined in accordance with the following:

(i) For model-years through 2000, credit values shall be determined in accordance with table B-1 of this subpart.

(ii) For the 2001 and subsequent model-years, credit values shall be determined according to table B-2 of this subpart. The sale of light-duty vehicles classified as Transitional Low-Emission Vehicles shall not receive credits starting in model year 2001.

(iii) For the calculation of credits for the sale of more clean-fuel vehicles than required, the manufacturer shall designate which sold vehicles count toward compliance with the sales requirement. The remaining balance of vehicles will be considered as sold beyond the sales requirement for credit calculations.

(3) Vehicles greater than 8500 lbs gvwr may not generate credits.

(c) *Credit use.* (1) All credits generated in accordance with these provisions may be freely averaged, traded, or banked for later use. Credits may not be used to remedy any nonconformity determined by enforcement testing.

(2) There is one averaging and trading group containing all light-duty vehicles and light-duty trucks.

(3) A vehicle manufacturer desiring to demonstrate full or partial compliance with the sales requirements by the redemption of credits, shall surrender sufficient credits, as established in this paragraph (c). In lieu of selling a clean-fuel vehicle, a manufacturer shall surrender credits equal to the credit value for the corresponding vehicle class and model year found in table B-1.3 or table B-2.3 of this subpart.

(d) *Participation in the credit program.*

(1) During certification, the manufacturer shall calculate the projected credits, if any, based on required sales projections.

(2) Based on information from paragraph (d)(1) of this section, each manufacturer's certification application under this section must demonstrate:

(i) That at the end of the model-year production, there is a net vehicle credit balance of zero or more with any credits obtained from averaging, trading, or banking.

(ii) It is recommended but not required that the source of the credits to be used to comply with the minimum sales requirements be stated. All such reports should include all credits in-

involved in averaging, trading, or banking.

(3) During the model year, manufacturers must:

(i) Monitor projected versus actual production to be certain that compliance with the sales requirement is achieved at the end of the model year.

(ii) Provide the end of model year reports required under this subpart.

(iii) Maintain the records required under this subpart.

(4) Projected credits based on information supplied in the certification application may be used to obtain a certificate of conformity. However, any such credits may be revoked based on review of end-of-model year reports, follow-up audits, and any other verification steps deemed appropriate by the Administrator.

(5) Compliance under averaging, banking, and trading will be determined at the end of the model year.

(6) If EPA or the manufacturer determines that a reporting error occurred on an end-of-year report previously submitted to EPA under this section, the manufacturer's credits and credit calculations will be recalculated.

(i) If EPA review of a manufacturer's end-of-year report indicates an inadvertent credit shortfall, the manufacturer will be permitted to purchase the necessary credits to bring the credit balance to zero.

(ii) If within 90 days of receipt of the manufacturer's end-of-year report, EPA review determines a reporting error in the manufacturer's favor (i.e., resulting in a positive credit balance) or if the manufacturer discovers such an error within 90 days of EPA receipt of the end-of-year report, the credits will be restored for use by the manufacturer.

(e) *Averaging.* Averaging will only be allowed between clean-fuel vehicles under 8500 lbs gvwr.

(f) *Banking.* (1) *Credit deposits.* (i) Under this program, credits can be banked starting in the 1992 model year.

(ii) A manufacturer may bank credits only after the end of the model year and after EPA has reviewed its end-of-year report. During the model year and before submittal of the end-of-year report, credits originally designated in the certification process for banking

will be considered reserved and may be redesignated for trading or averaging.

(2) *Credit withdraws.* (i) After being generated, banked/reserved credits shall be available for use and shall maintain their original value for an infinite period of time.

(ii) A manufacturer withdrawing banked credits shall indicate so during certification and in its credit reports.

(3) Banked credits may be used in averaging, trading, or in any combination thereof, during the certification period. Credits declared for banking from the previous model year but unreviewed by EPA may also be used. However, they may be revoked at a later time following EPA review of the end-of-year report or any subsequent audit actions.

(g) *Early credits.* Beginning in model year 1992 appropriate credits, as determined from the given credit table, will be given for the sale of vehicles certified to the clean-fuel vehicle standards for TLEVs, LEVs, ULEVs, and ZEVs, where appropriate. For LDVs and light LDTs (<6000 lbs GVWR), early credits can be earned from model year 1992 to the beginning of the Pilot Program sales requirements in 1996. For heavy LDTs (>6000 lbs GVWR), early credits can be earned from model years 1992 through 1997. The actual calculation of early credits shall not begin until model year 1996.

[57 FR 60046, Dec. 17, 1992, as amended at 61 FR 127, Jan. 3, 1996]

§ 88.206-94 State opt-in for the California Pilot Test Program.

(a) A state may opt into the Pilot program if it contains all or part of an

ozone nonattainment area classified as serious, severe, or extreme under subpart D of Title I.

(b) A state may opt into the program by submitting SIP revisions that meet the requirements of this section.

(c) For a state that chooses to opt in, SIP provisions can not take effect until one year after the state has provided notice to of such provisions to motor vehicle manufacturers and fuel suppliers.

(d) A state that chooses to opt into the program can not require a sales or production mandate for CFVs or clean alternative fuels. States may not subject fuel or vehicle suppliers to penalties or sanctions for failing to produce or sell CFVs or clean alternative fuels.

(e) (1) A state's SIP may include incentives for the sale or use in such state of CFVs required in California by the Clean Fuel Fleet Program, and the use of clean alternative fuels required to be made available in California by the California Pilot Program.

(2) Incentives may include:

(i) A registration fee on non-CFVs of at least 1 percent of the total cost of the vehicle. These fees shall be used to:

(A) Provide financial incentives to purchasers of CFVs and vehicle dealers who sell high volumes or high percentages of CFVs.

(B) Defray administrative costs of the incentive program.

(ii) Exemptions for CFVs from high occupancy vehicle or trip reduction requirements.

(iii) Preferences for CFVs in the use of existing parking places.

[59 FR 50078, Sept. 30, 1994]

TABLES TO SUBPART B OF PART 88

TABLE B-1—CREDIT TABLE FOR PHASE I VEHICLE EQUIVALENTS FOR LIGHT-DUTY VEHICLES AND LIGHT-DUTY TRUCKS

TABLE B-1.1—CREDIT GENERATION: SELLING MORE CLEAN-FUEL VEHICLES THAN REQUIRED
[Phase I: Effective Through 2000 Model-Year]

Vehicle emission category	LDV & LDT ≤6000 gvwr ≤3750 lvw	LDT ≤6000 gvwr >3750 lvw ≤5750 lvw	LDT ≤6000 gvwr ≤3750 alvw	LDT ≤6000 gvwr >3750 alvw ≤5750 alvw	LDT ≤6000 gvwr >5750 alvw
TLEV	1.00	1.28	(¹)	(¹)	(¹)
LEV	1.40	1.76	1.00	1.28	1.56
ULEV	1.68	2.16	1.40	1.76	2.18