

Environmental Protection Agency

§ 1039.627

TABLE 1 OF § 1039.626—PER-ENGINE BOND VALUES—Continued

| For engines with maximum engine power falling in the following ranges . . . | The per-engine bond value is . . . |
|---|------------------------------------|
| 225 ≤ kW < 450 | 3,000 |
| kW ≥ 450 | 8,000 |

(iv) You will forfeit the proceeds of the bond posted under this paragraph (a)(9) if you need to satisfy any United States administrative final order or judicial judgment against you arising from your conduct in violation of this part 1039, including such conduct that violates 18 U.S.C. 1001, 42 U.S.C. 7413(c)(2), or other applicable provisions of the Clean Air Act.

(b) The provisions of this paragraph (b) apply to importers that do not install engines into equipment and do not have primary responsibility for designing and manufacturing equipment. Such importers may import equipment with engines exempted under § 1039.625 only if each engine is exempted under an allowance provided to an equipment manufacturer meeting the requirements of § 1039.625 and this section. You must notify us of your intent to use the provisions of this section and send us an annual report, as follows:

(1) Before January 1 of the first year you intend to use the provisions of this section, send the Designated Compliance Officer and the Designated Enforcement Officer a written notice of your intent, including:

(i) Your company's name and address, and your parent company's name and address, if applicable.

(ii) The name and address of the companies that produce the equipment and engines you will be importing under this section.

(iii) Your best estimate of the number of units in each power category you

will import under this section in the upcoming calendar year, broken down by equipment manufacturer and power category.

(iv) The number of units in each power category you have imported in previous calendar years under 40 CFR 89.102(d).

(2) For each year that you use the provisions of this section, send the Designated Compliance Officer and the Designated Enforcement Officer a written report by March 31 of the following year. Include in your report the total number of engines you imported under this section in the preceding calendar year, broken down by engine manufacturer and by equipment manufacturer.

§ 1039.627 What are the incentives for equipment manufacturers to use cleaner engines?

This section allows equipment manufacturers to generate additional allowances under the provisions of § 1039.625 by producing equipment using engines at or above 19 kW certified to specified levels earlier than otherwise required.

(a) For early-compliant engines to generate offsets for use under this section, the following general provisions apply:

(1) The engine manufacturer must comply with the provisions of § 1039.104(a)(1) for the offset-generating engines.

(2) Engines you install in your equipment after December 31 of the years specified in § 1039.104(a)(1) do not generate allowances under this section, even if the engine manufacturer generated offsets for that engine under § 1039.104(a).

(3) Offset-generating engines must be certified to the following standards under this part 1039:

| If the engine's maximum power is . . . | And you install . . . | Certified early to the . . . | You may reduce the number of engines in the same power category that are required to meet the . . . | In later model years by . . . |
|--|-----------------------|------------------------------------|---|-------------------------------|
| (i) kW ≥ 19 | One engine | Emissions standards in § 1039.101. | Standards in Tables 2 through 7 of § 1039.102 or in § 1039.101. | One engine. |

| If the engine's maximum power is . . . | And you install . . . | Certified early to the . . . | You may reduce the number of engines in the same power category that are required to meet the . . . | In later model years by . . . |
|--|-----------------------|---|---|-------------------------------|
| (ii) $56 \leq \text{kW} < 130$ | Two engines | NO _x standards in § 1039.102 (d)(1), and NMHC standard of 0.19 g/kW-hr, a PM standard of 0.02 g/kW-hr, and a CO standard of 5.0 g/kW-hr. | Standards in Tables 2 through 7 of § 1039.102 or in § 1039.101. | One engine. |
| (iii) $130 \leq \text{kW} < 560$ | Two engines | NO _x standards in § 1039.102 (d)(2), an NMHC standard of 0.19 g/kW-hr, a PM standard of 0.02 g/kW-hr, and a CO standard of 3.5 g/kW-hr. | Standards in Tables 2 through 7 of § 1039.102 or in § 1039.101. | One engine. |

(b) *Using engine offsets.* (1) You may use engine offsets generated under paragraph (a) of this section to generate additional allowances under § 1039.625, as follows:

(i) For each engine offset, you may increase the number of available allowances under § 1039.625(b) for that power category by one engine for the years indicated.

(ii) For engines in 56-560 kW power categories, you may transfer engine offsets across power categories within this power range. Calculate the number of additional allowances by scaling the number of generated engine offsets according to the ratio of engine power for offset and allowance engines. Make this calculation for all your offset engines for which you will transfer offsets under this paragraph (b)(1)(ii), then round the result to determine the total number of available power-weighted allowances. For example, if you generate engine offsets for 75 500-kW engines, you may generate up to 37,500 kW-engines of power-weighted allowances. You may apply this to 375 100-kW engines or any other combination that totals 37,500 kW-engines.

(2) You may decline to use the offsets. If you decline, the engine manufacturer may use the provisions of § 1039.104(a)(1).

(c) *Limitation on offsets for engines above 560 kW.* For engines above 560

kW, you must track how many engines you install in generator sets and how many you install in other applications under the provisions of this section. Offsets from generator-set engines may be used only for generator-set engines. Offsets from engines for other applications may be used only for other applications besides generator sets.

(d) *Reporting.* When you submit your first annual report under § 1039.625(g), include the following additional information related to the engines you use to generate offsets under this section:

(1) The name of each engine family involved.

(2) The number of engines from each power category.

(3) The maximum engine power of each engine.

(4) For engines above 560 kW, whether you use engines certified to the standards for generator-set engines.

(e) *In-use fuel.* If the engine manufacturer certifies using ultra low-sulfur diesel fuel, you must take steps to ensure that the in-use engines in the family will use diesel fuel with a sulfur concentration no greater than 15 ppm. For example, selling equipment only into applications where the operator commits to a central-fueling facility with ultra low-sulfur diesel fuel throughout its lifetime would meet this requirement.