

## Environmental Protection Agency

## § 1051.710

(4) Vehicles for which the location of first retail sale is in a state that has applicable state emission regulations for that model year. However, this restriction does not apply if we determine that the state standards and requirements are equivalent to those of this part and that these vehicles sold in such a state will not generate credits under the state program. For example, you may not include vehicles certified for California if it has more stringent emission standards for these vehicles or those vehicles generate or use emission credits under the California program.

(5) Any other vehicles, where we indicate elsewhere in this part 1051 that they are not to be included in the calculations of this subpart.

(e) You may not use emission credits generated under this subpart to offset any emissions that exceed an FEL or standard, except as specified in §1051.225(f)(1). This applies for all testing, including certification testing, in-use testing, selective enforcement audits, and other production-line testing.

(f) Emission credits may be used in the model year they are generated or in future model years. Emission credits may not be used for past model years.

(g) You may increase or decrease an FEL during the model year by amending your application for certification under §1051.225.

[67 FR 68347, Nov. 8, 2002, as amended at 70 FR 40504, July 13, 2005]

### § 1051.705 How do I average emission levels?

(a) As specified in subpart B of this part, certify each vehicle to an FEL, subject to the FEL caps in subpart B of this part.

(b) Calculate a preliminary average emission level according to §1051.720 for each averaging set using projected U.S.-directed production volumes from your application for certification, excluding vehicles described in §1051.701(d)(4).

(c) After the end of your model year, calculate a final average emission level according to §1051.720 for each type of recreational vehicle or engine you manufacture or import. Use actual U.S.-directed production volumes, ex-

cluding vehicles described in §1051.701(d)(4).

(d) If your preliminary average emission level is below the allowable average standard, see §1051.710 for information about generating and banking emission credits. These credits will be considered reserved until we verify them in reviewing the end-of-year report.

(e) If your average emission level is above the allowable average standard, you must obtain enough emission credits to offset the deficit by the due date for the final report required in §1051.730. The emission credits used to address the deficit may come from emission credits you have banked or from emission credits you obtain through trading.

[67 FR 68347, Nov. 8, 2002, as amended at 70 FR 40505, July 13, 2005]

### § 1051.710 How do I generate and bank emission credits?

(a) Banking is the retention of emission credits by the manufacturer generating the emission credits for use in averaging or trading in future model years. You may use banked emission credits only within the averaging set in which they were generated.

(b) If your average emission level is below the average standard, you may calculate credits according to §1051.720. Credits you generate do not expire.

(c) You may generate credits if you are a certifying manufacturer.

(d) In your application for certification, designate any emission credits you intend to bank. These emission credits will be considered reserved credits. During the model year and before the due date for the final report, you may redesignate these emission credits for averaging or trading.

(e) You may use banked emission credits from the previous model year for averaging or trading before we verify them, but we may revoke these emission credits if we are unable to verify them after reviewing your reports or auditing your records.

(f) Reserved credits become actual emission credits only when we verify them in reviewing your final report.

[70 FR 40505, July 13, 2005]