



TPEM OVERVIEW

ALLOWANCES



TPEM Allowances

- § 1039.625(a):
 - “Consider all U.S.-directed equipment sales in showing that you meet the requirements of this section, including those from any parent or subsidiary companies and those from any other companies you license to produce equipment for you. If you produce a type of equipment that has more than one engine, count each engine separately.”
- Allowances:
 - Percent of Production
 - Small Volume
 - Single Family
 - Multi-Family
 - The number of engines manufacturers can exempt under each allowance varies with the power category
 - Consult regs for limits



Allowances

- Percent-of-Production Allowance:
 - Permits the use of non-complying engines on a certain percentage of the equipment that you manufacture for the US market in each power category. The rest of the equipment must use engines certified under the currently applicable standards.
 - Calculate the % annually ($\% \text{ of production} = \frac{\text{equipment with flex engines}}{\text{total production/sales}}$)
 - Then add up the percentage figures for each calendar year; the sum does not exceed 80.
- Example:
 - ABC Company wants to use non-complying engines in 40% of its 2008 US production of equipment in the under 19 kW power category, 30% of its 2009 production, and 10% of its 2010 production. Since the sum of the percentages this company used for the three years it used the allowance is 80 ($40 + 30 + 10 = 80$), ABC Company can no longer use non-complying engines in the 8 to 19 kW power category after 2010.
- When the availability period is over, manufacturers cannot claim any exemptions even if they have not reached the 80 percent cap. Your calculations must be made every calendar year using your actual US-directed production volume for each year.



Allowances

- **Small Volume Allowance:**
 - If you are a small OEM and only manufacture a few models (or if you are a larger OEM but only manufacture a few pieces of equipment in a particular power category), you might benefit from this allowance.
 - Single family:
 - Exempt up to 200 pieces of equipment per year in each power category so long as the total number of exempted pieces after seven years does not exceed 700 and provided that you only exempt equipment using engines from a single engine family per power category each year
 - Multiple engine families:
 - May use multiple engine families as long as limits are met
 - Limits are lower and vary by power category
 - > 130 kW, Max. 100 units per year, 350 units over allowance period
 - < 130 kW, Max. 150 units per year, 525 units over allowance period



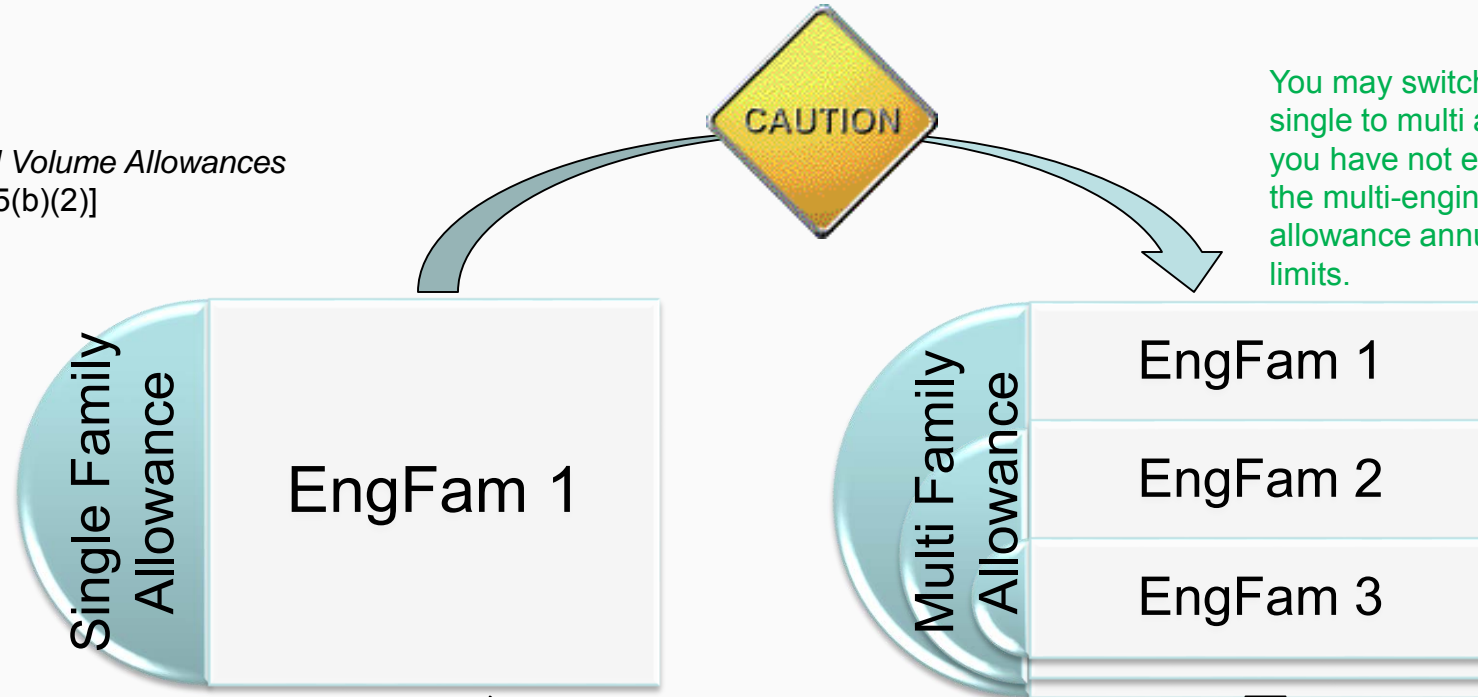
TPEM Allowances

- Use **one** allowance per power category
- Switching allowances
 - After you've started participation in TPEM, you may only switch allowances if you have not already violated the terms of the allowance you want to switch to.
 - You must comply with one allowance per power category during your entire participation in TPEM
 - No need to file a new notification
 - Explain your switch in the comments section of your report



Switching Allowances - Example

[See *Small Volume Allowances*
§ 1039.625(b)(2)]



You may switch from single to multi as long as you have not exceeded the multi-engine family allowance annual/total limits.

Can't switch from multi to single as you have already violated the terms of the single engine family allowance by using more than one engine family in a calendar year.