



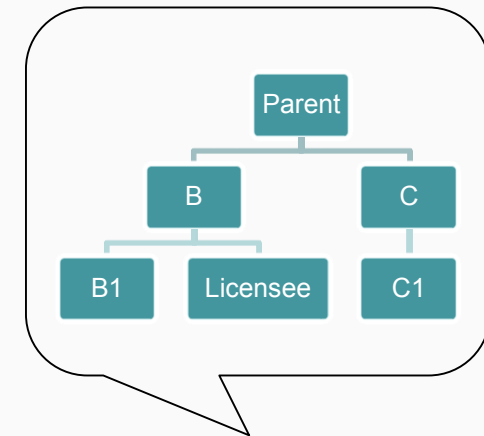
TPEM Compliance

# **FREQUENT COMPLIANCE ISSUES**



## Improper use/reporting of allowances by companies within conglomerates

- Must use only one allowance per power category for the entire company/conglomerate, including:
  - All equipment lines within the same power category
  - All company divisions or sections, regardless of location
  - The parent company and all subsidiaries
  - All companies licensed to produce equipment for you via contract
- Mergers do not usually result in an extra allowance
- While it is best that the parent company manage the allowance, a subsidiary can do it as long as the entire conglomerate is taken into account
- Submit one notification/report for the entire company



*Only one  
allowance per  
power category*



# Frequent TPEM Compliance Issues

- Existing inventory rules do not apply to TPEM engines
  - TPEM flex engines are non-compliant engines
    - You may not use left over TPEM engines after the program/your participation is over
    - Destroy or export (relabeled as “export-only”)
- If you need to replace a TPEM engine in service, follow the replacement engine rules
  - Found at 40 CFR § 1068.240
- TPEM engines should not be manufactured or sold unless an equipment manufacturer has requested it in writing
  - Dealers/distributors/rental companies do not qualify as equipment manufacturers
    - Therefore, they cannot claim allowances, unless they manufacture their own equipment, have primary design control and install some engines ( § 1039.625(a))



## Frequent Compliance Issues

- No communication between engine manufacturers & most equipment manufacturers
  - Equipment manufacturers not sure if their flex engines were previously certified or to what power category they were previously certified to.
- Dealers are the largest source of information for equipment manufacturers
  - But don't seem to have enough information
  - Filing paperwork for equipment manufacturers
    - Many tell their customers to file a notification but don't inform customers of annual reports and recordkeeping requirements.