each of the distributors you intend to designate as your agent under this paragraph (a) in your application for certification. You may continue to use the provisions of this paragraph (a) this for later model years for specific distributors if we approve it based on your clear and convincing demonstration that each distributor can be expected to comply fully with the requirements of this section and 40 CFR 1068.261. We may set additional conditions beyond the provisions specified in this section to ensure that all engines will be in a certified configuration when installed by the equipment manufacturer.

(b) If you identify distributors as your agents under paragraph (a) of this section, you must perform or arrange for audits of all participating distributors and equipment manufacturers based on the following auditing rate instead of the provisions specified in 40 CFR 1068.261(d)(3)(i) and (ii):

(1) If you sell engines to 48 or more equipment manufacturers under the provisions of this section, you must annually perform or arrange for audits of twelve equipment manufacturers to whom you sell engines under this section. To select individual equipment manufacturers, divide all the affected equipment manufacturers into quartiles based on the number of engines they buy from you; select equal numbers of equipment manufacturers from each quartile each model year as much as possible. Vary the equipment manufacturers selected for auditing from year to year, though audits may be repeated in later model years if you find or suspect that a particular equipment manufacturer is not properly installing aftertreatment devices.

(2) If you sell engines to fewer than 48 equipment manufacturers under the provisions of this section, set up a plan to perform or arrange for audits of each equipment manufacturer on average once every four model years.

§ 1054.612 What special provisions apply for equipment manufacturers modifying certified nonhandheld engines?

The provisions of this section apply for all emission families through the 2014 model year; starting with the 2015 model year, these provisions are limited to small-volume emission families.

(a) General provisions. If you buy certified nonhandheld engines for installation in equipment you produce, but you install the engines such that they use intake or exhaust systems that are not part of the originally certified configuration, you become the engine manufacturer for those engines and must certify that they will meet emission standards. We will allow you to utilize the provisions for simplified certification specified in paragraph (b) of this section, as long as your design stays within the overall specifications from the original engine manufacturer (such as exhaust backpressure) and you use a catalyst as described in the original engine manufacturer’s application for certification.

(b) Simplified certification. You must perform testing with an emission-data engine to show that you meet exhaust emission standards; however, you may use the deterioration factor from the original engine manufacturer. The production-line testing requirements in subpart D of this part do not apply for engines certified under this section. You must meet all the other requirements that apply to engine manufacturers for engines subject to standards under this part. The engine family must have the same useful life value specified by the original engine manufacturer for that engine. In your application for certification describe any differences between the original engine manufacturer’s design and yours and explain why the deterioration data generated by the original engine manufacturer is appropriate for your configuration.

(c) Engine exemption. As an engine manufacturer, you may produce nonconforming engines for equipment manufacturers as allowed under this section. You do not have to request this exemption for your engines, but you must have written assurance from equipment manufacturers that they need a certain number of exempted engines under this section. Add a removable label to the engines as described in 40 CFR 1068.262.