



STATEMENT OF BASIS
MINOR MODIFICATION OF
TITLE V FEDERAL OPERATING PERMIT

| | |
|----------------------------|----------------|
| TITLE V PERMIT NO.: | TV2008-02-03 |
| DATE: | Sept. 13, 2011 |
| REVIEWING ENGR: | Ady R. Santos |

A. FACILITY INFORMATION:

| | |
|-----------------------------|--|
| FACILITY NAME | THE PROCTER & GAMBLE MANUFACTURING CO. |
| FACILITY LOCATION | 8201 FRUITRIDGE RD. SACRAMENTO, CA 95826 |
| MAILING ADDRESS | 8201 FRUITRIDGE RD. SACRAMENTO, CA 95826 |
| RESPONSIBLE OFFICIAL | VERNON MURDOCK PLANT MANAGER 916-383-3800 |
| CONTACT PERSON | MATT CRISWELL ENVIRONMENTAL MANAGER 916-381-9712 |

B. PURPOSE OF THIS STATEMENT OF BASIS

The Title V Federal Operating Permit is intended to be a document containing only enforceable terms and conditions as well as any additional information, such as the identification of emission units, emission points, emission sources and processes that make the terms meaningful. 40 CFR Part 70.7(a)(5) requires that each Title V permit have an accompanying "...statement that sets forth the legal and factual basis for the draft permit conditions". The purpose of this Statement of Basis is to satisfy the above requirement by providing pertinent details regarding the permit/application data and permit conditions in a more easily understandable format. This report will also include background narrative and explanations of regulatory decisions made by the reviewer. It should be emphasized that this Statement of Basis, while based on information contained in the permit, is a separate document and is not itself an enforceable term and condition of the permit.

This Statement of Basis is limited to the permit actions in the facility's NSR permit review that were constructed and/or modified since the Title V significant modification, TV2008-02-02.

C. PROPOSAL:

The Procter & Gamble Manufacturing Company (P&G) submitted an application for a minor modification of the Title V Federal Operating Permit to incorporate the NSR permit actions on the process stream modifications of P&G's methyl ester & glycerine and fatty alcohol manufacturing processes. The process modifications will provide back-up controls to the APC Thermal Oxidizers [North Thermal Oxidizer (NTO) and South Thermal Oxidizer (STO)] during any process startup, shutdown or malfunction conditions. The two control equipment, APC Methanol Absorber and APC Scrubber, are now qualified as MON control devices.

Modifications to the existing PROP heater and emergency IC engine for fire fighting equipment will also be included in this Title V minor modification. The boiler was retrofitted with a low-NOx burner to ensure continued compliance with the Rule 411 standards and a new emergency standby IC engine, with a lower HP rating, replaced the existing engine.

D. PERMIT ACTION

This Statement of Basis is for the minor modification of Procter & Gamble Manufacturing Company's Title V Federal Operating Permit No. TV2008-02-02. The current Title V permit expires on April 30, 2014.

The following permit actions have been implemented since the issuance of the initial Title V Permit No. TV1996-02-01:

| <u>Permit Actions</u> | <u>Date</u> | <u>Permit No.</u> |
|--|----------------|-------------------|
| Initial Title V Federal Operating Permit | April 27, 1999 | TV1996-02-01 |
| 1 st Renewal Title V Federal Operating Permit | April 30, 2004 | TV2004-02-01 |
| Minor Modification Title V Federal Operating Permit | Feb. 27, 2009 | TV2004-02-02 |
| 2 nd Renewal Title V Federal Operating Permit | April 30, 2009 | TV2008-02-01 |
| Major Modification Title V Federal Operating Permit | Sept. 22, 2009 | TV2008-02-02 |

The current Title V permit action (TV2008-02-03) involves minor and administrative modifications to Title V Permit No. TV2008-02-02. The modifications to the affected processes are described in a later section.

E. FACILITY DESCRIPTION:

The Procter & Gamble Manufacturing Company Sacramento plant is an integrated industrial facility comprised of four primary process areas. The processes include: (1) physically refined vegetable oil process (PROP); (2) fatty acid process; (3) methyl ester and glycerine process; and (4) fatty alcohol process. The facility converts natural oils, such as coconut and palm kernel oil, to produce various products.

Emissions units associated with these process areas generally include storage and process tanks, bulk silos, reactors, process vessels, condensers, filters, separators, centrifuges,

evaporators, distillation and stripping equipment, dryers, cooling towers, sumps, traps, and other miscellaneous process equipment. Air pollution control devices include scrubbers, baghouses and thermal oxidizers. In addition to the process area, other emissions units include natural gas-fired heaters and boilers, and emergency standby IC engine.

F. PROCESS DESCRIPTION:

STORAGE TANK FARM

This is storage for raw materials, intermediates and finished products, including coconut oil, esters, fatty alcohols and fatty acids. The tank farm includes rail car and tank truck loading and unloading capability.

PHYSICALLY REFINED OIL PROCESS

Also known as 'PROP', this process removes contaminants from vegetable oils, preparing them for further processing into esters and glycerine. PROP employs filtration aids, filtration, steam stripping and vacuum to remove particles, free fatty acids and odor bodies from the oil, resulting in an intermediate known as refined, bleached and deodorized oil.

METHYL ESTER & GLYCERINE MANUFACTURING PROCESS

Vegetable oils, predominantly coconut and palm kernel, are reacted with methyl alcohol in the presence of sodium methylate. The glycerides which make up the oils react to form methyl esters and crude glycerine. The mixture of glycerine and esters are gravity separated, washed and dried prior to entering interim storage. The esters are fractionated into short chain (C6-C10) and long chain (C12-C18) blends for further processing into finished product. The glycerine is shipped to a P&G facility for final processing.

FATTY ALCOHOL MANUFACTURING PROCESS

Long chain methyl esters (C12-C18) are heated and pressurized prior to mixing with hydrogen and catalyst. The mixture reacts in a four-stage plug flow reactor, hydrogenating the ester to a fatty alcohol and liberating methanol. The methanol and excess hydrogen are recovered for reuse. The mixture of fatty alcohol and catalyst are separated by means of centrifuges and filters. The fatty alcohol mixture is fractionated into C12-C14 blend used for surfactant making and pure forms of cetyl and stearyl alcohol which find many uses in the chemical and cosmetic industries.

FATTY ACIDS MANUFACTURING PROCESS

Short chain methyl esters (C6-C10) are reacted with sodium hydroxide, liberating methanol and producing a soapy material. The soap is reacted with sulfuric acid to produce a fatty acid, water and sodium sulfate salt. Following washing and gravity separation, the fatty acid is vacuum dried and distilled to finished product. The methanol is dried and returned to the ester making process.

G. SIGNIFICANT EMISSIONS UNIT DESCRIPTION:

SMAQMD PERMIT NO. 22033 – BOILER (PROP HEATER)

BOILER, GTS ENERGY, MODEL NUK600, SERIAL NO. G-4952, 3.75 MMBTU/HR HEAT INPUT RATING, NATURAL GAS-FIRED [*SERVING THE PHYSICALLY REFINED OIL PROCESS*]

SMAQMD PERMIT NO. 22270 – METHYL ESTER & GLYCERINE MANUFACTURING PROCESS CONSISTING OF:

1. SODIUM METHOXIDE CATALYST MAKING PROCESS
 - A. METHANOL ANALYSIS TANK
 - B. SODIUM METHOXIDE INTERCHANGE
 - C. SODIUM METHOXIDE ANALYSIS TANKS
 - D. SODIUM METHOXIDE PUMP
 - E. SODIUM METHOXIDE COLUMN
 - F. SODIUM METHOXIDE REBOILER
 - G. DRY METHANOL FINAL CONDENSER
2. ESTER MAKING, FLASHING, WASHING AND DRYING PROCESS
 - A. ESTERIFICATION 1ST, 2ND AND 3RD SETTLER MIXERS
 - B. ESTERIFICATION REACTOR
 - C. ESTERIFICATION 1ST, 2ND AND 3RD SETTLERS
 - D. ESTER PUMP
 - E. ESTER FLASH INTERCHANGER
 - F. ESTER FLASH PREHEATER
 - G. ESTER FLASH TANK
 - H. ESTER FLASH COOLER
 - I. ESTER FLASH PUMP
 - J. ESTER WASH WATER COOLER
 - K. FOUR (4) ESTER WASH COLUMNS
 - L. ESTER DRYER
 - M. ESTER DRYER PUMP
 - N. ESTER DRYER CONDENSER
 - O. ESTER DRYER VACUUM SYSTEM
 - P. ESTER DRYER METHANOL CONDENSER
 - Q. ESTER DRYER CONDENSATE PUMP
3. LIGHT CUT ESTER FRACTIONATION PROCESS
 - A. LIGHT CUT ESTER PREHEATER
 - B. LIGHT CUT ESTER STILL
 - C. LIGHT CUT ESTER CONDENSER
 - D. LIGHT CUT ESTER VENT CONDENSER
 - E. SINGLE STAGE EJECTOR
 - F. LIGHT CUT ESTER PUMPS
 - G. LIGHT CUT ESTER PRODUCT COOLER
 - H. LIGHT CUT ESTER REBOILER
 - I. LIGHT CUT ESTER POT PUMPS

4. INTERMEDIATE ESTER FRACTIONATION PROCESS
 - A. INTERMEDIATE ESTER STILL
 - B. INTERMEDIATE ESTER CONDENSER
 - C. INTERMEDIATE ESTER VENT CONDENSER
 - D. HEAVY CUT ESTER DISTILLATE RECEIVER
 - E. INTERMEDIATE ESTER DISTILLATE PUMP
 - F. INTERMEDIATE ESTER COOLER
 - G. INTERMEDIATE ESTER REBOILER
 - H. INTERMEDIATE ESTER POT PUMPS
 - I. THREE (3) ESTER BOTTOMS TANKS
 - J. ESTER BOTTOMS TO REFINERY TANKS
 - K. TWO (2) ESTER FEED TO REFINERY TANKS
 - L. ESTER SCALE TANK
 - M. TWO (2) ESTER SWING TANKS
 - N. WCE BOTTOMS TANKS
5. ESTER FRACTIONATION PROCESS
 - A. ESTER STILL
 - B. ESTER CONDENSER
 - C. ESTER VENT CONDENSER
 - D. ESTER DISTILLATE RECEIVER
 - E. ESTER DISTILLATE PUMP
 - F. ESTER COOLER
 - G. ESTER REBOILER
 - H. ESTER POT PUMPS
 - I. FIVE (5) ESTER TO SCALE TANKS
 - J. THREE (3) ESTERS TO HFA
 - K. ESTER TO HFA TANK
 - L. TWO (2) ESTERS TO LCFA TANKS
 - M. FOUR (4) ESTERS TO LCFA/SCALES TANKS
6. METHANOL CONCENTRATOR PROCESS
 - A. METHANOL CONCENTRATOR FEE/BOTTOMS INTERCHANGER
 - B. METHANOL CONCENTRATOR
 - C. METHANOL CONCENTRATOR BOTTOM PUMP
 - D. METHANOL CONCENTRATOR RE BOILER
7. METHANOL RECOVERY/DRYING PROCESS
 - A. ESTER VENT SEAL TANK
 - B. METHANOL DRYER FEED TANK
 - C. METHANOL DRYER FEED PUMP
 - D. METHANOL DRYER INTERCHANGER
 - E. METHANOL DRYER PUMP
 - F. METHANOL DRYER
 - G. WEST VENT CONDENSER
 - H. WEST VENT FINAL CONDENSER
 - I. METHANOL STORAGE TANK
 - J. METHANOL CONDENSER

- K. METHANOL DISTILLATE TANK
- L. METHANOL DISTILLATE PUMP
- 8. GLYCERINE COLUMN PROCESS
 - A. DRY GLYCERINE TANK
 - B. DRY GLYCERINE FEED PUMP
 - C. GLYCERINE COLUMN
 - D. GLYCERINE COLUMN PUMP
 - E. GLYCERINE COLUMN REBOILER
 - F. GLYCERINE INTERCHANGER
 - G. GLYCERINE BOTTOMS COOLER
- 9. GLYCERINE ACIDULATION AND NEUTRALIZATION PROCESS
 - A. GLYCERINE ACIDULATION MIXER
 - B. GLYCERINE ACIDULATION REACTOR/SETTLER
 - C. ACIDULATED GLYCERINE PUMP
 - D. DILUTE CAUSTIC PUMP
 - E. GLYCERINE NEUTRALIZATION MIXER
 - F. ACIDULATED SOAPSTONE SURGE TANK
 - G. ACIDULATED SOAPSTONE SURGE PUMP
- 10. GLYCERINE CONCENTRATION FEED TANK
 - A. GLYCERINE EVAPORATOR FEED TANK
 - B. GLYCERINE EVAPORATOR
 - C. GLYCERINE EVAPORATOR REBOILER
 - D. GLYCERINE EVAPORATOR PUMP
 - E. GLYCERINE PRODUCT PUMP
 - F. GLYCERINE EVAPORATOR CONDENSER
 - G. GLYCERINE EVAPORATOR CONDENSER PUMP
 - H. 3-STAGE EJECTOR
 - I. GLYCERINE TO SHIPMENT TANK

SMAQMD PERMIT NO. 22483 – APC THERMAL OXIDIZER

APC THERMAL OXIDIZER [NORTH THERMAL OXIDIZER (NTO)], BAKER FURNACE, MODEL SX 2500 SCFM, 6 MMBTU/HR HEAT INPUT RATING, 7½ HP COMBUSTION BLOWER
[VENTING VARIOUS EMISSIONS UNITS IN THE METHYL ESTER & GLYCERINE MANUFACTURING PROCESS (P/O NO. 22270), WHICH INCLUDES THE METHANOL RECOVERY PROCESS AND THE FATTY ACIDS MANUFACTURING PROCESS (P/O NO. 20505)]

SMAQMD PERMIT NO. 22484 – APC THERMAL OXIDIZER

APC THERMAL OXIDIZER [SOUTH THERMAL OXIDIZER (STO)], BAKER FURNACE, MODEL SX 2500 SCFM, 6 MMBTU/HR HEAT INPUT RATING, 7½ HP COMBUSTION BLOWER
[VENTING VARIOUS EMISSIONS UNITS IN THE FATTY ALCOHOL MANUFACTURING PROCESS (P/O 22007)]

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SMAQMD PERMIT NO. 22485 – APC METHANOL ABSORBER

APC METHANOL (KNOCKOUT DRUM) ABSORBER VENTING TO THE FIRE PIT STACK
(P/O 16564)

[QUALIFIED AS A MON CONTROL DEVICE]

SMAQMD PERMIT NO. 22486 – APC SCRUBBER

APC SCRUBBER, MAKE UNKNOWN, VERTICAL, COUNTER-FLOOR PACKED-BED, 1'-6"
DIAMETER x 31'-0" HIGH, PROCESS FLOWRATE – 43 DSCFM, SCRUBBING LIQUID –
WATER, SCRUBBING FLOWRATE – 7 GPM

INLET – PROCESS VENTS FROM NORTH HFA AND ALCOHOL DISTILLATION PROCESS

OUTLET – NORTH VENT SEAL TANK (P/O 16567)

[QUALIFIED AS A MON CONTROL DEVICE]

SMAQMD PERMIT NO. 22794 – IC ENGINE, STANDBY

IC ENGINE, EMERGENCY STANDBY, CUMMINS, MODEL QSB4.5, SERIAL NO. TO BE
DETERMINED, 146 BHP @ 2100 RPM, 275 CU. IN. DISPLACEMENT, DIESEL-FUELED,
DRIVING A FIRE PUMP

H. INSIGNIFICANT EMISSIONS UNIT DESCRIPTION:

| Equipment Description | Determination of Insignificant Emissions Unit is Based on SMAQMD “List and Criteria”, Part B, Section 5 (Amended 4-26-01) |
|--|---|
| Combustion Equipment | List and Criteria [Part B, Section 5, IIB.1] Combustion equipment with a maximum heat input rating of no more than 5 MMBtu/hr and fired exclusively with natural gas, LP gas, or any combination thereof. |
| Internal Combustion Engine | List and Criteria [Part B, Section 5, IIB.2] Any piston-type internal combustion engine with a maximum continuous rating of no more than 50 bhp. |
| Printing and Reproduction Equipment | List and Criteria [Part B, Section 5, IID.1] Any printing, coating or laminating activity, which uses no more than 2 gallons per day of graphic arts materials, including inks, coatings, adhesives, fountain solutions, thinner, retarders, or cleaning solutions. |
| Storage Containers, Reservoirs and Tanks, and Transfer Equipment | List and Criteria [Part B, Section 5, IIG.2] Any equipment with a capacity of no more than 1,500 gallons used exclusively for the storage of gasoline. List and Criteria [Part B, Section 5, IIH.1] Any equipment used exclusively for the storage of unheated organic material with an initial boiling point of 302°F or greater; or a vapor pressure of no more than 5 mm Hg. List and Criteria [Part B, Section 5, IIH.2] Any equipment with a capacity of no more than 250 gallons used exclusively for the storage of unheated organic liquid. List and Criteria [Part B, Section 5, IIL.1] Any transfer equipment when used with the equipment described in Section 5 G-K. |
| Adhesive Application | List and Criteria [Part B, Section 5, IIM.1] Any adhesive operation in which no more than 173 gallons of adhesives are applied in a consecutive 12-month period. |
| Surface Coating | List and Criteria [Part B, Section 5, IIN.1] Any equipment or activity using no more than 1 gallon per day of surface coating, or any combination of surface coating and solvent, which contains either VOC or HAP, or both. |

| Equipment Description | Determination of Insignificant Emissions Unit is Based on SMAQMD “List and Criteria”, Part B, Section 5 (Amended 4-26-01) |
|---------------------------------|---|
| Solvent Cleaning | List and Criteria [Part B, Section 5, IIO.1] Any equipment or activity using no more than 1 gallon per day of solvent, or combination of solvent and surface coating, which contains either VOC or HAP, or both. |
| Abrasive Blasting | List and Criteria [Part B, Section 5, IIP.1] Any blast cleaning equipment using a suspension of abrasive material in water and the control equipment venting such blast cleaning equipment. |
| Laboratory Fume Hoods and Vents | List and Criteria [Part B, Section 5, IIW.1] Any laboratory fume hood or vent, provided such equipment is used exclusively for the purpose of teaching, research, or quality control. |
| Refrigeration Units | List and Criteria [Part B, Section 5, IIX.1] Any refrigeration unit provided the unit contains less than 50 lb. of refrigerant and is not used in conjunction with pollution control equipment. |

I. ALTERNATIVE OPERATING SCENARIOS

There are no alternative operating scenarios identified by the applicant.

J. MINOR AND ADMINISTRATIVE PROCESS MODIFICATIONS:

The proposed Title V minor modifications will incorporate the changes to the process, including combustion equipment, under the SMAQMD P/O No. 22033 and SMAQMD A/C Nos. 22270, 22483, 22484, 22485, 22486 & 22794. Refer to attached Appendix 'A' - Permits.

1) SMAQMD PERMIT NO. 22033 – BOILER

The boiler's previous permit, P/O 13589, was written with a potential NO_x emission of 30 ppmvd @ 3% O₂. The 30 ppm NO_x emission factor was based on the manufacturer's source test data. Prior to the August 23, 2007 revision of SMAQMD Rule 411, this boiler was not subject to a rule standard. P&G performed a voluntary source test of the boiler to verify compliance with the new standard, and the results were not conclusive of compliance with the rule. Consequently, P&G proposed to retrofit the boiler with a low-NO_x burner. A portable analyzer test conducted on Sept. 30, 2009 demonstrated compliance with the Rule 411 standards for NO_x and CO.

2) SMAQMD PERMIT NO. 22270 – METHYL ESTER & GLYCERINE MANUFACTURING PROCESS

The process modification will vent the ester dryer (Emission Source ID #1012) to the APC Thermal Oxidizer [North Thermal Oxidizer (NTO)] by installing new piping, flanges and valves. P&G's proposal to vent and control ester dryer emissions will involve a period of monitoring, feedback and adjustments over a period of 12 to 18 months. During this time frame, P&G will establish process definitions under this process modification. P&G further propose that the modified permit will allow, as a backup mode, the ester dryer to vent uncontrolled back to the atmosphere if technical problems are encountered during the controlled mode. However, if operating in the backup mode, the allowed ester dryer throughput will be reduced by 30%.

This preconstruction permit was reviewed and issued on May 25, 2010 in accordance with the enhanced new source review process in SMAQMD Rule 202, Sections 401 – 408. Therefore, this will be an Administrative Title V permit amendment.

3) SMAQMD PERMIT NO. 22483 – APC THERMAL OXIDIZER [NORTH THERMAL OXIDIZER (NTO)]

During periods of startup, shutdown or malfunction as defined in the Startup, Shutdown and Malfunction Plan (SSMP) for the Miscellaneous Organic Chemical Manufacturing Process Units (MCPU) and associated control device, APC Thermal Oxidizer [North Thermal Oxidizer (NTO)], allow the process vent stream from identified methyl ester and fatty alcohol process units to bypass the APC Thermal Oxidizer [North Thermal Oxidizer (NTO)] and vent to the APC Methanol Absorber.

4) SMAQMD PERMIT NO. 22484 – APC THERMAL OXIDIZER [SOUTH THERMAL OXIDIZER (STO)]

During periods of startup, shutdown or malfunction as defined in the Startup, Shutdown and Malfunction Plan (SSMP) of the APC Thermal Oxidizer [South Thermal Oxidizer (STO)], allow the process vent stream from Tanks No. 646 and No. 657 to bypass the APC Thermal Oxidizer [South thermal Oxidizer (STO)] and vent to the APC Scrubber, then to the North Vent Seal Tank.

5) SMAQMD PERMIT NO. 22485 – APC METHANOL ABSORBER (KNOCK-OUT DRUM)

This control equipment qualified as a MON control device based on the engineering design evaluation performed by P&G in accordance with 40 CFR 63.1257(a)(1). The Methanol Absorber demonstrated a HAP removal efficiency of over 98% by weight and HAP outlet concentration of less than 20 ppmv. This was reported in P&G's Notice of Compliance (NOC) Status Report in October 2009. During periods of startup, shutdown or malfunction as defined in the Startup, Shutdown, and Malfunction Plan (SSMP) for the Miscellaneous Organic Chemical Manufacturing Process Units (MCPU) and associated control devices, APC Thermal Oxidizer [North Thermal Oxidizer (NTO)], allow the process vent stream from identified methyl ester and fatty alcohol process units to bypass the APC Thermal Oxidizer [North Thermal Oxidizer (NTO)] and vent to the APC Methanol Absorber.

6) SMAQMD PERMIT NO. 22486 – APC SCRUBBER (NHFA/DISTILLATION)

This control equipment qualified as a MON control device based on the engineering design evaluation performed by P&G in accordance with 40 CFR 63.1257(a)(1). The Scrubber demonstrated a HAP removal efficiency of over 98% by weight and HAP outlet concentration of less than 20 ppmv. This was reported in P&G's Notice of Compliance (NOC) Status Report in October 2009. During periods of startup, shutdown or malfunction as defined in the Startup, Shutdown and Malfunction Plan (SSMP) of the APC Thermal Oxidizer [South Thermal Oxidizer (STO)], allow the process vent stream from Tanks No. 646 and No. 657 to bypass the APC Thermal Oxidizer [South Thermal Oxidizer (STO)] and vent to the APC Scrubber, then to the North Vent Seal Tank.

7) SMAQMD PERMIT NO. 22794 – IC ENGINE STANDBY

The existing fire pump IC engine will be replaced by a new Tier 3 IC engine because of its extended service life. The new engine has a smaller horsepower rating.

K. FACILITY EMISSIONS:

All the process changes included in the minor permit modifications do not result in an emissions increase. This is likewise the same for the boiler and emergency standby IC engine. Refer to attached Appendix 'A' – Permits.

SMAQMD PERMIT NO. 22033 – BOILER

| POLLUTANT | EMISSION FACTOR (A) LB/MMCF | MAXIMUM ALLOWABLE EMISSIONS LB/QUARTER |
|-----------|--------------------------------|---|
| ROC | 5.5 | 46 |
| NOx | 36.4 | 301 |
| SOx | 0.6 | 5 |
| PM10 | 7.6 | 63 |
| CO | 296 | 2,451 |

- (A) EMISSION FACTORS ARE FROM AP-42, TABLE 1.4-1 ~ 1.4-2, *EMISSION FACTORS FROM NATURAL GAS COMBUSTION*, PG 1.4-5 ~ 1.4-6 (7/98), EXCEPT FOR NOX AND CO WHICH ARE BASED ON 30 PPMVD @ 3% O₂ AND 400 PPMVD @ 3% O₂, RESPECTIVELY.
- (B) EMISSIONS ARE BASED ON A MAXIMUM FUEL USAGE OF 3,750 CF/HOUR, 24 HOURS/DAY, 92 DAYS/QUARTER AND THE EMISSION FACTORS LISTED IN THIS TABLE.

SMAQMD PERMIT NO. 22270 – METHYL ESTER & GLYCERINE MFG PROCESS

| PROCESS | POLLUTANT | MAXIMUM ALLOWABLE EMISSION LB/QUARTER |
|--|-----------|--|
| METHYL ESTER AND GLYCERINE MFG PROCESS | ROC | 5,142 |

| PROCESS | POLLUTANT | MAXIMUM ALLOWABLE EMISSION LB/QUARTER |
|--|-----------|--|
| ESTE DRYER (EMISSION SOURCE ID 1012) | ROC | 1,400 (A) |
| GLYCERINE EVAPORATOR CONDENSER (EMISSION SOURCE ID 1020) | | 1,104 |

- (A) EMISSION IS BASED ON THE EMISSION FACTOR OF 0.0144 LB/10³ LB ESTER AND

THE ALLOWABLE ESTER PRODUCT THROUGHPUT.

SMAQMD PERMIT NO. 22483 – APC THERMAL OXIDIZER [NORTH THERMAL OXIDIZER (NTO)]

| POLLUTANT | MAXIMUM ALLOWABLE EMISSIONS (A) LB/QUARTER |
|-----------|---|
| ROC | 61 |

(A) EMISSION IS BASED ON CONTROLLED PROCESS VENT EMISSIONS. COMBUSTION EMISSIONS ARE SHOWN IN THE TABLE BELOW.

| POLLUTANT | EMISSION FACTOR (A) LB/MMCF | MAXIMUM ALLOWABLE EMISSIONS (B) LB/QUARTER |
|-----------|--------------------------------|---|
| ROC | 5.5 | 73 |
| NOx | 36.4 | 482 |
| SOx | 0.6 | 8 |
| PM10 | 7.6 | 101 |
| CO | 84 | 1,113 |

(A) EMISSION FACTORS ARE FROM AP-42, TABLES 1.4-1 ~ 1.4-2, *EMISSIONS FROM NATURAL GAS COMBUSTION*, PG 1.4-5 ~ 1.4-6 (7/98), EXCEPT FOR NOx WHICH IS BASED ON 30 PPMVD @ 3% O₂.

(B) EMISSIONS ARE BASED ON A MAXIMUM FUEL USAGE OF 6,000 CF/HOUR, 24 HOURS/DAY AND 92 DAYS/QUARTER.

SMAQMD PERMIT NO. 22484 – APC THERMAL OXIDIZER [SOUTH THERMAL OXIDIZER (STO)]

| POLLUTANT | MAXIMUM ALLOWABLE EMISSIONS (A) LB/QUARTER |
|-----------|---|
| ROC | 34 |

(A) EMISSION IS BASED ON CONTROLLED PROCESS VENT EMISSIONS. COMBUSTION EMISSIONS ARE SHOWN IN THE TABLE BELOW.

| POLLUTANT | EMISSION FACTOR (A) LB/MMCF | MAXIMUM ALLOWABLE EMISSIONS LB/QUARTER |
|-----------|--------------------------------|---|
| ROC | 5.5 | 73 |
| NOx | 36.4 | 482 |
| SOx | 0.6 | 8 |

| POLLUTANT | EMISSION FACTOR (A) LB/MMCF | MAXIMUM ALLOWABLE EMISSIONS LB/QUARTER |
|-----------|--------------------------------|---|
| PM10 | 7.6 | 101 |
| CO | 84 | 1,113 |

- (A) EMISSION FACTORS ARE FROM AP-42, TABLES 1.4-1 ~ 1.4-2, *EMISSIONS FROM NATURAL GAS COMBUSTION*, PG 1.4-5 ~ 1.4-6 (7/98), EXCEPT FOR NO_x WHICH IS BASED ON 30 PPMVD @ 3% O₂.
- (B) EMISSIONS ARE BASED ON A MAXIMUM FUEL USAGE OF 6,000 CF/HOUR, 24 HOURS/DAY AND 92 DAYS/QUARTER.

SMAQMD PERMIT NO. 22485 – APC METHANOL ABSORBER (KNOCK-OUT DRUM)

The unit is a control equipment and it does not generate emissions.

SMAQMD PERMIT NO. 22486 – APC SCRUBBER (NHFA.DISTILLATION)

The unit is a control equipment and it does not generate emissions.

SMAQMD PERMIT NO. 22794 – IC ENGINE STANDBY

| POLLUTANT | EMISSION FACTORS (A) G/HP-HR | MAXIMUM ALLOWABLE EMISSIONS (B) | | |
|-----------------------|---------------------------------|---------------------------------|-------------|--------------|
| | | LB/DAY | LB/QUARTER | LB/YEAR |
| ROC | 1.14 | 8.8 | 73 | 73 |
| NO _x | 3.0 | 23.2 | 193 | 193 |
| ROC + NO _x | 3.0 | 23.2 | 193 | 193 |
| SO _x | 0.005 | 0.04 | 0.3 | 0.3 |
| PM10 | 0.15 | 1.2 | 10 | 10 |
| CO | 3.7 | 28.6 | 238 | 238 |
| GHG _{CO2E} | 1.13 LB/BHP-HR | 2.0 TONS/DAY | 16 TONS/QTR | 16 TONS/YEAR |

- (A) EMISSION FACTORS ARE BASED ON THE DISTRICT'S BACT STANDARDS WHICH INCORPORATE THE U.S. EPA TIER 3 STANDARDS, WITH SO_x EMISSIONS BASED ON 0.0015% SULFUR BY WEIGHT IN THE CARB DIESEL FUEL. EMISSION FACTOR FOR ROC IS UNCONTROLLED VALUE FROM AP-42 TABLE 3.3-1, PG 3.3-6 (10/96), WHILE NO_x EMISSION FACTOR IS THE WORST CASE LIMIT OF 3.0 G/HP-HR. GHG EMISSION FACTOR IS THE CO_{2E} EMISSION FACTOR AS PER APPENDIX A OF CARB'S REGULATION FOR THE MANDATORY REPORTING OF GREENHOUSE GAS EMISSIONS (CCR, TITLE 17, SUBCHAPTER 10, ARTICLE 2, SECTIONS 95100 TO 95133).
- (B) EMISSIONS ARE BASED ON 146 BHP, 24 HR/DAY, 200 HR/QUARTER AND 200 HR/YEAR.

L. APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS:

FACILITY-WIDE REQUIREMENTS

SMAQMD RULE 101 – GENERAL PROVISIONS AND DEFINITIONS

SIP Approved: 3-19-1999 (64 FR 13514)
[9-03-1988 adopted version]

Rule Description: This rule provides definition of terms, specifies authority to arrest and specifies what data is public information.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 102 – CIRCUMVENTION

SIP Approved: 12-05-1984 (49 FR 47490)
[5-15-1972 adopted; 11-29-1983 renumbered version]

Rule Description: This rule prohibits concealment of emission and specifies how compliance determinations are made for combined and separated emissions.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 105 – EMISSION STATEMENT

SIP Approved: 5-26-2004 (69 FR 29880)
[9-05-1996 amended version]

Rule Description: This rule requires the facility to provide annual emission data for ROC and NOx.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 201 – GENERAL PERMIT REQUIREMENTS

SIP Approved: 7-13-1987 (52 FR 26148)
[11-20-1984 amended version]
The current 08-24-2006 version of this rule is not SIP-approved.

Rule Description: This rule provides an orderly procedure for the review of new sources of air pollution and of the modification and operation of existing sources through the issuance of permits.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 202 – NEW SOURCE REVIEW

SIP Approved: 6-19-1985 (50 FR 25417)
[11-20-1984 amended version]
The current 02-24-2005 version of this rule is not SIP-approved.

Rule Description: This rule sets the procedures for review of new and modified stationary sources and provides the mechanisms for evaluating the applicability of BACT and/or offset requirements.

Compliance Status: SMAQMD A/C Nos. 21765, 22004, 22005, 22006, 22007 and 22008 were processed under SMAQMD Rule 202, Section 404 (Enhanced New Source Review). Accordingly, the applications were reviewed following the procedures specified in SMAQMD Rule 207, Sections 401 ~ 408 (Title V Federal Operating Permit Program). The Engineering Evaluation and draft Authorities to Construct were submitted to the U.S. EPA for a 45-day review. EPA provided some procedural comments which were incorporated into the revised engineering evaluation.

The permittee complies with the rule requirements.

SMAQMD RULE 207 – TITLE V FEDERAL OPERATING PERMIT PROGRAM

SIP Approved: 11-21-2003 (68 FR 65637)
[4-26-2001 amended version]

Rule Description: This rule sets forth the procedures for review, issuance, modification and renewal of Title V operating permits.

Compliance Status: The permittee has submitted a timely and complete permit application for Title V permit modification. The permittee complies with the rule requirements.

By complying with the procedure specified in SMAQMD Rule 202, Section 404 (Enhanced New Source Review), the proposed minor modifications will be incorporated into the Title V permit after the 45-day review by the U.S. EPA.

SMAQMD RULE 301 – PERMIT FEES - STATIONARY SOURCE (Title V related fees only)

SIP Approved: This rule is not SIP-approved but the portions of the rule related to Title V permit fees are applicable because they are part of the SMAQMD Title V Federal Operating Permit program approved by the U.S. EPA on 11-21-2003 (68 FR 65637).

Rule Description: This rule requires Title V sources to pay specified fees.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 307 – CLEAN AIR ACT FEES

SIP Approved: 8-26-2003 (68 FR 51184)
[9-26-2002 adopted version]

Rule Description: This rule requires major sources of ROC and NO_x to pay specified fees beginning after the U.S. EPA determines that the SMAQMD has failed to demonstrate attainment of the one hour ozone ambient air quality standard by the attainment year.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 401 – RINGELMANN CHART

SIP Approved: 2-01-1984 (49 FR 3987)
[4-19-1983 amended version]

Rule Description: This rule limits the discharge of air contaminants into the atmosphere through visible emissions and opacity limitations.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 402 – NUISANCE

SIP Approved:

Rule Description: This rule protects public health and welfare from the emission of air contaminants which constitute a nuisance.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 403 – FUGITIVE DUST

- SIP Approved: 12-05-1984 (49 FR 47490)
[8-03-1977 adopted version]
- Rule Description: This rule regulates operations which may cause fugitive dust emissions into the atmosphere.
- Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 442 – ARCHITECTURAL COATINGS

- SIP Approved: 11-09-1998 (63 FR 60214)
[9-05-1996 amended version]
The current 05-24-2001 version of this rule is not SIP-approved.
- Rule Description: This rule limits the quantity of volatile organic compounds in architectural coatings supplied, sold, offered for sale, applied, solicited for application or manufactured for use within the SMAQMD.
- Compliance Status: The affected coatings used by the permittee are received and stored in containers that display the required manufacturer's labels and demonstrate compliance with the rule requirements. The permittee complies with the rule requirements.

SMAQMD RULE 701 – EMERGENCY EPISODE PLAN

- SIP Approved: 9-05-2000 (65 FR 53602)
[5-27-1999 amended version]
- Rule Description: This rule requires a plan be prepared for specific actions to be taken when health related levels of ozone, carbon monoxide or PM10 are exceeded.
- Compliance Status: The permittee has prepared the required Emergency Episode Plan and complies with the rule requirements.

EQUIPMENT-SPECIFIC REQUIREMENTS

SMAQMD RULE 404 – PARTICULATE MATTER

- SIP Approved: 7-13-1987 (52 FR 26148)
[11-20-1984 amended version]

Rule Description: This rule limits the discharge of particulate matter into the atmosphere to 0.1 grains per dry standard cubic foot.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 406 – SPECIFIC CONTAMINANTS

SIP Approved: 12-05-1984 (49 FR 47490)
[12-06-1978 amended version]

Rule Description: This rule regulates emissions of sulfur compounds and combustion contaminants by limiting the emission concentration of: (a) sulfur compounds, calculated as sulfur dioxide (SO₂), to 0.2% by volume, and (b) combustion contaminants (PM) to 0.23 grams/dscm (0.1 grains/dscf) of gas calculated to 12% CO₂.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 411 – NOx FROM BOILERS, PROCESS HEATERS AND STEAM GENERATORS

SIP Approved: 8-01-2007 (72 FR 41894)
[10-27-2005 amended version]

Rule Description: This rule limits NOx and CO emissions from boilers, steam generator and process heaters with heat input ratings of 1 MMBTU/hour or greater.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 420 – SULFUR CONTENT OF FUELS

SIP Approved: 12-05-1984 (49 FR 47490)
[8-13-1981 amended version]

Rule Description: This rule regulates emissions of sulfur compounds from the combustion of fuels by limiting the sulfur content of the fuel. This rule limits the sulfur content of gaseous fuel to less than 50 grains per 100 cubic feet of sulfur compounds, calculated as hydrogen sulfide.

Compliance Status: The permittee complies with the rule requirements.

SMAQMD RULE 443 – LEAKS FROM SYNTHETIC ORGANIC CHEMICAL AND POLYMER MANUFACTURING

- SIP Approved: 11-09-1998 (63 FR 60214)
[9-05-1996 amended version]
- Rule Description: This rule limits emissions of VOCs from leaking components at chemical plants that manufacture synthetic organic chemicals and polymers.
- Compliance Status: This rule specifies a Leak Detection and Repair (LDAR) program for fugitive VOC emitting components, including but not limited to flanges and affected devices (e.g. valves, pumps, compressors, pressure relief valves). The permittee has been implementing an LDAR program.

The permittee complies with the rule requirements.

SMAQMD RULE 464 – ORGANIC CHEMICAL MANUFACTURING OPERATIONS

- SIP Approved: 4-19-2000 (65 FR 20912)
[9-25-2008 amended version]
- Rule Description: This rule limits emissions of VOCs from organic chemical plants including but not limited to process tanks, reactors, distillation columns, crystallizers, evaporators, process tanks, centrifuges, filters, separators, and wastewater tanks.
- Compliance Status: Section 301 – Reactors, Distillation Columns, Crystallizers, Evaporators or Centrifuges:

P&G operates numerous affected devices such as reactors, distillation columns and centrifuges where process vents to common emission points like the North Vent Seal Tank, South Vent Seal Tank and Fire Pit Stack. These emissions units have maximum allowable emissions limits that comply with the standards in Section 301.1. Compliance is verified by annual compliance source testing. Process modifications are in-progress and control devices have been installed in accordance with the applicable Federal MON regulation. The permittee complies with the applicable requirements.

Section 302 – Separation Operations: This section applies to the operation of centrifuge, rotary vacuum filter or other devices with an exposed liquid surface.

P&G does not operate any device that is subject to this section.

Section 303 – Dryers or Production Equipment Exhaust Systems: Other equipment like dryers likewise vent to the common emission points mentioned above which have maximum allowable emissions limits that comply with the standards in Section 303.1.

The permittee complies with the applicable requirements.

Section 304 – Process Tanks: This section applies to process tanks with a VOC composite vapor pressure of greater than 26 mm HG at 20°C and which emits more than 15 lb/day of uncontrolled ROC emissions.

The standards in this section do not apply to P&G's process tanks because they do not fall within the conditions stated above. The permittee complies with this section.

Section 305 – Wastewater: This section prohibits the use of any equipment that receives, manages or treats wastewater with a VOC concentration of 500 ppm by weight or higher and a flow rate of greater than or equal to 1 liter per minute, or with a VOC concentration of 10,000 ppm per weight or higher at any flow rate, unless the equipment comply with the applicable standards.

P&G operates a system of open trench drains, sumps and two oil water separators that are subject to the requirements in Section 305. The permittee has complied with the inspection, monitoring and reporting requirements.
The permittee complies with the applicable requirements.

Section 306 – Liquid Transfer: This section applies to the transfer of liquids with a VOC composite partial vapor pressure of greater than 26 mm HG at 20°C into any tank truck, trailer, railroad tank car or storage tank with a capacity of 2,000 gallons or greater.

P&G's operations involve the transfer of methanol from process tanks into rail cars and vice versa. The transfer of methanol into the rail cars is controlled by passing the displaced vapor through two 60-gallon packed-bed scrubbers under SMAQMD Permit No. 12609. The APC Scrubbers were determined to have achieved a combined system efficiency of at least 85% by weight and a control efficiency of at least 90% by weight.

The permittee complies with the applicable requirements.

Section 307 – Storage Tanks: This section applies to any storage tank with a capacity of either less than or equal to 40,000 gallons with a VOC composite partial vapor pressure greater than 78 mm Hg at 20°C (1.5 psi at 68°F).

Most of P&G's storage tanks in the tank farms have capacities greater than 40,000 gallons and store materials with a VOC composite partial vapor pressure of less than or equal to 78 mm Hg at 20°C (1.5 psi at 68°F).

These storage tanks are not subject to SMAQMD Rule 446, as well, because the vapor pressure of the materials stored are less than or equal to 1.5 psia under actual storage conditions.

The permittee complies with the applicable requirements.

Section 308 – Cleanup and Storage Requirements: The requirements of this section have been incorporated in the Title V permit. The future effective date requirement for the new VOC content limit for maintenance solvent cleaning shall likewise be included in the permit.

The permittee complies with the applicable requirements.

40 CFR 60, SUBPART VV – STANDARDS OF PERFORMANCE FOR EQUIPMENT
LEAKS OF VOC IN THE SYNTHETIC ORGANIC CHEMICALS MANUFACTURING
INDUSTRY

Promulgated: 10-18-1983

Rule Description: This subpart specifies a Leak Detection and Repair Program (LDAR) for affected facilities in the synthetic organic chemicals manufacturing industry (SOCMI) which were constructed, reconstructed or modified after 1-05-81 and on or before 11-07-06. Affected facilities are defined as process units that produce an intermediate or final product listed in Section 60.489. The facility's Methyl Ester/Glycerine Manufacturing process produces glycerine as a co-product. The process involves the transesterification of tri-glycerides to methylated esters and glycerine. The process both consumes methanol as a reactant, which is later liberated, recovered and recycled back into the process. The feedstock of the process unit is refined coconut oil (triglycerides).

Section 60.480(d)(3) exempts process units that produce heavy liquid chemicals only from heavy liquid feed. Heavy liquid chemicals are defined as mixtures with a vapor pressure of less than 0.3 kPa at 20°C or mixtures containing less than 20% by weight of a pure volatile organic substance with a vapor pressure greater than 0.3 kPa at 20°C. Coconut oil and glycerine meet the criteria of a heavy liquid. The methylated ester product contains a mix of esters ranging from C6 (methyl caproate) to C18 (methyl oleate). Only the C6 ester has a vapor pressure above the threshold. From information obtained from P&G, approximately 5% by weight of the C6 ester is present in the mixture. Therefore, the process is exempt from this regulation. However, P&G will still have to comply with the recordkeeping requirement specified in Section 486(i), by submitting a statement and analysis indicating that the raw materials, feedstock and products of the affected facility are exempt from the standards of this Subpart.

Compliance Status: The permittee complies with the rule requirements.

40 CFR 60, SUBPART NNN – STANDARDS OF PERFORMANCE FOR VOC EMISSIONS FROM SYNTHETIC ORGANIC CHEMICAL MANUFACTURING INDUSTRY (SOCMI) DISTILLATION OPERATIONS

Promulgated: 6-29-1990

Rule Description: This subpart applies to each affected facility that is part of a process unit that produces any one of the chemicals listed in Section 60.667 as a product, co-product, by-product, or intermediate. The affected facilities consist of distillation units and recovery systems (stearyl still, scavenger still and two distillation columns) which were constructed, modified or reconstructed after 12-30-83.

Compliance Status: The permittee complies with the rule requirements.

40 CFR 60, SUBPART RRR – STANDARDS OF PERFORMANCE FOR VOC EMISSIONS FROM SYNTHETIC ORGANIC CHEMICAL MANUFACTURING INDUSTRY (SOCMI) REACTOR PROCESSES

Promulgated: 8-31-1993

Rule Description: This subpart applies to each affected facility that is part of a process unit that produces any one of the chemicals listed in Section 60.707 as a product, by-product, or co-product, or intermediate. The fatty alcohol manufacturing process

produces mixed alcohols and the methyl ester/glycerine manufacturing process produces glycerine. The affected facilities consist of all reactors and recovery systems (ester reactors and fatty alcohol reactors) which were constructed, modified or reconstructed after 6-29-90.

Compliance Status: The permittee complies with the rule requirements.

40 CFR 61, SUBPART V – NATIONAL EMISSION STANDARDS FOR EQUIPMENT LEAKS (FUGITIVE EMISSION SOURCES)

Promulgated: 6-06-1984

Rule Description: This subpart applies to pumps, compressors, pressure relief devices, sampling connection systems, open-ended valves or lines, connectors, surge control vessels, bottoms receivers, and control devices or systems operating in volatile hazardous air pollutant (VHAP) service. Several of the facility's processes involve the use of methanol, a VHAP. Those devices transporting liquid or vapor consisting of 10% or greater methanol by weight are subject to this subpart. The entire facility, including devices in VHAP service is subject to the Enhanced Leak Detection and Repair Program (LDAR).

Compliance Status: The permittee complies with the rule requirements.

40 CFR 63, SUBPART F – NATIONAL EMISSION STANDARDS FOR ORGANIC HAZARDOUS AIR POLLUTANTS FROM THE SYNTHETIC ORGANIC CHEMICAL MANUFACTURING INDUSTRY

Promulgated: 4-22-1994

Rule Description: This subpart provides applicability criteria for operators of chemical manufacturing process units where they :a) manufacture as a primary product one or more of the chemicals listed in Table 1 of the subpart; b) use as a reactant or manufacture as a product, or co-product, one or more of the organic hazardous air pollutants listed in Table 2 of the subpart; and c) are located at a site that is a major source with a potential to emit 10 TPY of any individual HAP and 25 TPY total HAPs. This subpart also includes provisions that are applicable in subparts G and H (the Hazardous Organic NESHAP).

P&G operates a process unit that produces methyl esters and glycerol from refined oil (triglycerides). The methyl esters are

further processed into fatty acids and glycerol is purified and sold as a product. The reaction uses methanol, which is listed in Table 2, as a reactant. Of the two products in this process, only glycerol is listed in Table 1, as the methyl esters are C6 and higher. The term 'primary product' is not defined in this subpart or in subpart A. Glycerol was determined not to be a primary product of the process, but rather a co-product. This determination was made because the mass of methyl esters produced exceeds the mass of glycerine produced by several times and because other processes at the facility are designed to use methyl esters as a feed stock.

Compliance Status: The facility is not subject to this subpart, although it is referenced in other subparts of 40 CFR 63 that are applicable to P&G.

40 CFR 63, SUBPART Q – NATIONAL EMISSION STANDARDS FOR HAZARDOUS AIR POLLUTANTS FOR INDUSTRIAL PROCESS COOLING TOWERS

Promulgated: 9-08-1994

Rule Description: This subpart applies to all new and existing industrial cooling towers that are operated with chromium-based water treatment chemicals and are either major sources or are integral parts of facilities that are major sources. The cooling tower associated with the physically refined oil process does not use chromium-containing water treatment chemicals.

Compliance Status: The permittee complies with the rule requirements.

40 CFR 63, SUBPART EEEE – NATIONAL EMISSION STANDARDS FOR HAZARDOUS AIR POLLUTANTS: ORGANIC LIQUIDS DISTRIBUTION (NON-GASOLINE)

Promulgated: 2-03-2004

Rule Description: This subpart establishes emission limitations, operating limits and work practice standards for organic hazardous air pollutants emitted from organic liquids distribution (non-gasoline) operations at major sources of HAP emissions.

Compliance Status: This facility is not subject to this subpart.

40 CFR 63, SUBPART FFFF – NATIONAL EMISSION STANDARDS FOR HAZARDOUS AIR POLLUTANTS: MISCELLANEOUS ORGANIC CHEMICAL MANUFACTURING

Promulgated: 11-10-2003

Rule Description: This Miscellaneous Organic NESHAP (MON) subpart establishes emission standards for hazardous air pollutants from miscellaneous organic chemical manufacturing operations by establishing maximum achievable control technology (MACT) standards to site-specific process units. It also establishes requirements to demonstrate initial and continuous compliance with the emission limits, operating limits and work practice standards.

Compliance Status: P&G was granted an extension of compliance date with the MON standards to 5-09-09. On 8-27-09, the permittee submitted a Semi-Annual Compliance Report for the period ending 6-30-09.

The report contained, among other information, deviations from permit conditions and performance of the continuous monitoring system. Deviations that occurred during the reporting period with the two thermal oxidizers were described as either caused by: instrument malfunction due to component problem, power failure, or during startup or shutdown. During these periods, the process stream that vents to the South Thermal Oxidizer was automatically diverted, as specified in the Startup, Shutdown, and Malfunction Plan (SSMP), to the Distillation Scrubber as a backup. For the North Thermal Oxidizer, process stream was likewise diverted to the Knock-out Drum Scrubber. The report also showed that the deviations represent an average of 1.2% (89 hours) of total operating hours for the two emission control sources. There were 3 fugitive leaks detected in the light liquid service valves during the monthly inspection.

The permittee complies with the rule requirements.

M. FUTURE APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS:

40 CFR 63 SUBPART DDDDD – National Emission Standards for Hazardous Air Pollutants for Industrial, Commercial, and Institutional Boilers and Process Heaters

This subpart establishes national emission limits and work practice standards for hazardous air pollutants (HAP) emitted from industrial, commercial, and institutional boilers and process heaters that are located at, or are part of, a major source of HAP.

This subpart was promulgated on 9-13-04. However, on 7-31-07 the U.S. Court of Appeals vacated the boiler NESHAP because of the lawsuit filed by environmental groups challenging EPA's use of health-based compliance alternative standards instead of MACT standards.

The vacating of this regulation by the court is as if the regulation was never promulgated. When EPA fails to meet the deadline for establishing emission limits for HAPs under Section 112 of the Clean Air Act or when the court vacates a rule, then Section 112(j) is triggered, also referred to as the "MACT Hammer".

The "hammer provisions" require a state or local permitting agency to develop MACT standards for the affected facility on a case-by-case basis. These standards may not be less stringent than the MACT floor, which is the average emission limitation achieved by the best performing 12% of existing sources in the industrial category.

As of August 31, 2009, the EPA has not release the revised MACT standards. In the meantime, an affected source shall be required to comply with a two-part permit process. Part 1 is a notification of applicability by providing the facility's location and other basic information. The Part 2 application is a more detailed description of emissions and controls, which will enable the agency to establish emission limits on a facility-by-facility basis.

On May 16, 2011, the EPA announced that it will stay the effective date of the standards of this regulation in order to allow the agency to solicit additional public comment before issuing an updated rule. EPA will accept additional data and feedback until July 15, 2011.

To date, P&G has complied with the Section 112(j) requirements:

- P&G submitted the initial notification as required by the boiler NESHAP on 5-10-04.
- Resubmitted the initial notification, as Part 1 permit application, on 1-23-09.
- P&G submitted Part 2 permit application.

The following P&G SMAQMD permits shall be reviewed and evaluated for compliance with the future effective requirements under the boiler NESHAP:

- SMAQMD Permit No. 17566 - Thermal Fluid Heater
- SMAMQD Permit No. 18614 - Hydrogen Heater
- SMAQMD Permit No. 18457 - Heater, Dowtherm #2
- SMAQMD Permit No. 22033 - PROP Heater

