



February 13, 2014

Mr. Bryon McGregor
Pacific Ethanol Stockton, LLC
3028 Navy Drive
Stockton, CA 95206

Re: Notice of Minor Title V Permit Modification
District Facility # N-7365
Project # N-1140286

Dear Mr. McGregor:

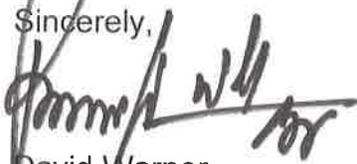
Enclosed is the District's analysis of your application for minor Title V permit modification for the facility identified above. You proposed a Title V minor permit modification to incorporate recently issued N-7365-33-0 into the Title V operating permit. The project was to install equipment to unload denatured ethanol from rail car tanks to existing storage tanks under permits N-7365-16 and '-17. The equipment includes two pumps and associated piping and components including valves, flanges, sampling connections, etc.

Enclosed is the engineering evaluation with the following attachments: proposed Title V permit, recently issued N-7365-33-0, permit application, and emission increases. This project will be subject to a 45-day EPA commenting period prior to the District taking final action.

If you have any questions, please contact Mr. Rupl Gill, Permit Services Manager, at (209) 557-6400.

Thank you for your cooperation in this matter.

Sincerely,



David Warner
Director of Permit Services

Enclosures

cc: Gerardo C. Rios, EPA (w/enclosure) via email

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061

Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
Tel: 661-392-5500 FAX: 661-392-5585

Title V APPLICATION REVIEW Minor Modification

Facility Number: N-7365
Facility Name: Pacific Ethanol Stockton, LLC
Mailing Address: 3028 Navy Drive
Stockton, CA 95206

Contact Name: Bryon McGregor
Phone: (209) 235-0370

Responsible Official: Bryon McGregor
Title: Chief Operating Officer

Processing Staff: Jag Kahlon
Project Number: N-1140286
Date: February 11, 2014

I. PROPOSAL

Pacific Ethanol Stockton, LLC (PES) has proposed to incorporate Authority to Construct (ATC) permit N-7365-33-0 into their Title V operating permit. The ATC permit was issued without Certificate of Conformity (COC). The proposed project was to install equipment to unload denatured ethanol from rail car tanks to existing storage tanks under permits N-7365-16 and '-17. The equipment includes two pumps and associated piping and components including valves, flanges, sampling connections, etc.

The purpose of this document is to identify all applicable requirements, determine if the facility will comply with the applicable requirements, and to provide the legal and factual basis for permit requirements.

II. FACILITY LOCATION

This facility is located at 3028 Navy Drive, Stockton, California.

III. EQUIPMENT DESCRIPTION

N-7365-33-1:
DENATURED-ETHANOL TRANSFER OPERATION FROM RAIL CAR TANKS TO THE TANKS UNDER PERMITS N-7365-16 AND '-17 CONSISTING OF TWO PUMPS AND ASSOCIATED PIPING SYSTEM

IV. SCOPE OF EPA AND PUBLIC REVIEW

The proposed project is a Minor Modification under Rule 2520 as project was not an SB-288 or a Federal Major Modification under Rule 2201. Therefore, public review is not required.

V. APPLICABLE REQUIREMENTS

Rule 2520 Federally Mandated Operating Permits (6/21/01)

VI. DESCRIPTION OF PROPOSED MODIFICATIONS

The proposed denatured ethanol transfer operation is a new operation.

The facility will unload denatured ethanol from tanker rail cars to the existing internal floating roof tanks (N-7365-16 or '-17 or both) using pumps and associated piping system. The detailed procedure is as follows:

First, a tanker rail car will be positioned near the pumping station over the spill containment tray that runs the length of the railcar to collect any accidental spills. The tray is designed to discharge into the existing containment area in the tank farm.

Once the rail car is properly positioned, the discharge connection at the bottom of the rail car will be connected to a flexible hose of the pumping station. Then, a pressure-vacuum (PV) relief valve will be installed on the top of the rail car valve. The rail car valve will be released, and the primary pump will be started to unload the fuel into the existing storage tanks (N-7365-16 or '-17). The primary pump will operate until the level in the rail car drops to a minimum level. Once that minimum level is reached, secondary air diaphragm pump starts and removes the rest of the liquid from the rail car. Upon completion, the discharge valve at the bottom of the rail car will be closed, flexible hose connecting to the pumping station will be removed, valve on the top of rail car will be closed, and the PV relief valve will be removed.

PES proposes to unload a maximum of 20 rail cars in a given day and 1,200 rail cars in a year. PES states that each rail car tank can hold up to 28,800 gallons of denatured ethanol.

VII. COMPLIANCE

In accordance with Rule 2520, 3.20, the proposed project:

1. Do not violate requirements of any applicable federally enforceable local or federal requirement;

2. Do not relax monitoring, reporting, or recordkeeping requirements in the permit and are not significant changes in existing monitoring permit terms or conditions;
3. Do not require or change a case-by-case determination of an emission limitation or other standard, or a source-specific determination for temporary sources of ambient impacts, or a visibility or increment analysis;
4. Do not seek to establish or change a permit term or condition for which there is no corresponding underlying applicable requirement and that the source has assumed to avoid an applicable requirement to which the source would otherwise be subject. Such terms and conditions include;
 - a. A federally enforceable emission cap assumed to avoid classification as a modification under any provisions of Title I of the Federal Clean Air Act; and
 - b. An alternative emissions limit approved pursuant to regulations promulgated under section 112(i)(5) of the Federal Clean Air Act;
5. Are not Title I modifications as defined in District Rule 2520 or modifications as defined in section 111 or 112 of the Federal Clean Air Act; and
6. Do not seek to consolidate overlapping applicable requirements.

In accordance with Rule 2520, the application meets the procedural requirements of section 11.4 by including;

1. A description of the change, the emissions resulting from the change, and any new applicable requirements that will apply if the change occurs (Appendix IV) ;
2. The source's suggested draft permit (Appendix I); and
3. Certification by a responsible official that the proposed modification meets the criteria for use of minor permit modification procedures and a request that such procedures be used (Appendix III).

Compliance is expected with this Rule.

APPENDICES

Appendix I: Proposed Title V Operating Permit No. N-7365-33-1

Appendix II: Authority to Construct N-1933-33-0

Appendix III: Permit Application

Appendix IV: Emissions Change

Appendix I
Proposed Title V Operating Permit No. N-7365-33-1

San Joaquin Valley Air Pollution Control District

PERMIT UNIT: N-7365-33-1

EXPIRATION DATE: 09/30/2017

EQUIPMENT DESCRIPTION:

DENATURED-ETHANOL TRANSFER OPERATION FROM RAIL CAR TANKS TO THE TANKS UNDER PERMITS N-7365-16 AND '-17 CONSISTING OF TWO PUMPS AND ASSOCIATED PIPING SYSTEM

PERMIT UNIT REQUIREMENTS

1. The operator shall design, install, maintain and operate the equipment under this permit such that there are no leaks and no excess organic liquid drainage at disconnection. [District Rules 2201 and 4624] Federally Enforceable Through Title V Permit
2. The operator shall install a pressure-vacuum relief device on the top of each rail car tank prior to off loading denatured ethanol. [District Rule 2201] Federally Enforceable Through Title V Permit
3. A leak is defined as the dripping of VOC containing liquid at a rate of more than 3 drops per minute; or detection of any gaseous or vapor emissions with a concentration of VOC greater than 1,000 ppmv above a background as methane. [District Rule 4624] Federally Enforceable Through Title V Permit
4. Excess organic liquid drainage is defined as more than 10 mL liquid drainage. Such liquid drainage for disconnect operations shall be determined by computing the average drainage from three consecutive disconnects. [District Rule 4624] Federally Enforceable Through Title V Permit
5. The amount of denatured ethanol loaded into the storage tanks (N-7365-16 and '-17) using this operation shall be counted toward the daily and annual throughput of permit units N-7365-16 and '-17, and in no case shall exceed the limits in permits N-7365-16 and '-17. [District Rule 2201] Federally Enforceable Through Title V Permit
6. VOC emissions from this permit unit shall not exceed 1.9 pounds in any one day. [District Rule 2201] Federally Enforceable Through Title V Permit
7. VOC emissions from this permit unit shall not exceed 117 pounds in any 12 consecutive month rolling period. [District Rule 2201] Federally Enforceable Through Title V Permit
8. Denatured ethanol shall be loaded into the storage vessels using bottom loading method. [District Rule 4624] Federally Enforceable Through Title V Permit
9. The operator shall determine an average organic liquid drainage (mL) for three consecutive disconnects to demonstrate compliance with the 10 mL (excess organic liquid drainage, equivalent to 0.017 pounds per disconnect). The drainage shall be determined within 60 days of initial startup under this permit and at least once a quarter thereafter at the time a leak inspection is performed. [District Rules 2201 and 4624] Federally Enforceable Through Title V Permit
10. The operator shall inspect the components (e.g. valves, flanges, connectors etc.) for leaks within 60 days of initial startup under this permit and at least once every calendar quarter thereafter. The leak inspections shall be performed during product transfer using a portable hydrocarbon detection instrument in accordance with the procedures specified in EPA Method 21. The instrument shall be calibrated with methane in accordance with the procedures specified in EPA Method 21 or the manufacturer's instructions, as appropriate, not more than 30 days prior to its use. The operator shall record the calibration date of the instrument. [District Rules 2201 and 4624] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

11. Upon detection of a leaking component, the operator shall affix to that component a weatherproof readily visible tag with the date and time of leak detection, the date and time of leak measurement, and for gas leaks, the leak concentration in ppmv. The tag shall remain affixed to the component until the component is repaired or replaced. [District Rule 2201] Federally Enforceable Through Title V Permit
12. All equipment that are found leaking shall be repaired or replaced within 72 hours. If the leaking component cannot be repaired or replaced within 72 hours, the component shall be taken out of service until such time the component is repaired or replaced. The repaired or replacement equipment shall be re-inspected the first time the equipment is in operation after the repair or replacement. [District Rules 2201 and 4624] Federally Enforceable Through Title V Permit
13. The operator shall keep records of daily liquid unloaded from the rail car tanks in gallons. [District Rule 4624] Federally Enforceable Through Title V Permit
14. The operator shall keep daily records of the date, number of disconnections per day, hours of equipment in-use, and VOC emissions (lb/day). Daily emissions shall be estimated as follows: $\text{VOC (lb/day)} = 0.017 \text{ lb-VOC/disconnect} \times \text{number of disconnections per day} + 0.081 \text{ lb-VOC/hr} \times \text{hours per day of equipment in-use}$. [District Rule 2201] Federally Enforceable Through Title V Permit
15. The operator shall keep monthly records of the month, year, number of disconnections, hours of equipment in-use, and VOC emissions (lb/month). Monthly emissions shall be estimated as follows: $\text{VOC (lb/month)} = 0.017 \text{ lb-VOC/disconnect} \times \text{number of disconnections per month} + 0.081 \text{ lb-VOC/hr} \times \text{hours per month of equipment in-use}$. [District Rule 2201] Federally Enforceable Through Title V Permit
16. The operator shall keep record of total VOC emissions for each 12 consecutive month rolling period. [District Rule 2201] Federally Enforceable Through Title V Permit
17. The operator shall keep records of the date, name of component and its location and measured ppmv value, name of the operator and the company conducting the leak inspection. [District Rules 2201 and 4624] Federally Enforceable Through Title V Permit
18. The operator shall keep daily, monthly, and annual records of the amount of denatured ethanol loaded in each storage tanks N-7365-16 and '-17 using the equipment under this permit, and amount of denatured ethanol loaded from plant production. [District Rule 2201] Federally Enforceable Through Title V Permit
19. All records shall be retained for a minimum of five years and shall be made available to the APCO, ARB, or EPA during normal business hours and submitted upon request. [District Rules 2201 and 4624] Federally Enforceable Through Title V Permit

These terms and conditions are part of the Facility-wide Permit to Operate.

DRAFT

Appendix II
Authority to Construct N-7365-33-0



AUTHORITY TO CONSTRUCT

PERMIT NO: N-7365-33-0

ISSUANCE DATE: 01/29/2014

LEGAL OWNER OR OPERATOR: PACIFIC ETHANOL STOCKTON LLC
MAILING ADDRESS: 400 CAPITOL MALL, STE 2060
SACRAMENTO, CA 95814

LOCATION: 3028 NAVY DRIVE
STOCKTON, CA 95206

EQUIPMENT DESCRIPTION:
DENATURED-ETHANOL TRANSFER OPERATION FROM RAIL CAR TANKS TO THE TANKS UNDER PERMITS N-7365-16 AND N-17 CONSISTING OF TWO PUMPS AND ASSOCIATED PIPING SYSTEM

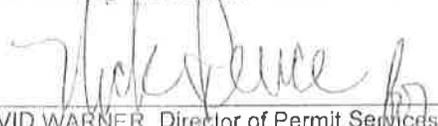
CONDITIONS

1. The facility shall submit an application to modify the Title V permit in accordance with the timeframes and procedures of District Rule 2520. [District Rule 2520] Federally Enforceable Through Title V Permit
2. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
3. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three minutes in any one hour which is as dark as, or darker than, Ringelmann 1 or 20% opacity. [District Rule 4101]
4. The operator shall design, install, maintain and operate the equipment under this permit such that there are no leaks and no excess organic liquid drainage at disconnection. [District Rules 2201 and 4624]
5. The operator shall install a pressure-vacuum relief device on the top of each rail car tank prior to off loading denatured ethanol. [District Rule 2201]
6. A leak is defined as the dripping of VOC containing liquid at a rate of more than 3 drops per minute; or detection of any gaseous or vapor emissions with a concentration of VOC greater than 1,000 ppmv above a background as methane. [District Rule 4624]
7. Excess organic liquid drainage is defined as more than 10 mL liquid drainage. Such liquid drainage for disconnect operations shall be determined by computing the average drainage from three consecutive disconnects. [District Rule 4624]

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (209) 557-6400 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadredin, Executive Director / APCO



DAVID WARNER, Director of Permit Services

N-7365-33-0 Jan 29 2014 11:50AM - KAHLOJN Joint Inspection NOT REVISION

8. The amount of denatured ethanol loaded into the storage tanks (N-7365-16 and '-17) using this operation shall be counted toward the daily and annual throughput of permit units N-7365-16 and '-17, and in no case shall exceed the limits in permits N-7365-16 and '-17. [District Rule 2201]
9. VOC emissions from this permit unit shall not exceed 1.9 pounds in any one day. [District Rule 2201]
10. VOC emissions from this permit unit shall not exceed 117 pounds in any 12 consecutive month rolling period. [District Rule 2201]
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14. Upon detection of a leaking component, the operator shall affix to that component a weatherproof readily visible tag with the date and time of leak detection, the date and time of leak measurement, and for gas leaks, the leak concentration in ppmv. The tag shall remain affixed to the component until the component is repaired or replaced. [District Rule 2201]
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18. The operator shall keep monthly records of the month, year, number of disconnections, hours of equipment in-use, and VOC emissions (lb/month). Monthly emissions shall be estimated as follows: $\text{VOC (lb/month)} = 0.017 \text{ lb-VOC/disconnect} \times \text{number of disconnections per month} + 0.081 \text{ lb-VOC/hr} \times \text{hours per month of equipment in-use}$. [District Rule 2201]
19. The operator shall keep record of total VOC emissions for each 12 consecutive month rolling period. [District Rule 2201]
20. The operator shall keep records of the date, name of component and its location and measured ppmv value, name of the operator and the company conducting the leak inspection. [District Rules 2201 and 4624]
21. The operator shall keep daily, monthly, and annual records of the amount of denatured ethanol loaded in each storage tanks N-7365-16 and '-17 using the equipment under this permit, and amount of denatured ethanol loaded from plant production. [District Rule 2201]
22. All records shall be retained for a minimum of five years and shall be made available to the APCO, ARB, or EPA during normal business hours and submitted upon request. [District Rules 2201 and 4624]

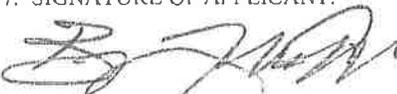
Appendix III
Permit Application

San Joaquin Valley Air Pollution Control District

www.valleyair.org

Permit Application For:

[] ADMINISTRATIVE AMENDMENT [X] MINOR MODIFICATION [] SIGNIFICANT MODIFICATION

| | | |
|--|--------------------------|--|
| 1. PERMIT TO BE ISSUED TO: <u>Pacific Ethanol Stockton, LLC</u> | | |
| 2. MAILING ADDRESS: | | |
| STREET/P.O. BOX: <u>3028 Navy Drive</u> | | |
| CITY: <u>Stockton</u> | STATE: <u>CA</u> | 9-DIGIT ZIP CODE: <u>95206</u> |
| 3. LOCATION WHERE THE EQUIPMENT WILL BE OPERATED: | | INSTALLATION DATE: |
| STREET: <u>3028 Navy Drive</u> CITY: <u>Stockton</u> | | |
| S8 T1N R63 ¼ SECTION <u>08</u> TOWNSHIP <u>01N</u> RANGE <u>06E</u> | | |
| 4. GENERAL NATURE OF BUSINESS: <u>Ethanol manufacturing.</u> | | |
| 5. DESCRIPTION OF EQUIPMENT OR MODIFICATION FOR WHICH APPLICATION IS MADE (include Permit #'s if known, and use additional sheets if necessary) | | |
| New permit unit: Installation of a load-out pump with piping to existing final product tanks as well as installation of hosing and piping to connect the pump to a tanker car full of denatured ethanol. As well as installation of catch tray and piping to drain the catch tray into existing secondary containment. | | |
| 6. TYPE OR PRINT NAME OF APPLICANT: <u>Bryon McGregor</u> | | TITLE OF APPLICANT: <u>COO</u> |
| 7. SIGNATURE OF APPLICANT:  | DATE: <u>2/4/2014</u> | PHONE: (209) 235-0370 FAX: (209) 235-0376 EMAIL: <u>dkoch@pacificethanol.net</u> |

For APCD Use Only:

| | |
|------------|---|
| DATE STAMP | FILING FEE RECEIVED: \$ _____ CHECK#: _____ DATE PAID: _____ PROJECT NO: _____ FACILITY ID: _____ |
|------------|---|

**San Joaquin Valley
Unified Air Pollution Control District**

TITLE V MODIFICATION - COMPLIANCE CERTIFICATION FORM

I. TYPE OF PERMIT ACTION (Check appropriate box)

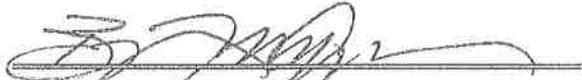
- SIGNIFICANT PERMIT MODIFICATION ADMINISTRATIVE
 MINOR PERMIT MODIFICATION AMENDMENT

| | |
|--|---------------------|
| COMPANY NAME: Pacific Ethanol Stockton, LLC | FACILITY ID: N 7365 |
| 1. Type of Organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Sole Ownership <input type="checkbox"/> Government <input type="checkbox"/> Partnership <input type="checkbox"/> Utility | |
| 2. Owner's Name: Pacific Ethanol Stockton, LLC | |
| 3. Agent to the Owner: | |

II. COMPLIANCE CERTIFICATION (Read each statement carefully and initial all circles for confirmation):

- Based on information and belief formed after reasonable inquiry, the equipment identified in this application will continue to comply with the applicable federal requirement(s).
- Based on information and belief formed after reasonable inquiry, the equipment identified in this application will comply with applicable federal requirement(s) that will become effective during the permit term, on a timely basis.
- Corrected information will be provided to the District when I become aware that incorrect or incomplete information has been submitted.
- Based on information and belief formed after reasonable inquiry, information and statements in the submitted application package, including all accompanying reports, and required certifications are true accurate and complete.

I declare, under penalty of perjury under the laws of the state of California, that the forgoing is correct and true:



 Signature of Responsible Official

2/4/2014

 Date

Bryon McGregor
 Name of Responsible Official (please print)

Chief Operating Officer
 Title of Responsible Official (please print)

Appendix IV
Emissions Change

Emissions Change

Emissions change under ATC project that resulted in ATC N-7365-33-0 is summarized in the following table.

| Emissions Change | | | |
|-------------------------|-------------------------------|-------------------------------|-----------------------------------|
| Pollutant | Annual PE2 (lb/yr) | Annual PE1 (lb/yr) | Quarterly IPE (lb/qtr) |
| NOx | 0 | 0 | 0 |
| SOx | 0 | 0 | 0 |
| PM10 | 0 | 0 | 0 |
| CO | 0 | 0 | 0 |
| VOC | 117 | 0 | 29.25 |