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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Protecting Texas by Reducing and Preventing Pollution

June 17, 2010

MR CARL E EDLUND PE
DIRECTOR MULTIMEDIA PLANNING
AND PERMITTING DIVISION
US ENVIRONMENTAL PROTECTION AGENCY REGION 6
1445 ROSS AVE STE 1200
DALLAS TX 75202-5766

Re: Executive Director's Response to EPA Objection
Renewal
Permit Number: 02690
Koral Industries, Inc.
Ennis Facility
Ennis, Ellis County
Regulated Entity Number: RN102539145
Customer Reference Number: CN600124663

Dear Mr. Edlund:

On January 15, 2010, the U.S. Environmental Protection Agency (EPA) Region 6 office signed a letter identifying objections to the issuance of the proposed federal operating permit for the above referenced site. In accordance with Title 30 Texas Administrative Code § 122.350 (30 TAC § 122.350), the Texas Commission on Environmental Quality (TCEQ) may not issue the permit until the objections are resolved. In addition, the letter identifies certain additional concerns. The TCEQ understands that the additional concerns are provided for information only and do not need to be resolved in order to issue the permit.

The TCEQ has completed the technical review of your objections and offers the enclosed responses to facilitate resolution of the objections. In addition, the attached responses to the objections describe the changes, if applicable, that have been made to the revised proposed permit and supporting statement of basis (SOB). The revised proposed permit and SOB are attached for your review.

Mr. Carl E. Edlund, P.E.
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Consistent with 30 TAC § 122.350, please provide an indication of your acceptance or assessment of the responses and resolutions to the objections as soon as possible. After receipt of your acceptance to the responses and resolutions to the objections, TCEQ will issue the proposed permit. Thank you for your cooperation in this matter. Please contact Ms. Elizabeth Moorhead at (512) 239-1377 if you have any questions concerning this matter.

Sincerely,



Steve Hagle, P.E., Director
Air Permits Division
Office of Permitting and Registration
Texas Commission on Environmental Quality

SH/EM/kp

cc: Mr. F. M. Koppersmith, III, Executive Vice President, Koral Industries, Inc., Ennis
Mr. Don L. Spraggins, P.E., WOS Environmental, Dripping Springs
Air Section Manager, Region 4 - Fort Worth

Enclosures: TCEQ Executive Director's Response to EPA Objection
Proposed Permit
Statement of Basis

Project Number: 14056

EXECUTIVE DIRECTOR'S RESPONSE TO EPA OBJECTION
Permit Number O2690

The Texas Commission on Environmental Quality (TCEQ) Executive Director provides this Response to U.S. Environmental Protection Agency (EPA's) Objection to the renewal of the Federal Operating Permit (FOP) for Koral Industries, Inc., Ennis Facility, Permit Number O2690, Ellis County, Texas.

BACKGROUND

Procedural Background

The Texas Operating Permit Program requires that owners and operators of sites subject to Title 30 Texas Administrative Code Chapter 122 (30 TAC Chapter 122) obtain a FOP that contains all applicable requirements to facilitate compliance and improve enforcement. The FOP does not authorize construction or modifications to facilities, and it does not authorize emission increases. To construct or modify a facility, the responsible party must have the appropriate new source review authorization. If the site is subject to 30 TAC Chapter 122, the owner or operator must submit a timely FOP application for the site and ultimately must obtain the FOP to operate. Koral Industries, Inc., applied to the TCEQ for a renewal of the FOP for the Ennis Facility located in Ennis, Ellis County on August 11, 2009, and notice was published on November 19, 2009, in the Ennis Daily News. The public comment period ended on December 19, 2009. TCEQ received an objection to the permit from EPA on January 15, 2010.

In accordance with state and federal rules, the permit renewal may not be issued until TCEQ resolves EPA's objections.

Description of Site

Koral Industries, Inc., owns and operates the Ennis Facility Site, located at 1504 South Kaufman Street in Ennis, Ellis County, Texas 75119. Koral Industries, Inc., is a plastics products facility. They make reinforced plastic composite bathtubs. The Ennis Facility Site Title V Permit Number O2690 contains requirements for all non-production unit sources at the site.

The following responses follow the references used in EPA's objection letter.

EPA OBJECTION No. 1: EPA objected to the *Special Terms and Conditions* provision of the draft Title V permit, Condition 3, requiring stationary vents with certain flow rates to comply with identified provisions of 30 TAC Chapter 111 (EPA-approved rules in Texas' SIP) without identification of the specific stationary vents that are subject to those requirements. As such, EPA objected to this condition as failing to meet the requirement of Title 40 Code of Federal Regulations § 70.6(a)(1) [40 CFR § 70.6(a)(1)], since the condition lacks the specificity to ensure the compliance with the applicable requirements associated with those unidentified emission units. In addition, EPA noted that the Statement of Basis document for the draft Title V permit does not provide the legal and factual basis for Condition 3, as required by 40 CFR § 70.7(a)(5). Pursuant to 40 CFR § 70.8(c)(1), EPA objected to the issuance of the

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Title V permit since Condition 3 was not in compliance with the requirements of 40 CFR § 70.8(c)(1) and 70.7(a)(5).

TCEQ RESPONSE No. 1: The EPA has supported the practice of not listing emission units in the permit that only have site-wide or "generic" requirements. See *White Paper for Streamlined Development of Part 70 Permit Applications*, July 10, 1995. The ED documented in the draft FOP that the Chapter 111 visible emission requirements for stationary vents were site-wide requirements - applying uniformly to the units or activities at the site. Because the applicant indicated in its application that only the Chapter 111 site-wide requirements apply to these stationary vents and other sources, the applicant is not required to list these smaller units individually in the unit summary, and therefore, these emission units did not appear in the applicable requirements summary table in the draft FOP.

With regard to stationary vents, there are three basic opacity requirements in 30 TAC § 111.111 that may apply, depending upon specific applicability criteria. Stationary vents constructed on or before January 31, 1972 must meet the requirements of 30 TAC § 111.111(a)(1)(A), which states that opacity shall not exceed 30% averaged over a six-minute period. Stationary vents constructed after January 31, 1972 must meet the requirements of 30 TAC § 111.111(a)(1)(B), which states that opacity shall not exceed 20% averaged over a six-minute period. Lastly, stationary vents where a total flow rate is greater than or equal to 100,000 actual cubic feet per minute (acfm) may not exceed 15% opacity averaged over a six minute period, unless that source has an installed optical instrument capable of measuring opacity that meets specified requirements, specified in 30 TAC § 111.111(a)(1)(C). Subsection 111.111(b) merely states that any of the emission units subject to section 111.111 (for this permit area, this would include all stationary vents and gas flares) shall not include contributions from uncombined water in determining compliance with this section.

However, the ED does agree that the FOP could be revised to more clearly group stationary vents according to which opacity limit applies. The site does not have any vents constructed prior to January 31, 1972, therefore, no vents are subject to the 30% opacity requirement of 30 TAC § 111.111(a)(1)(A). All other vents at the site are subject to 20% opacity, as noted in the revised Special Condition 3, which is a site-wide term and condition, as allowed in the *White Paper for Streamlined Development of Part 70 Permit Applications*, July 10, 1995

A determination of the legal and factual basis for Condition 3 was added to the Statement of Basis document for the draft Title V permit and is enclosed.

EPA OBJECTION No. 2: Pursuant to 40 CFR § 70.8(c)(1), EPA objected to the issuance of the Title V permit because Special Condition 1.D. failed to identify the specific emission limitations and standards, including those operational requirements that assure compliance with 40 CFR Part 63, Subpart WWWW. The proposed Title V permit incorporates by reference 40 CFR Part 63, Subpart WWWW - National Emission Standards for Hazardous Air Pollutants: Reinforced Plastic Composites Production. This subpart gives options for compliance with emission limits and the associated monitoring based on the equipment type, material handled and other options. The option selected by Koral Industries, Inc. must be stated in the Title V permit with the emission unit(s) to which it applies.

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TCEQ RESPONSE No. 2: The TCEQ requested the company to provide the applicable requirements for 40 CFR Part 63, Subpart WWWW. The company provided the applicable standards, monitoring and testing, recordkeeping, and reporting requirements, including options selected. TCEQ reviewed these requirements and included them in the Title V permit Applicable Requirements Summary Table for units subject to 40 CFR Part 63, Subpart WWWW.

EPA OBJECTION No. 3: EPA objected to the *Special Terms and Conditions* provision of the draft Title V permit, Condition 7, which stated that the permit holder shall certify compliance with all term and conditions. EPA noted that the compliance certification requirements for Title V permits are stated in 40 CFR §70.6(c)(5). Pursuant to 40 CFR §70.8(c)(1), EPA objected to the issuance of the Title V permit since Condition 7 of the draft renewal did not meet the regulatory requirements.

TCEQ RESPONSE No. 3: Special Condition 7 now appears in the draft permit as Special Condition 8. The ED does not agree that Special Condition 8 of the draft permit needs to be revised in order to meet regulatory requirements. Special Condition 8 of the draft permit is in compliance with the specific requirements of the EPA approved Federal Operating Permit program, as found in 30 TAC Chapter 122. Specifically, § 122.146(5), requires the annual compliance certification to include or reference the specified elements, including: the identification of each term or condition of the permit for which the permit holder is certifying compliance, the method used for determining the compliance status of each emission unit, and whether such method provides continuous or intermittent data; for emission units addressed in the permit for which no deviations have occurred over the certification period, a statement that the emission units were in continuous compliance over the certification period; for any emission unit addressed in the permit for which one or more deviations occurred over the certification period, specific information indicating the potentially intermittent compliance status of the emission unit; and the identification of all other terms and conditions of the permit for which compliance was not achieved. All permit holders are required to comply with the requirements of 30 TAC § 122.146, as well as all other rules and requirements of the commission.

In addition, in 2006, EPA's Title V Task Force endorsed the 'short-form' approach used by TCEQ, as an option for compliance certification. (See Title V Task Force, Final Report to the Clean Air Act Advisory Committee, page 108 (April 2006)).

However, in order to help clarify any confusion, the term has been revised to read as follows:

The permit holder shall certify compliance in accordance with 30 TAC § 122.146. The permit holder shall comply with 30 TAC § 122.146 using at a minimum, but not limited to, the continuous or intermittent compliance method data from monitoring, recordkeeping, reporting, or testing required by the permit and any other credible evidence or information. The certification period may not exceed 12 months and the certification must be submitted within 30 days after the end of the period being certified.

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ADDITIONAL CONCERNS

TCEQ acknowledges the additional concerns EPA has with the Ennis Facility FOP and will address these issues as appropriate.