

PROJECT#: 401183 STATUS: P
RECEIVED: 03/06/2006 PROJTYPE: BTSF

DISP CODE: C
ISSUED DT: 10/19/04
SUP-DISP DATE: 10/17/06



STAFF ASSIGNED TO PROJECT:
SUN, STEVE

PROJECT TRANSACTIONS

AIR MECT_104579487-401183_
TR_20061019_Trades_P3112

COMPANY DATA

COMPANY NAME: INNOVENE USA LLC
CUSTOMER REGISTRY ID: CN602817884

PORTFOLIO DATA

NUMBER: P3112 NAME: INNOVENE - TEXAS CHEMICAL - RN104579487

SITE DATA

ACCOUNT:
REG ENTITY ID: RN104579487
SITE NAME: TEXAS CITY CHEMICAL PLANT
COUNTY: GALVESTON
LOCATION: STYRENE UNITS & PCU UNITS

CONTACT DATA

TRANSACTION DATA

TRANSACTION TYPE:CAP_SELL ALLOWANCE TYPE:FUTURE

COMPANY DATA

COMPANY NAME: GULFCOAST EMISSIONS TRADING, LLC
CUSTOMER REGISTRY ID:

PORTFOLIO DATA

NUMBER: P1051 NAME: GULFCOAST EMISSIONS TRADING

SITE DATA

ACCOUNT:
BKR1011
REG ENTITY ID: BROKER1011
SITE NAME: GULF COAST EMISSIONS TRADING, LLC
COUNTY:
LOCATION: DEFAULT DESC TXT

CONTACT DATA

NAME: PAUL PUCHOT TITLE: GENERAL COUNSEL
STREET: 1 SUGAR CREEK CENTER BLVD SUITE 700 CITY/STATE, ZIP: SUGAR LAND, TX , 77478-0
FAX: 281-340-5258 ext 0
PHONE: 281-340-5277 ext 0

TRANSACTION DATA

TRANSACTION TYPE:CAP_BUY ALLOWANCE TYPE:ACTUAL

TRACKING ACTIVITES

TR - ENGINEER RECEIVE
PROJECT :

FA - PROJECT ISSUED :

TR - SUP/MANGR
APP/RVW RQSTD : 10/10/06
P2H

Kathleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
Martin A. Hubert, *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 13, 2006

Mr. Paul Abijogun
Consultant, Air Programs
Innovene USA, LLC
P.O. Box 1488
Alvin, Texas 77512

Re: Transfer of Allowances
Texas City Chemical Plant
Texas City, Galveston County
Regulated Entity Number: RN104579487
Customer Reference Number: CN602817884

Dear Mr. Abijogun:

This letter is in response to a Form ECT-5, entitled "Application for Transfer of Individual Future Year Allowances" received from Innovene USA, LLC dated February 3, 2006, regarding the transfer of allowances. We understand that Innovene USA, LLC, Regulated Entity Number (RN) RN104579487, has transferred a total amount of 100.0 tons of 2006 nitrogen oxides allowances to Gulf Coast Emissions Trading.

The Texas Commission on Environmental Quality (TCEQ) Mass Emissions Cap and Trade Allowance Registry now reflects Innovene USA, LLC, RN104579487, as owner of the following allowances for vintage 2005 and 2006, and the projected annual allocations after 2006.

2005	2006	2007	2008
117.6	12.0	109.4	108.9

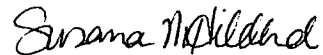
These allowances may be transferred or sold to another owner per the requirements of Title 30 Texas Administrative Code § 101.356. Allowances not used for compliance at the end of a control period may be banked for use or trade in following control period.

Mr. Paul Abijogun
Page 2
October 13, 2006

Thank you for your cooperation in this matter. If you have questions concerning this transaction or need further assistance regarding the banking program, please contact Mr. Steve Sun at (512) 239-3554 or write to the Texas Commission on Environmental Quality, Chief Engineer's Office, Air Quality Division (MC-206), P.O. Box 13087, Austin, Texas 78711-3087.

This action is authorized on behalf of the TCEQ Executive Director.

Sincerely,



Susana M. Hildebrand, P.E., Director
Air Quality Division
Texas Commission on Environmental Quality

SH/SS/sa

cc: Air Section Managers, Region 12 - Houston
Mr. Ron Schultz, Director, Pollution Control Division, Galveston County Health District
LaMarque

Project Number: 401183

Kathleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
Martin A. Hubert, *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 13, 2006

Mr. Paul Puchot
General Counsel
Gulf Coast Emission Trading, LLC
1 Sugar Creek Blvd. Suite 700
Sugarland, Texas 77478

Re: Transfer of Allowances

Dear Mr. Puchot:

This letter is in response to a Form ECT-5, entitled "Application for Transfer of Individual Future Year Allowances" received from Innovene USA, LLC dated February 3, 2006, regarding the transfer of allowances. We understand that Innovene USA, LLC, Regulated Entity Number (RN) RN104579487, has transferred a total amount of 100.0 tons of 2006 nitrogen oxides allowances to Gulf Coast Emission Trading, LLC.

The Texas Commission on Environmental Quality (TCEQ) Mass Emissions Cap and Trade Allowance Registry now reflects Gulf Coast Emission Trading, LLC as owner of the following allowances for vintage 2005 and 2006, and the projected annual allocations after 2006.

2005	2006	2007	2008
681.0	1185.0	200.2	0.0

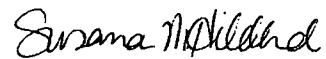
These allowances may be transferred or sold to another owner per the requirements of Title 30 Texas Administrative Code § 101.356. Allowances not used for compliance at the end of a control period may be banked for use or trade in following control period.

Thank you for your cooperation in this matter. If you have questions concerning this transaction or need further assistance regarding the banking program, please contact Mr. Steve Sun at (512) 239-3554 or write to the Texas Commission on Environmental Chief Engineer's Office, Air Quality Division (MC-206), P.O. Box 13087, Austin, Texas 78711-3087.

Mr. Paul Puchot
Page 2
October 13, 2006

This action is authorized on behalf of the TCEQ Executive Director.

Sincerely,



Susana M. Hildebrand, P.E. , Director
Air Quality Division
Texas Commission on Environmental Quality

SH/SS/sa

Project Number: 401183



Texas Commission on Environmental Quality
FORM ECT-5 (PAGE 1)
APPLICATION FOR TRANSFER OF INDIVIDUAL FUTURE YEAR ALLOWANCES

I. SELLER'S COMPANY INFORMATION			
A. Company Name: Innovene USA, LLC			
Mailing Address: P. O. Box 1488			
City: Alvin	State: TX	Zip Code: 77512-1488	
Telephone: 281-581-3498	Fax: 281-581-3604		
B. TCEQ Account Identification Number: RN104579487			
C. Originator of Allocation: Innovene USA, LLC			
D. Site Name: Texas City Plant			
Street Address (If no street address, give driving directions in writing): 2800 FM 519 East			
Nearest City: Texas City	Zip Code: 77592	County Galveston	
E. TCEQ Account Identification Number: RN104579487			
II. SELLER'S TECHNICAL CONTACT INFORMATION			
A. Technical Contact Name: Paul Ajibogun			
Technical Contact Title: Consultant, Air Programs			
Mailing Address: P. O. Box 1488			
City: Alvin	State: TX	Zip Code: 77512	
Telephone: 713-307-3424	Fax: 281-581-3604	Email: paul.ajibogun@innovene.com	
III. SELLER'S ACCOUNT REPRESENTATIVE NAME			
A. Account Representative Name: Paul Ajibogun			
Account Representative Title: Consultant, Air Programs			
Mailing Address: P. O. Box 1488			
City: Alvin	State: TX	Zip Code: 77512	
Telephone: 713-307-3424	Fax: 281-581-3604	Email: paul.ajibogun@innovene.com	
IV. BUYER'S COMPANY INFORMATION			
A. Company Name: Gulf Coast Emission Trading			
Mailing Address: 1 Sugar Creek Center Blvd. Suite 700			
City: Sugarland	State: TX	Zip Code: 77478	
Telephone: 281-340-5272	Fax: 281-340-5258		
B. TCEQ Account Identification Number: BKR-1011			
V. BUYER'S TECHNICAL CONTACT INFORMATION			
A. Technical Contact Name: Paul Puchot			
Technical Contact Title: General Counsel			
Telephone: 281-340-5272	Fax: 281-340-5258	Email: ppuchot@amerexenergy.com	
Mailing Address: 1 Sugar Creek Blvd. Suite 700			
City: Sugarland	State: TX	Zip Code: 77478	

AIR PERMITS DIVISION

MAR 6 2006

RECEIVED



**Texas Commission on Environmental Quality
FORM ECT-5 (PAGE 2)
APPLICATION FOR TRANSFER OF INDIVIDUAL FUTURE YEAR ALLOWANCES**

VI. BUYER'S ACCOUNT REPRESENTATIVE INFORMATION

A. Representative Name: Paul Puchot
 Representative Title: General Counsel
 Telephone: 281-340-5272 Fax: 281-340-5258 Email: ppuchot@amerexenergy.com
 Mailing Address: 1 Sugar Creek Blvd. Suite 700
 City: Sugarland State: TX Zip Code: 77478

VII. INDIVIDUAL FUTURE YEAR ALLOWANCES TO BE TRANSFERRED

List the facility identification number (FIN) associated with the individual future year transfer, the percentage of each FIN individual future year allocation to be transferred, and based on current rules the projected annual allocation for each FIN, in tons, which will be transferred. Please be reminded that the Buyer of individual future year allowances assumes all risks or benefits associated with future adjustments to the individual future allowances by the TCEQ.

FIN	Percentage (%)	Projected Allocation to be Transferred (tons)						
		2002	2003	2004	2005	2006	2007	2008
THWGT31	100%					45.71		
THWGT34	100%					44.17		
STY-HS101	81%					10.12		
TOTAL						100.00		

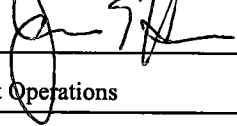
VIII. PURCHASE PRICE

Price of the Allowances acquired or the expected price of the Allowances to be acquired: \$ 650 per ton (Required)

Note: The allowances can be viewed at the TCEQ Web site at www.tnrc.state.tx.us/permitting/airperm/ immediately after the transaction is finalized.

IX. SIGNATURE

I, Jim Harris, hereby certify, as owner of the listed allowances, that these allowances may be transferred to the listed buyer and that the information entered in this application is correct to the best of my knowledge.

Signature:  Date: 2-3-06
 Title: Vice President Operations

Steve Sun - RE: Trade

From: "Ajibogun, Paul O" <Paul.Ajibogun@innovene.com>
To: "Steve Sun" <SSun@tceq.state.tx.us>
Date: 9/11/2006 9:32 AM
Subject: RE: Trade

I am in agreement with you. BP should be submitting the paperwork this week or next that will address removal from the flex permit and also certification of baseline LOA.

I will appreciate if you proceeded with the Gulf Coast transactions as you indicated.

Thanks,

Paul

From: Steve Sun [mailto:SSun@tceq.state.tx.us]
Sent: Monday, September 11, 2006 9:27 AM
To: Ajibogun, Paul O
Subject: RE: Trade

Paul,

The only trade that is pending is for FINS THWGT31, THWGT34 and STY-HS101. The other trades have all been competed.

I understand that you are not trading the allowances from FINS on Permit 1176 however in order for me to complete your trade to Gulf Coast I have to complete the trade from BP to you first. Therefore, this is what I am going to do. I will complete the trade from BP to Innovene with out the units on permit 1176 and then complete the trade from Innovene to Gulf Coast for FINS THWGT31, THWGT34 and STY-HS101.

Please remember that BP will have to remove those units from their flexible permit and certify a baseline before they can transfer the allowances to you.

Steve Sun
Emissions Banking and TradingTeam
TCEQ
(512) 239-3554

>>> "Ajibogun, Paul O" <Paul.Ajibogun@innovene.com> 9/7/2006 11:51 AM >>>
Steve, I want to clarify my concern with regards to this projects.

I submitted several trades in March as you indicated, but I only got a notice that there was missing pages on a previous transfer of allowances, and I promptly provided the missing pages. The point is, I don't believe we contributed to any delays because as soon as an issue came up, we addressed it.

Regarding FINs, THWGT31, THWGT34 and STY-HS101, none of these are in a flexible permit. STY-HS101 is in Innovene permit 8978, and the other FINs are Texas Genco purchases. Therefore, this trade should not depend on BP permit alteration process.

Yes, several other FINs in the BP transfer to Innovene are in flexible permit (1176) and I understand BP is submitting a renewal application this week or next and it includes a request to delete the shutdown FINs. But in any case, I am not trying to trade any allowances associated with permit 1176 at this time.

If you have some time, I would appreciate the opportunity to discuss this further. I think there is a miscommunication here.

Thanks,

Paul

From: Steve Sun [mailto:SSun@tceq.state.tx.us]
Sent: Thursday, September 07, 2006 11:23 AM
To: Ajibogun, Paul O
Subject: Trade

Paul,

In regards to your trade, let me recount the time line for this trade.

- We received several trades from Innovene to Gulf Coast on March 6, 2006. However, all the proper paperwork were not filed to process all the trades. The only trade currently pending is the transfer of allowances from FINs, THWGT31, THWGT34 and STY-HS101.
- On July 10, 2006 we received the trade from BP Amoco transferring these FINS along with some other FINS to Innovene.

The current delay is trying to figure out how to handle the trade from BP Amoco to Innovene. You are trading a FINS that are included in a Flex permit. This is in contrary to current business practice. As you know under the program, only allowances that have certified under actuals may be banked or traded. You identified the FINs as being shutdown. However, they are still associated with BP Amoco Permit 1176. Since they have not been removed from BP Amoco's permit and transferred to Innovene, I cannot transfer the FIN's to Innovene.

My last email to you regarding the project in Admin and ready for management review was referring to the LOA certification project. That has already been mailed out.

Steve Sun
Emissions Banking and TradingTeam
TCEQ
(512) 239-3554

Permit Alteration Technical Review

Company:	Innovene USA LLC	Permit No.:	8978
City:	Texas City	Project No.:	120410
County:	Galveston	Account No.:	
Project Type:	CRVN	Regulated Entity No.:	RN104579487
Project Reviewer:	Mr. Jeff Greif	Customer Reference No.:	CN602817884
Facility Name:	Styrene Unit Transfer Emission Source Authorizations		

Project Overview

A portion BP Amoco's Texas City plant has changed owners to Innovene and the companies are requesting sources that were placed in BP Amoco's flexible permit 1176 be pulled out and put back in the styrene plant permit 8978 that Innovene owns.

Request For Comments

Region:	12	Reviewed by:	Wayne Strickler
City:		Reviewed by:	
County:	Galveston	Reviewed by:	

Review Summary

Two sources were requested to be moved from the flexible permit 1176 back to the styrene plant permit 8978 where they were originally authorized and one source was noted to be remaining in the flexible permit although it was originally in the styrene plant permit.

The Styrene Steam Superheater EPN F-251 is the main source involved. When it was moved from 8978 to the flexible permit the emissions were not transferred directly but they were adjusted without explanation and varied from the initial to the final cap. The allowable emissions for EPN F-251, Styrene Steam Superheater HF-201 are being placed back in 8978 MAERT exactly as they were taken out and BP Amoco's 1176 initial caps are being reduced by the higher of the amounts for each pollutant found in the original permit 8978 or in the 1176 initial contribution calculation. EPN F-251 was added to Special Condition 23, which provides the same continuous monitoring requirements currently applicable to the source.

HCL emissions from flare PX-1 were requested to be moved to 8978, because they are generated from an ethyl chloride pressure tank, MS-101's, pressure relief venting in Innovene's styrene plant. However the flare is controlled by BP and the emissions were retained in 1176. A foot note has been added to permit 1176 to explain that the source of the emissions that form HCL in the flare is from the ethyl chloride off gas generated from the tank noted above authorized by permit 8978. The company representative expressed concern about having to deal with two permits to make changes, but they agreed to the conditions.

Styrene tank 202 was originally in permit 8978 and was moved to the flexible permit 1176 at the same time as the styrene superheater. That tank remains in the possession and control of BP Amoco. No changes were made to the permits in this regard.

Miscellaneous

1. Is applicant in agreement with special conditions? Yes
 Company representative? Paul Ajibogun and David Luna
 Contacted via? Phone
 Date of contact? May 10 and May 16, 2006 respectively
2. Other permit(s) affected by this action? Yes
 If yes, list permit number(s) and actions required or taken.
 BP Chemicals' flex permit 1176 is being altered to remove the source.

Permit Reviewer	Date	Team Leader/Section Manager/Backup	Date
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EMISSION SOURCES - MAXIMUM ALLOWABLE EMISSION RATES

Permit Numbers 8978 and PSD-TX-459M3

This table lists the maximum allowable emission rates and all sources of air contaminants on the applicant's property covered by this permit. The emission rates shown are those derived from information submitted as part of the application for permit and are the maximum rates allowed for these facilities. Any proposed increase in emission rates may require an application for a modification of the facilities covered by this permit.

AIR CONTAMINANTS DATA

Emission Point No. (1)	Source Name (2)	Air Contaminant Name (3)	Emission Rates *	
			lb/hr	TPY**
F-201	Steam Superheater (PSD) (5)	CO	33.12	89.22
		NO _x	4.02	14.68
		PM ₁₀	5.90	17.93
		SO ₂	0.24	0.86
		VOC	2.17	7.92
F-251	Steam Superheater (PSD)	CO	4.2	18.4
		NO _x	23.4	102.5
		PM ₁₀	3.0	13.1
		SO _x	0.8	3.4
		VOC	1.2	5.3
F-252	Hot Oil Heater (PSD)	CO	2.2	9.5
		NO _x	9.3	40.7
		PM ₁₀	1.6	6.8
		SO _x	0.4	1.7
		VOC	0.6	2.7
FL-202	No. 3 Styrene Flare	CO	196.05	8.90
		NO _x	38.39	1.39
		VOC	350.72	1.84
LPV-254	PEB Hotwell Vent	VOC	0.5	2.1
LPV-255	Oxygen Monitors	VOC	0.1	0.4
LPV-256	Oxygen Analyzers	VOC	0.01	0.04
LPV-257	Refining Analyzers	VOC	0.32	1.39

EMISSION SOURCES - MAXIMUM ALLOWABLE EMISSION RATES

AIR CONTAMINANTS DATA

Emission Point No. (1)	Source Name (2)	Air Contaminant Name (3)	Emission Rates *	
			lb/hr	TPY**
SP-251	Styrene Truck Loading	VOC	4.43	0.74
SP-252	EB Truck Loading	VOC	2.47	0.04
SP-253	PEB Truck Loading	VOC	0.56	0.12
SP-254	PEB Residue Truck Loading	VOC	0.03	0.01
SP-261	Styrene Railcar Loading	VOC	6.16	5.91
ST-251	PEB Storage Tank	VOC	0.10	0.08
ST-253	Benzene Storage Tank	VOC	0.27	1.34
ST-254	Styrene Storage Tank	VOC	0.28	0.52
ST-255, ST-256, and ST-257	Three Styrene Storage Tanks	VOC	11.44	12.2
ST-258	Benzene Storage Tank	VOC	1.85	1.28
ST-259	Residue Storage Tank	VOC	0.01	0.08
ST-260	Inhibitor Storage Tank	VOC	4.04	0.20
ST-261	Ethylbenzene Storage Tank	VOC	0.15	0.10
ST-262 and ST-267	Ethylbenzene Storage Tank and Styrene Storage Tank	VOC	6.65	0.92
ST-1213	Ethylene Glycol Storage Tank	VOC	0.01	0.01
ST-1304	Crude Styrene Storage Tank	VOC	0.33	1.27

EMISSION SOURCES - MAXIMUM ALLOWABLE EMISSION RATES

AIR CONTAMINANTS DATA

Emission Point No. (1)	Source Name (2)	Air Contaminant Name (3)	Emission Rates *	
			lb/hr	TPY**
ST-1305	Styrene Storage Tank	VOC	10.69	14.09
CT-251	Styrene No. 2 Cooling Tower (4)	VOC	2.1	9.2
CT-252	Styrene No. 3 Cooling Tower PSD (5)	PM ₁₀	2.43	10.63
		VOC	3.23	14.16
FU-251	No. 2 Styrene Process Fugitives (4)	VOC	2.56	11.19
FU-1251	No. 3 Styrene Process Fugitives (4)	VOC	2.63	11.52
S-251	Sumps (4)	VOC	1.7	7.5

(1) Emission point identification - either specific equipment designation or emission point number from a plot plan.

(2) Specific point source names. For fugitive sources, use an area name or fugitive source name.

(3) CO - carbon monoxide

NO_x - total oxides of nitrogen

PM₁₀ - particulate matter (PM) equal to or less than 10 microns in diameter. Where PM is not listed, it shall be assumed that no particulate matter greater than 10 microns in emitted.

SO₂ - sulfur dioxide

SO_x - sulfur oxides

VOC - volatile organic compounds as defined in Title 30 Texas Administrative Code § 101.1

(4) Fugitive emissions are an estimate only and should not be considered as a maximum allowable emission rate.

(5) PSD-TX-459M3 for PM₁₀

* Emission rates are based on and the facilities are limited by the following maximum operating schedule:

24 Hrs/day 7 Days/week 52 Weeks/year

** Compliance with annual emission limits is based on a rolling 12-month period.

Dated July 6, 2006

July 13, 2006

Mr. Ruben Herrera
Senior Air Quality Engineer
BP Amoco Chemical Company
P.O. Box 401
Texas City, Texas 77592-0401

Re: Permit Alteration
Flexible Permit Numbers: 1176 and PSD-TX-782
Paraxylene and Metaxylene Units
Texas City, Galveston County
Regulated Entity Number: RN102536307
Customer Reference Number: CN600126775
Account Number: GB-0001-R

Dear Mr. Herrera:

This is in response to your letter dated January 13, 2006, requesting revision of the special conditions and maximum allowable emission rates table (MAERT) of the above-referenced permit. We understand the authorization for the Styrene Steam Superheater HF-201, Emission Point No. (EPN) F-251, needs to be placed back in Permit Numbers 8978 and PSD-TX-459M3, where it originated and which is now controlled by Innovene USA, L.L.C. The Styrene Tank 202 will remain in Flexible Permit Number 1176. The HCL emissions from Flare PX-1 will be noted to be the result of combusting pressure relief venting from the Ethyl Chloride Pressure Tank, EPN MS-101, which is in Innovene's control.

As indicated in Title 30 Texas Administrative Code § 116.721(b), and based on our review, Permit Number 1176 is altered. Enclosed are the altered permit special conditions and MAERT to replace those currently attached to your permit. Please attach these to your permit.

Your cooperation in this matter is appreciated. If you need further information or have any questions, please contact Mr. Jeff Greif at (512) 239-1534 or write to the Texas Commission on Environmental Quality, Office of Permitting, Remediation, and Registration, Air Permits Division (MC-163), P.O. Box 13087, Austin, Texas 78711-3087.

Mr. Ruben Herrera
Page 2
July 13, 2006

Re: Flexible Permit Numbers: 1176 and PSD-TX-782

This action is authorized on behalf of the Texas Commission on Environmental Quality
Executive Director.

Sincerely,

Richard A. Hyde, P.E., Director
Air Permits Division
Office of Permitting, Remediation, and Registration
Texas Commission on Environmental Quality

RH/JG/df

Enclosures

cc: Air Permit Section Chief, Environmental Protection Agency, Region 6, Dallas
Mr. Ron Schultz, Director, Pollution Control Division, Galveston County Health District,
La Marque
Air Section Managers, Region 12 - Houston

Project Number: 120330