

PROJECT#: 402153
RECEIVED: 12/27/2007

STATUS: C
PROJTYPE: BDIU

DISP CODE: C
ISSUED DT: 10/27/2010
SUP-DISP DATE: 10/27/2010

STAFF ASSIGNED TO PROJECT:
DANIEL, SHANTHA

PROJECT NOTES:
DERC 2008 INTENT

AIR DERC_102205820-402153_
USE_20101027_Use_D2358

PROJECT TRANSACTIONS**COMPANY DATA**

COMPANY NAME: INDUSTRIAL METAL FINISHING COMPANY INC
CUSTOMER REGISTRY ID: CN600257018

PORTFOLIO DATA

NUMBER: P0365 NAME: INDUSTRIAL METAL FINISHERS HG0398E

SITE DATA

ACCOUNT:
HG0398E

REG ENTITY ID: RN102205820

SITE NAME: INDUSTRIAL METAL FINISHNG

COUNTY: HARRIS

NEAREST CITY: HOUSTON

LOCATION: 4200 PERRY STREET, HOUSTON, TX

CONTACT DATA

NAME: BRUCE LOESER

TITLE: VICE PRESIDENT

STREET: 4200 PERRY STREET CITY/STATE, ZIP: HOUSTON, TX , 77021-0

FAX: 713-747-7857 ext 0

PHONE: 713-747-6700 ext 0

TRANSACTION DATA

TRANSACTION TYPE: DERC_INTEN

DATE ENTERED: 2008-01-03 00:00:00.0

CONTAMINATE: HAP
ALLOWANCE0

DELETED DATE:

TONS: 1.80

CERTIFICATE NO.: D2358 COUNTY : HARRIS

EFFECTIVE YEAR:

DOLLARS: 0

TRANSACTION DATA

TRANSACTION TYPE: DERC_RET

DATE ENTERED: 2008-01-03 00:00:00.0

CONTAMINATE: HAP
ALLOWANCE0

DELETED DATE:

TONS: 3.20

CERTIFICATE NO.: D2608 COUNTY : HARRIS

EFFECTIVE YEAR:

DOLLARS: 0

TRACKING ACTIVITIES

TR - ENGINEER
RECEIVE PROJECT :

09/24/2010 TR - DEFICIENCY
CYCLE :

09/24/2010 10/25/2010 TR - SUP/MANGR
APP/RVW RQSTD :

10/27/2010

TR - PROJ TECH
COMPLETE :

10/27/2010 FA - PROJECT ISSUED : 10/27/2010

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JAN 03 2008

AIR QUALITY
PLANNING

Form DEC-2 (Page 1)

Notice of Intent To Use Discrete Emission Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.379)



I. Company Identifying Information

A. Company Name: Industrial Metal Finishing Co., Inc.

Mailing Address: 4200 Perry St.

City: Houston

State: Texas

Zip Code: 77021

Telephone: 713-747-6700

Fax: 713-747-7857

B. TCEQ Customer Number (CN):

C. Site Name: Same

Street Address: (if no street address, give driving directions to site)

Nearest City:

Zip Code:

County:

D. TCEQ Regulated Entity Number (RN): RN102205820

E. TCEQ Air Account Number: (if applicable) HG-0398-E

F. Primary SIC: 3471

Air Permit Number:

II. Technical Contact Identifying Information

A. Technical Contact Name: (X Mr. Mrs. Ms. Dr.) Bruce Loeser

Technical Contact Title: V.P.

Mailing Address: Same

City:

State:

Zip Code:

Telephone:

Fax:

E-mail:

III. Mass Emission Cap and Trade Program (MECT)

Is the DERC use for compliance with 30 TAC Chapter 101 Subchapter H, Division 3? ☐ YES ☒ NO

Year DERC Generated: 2003 Year of Use: 2008 Ratio of DERC to Allowance: 1.1 to 1

Note: If DERC use is to comply with MECT then go to Section IX

IV. Intended Use Period

Intended Use Start Date 01/01/08

Intended Use End Date 12/31/08



Form DEC-2 (Page 2)
Notice of Intent To Use Discrete Emission Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.379)

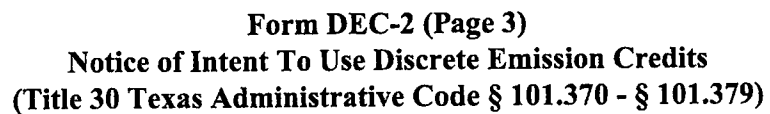
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JAN 03 2008

**AIR QUALITY
PLANNING**

V. State and Federal Requirements
Applicable State and Federal requirements that the DERs will be used for compliance: 30 TAC §115.421 (a) (9) (A) (iii)
VI. Most Stringent Emission Rate
Describe basis for most stringent allowable emission rate: <input type="checkbox"/> Permit _____ <input type="checkbox"/> RACT _____ <input checked="" type="checkbox"/> Other: <u>3.5#/gallon</u> <i>Notes:</i>

Continue to Section VII (next page)



JAN 03 2008

AIR QUALITY PLANNING

VII. Tons of DERCS Required

TCEQ 10392 - (Revised 02/07) - Form DEC-2
This form is for use by facilities subject to air quality permit requirements and may be revised periodically



Form DEC-2 (Page 4)
Notice of Intent To Use Discrete Emission Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.379)

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JAN 03 2008
AIR QUALITY
PLANNING

VIII. Protocol

Protocol used to calculate DERC:

Note: Attach the actual calculations that were used to determine the amounts of DERCs needed to this form

See Prior Year

IX. Total DERCs Required for Use (round up to the nearest tenth of a ton)

Tons of DERCs required (from Sect. VII.)	CO: _____	NO _x : _____	PM ₁₀ : _____	SO ₂ : _____	VOC: <u>.9</u>
Offset Ratio (if required)	CO: _____	NO _x : _____	PM ₁₀ : _____	SO ₂ : _____	VOC: _____
Environmental Contribution (+ 10%)	CO: _____	NO _x : _____	PM ₁₀ : _____	SO ₂ : _____	VOC: <u>.1</u>
Compliance Margin (+ 5%) (If DERC use requires > 10 tons)	CO: _____	NO _x : _____	PM ₁₀ : _____	SO ₂ : _____	VOC: _____
Total DERCs	CO: _____	NO _x : _____	PM ₁₀ : _____	SO ₂ : _____	VOC: <u>1.0</u>

X. DERC Information

Name of the DERC Generator: _____

DERC Generator Regulated Entity Number: _____

Certificate number of the DERCs acquired or to be acquired: D-1210

Note: The certificate number is assigned by the TCEQ



Form DEC-2 (Page 5)
Notice of Intent To Use Discrete Emission Reduction Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.379)

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JAN 03 2008

AIR QUALITY
PLANNING

XI. Purchase Date and Price

Date on which the DERCs were acquired or will be acquired: ____/____/____

Price or expected price of the DERCs: \$ 3000.00 per ton (Required)

XII. Certification by Responsible Official

I, Bruce Loeser, hereby certify, to the best of my knowledge and belief, that this application is correct and the use strategy claimed on this notice has met the requirements of all applicable state and federal rules and regulations. I further state that to the best of my knowledge and belief the information in this certification is not in any way in violation of 30 TAC, Subchapter H, Division 4, §101.370-101.379 or any applicable air quality rule or regulation of the Texas Commission on Environmental Quality and that intentionally or knowingly making or causing to be made false material statements or representations in this certification is a CRIMINAL OFFENSE subject to criminal penalties. I hereby also waive the Federal statute of limitations defense in regards to the generation and use of discrete emission credits.

Signature

Signature Date 12/21/07

Title

V. P.

Mail application to:
Emission Banking and Trading Program
TCEQ MC-206
PO BOX 13087
AUSTIN, TX 78711-3087

**DISCRETE EMISSION CREDITS/EMISSION CREDIT USE
TECHNICAL REVIEW**

Project No.:	300784	Customer Reference No.:	CN600257018
Project Type:	BDIU	Regulated Entity No.:	RN102205820
Company:	Industrial Metal Finishing Company Inc	Facility Name:	Industrial Metal Finishing
City:	Houston	County:	Harris
Project Reviewer:	Mr. Aaron Hutchison	Portfolio Name:	Industrial Metal Finishers Hg0398e

Project Overview

Industrial Metal Finishing (IMF) Company has submitted a Form DEC-2, "Notice of Intent to Use Discrete Emission Credits," dated December 2, 2004. This intent is a continuation of DERC use at this site. IMF has submitted DERC certificate number D-1124, valued at 4.0 tons of VOC-HAP, along with the Form DEC-2.

Discrete Emission Credit / Emission Reduction Credit Use

Discuss reason for use.

IMF uses coating products which exceed the VOC limits imposed in 30 TAC § 115.421(a)(9)(A)(iii), which refers to coatings used within the miscellaneous metal parts and products (MMPP) industry. In order to comply with this regulation, IMF has used DERCs to cover the difference between the VOC content to IMF's coatings and the regulatory VOC content.

For the year 2005, IMF intends to use 2,000 gallons of coatings with a VOC content of 4.0 lb/gal. When subtracted from the regulatory rate, IMF intends to use 0.5 tons of DERCs for compliance. An environmental contribution of 10%, or 0.1 tons, is also required for this intent. Therefore, a total of 0.6 tons of DERCs will be held under this intent.

IMF has submitted DERC certificate number D-1124, valued at 4.0 tons of VOC-HAP DERCs. A remainder of 3.4 tons of VOC-HAP DERCs will be reissued to IMF under DERC certificate number D-1210.

Certificate(s) to be used	D-1124
Pollutant	VOC-HAP
Amount	0.5
Regulation	115.421(a)(9)(A)(iii)
Use period/Use Date	January 1, 2005 - December 31, 2005

Credit Use Calculation Methods

Discuss calculation method for use

The amount of DERCs required to meet compliance with a regulatory rate can be found in 30 TAC § 101.376(d)(2)(B), and is as follows:

$$\text{DERC} = \text{ELA} \times (\text{EER} - \text{RER})$$

where ELA is the expected level of activity, EER is the expected emission rate, and RER is the regulatory emission rate. In this case, the expected level of activity is 2,000 gallons, the expected emission rate is 4.0 lb/gal, and the regulatory emission rate from 30 TAC § 115.421(a)(9)(A)(iii) is 3.5 lb/gal. Therefore:

**DISCRETE EMISSION CREDITS/EMISSION CREDIT USE
TECHNICAL REVIEW**

Regulated Entity Number: RN102205820

Page 2

$$\begin{aligned}\text{DERC} &= 2,000 \text{ gal} \times (4.0 \text{ lb/gal} - 3.5 \text{ lb/gal}) \\ \text{DERC} &= 1,000 \text{ lb} = 0.5 \text{ tons}\end{aligned}$$

A 10% environmental contribution, rounded up to 0.1 ton, is also required, bringing the total required DERCs to 0.6 tons.

Conclusion:

Industrial Metal Finishing Co. has accurately estimated the required DERCs for compliance with 30 TAC § 115.421 for the 2005 calendar year. 0.6 tons of VOC-HAP DERCs will be held under this intent. The remainder of 3.4 tons will be retained by Industrial Metal Finishing, and reissued under DERC Certificate Number D-1210.

Project Reviewer

Date

Team Leader/Section Manager/Backup

Date

**DISCRETE EMISSION CREDITS/EMISSION CREDIT USE
TECHNICAL REVIEW**

Project No.:	400431	Customer Reference No.:	CN600257018
Project Type:	BDIU	Regulated Entity No.:	RN102205820
Company:	Industrial Metal Finishing Company Inc	Facility Name:	Industrial Metal Finishing
City:	Houston	County:	Harris
Project Reviewer:	Todd Huddleson	Portfolio Name:	Industrial Metal Finishers Hg0398e

Project Overview

Industrial Metal Finishing (IMF) Company has submitted a Form DEC-2, "Notice of Intent to Use Discrete Emission Credits," dated December 30, 2005. This intent is a continuation of DERC use at this site. IMF has on file DERC certificate number D-1210, valued at 3.4 tons of VOC-HAP, which has been identified to support this intent to use.

Discrete Emission Credit / Emission Reduction Credit Use

Discuss reason for use.

IMF uses coating products which exceed the VOC limits imposed in 30 TAC § 115.421(a)(9)(A)(iii), which refers to coatings used within the miscellaneous metal parts and products (MMPP) industry. In order to comply with this regulation, IMF has used DERCs to cover the difference between the VOC content to IMF's coatings and the regulatory VOC content.

For the year 2007, IMF intends to use 2,000 gallons of coatings with a VOC content of 3.5 lb/gal. When subtracted from the regulatory rate, IMF intends to use 0.8 ton of DERCs for compliance. An environmental contribution of 10%, or 0.08 tons, is also required for this intent. Therefore, a total of 0.9 ton of DERCs will be held under this intent.

IMF has submitted DERC certificate number D-1210, valued at 3.4 tons of VOC-HAP DERCs. A remainder of 2.5 tons of VOC-HAP DERCs will be reissued to IMF under DERC certificate number D-2223.

Certificate(s) to be used	D-1210
Pollutant	VOC-HAP
Amount	0.9 ton
Regulation	115.421(a)(9)(A)(iii)
Use period/Use Date	January 1, 2006 - December 31, 2006

Credit Use Calculation Methods

Discuss calculation method for use

The amount of DERCs required to meet compliance with a regulatory rate can be found in 30 TAC § 101.376(d)(2)(B), and is as follows:

$$\text{DERC} = \text{ELA} \times (\text{EER} - \text{RER})$$

where ELA is the expected level of activity, EER is the expected emission rate, and RER is the regulatory emission rate. In this case, the expected level of activity is 2,000 gallons, the expected emission rate is 4.3 lb/gal, and the

**DISCRETE EMISSION CREDITS/EMISSION CREDIT USE
TECHNICAL REVIEW**

Regulated Entity Number: RN102205820

Page 2

regulatory emission rate from 30 TAC § 115.421(a)(9)(A)(iii) is 3.5 lb/gal. Therefore:

$$\begin{aligned}\text{DERC} &= 2,000 \text{ gal} \times (4.3 \text{ lb/gal} - 3.5 \text{ lb/gal}) \\ \text{DERC} &= 1,000 \text{ lb} = 0.8 \text{ tons}\end{aligned}$$

A 10% environmental contribution, rounded up to 0.1 ton, is also required, bringing the total required DERCs to 0.9 ton.

Conclusion:

Industrial Metal Finishing Co. has accurately estimated the required DERCs for compliance with 30 TAC § 115.421 for the 2005 calendar year. The 0.9 ton of VOC-HAP DERCs will be held under this intent. The remainder of 2.5 tons will be retained by Industrial Metal Finishing, and reissued under DERC Certificate Number D-2223.

Project Reviewer

Date

Team Leader/Section Manager/Backup

Date



Received
SEP 27 2010
Air Quality Division
Industrial Metal Finishing Co.

4200 Perry St. • Houston, Texas 77021 • (713) 747-6700 • Fax (713) 747-7857
Toll Free (888) 747-6700

December 21, 2007

TCEQ
P.O. Box 13087
Austin, TX 78711-3087


Re: Notice of Intent to Use DERCs form DEC-2

Dear Sir;

Enclosed is our DEC-2 for year 2008. We should have on file 2.5 tons of DERCs from certificated-1210.

Please let me know if there is anything else you require.

Sincerely,


Bruce Goesser
Vice President
IMFCO

SEP 27 2010



Form DEC-2 (Page 1)
Notice of Intent To Use Discrete Emission Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.379)

Air Quality Division

I. Company Identifying Information			
A. Company Name: Industrial Metal Finishing Co., Inc.			
Mailing Address: 4200 Perry St.			
City: Houston	State: Texas	Zip Code: 77021	
Telephone: 713-747-6700		Fax: 713-747-7857	
B. TCEQ Customer Number (CN):			
C. Site Name: Same			
Street Address: (if no street address, give driving directions to site)			
Nearest City:	Zip Code:	County:	
D. TCEQ Regulated Entity Number (RN): RN102205820			
E. TCEQ Air Account Number: (if applicable) HG-0398-E			
F. Primary SIC: 3471		Air Permit Number:	
II. Technical Contact Identifying Information			
A. Technical Contact Name: (X Mr. ___ Mrs. ___ Ms. ___ Dr.) Bruce Loeser			
Technical Contact Title: V. P.			
Mailing Address: Same			
City:	State:	Zip Code:	
Telephone:	Fax:	E-mail:	
III. Mass Emission Cap and Trade Program (MECT)			
Is the DERC use for compliance with 30 TAC Chapter 101 Subchapter H, Division 3? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
Year DERC Generated: 2003 Year of Use: 2008 Ratio of DERC to Allowance: 1.1 to 1			
Note: If DERC use is to comply with MECT then go to Section IX			
IV. Intended Use Period			
Intended Use Start Date 01/01/08		Intended Use End Date 12/31/08	



Form DEC-2 (Page 2)
Notice of Intent To Use Discrete Emission Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.379)

Received

SEP 27 2010

Air Quality Division

V. State and Federal Requirements
Applicable State and Federal requirements that the DERCs will be used for compliance: 30 TAC §115.421 (a) (9) (A) (iii)
VI. Most Stringent Emission Rate
Describe basis for most stringent allowable emission rate: <input type="checkbox"/> Permit _____ <input type="checkbox"/> RACT _____ <input checked="" type="checkbox"/> Other: <u>3.5#/gallon</u> Notes:

Continue to Section VII (next page)

Received

SEP 27 2010



Air Quality Division

Form DEC-2 (Page 3)

Notice of Intent To Use Discrete Emission Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.379)

VII. Tons of DERCS Required									
Emission Point No.	FIN	Air Contaminant	Calculation of DERCS						
			Expected Activity (units)	Expected Emission Rate (units)	Expected Total Emissions (tons)	Regulated Activity (units)	Regulated Emission Rate (units)	Regulated Total Emissions (tons)	DERCs (tons)
PS-1	PS-1	VOC	2000 Gal	4.4#	4.4	2000 Gal	3.5#	3.5	.9
Total:								.9	

Received

SEP 27 2010

Air Quality Division



Form DEC-2 (Page 4)
Notice of Intent To Use Discrete Emission Credits
 (Title 30 Texas Administrative Code § 101.370 - § 101.379)

VIII. Protocol**Protocol used to calculate DERC:***Note: Attach the actual calculations that were used to determine the amounts of DERCs needed to this form*

See Prior Year

IX. Total DERCs Required for Use (round up to the nearest tenth of a ton)

Tons of DERCs required (from Sect. VII.)	CO: _____	NO _x : _____	PM ₁₀ : _____	SO ₂ : _____	VOC: <u>.9</u>
Offset Ratio (if required)	CO: _____	NO _x : _____	PM ₁₀ : _____	SO ₂ : _____	VOC: _____
Environmental Contribution (+ 10%)	CO: _____	NO _x : _____	PM ₁₀ : _____	SO ₂ : _____	VOC: <u>.1</u>
Compliance Margin (+ 5%) (If DERC use requires > 10 tons)	CO: _____	NO _x : _____	PM ₁₀ : _____	SO ₂ : _____	VOC: _____
Total DERCs	CO: _____	NO _x : _____	PM ₁₀ : _____	SO ₂ : _____	VOC: <u>1.0</u>

X. DERC Information

Name of the DERC Generator: _____

DERC Generator Regulated Entity Number: _____

Certificate number of the DERCs acquired or to be acquired: D-1210*Note: The certificate number is assigned by the TCEQ*



Form DEC-2 (Page 5)
Notice of Intent To Use Discrete Emission Reduction Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.379)

Received

SEP 27 2010

Air Quality Division

XI. Purchase Date and Price

Date on which the DERCs were acquired or will be acquired: ____ / ____ / ____

Price or expected price of the DERCs: \$ 3000.00 per ton (Required)

XII. Certification by Responsible Official

I, Bruce Loeser, hereby certify, to the best of my knowledge and belief, that this application is correct and the use strategy claimed on this notice has met the requirements of all applicable state and federal rules and regulations. I further state that to the best of my knowledge and belief the information in this certification is not in any way in violation of 30 TAC, Subchapter H, Division 4, §101.370-101.379 or any applicable air quality rule or regulation of the Texas Commission on Environmental Quality and that intentionally or knowingly making or causing to be made false material statements or representations in this certification is a CRIMINAL OFFENSE subject to criminal penalties. I hereby also waive the Federal statute of limitations defense in regards to the generation and use of discrete emission credits.

Signature

Signature Date 12/21/07

Title V.P.

Mail application to:
Emission Banking and Trading Program
TCEQ MC-206
PO BOX 13087
AUSTIN, TX 78711-3087



Industrial Metal Finishing Co.

4200 Perry St. • Houston, Texas 77021 • (713) 747-6700 • Fax (713) 747-7857
Toll Free (888) 747-6700

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JAN 03 2008

AIR QUALITY
PLANNING

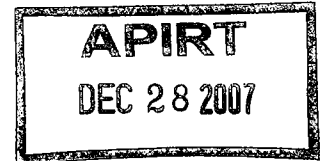
RECEIVED

DEC 27 2007

AIR QUALITY
DIVISION

December 21, 2007

TCEQ
P.O. Box 13087
Austin, TX 78711-3087



Re: Notice of Intent to Use DERCs form DEC-2

Dear Sir;

Enclosed is our DEC-2 for year 2008. We should have on file 2.5 tons of DERCs from certificated-1210.

Please let me know if there is anything else you require.

Sincerely,

Bruce Loeser
Vice President
IMFCO

MEMBER

NAMF

NATIONAL ASSOCIATION OF METAL FINISHERS

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 23, 2010

Certified Mail # 91 7108 2133 3935 1944 6838

Mr. Bruce Loeser
Vice President
Industrial Metal Finishing Company, Inc.
4200 Perry Street
Houston, Texas 77021

Re: Notice of Violation for the use of Discrete Emission Credits at:
Industrial Metal Finishing
Houston, Harris County
Regulated Entity Number: RN102205820
Customer Reference Number: CN600257018
Portfolio Number: P0365

Dear Mr. Loeser:

This letter is in response to Industrial Metal Finishing Company, Inc.'s (IMF), multiple Forms DEC-2, Notice of Intent to Use Discrete Emission Credits, and multiple Forms DEC-3, Notice of Use of Discrete Emission Credits, for the purpose of compliance with 30 Texas Administrative Code (TAC) §115.421(a)(9)(A)(iii) for the use period of 2005 through 2011 calendar years. During this review, any instances of non-compliance with applicable Emissions Banking and Trading Program regulations under 30 TAC Chapter 101 Subchapter H have been noted as violations. Enclosed is a summary that lists the findings. All violations were resolved during or subsequent to the review. No further response from you is necessary at this time.

We have reviewed your applications and have found that the notice and the credits to be used meet the requirements of 30 TAC §§101.370 through 101.379. Please refer to the table below for details. Note that some of the DEC-2 (Intent) and DEC-3 (Use) projects were reviewed together. To ensure that IMF is in compliance, the amounts set aside in the intent projects reflect the actual use amounts specified in the use projects. The total tons specified below include the required 10% environmental contribution. Please keep in mind that Form DEC-2 is due 45 days prior to the start of the use period and the Form DEC-3 must be submitted within 90 days of the end of the use period.

In the future, please use the revised version of the Forms DEC-2 and DEC-3. The revised forms provide additional information required for processing the applications and is available on the Texas Commission on Environmental Quality (TCEQ) website.

PROJECT NO.	RECEIVE DATE	PROJECT TYPE	USE PERIOD	TOTAL TONS SET ASIDE OR USED
300784 ^a	12/06/2004	Intent	1/1/05 – 12/31/05	0.6
400999	3/16/2006 ^b	Additional Intent		0.4
400557	3/16/2006	Use		1.0
400431 ^a	01/17/2006	Intent	1/1/06 – 12/31/06	0.9
405046	10/25/2010 ^b	Additional Intent		0.4
405019	2/28/2007	Use		1.3
401261 ^a	01/08/2007	Intent	1/1/07 – 12/31/07	0.9
405047	10/25/2010 ^b	Additional Intent		0.6
402477	3/7/2008	Use		1.5
402153	12/27/2007 ^b	Intent	1/1/08 - 12/31/08	1.8 ^c
405020	3/19/2009	Use		
403189	12/17/2008 ^b	Intent	1/1/09 – 12/31/09	1.1 ^c
405021	2/26/2010	Use		
404395	12/28/2009 ^b	Intent	1/1/10 – 12/31/10	1.1
405048	10/25/2010	Intent	1/1/11 – 12/31/11	1.3

^a Project has already been processed. It has been included in this table for reference purposes.

^b The Form DEC-2 was submitted past the required due date. Please refer to the attached violation summary.

^c The total ton amount for the intent is based on the use amount.

Enclosed is a copy of DERC certificate D-2660 issued to IMF for the retained amount of 0.3 ton of VOC DERCS. DERC certificate D-2660 has been deposited in the TCEQ Discrete Emissions Credit Registry. This certificate may be transferred or sold to another owner for use per the requirements of 30 TAC §§101.370 - 101.379.

Please note that the legislature has granted the TCEQ enforcement powers to ensure compliance with environmental regulatory requirements. This action is taken under authority delegated by the Executive Director of the TCEQ. If you have additional information that we are unaware of, you have the opportunity to contest the violation(s) documented in this notice. Should you choose to do so, you must notify the staff listed below within 30 days from the date of this letter.

Mr. Bruce Loeser
Page 3
November 23, 2010

Thank you for your cooperation in this matter. If you have questions concerning this review or need further assistance regarding the banking program, please contact Dr. Shantha Daniel at (512) 239-3930, 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.

Sincerely,



David Brymer, Director
Air Quality Division
Texas Commission on Environmental Quality

DB/SD/db

cc: Air Section Manager, Region 12 – Houston
Mr. Michael Schaffer, Director, Environmental Public Health Division, Harris County
Public Health and Environmental Services, Pasadena
Mr. Arturo Blanco, Bureau Chief of Air Quality Control, Health and Human Services
Department, City of Houston, Houston

Violation Summary
Regulated Entity Number: RN102205820

Violation: Industrial Metal Finishing Company, Inc., is in violation for not submitting the Form DEC-2, Notice of Intent to Use, by the required due date. The Form DEC-2 was due 45 days prior to the start of the use period.

Citation: 30 Texas Administrative Code (TAC) §101.376(d)(1)(B)(ii)

Recommended Corrective Action: Submit the completed DEC-2 form and supporting documentation as detailed in 30 TAC §101.376 to the Texas Commission on Environmental Quality Emissions Banking and Trading Program.

Resolution: Industrial Metal Finishing Company, Inc., submitted the required DEC-2 form and the supporting documentation for the respective use periods.

The State of Texas

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Certificate Number:

D-2660



Number of Credits:

0.3 ton VOC

Discrete Emission Reduction Credit Certificate

This certifies that

Industrial Metal Finishing Company, Inc.

4200 Perry Street

Houston, TX 77021

is the owner of 0.3 ton of volatile organic compounds (VOC) discrete emission reduction credits established under the laws of the State of Texas, transferable only on the books of the Texas Commission on Environmental Quality, by the holder hereof in person or by duly authorized Attorney, upon surrender of this certificate.

The owner of this certificate is entitled to utilize the discrete emission credits evidenced herein for all purpose authorized by the laws and regulations of the State of Texas and is subject to all limitations prescribed by the laws and regulations of the State of Texas.

Discrete Emission Reduction Generation Period: December 31, 1995 - December 31, 1997

Generator Regulated Entity No.: RN100210806

County of Generation: Harris

Generator Certificate: D-1001

November 23, 2010

A handwritten signature in black ink, appearing to read "David Boyer".

For the Commission

DISCRETE EMISSION CREDITS INTENT TO USE TECHNICAL REVIEW

Project No.:	400999, 400557, 405046, 405019, 405047, 402477, 402153, 405020, 403189, 405021, 404395, 405048	Customer Reference No.:	CN600257018
Project Type:	BDIU / BUSE	Regulated Entity No.:	RN102205820
Company:	Industrial Metal Finishing Company, Inc.	Facility Name:	Industrial Metal Finishing
City:	Houston	County:	Harris
Project Reviewer:	Dr. Shantha Daniel	Portfolio Name:	P0365 - RN102205820

Project Overview

Industrial Metal Finishing Company, Inc. (IMF), submitted multiple Forms DEC-2, Notice of Intent to Use Discrete Emission Credits, and multiple Forms DEC-3, Notice of Use of Discrete Emission Credits, for the purpose of compliance with Title 30 Texas Administrative Code (TAC) §115.421(a)(9)(A)(iii) at the Industrial Metal Finishing site in Houston. IMF is using Volatile Organic Compound (VOC)-Hazardous Air Pollutants (HAP) Discrete Emission Credits (DERCs) to comply with the VOC emission limit listed in 30 TAC §115.421(a)(9)(A)(iii) for miscellaneous metal parts coating applications.

Some of the previously submitted DEC-2 and DEC-3 forms could not be located and the company re-submitted copies of the forms on 9/27/2010. For these forms, the date on the cover letter is being used as the received date. The intent/use periods for the forms are the 2005 through 2011 calendar years. The details of the forms and the associated projects are given in the table below. All quantity of DERCs listed in the "Total Tons Set Aside Or Used" column in the table below include the required 10% environmental contribution.

For the 2005, 2006, and 2007 calendar year use periods, IMF used more DERCs than were set aside in the intent projects (300784, 400431, and 401264, respectively). IMF was unaware of the requirement per 30 TAC §§101.376 (a) and 101.376(d)(1)(B)(ii) that an additional DEC-2 form should be submitted if the amount of DERCs used is in exceedance to the amount of the amount set aside. IMF was notified of this requirement and submitted the required DEC-2 forms on 10/25/2010. The DEC-2 forms increasing the intent amounts to match the use amounts for the 2005, 2006, and 2007 calendar year use periods are being processed in projects 400999, 405046, and 405047, respectively. In the table below, the project type associated with these projects are listed as "Additional Intent". The DEC-3 forms for the 2005, 2006, and 2007 calendar year use periods are being processed in projects 400557, 405019, and 402477, respectively.

For the 2008 and 2009 calendar year use periods, IMF submitted the DEC-3 forms prior to the processing of the intent projects. Hence the associated intent to use projects, 402153 and 403189, set aside VOC-HAP DERCs in the amount equal to the use amount for these use periods. The DEC-3 forms for the 2008 and 2009 calendar year use periods are being processed in projects 405020 and 405021, respectively.

IMF submitted the DEC-2 form for the 2011 calendar year use period on 12/28/2009 and is being processed in project 404395. The DEC-2 form had requested 1.0 ton be set aside. The technical contact confirmed via telephone conversation that 1.1 ton of VOC-HAP DERCs is to be set aside for the 2011 calendar year use period.

IMF submitted the DEC-2 form for the 2011 calendar year use period on 10/25/2010 and is being processed in project 405048.

A resolved Notice of Violation (NOV) will be sent to IMF and kept on file for non-compliance with 30 TAC §101.376(d)(1)(B)(ii) for the late submittal of the DEC-2 form. The DEC-2 form was due 45 days prior to the start of the use period. The DEC-2 forms for the 2005 through 2010 calendar year use periods were received less than 45 days prior to the start of the use period. By submitting the DEC-2 form IMF has resolved the NOV.

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PROJECT NO.	RECEIVE DATE	PROJECT TYPE	USE PERIOD	TOTAL TONS SET ASIDE OR USED	CERTIFICATES USE OR SET ASIDE FOR INTENT	CERTIFICATES RETAINED	TONS RETAINED
400999	3/16/2006	Additional Intent	1/1/05 – 12/31/05	0.4	D2224	D2511	1.2
400557	3/16/2006	Use		1.0	D2194 (formerly D1124), D2641 (formerly D2224)	-	-
405046	10/25/2010	Additional Intent	1/1/06 – 12/31/06	0.4	D2511	D2637	0.8
405019	2/28/2007	Use		1.3	D2636 (formerly D1210), D2642 (formerly D2511)	-	-
405047	10/25/2010	Additional Intent	1/1/07 – 12/31/07	0.6	D2637	D2639	0.2
402477	3/7/2008	Use		1.5	D2638 (formerly D2223), D2643 (formerly D2637)	-	-
402153	12/27/2007	Intent	1/1/08 – 12/31/08	1.8	D2358	D2608	3.2
405020	3/19/2009	Use			D2644 (formerly D2358)	-	-
403189	12/17/2008	Intent	1/1/09 – 12/31/09	1.1	D2608	D2609	2.1
405021	2/26/2010	Use			D2645 (formerly D2608)	-	-
404395	12/28/2009	Intent	1/1/10 – 12/31/10	1.1	D2609	D2640	1.0
405048	10/25/2010	Intent	1/1/11 – 12/31/11	1.3	D2640, D2639, D1129	D2660	0.3

Discrete Emission Credit Intent/ Use

IMF is subject to the VOC emission limit listed in 30 TAC §115.421(a)(9)(A)(iii). IMF uses different coatings to coat and paint miscellaneous metal parts at its Houston site. Due to the varied VOC content of the coatings used IMF is unable to currently meet the emission specification of 3.5 pounds per gallon (lbs/gal) for miscellaneous metal parts and products coating. In order to comply with this limit, IMF uses DERs to cover the excess emissions resulting from using coatings and paint with higher VOC content.

Certificates to be used.....Refer to table above
 Pollutant.....VOC-HAP
 Amount.....Refer to table above
 Regulation.....30 TAC §115.421(a)(9)(A)(iii)
 Use period/Use Date.....2005-2011 calendar years

DISCRETE EMISSION CREDITS INTENT TO USE TECHNICAL REVIEW

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Project Nos. 400999, 400557, 405046, 405019, 405047, 402477, 402153, 405020, 403189, 405021, 404395, 405048

Credit Intent/Use Calculation Methods:

The 2008 calendar year use period is used as an example to show how the amount of VOC-HAP DERCs used was calculated by IMF. According to 30 TAC §101.376(e)(2)(A): $\text{DERCs Used} = \text{ALA} \times (\text{AER} - \text{RER}) \div 2000 \text{ lb/ton} + 10\% \text{ environmental contribution}$.

Where:

ALA = actual level of activity

AER = actual emission rate per unit activity

RER = regulatory emission rate per unit activity

The total VOC emissions for the use period are determined by using the total gallons of coatings used in the use period and the weighted average of VOC lb/gal of all the coatings used. IMF classifies the various coatings used into five different categories. The VOC lb/gal limit for each category is the highest VOC lb/gal limit specified in the Materials Safety Data Sheet (MSDS) among all the coatings/paints in each category. IMF provided details on the total gallons of coatings, the categories of coatings used, and the VOC lb/gal limit for each category.

For the 2008 calendar use period:

$\text{DERC used} = 2,428 \text{ gallons} \times (4.79 - 3.5) \text{ lb/gal} \times (1 \text{ ton}/2000 \text{ lbs}) = 1.57 \text{ tons}$

Total amount of DERCs used (rounded up to a tenth of a ton) = 1.6 tons

10% Environmental Contribution (rounded up to a tenth of a ton) = 0.2 ton

Total DERCs used = 1.6 tons + 0.2 ton = 1.8 tons

The 2011 calendar year use period is used as an example to show how the amount of VOC-HAP DERCs that might be needed was calculated by IMF. The DERCs that might be needed for the 2011 calendar year use period is calculated according to 30 TAC §101.376(d)(2)(B), as follows:

$(\text{ELA}) \times (\text{EER} - \text{RER}) = \text{discrete emission credits needed}$

Where:

ELA = expected level of activity

EER = expected emission rate per unit activity

RER = regulatory emission rate per unit activity.

$\text{DERC needed} = 2,400 \text{ gallons} \times (4.4 - 3.5) \text{ lb/gal} \times (1 \text{ ton}/2000 \text{ lbs}) = 1.08 \text{ tons}$

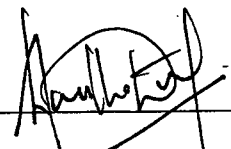
Total amount of DERCs used (rounded up to a tenth of a ton) = 1.1 ton

10% Environmental Contribution (rounded up to a tenth of a ton) = 0.2 ton

Total DERCs used = 1.1 ton + 0.2 ton = 1.3 ton

Conclusion:

IMF has submitted all required documentation for the use of VOC-HAP DERCs to be in compliance with 30 TAC §115.421(a)(9)(A)(iii). IMF has accurately calculated the amount of DERCs used for the 2005 through 2009 calendar year use periods and the amount of DERCs that might be required for the 2010 and 2011 calendar use periods



Account Manager

11/3/10

Date



Team Leader/Section
Manager/Backup

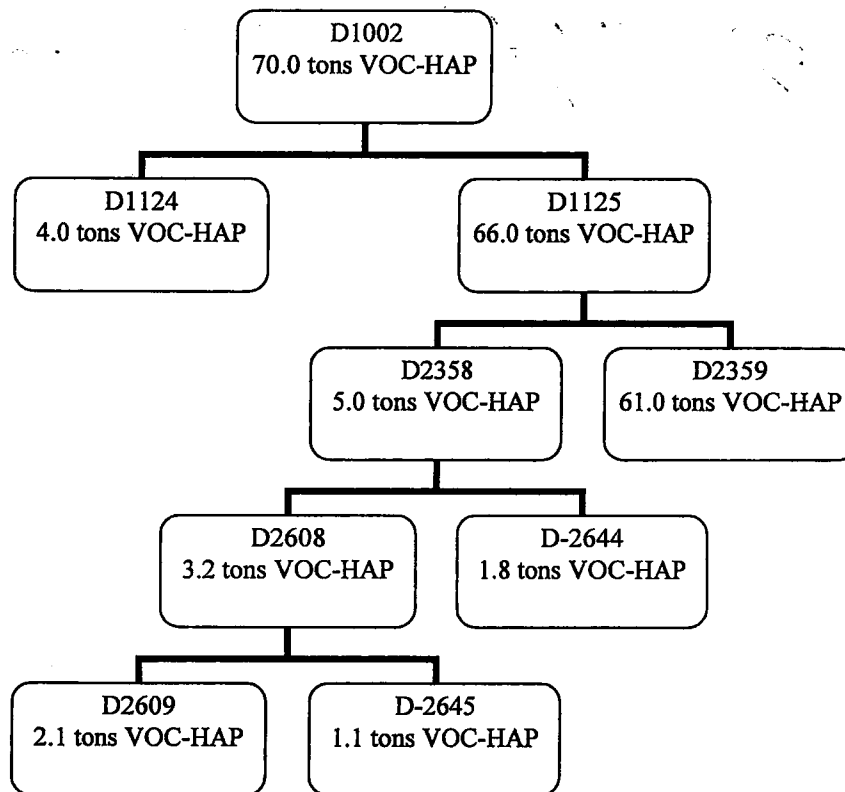
11/8/2010

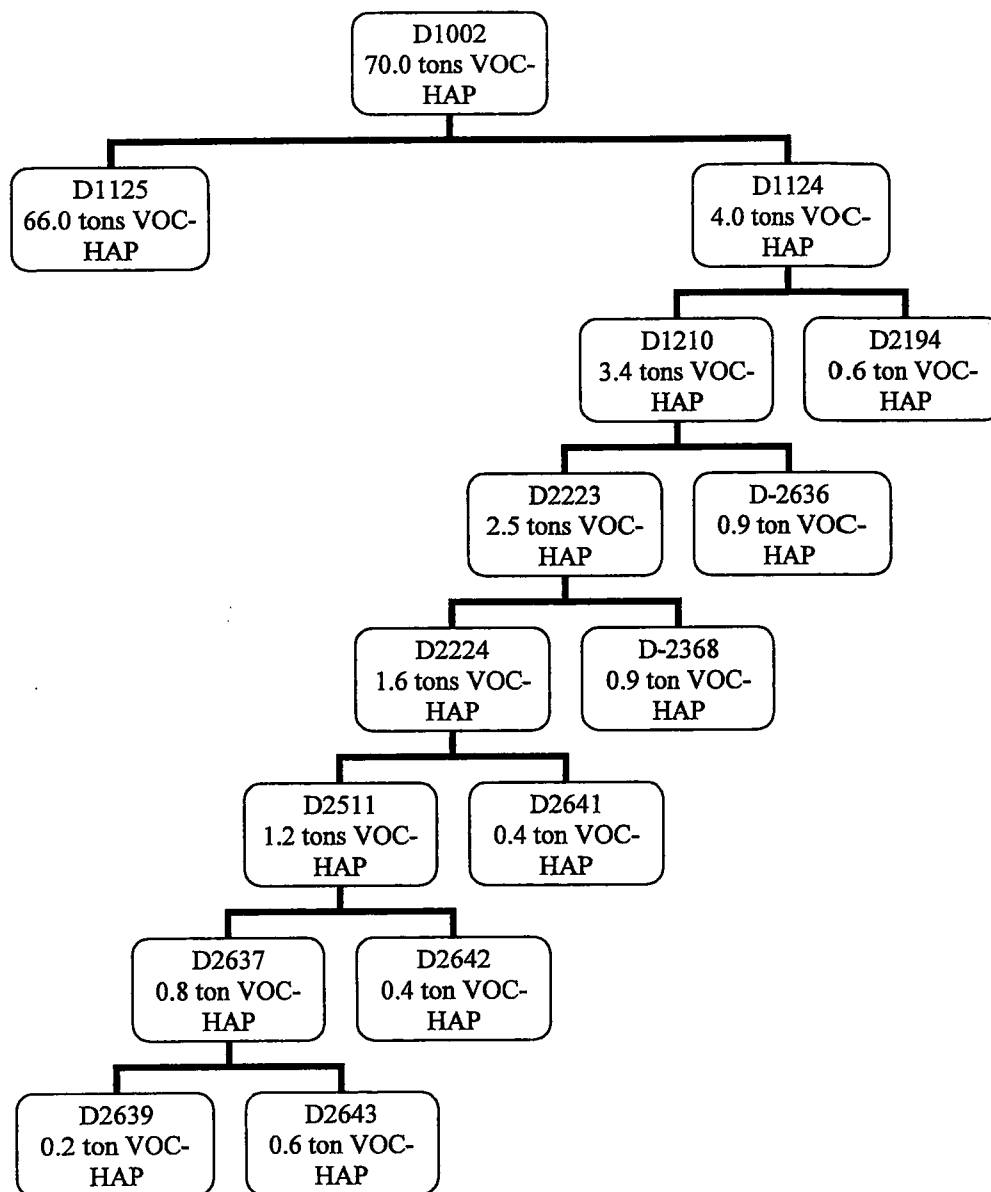
Date

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Interoffice Memorandum

DATE:	November 23, 2010
TO:	Mr. Brandon Greulich
FROM:	Dr. Shantha Daniel
SUBJECT:	Notice of Violation – Industrial Metal Finishing Company, Inc.

Project Numbers: 400999, 400557, 405046, 405019, 405047, 402477, 402153,
405020, 403189, 405021, 404395, 405048
Customer: Industrial Metal Finishing Company, Inc.
Customer ID: CN600257018
Registered Entity: RN102205820

Violation: Industrial Metal Finishing Company, Inc., is in violation for not submitting the Form DEC-2, Notice of Intent to Use, by the required due date. The Form DEC-2 was due 45 days prior to the start of the use period.

Citation: 30 Texas Administrative Code (TAC) §101.376(d)(1)(B)(ii)

Recommended Corrective Action: Submit the completed DEC-2 form and supporting documentation as detailed in 30 TAC §101.376 to the Texas Commission on Environmental Quality Emissions Banking and Trading Program.

Resolution: Industrial Metal Finishing Company, Inc., submitted the required DEC-2 form and the supporting documentation for the respective use periods.

closed early on 11/5 (BGS)

Banking and Trading Route Slip

Company:

Industrial Metal
Finishing Company, Inc.

Project
Number:

400999, 400557, 405046, 405019,
404047, 402477, 402153, 405020
403189, 405021, 404395 & 405048

Type of Letter
Correspondence:

DWA/DCUS, DCTR MEMO

Letter Doc No:

15727 15726 15871

Certificate No:

Multiple cuts.

	Initials:	Date
Author/Creator	SD	10/28
Peer Review Completed	DB	10/29
Author/Creator Review	SD	11/3
Review and Approval By:	Initials:	Date
WL Review: Brandon Greulich	BG	11/3
Management Review: Chance Goodin	CG	11/8 edits
Donna Huff	VRM for DH	11/12/10
David Brymer	DB	11/12/10
Copies made	DB	11/17
Mailed	DB	11/23/10

Comments/Special Instructions

11/12 - Edits per CGoodin - SD

Please return **Routing Slip** and **Project Paperwork**
to Brandon Greulich, MC-206, Ext. 4904