

PROJECT#: 403150 STATUS: P  
RECEIVED: 11/19/2008 PROJTYPE: BDIU

DISP CODE: C ✓  
ISSUED DT: 3/30/09  
SUP-DISP DATE: 3/27

AIR DERC\_100237452-403150\_  
USE\_20090327\_Supplemental\_D2329

STAFF ASSIGNED TO PROJECT:  
TRIMBLE, MELANIE

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**PROJECT TRANSACTIONS****COMPANY DATA**

COMPANY NAME: KM LIQUIDS TERMINALS  
CUSTOMER REGISTRY ID: CN602717092

**PORTFOLIO DATA**

NUMBER: P1871 NAME: KM LIQUIDS TERMINAL - RN100237452

**SITE DATA**

ACCOUNT:  
HG0262H

REG ENTITY ID: RN100237452

SITE NAME: GALENA PARK TERMINAL - HG0262H

COUNTY: HARRIS

NEAREST CITY: GALENA PARK

LOCATION: LOCATED IN HARRIS COUNTY, CITY OF GALENA  
PARK, STATE OF TEXAS, ON THE HOUSTON SHIP CHANNEL  
(BUFFALO BAYOU)

**CONTACT DATA**

NAME: CHRISTINA HARRIS

TITLE: PROJECT MANAGER, EHS

STREET: 405 CLINTON DRIVE CITY/STATE, ZIP: GALENA PARK, TX , 77547-0

PHONE: 713-920-8447 ext 0

FAX: 713-472-7660 ext 0

**TRANSACTION DATA**

TRANSACTION TYPE: DERC\_INTEN

DATE ENTERED: 2008-12-08 00:00:00.0

CONTAMINATE: NOX

ALLOWANCE0

DELETED DATE:

EFFECTIVE YEAR:

TONS: 3.30

DOLLARS: 0

CERTIFICATE NO.: D2329 COUNTY : HARRIS

**TRANSACTION DATA**

TRANSACTION TYPE: DERC\_RET

DATE ENTERED: 2008-12-08 00:00:00.0

CONTAMINATE: NOX

ALLOWANCE0

DELETED DATE:

EFFECTIVE YEAR:

TONS: 22.70

DOLLARS: 0

CERTIFICATE NO.: D2343 COUNTY : HARRIS

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**TRACKING ACTIVITIES**

TR - ENGINEER RECEIVE  
PROJECT :

12/08/2008

TR - PROJ TECH  
COMPLETE :

12/10/2008

TR - DATE SUP/MNGR  
REQ ADDL TR :

FA - PROJECT ISSUED :

TR - SUP/MANGR  
APP/RVW RQSTD :

## INTENT TO USE DISCRETE EMISSION CREDITS TECHNICAL REVIEW

Project No.:	403150	Customer Reference No.:	CN602717092
Project Type:	BDIU	Regulated Entity No.:	RN100237452
Company:	KM Liquids Terminals	Facility Name:	Galena Park Terminal
City:	Galena Park	County:	Harris
Project Reviewer:	Ms. Melanie Trimble	Portfolio Name:	P1871 KM Liquids Terminal

### Project Overview

On November 19, 2008, KM Liquids Terminals (Kinder Morgan), CN602717092, submittal of a Notice of Intent to Use Discrete Emission Reduction Credits (Form DEC-2), was received for their Galena Park Terminal Site, RN100237452. Kinder Morgan is requesting to use 3.3 tons of NO<sub>x</sub> DERCs for alternative compliance with the minor source emission specifications under 30 TAC §117.2010(c)(1)(A) for FIN BOILER-4 between January 1, 2009 and December 31, 2009. The certificate set aside for the intent to use will be D-2329. D-2343 will be retained from D-2329 for 22.7 tons of NO<sub>x</sub> DERCs.

### Discrete Emission Credit / Emission Reduction Credit Use

Kinder Morgan operates a petroleum products terminal in Galena Park, which includes three marine loading facilities. Kinder Morgan intends to use 3.3 tons DERCs from certificate D2205, retained from a purchase of 35 tons DERCs from National Offsets (parent certificate D1251, original certificate D1005).

KM Liquids Terminals intends to use these credits to meet regulatory requirements in 30 TAC §§ 117.2010 (c)(1)(A) for a BOILER-4 at their Galena Park Terminal site, RN100237452. BOILER-4 meets the requirements for DERC use for alternative compliance with the emission specifications of chapter 117 under Chapter 101, Subchapter H, Division 3. The Galena Park Terminal site is a minor source and is not subject to the MECT program.

Certificate(s) to be used .....	D-2329
Pollutant.....	NO <sub>x</sub>
Amount.....	3.3 tons
Regulation.....	30 TAC 117.2010(c)(1)(A)
Use period/Use Date .....	January 1, 2009 - December 31, 2009

### Credit Use Calculation Methods

*Discuss calculation method for use*

The formula to be used will be  $(ELA \times (EER - RER)) / 2000 = \text{discrete emission credits needed}$ .

For BOILER-4 this will be  $(105120 \text{ MMBtu}) \times (0.09 - 0.036 \text{ lbs/MMBtu}) / 2000 \text{ lbs/ton} = 2.84$  rounded to 3.0 tons

Total = 3.0 + 10% (Environmental Contribution = .3) rounded up will be 3.3 tons

### Conclusion:

KM Liquids Terminals plans to use 3.3 tons of NO<sub>x</sub> DERCs for alternative compliance with the applicable emission specifications under 30 TAC 117.2010(c)(1)(A). DERC Cert D-2343 is retained for 22.7 tons of NO<sub>x</sub> DERCs, and will be returned to KM Liquids Terminals.

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Project Reviewer

Date

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Team Leader/Section Manager/Backup

Date

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



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

March 27, 2009

Ms. Christina Harris  
Manager of Permitting and Compliance  
KM Liquids Terminals  
405 Clinton Drive  
Galena Park, Texas 77547

Re: Notice of Intent to Use Discrete Emission Credits  
Galena Park Terminal  
Galena Park, Harris County  
Regulated Entity Number: RN100237452  
Customer Reference Number: CN602717092  
Account Number: HG-0262-H

Dear Ms. Harris:

This letter is in response to your Form DEC-2 (Notice of Intent to Use Discrete Emission Credits), received November 19, 2008, for compliance with 30 Texas Administrative Code Chapter 117 (30 TAC Chapter 117), for the period of January 1, 2009, through December 31, 2009. We understand you plan to use 3.3 tons of nitrogen oxides (NO<sub>x</sub>) discrete emission credits for the purposes of complying with the emission specifications for attainment demonstration for boilers in 30 TAC §117.2010(c)(1)(A).

We have reviewed your application and have found that the notice and the credits to be used meet the requirements of 30 TAC §§ 101.370 - 101.379. A Form DEC-3, (Notice of Use of Discrete Emission Credits), must be submitted within 90 days of the end of the use period.

Enclosed is a copy of Discrete Emissions Reduction Credits (DERC) Certificate Number D-2343 issued to KM Liquids Terminals for the remaining 22.7 tons of NO<sub>x</sub> discrete emission credits from DERC Certificate Number D-2329. This certificate has been deposited into the Texas Commission on Environmental Quality (TCEQ) Discrete Emission Credits Registry. The certificate may be transferred or sold to another owner for use per the requirements of 30 TAC §§ 101.370 - 101.379.

Ms. Christina Harris  
Page 2  
March 27, 2009

Thank you for your cooperation in this matter. If you have questions concerning this review, please contact Ms. Melanie Trimble at (512) 239-4635 or write to the Texas Commission on Environmental Quality (TCEQ), Chief Engineer's Office, Air Quality Division (MC-206), P.O. Box 13087, Austin, Texas 78711-3087.

This action is taken under authority delegated by the Executive Director of the TCEQ.

Sincerely,



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

SMH/MT/th

cc: Air Section Managers, Region 12 - Houston  
Mr. Badruddin (Bud) Karachiwala, Director, Harris County Public Health and  
Environmental Services, Pollution Control Department, Pasadena

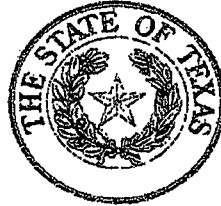
Project Number: 403150

*The State of Texas*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Certificate Number:

D-2343



Number of Credits:

22.7 tons NOx

*Discrete Emission Reduction Credit Certificate*

This certifies that  
**KM Liquids Terminals**  
**405 Clinton Drive**  
**Galena Park, TX 77547**

is the owner of 22.7 tons of nitrogen oxides (NOx) 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: August 1, 1995 - December 31, 1997

Generator Regulated Entity No.: RN100237452      Generator Certificate: D-1252

County of Generation: Brazoria

February 18, 2009

Date

*Ma P. Wiley*

For the Commission



CERTIFIED MAIL: 7008 1830 0000 2135 6705

November 14, 2008

Emission Banking and Trading Program  
Texas Commission on Environmental Quality  
P.O. Box 13087, MC 163  
Austin, Texas 78711-3087

**RE: KM Liquids Terminals LLC, CN 603254707  
Galena Park Terminal, RN 100237452  
NOx DERC Notice of Intent to Use**

Dear Sir or Madam:

Enclosed please find Form DEC-2, Notice of Intent to Use Discrete Emission Reduction Credits, for NOx sources subject to 30 TAC §117.475. This form is being submitted 45 days prior to the start of intended usage date of January 1, 2009.

If you have any questions or require additional information, I can be reached at the number listed below.

Sincerely,  
**KM Liquids Terminals LLC**

A handwritten signature in cursive script, appearing to read "CH Harris".

Christina Harris  
Manager – Permitting & Compliance

**cc:** Texas Commission on Environmental Quality Region 12  
HCPHES  
File

G:\Departments\Environmental\DERC\2009\_NOX DERC usage\Notice of Intent to Use\2009 NOI Ltr.doc

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only, No Insurance Coverage Provided)  
 For delivery information visit our website at www.usps.com

**OFFICIAL USE**

AUSTIN TX 78711

Postage	\$ 00.59	0501 03 Postmark Here
Certified Fee	\$2.70	
Return Receipt Fee (Endorsement Required)	\$2.20	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$5.49	

11/14/2008

Sent To: **TCEQ / MC 163**  
 Street, Apt. No. or PO Box No. **PO Box 13087**  
 City, State, ZIP+4 **Austin TX 78711-3087**

7008 1830 0000 2135 6705

**SENDER: COMPLETE THIS SECTION**

- Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**TCEQ**  
**Emission Banking & Trading Prog.**  
**P.O. Box 13087, MC 163**  
**Austin, TX 78711-3087**

2. Article Number  
 (Transfer from service label)

**7008 1830 0000 2135 6705**

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature ☒ Agent ☐ Addressee

X

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No  
 If YES, enter delivery address below

**NOV 18 2008**

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes



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

<b>I. Company Identifying Information</b>			
A. Company Name: KM Liquids Terminals LLC			
Mailing Address: 405 Clinton Drive			
City: Galena Park	State: Texas	Zip Code: 77547	
Telephone: 713.920.8447		Fax: 713.472.7660	
B. TCEQ Customer Number (CN): 602717092			
C. Site Name: Galena Park Terminal			
Street Address: (if no street address, give driving directions to site)			
Nearest City: Galena Park	Zip Code: 77547	County: Harris	
D. TCEQ Regulated Entity Number (RN): 100237452			
E. TCEQ Air Account Number: (if applicable)			
F. Primary SIC: 4226		Air Permit Number: 2193	
<b>II. Technical Contact Identifying Information</b>			
A. Technical Contact Name: ( <input type="checkbox"/> Mr. <input checked="" type="checkbox"/> Mrs. <input type="checkbox"/> Ms. <input type="checkbox"/> Dr.) Christina Harris			
Technical Contact Title: Manager - Permitting & Compliance			
Mailing Address: 405 Clinton Drive			
City: Galena Park	State: Texas	Zip Code: 77547	
Telephone: 713.920.8447	Fax: 713.472.7660	E-mail: Christina_Harris@kindermorgan.com	
<b>III. Mass Emission Cap and Trade Program (MECT)</b>			
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: _____ Year of Use: _____ Ratio of DERC to Allowance: _____ to _____			
<i>Note: If DERC use is to comply with MECT then go to Section IX</i>			
<b>IV. Intended Use Period</b>			
Intended Use Start Date    01 /01/ 2009		Intended Use End Date    12/31/ 2009	





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

**V. State and Federal Requirements**

Applicable State and Federal requirements that the DERCs will be used for compliance:  
30 TAC 114.475

**VI. Most Stringent Emission Rate**

Describe basis for most stringent allowable emission rate:

☐ Permit \_\_\_\_\_ ☒ RACT \_\_\_\_\_ ☐ Other: \_\_\_\_\_

Notes:

Continue to Section VII (next page)





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*

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

Tons of DERCs required (from Sect. VII.)	CO: _____	NO <sub>x</sub> : <u>3</u>	PM <sub>10</sub> : _____	SO <sub>2</sub> : _____	VOC: _____
Offset Ratio (if required)	CO: _____	NO <sub>x</sub> : _____	PM <sub>10</sub> : _____	SO <sub>2</sub> : _____	VOC: _____
Environmental Contribution (+ 10%)	CO: _____	NO <sub>x</sub> : <u>0.3</u>	PM <sub>10</sub> : _____	SO <sub>2</sub> : _____	VOC: _____
Compliance Margin (+ 5%) (If DERC use requires > 10 tons)	CO: _____	NO <sub>x</sub> : _____	PM <sub>10</sub> : _____	SO <sub>2</sub> : _____	VOC: _____
<b>Total DERCs</b>	CO: _____	NO <sub>x</sub> : <u>3.3</u>	PM <sub>10</sub> : _____	SO <sub>2</sub> : _____	VOC: _____

**X. DERC Information**

Name of the DERC Generator: Dow Texas Operations Freeport (D-1005)

DERC Generator Regulated Entity Number: RN100225945

Certificate number of the DERCs acquired or to be acquired: D-2205

*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)

<b>XI. Purchase Date and Price</b>
Date on which the DERCs were acquired or will be acquired: <u>12 / 04 / 2004</u>
Price or expected price of the DERCs: \$ <u>450</u> <u>00</u> per ton (Required)
<b>XII. Certification by Responsible Official</b>
I, <u>Carlos T. Munguia</u> , 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 <u>Carlos T. Munguia</u> Signature Date <u>11/14/2008</u>
Title <u>Director Engineering, Maintenance and Support Services</u>

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