

PROJECT#: 403867  
RECEIVED: 05/14/2009

STATUS: C  
PROJTYPE: BDIU

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

STAFF ASSIGNED TO PROJECT:  
BANDA, DANIEL

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**PROJECT NOTES:**

7/1/09-12/31/09 INTENT: THE RETAINED CERTIFICATE WILL NOT BE RETURNED TO THE COMPANY. THE GENERATING CERTIFICATE (D-1253) EXPIRED 9/8/2010. GROUPWISE DOCUMENTS: DCUA/DCUS-15810 / DCTR-15811

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

COMPANY NAME: AIR PRODUCTS LLC  
CUSTOMER REGISTRY ID: CN602299257

AIR DERC\_102041282-403867\_  
USE\_20101027\_Use\_D2654

**PORTFOLIO DATA**

NUMBER: P0026 NAME: LA PORTE TEXAS FACILITY - RN102041282

**SITE DATA**

ACCOUNT:  
HG0010N

REG ENTITY ID: RN102041282

SITE NAME: LA PORTE TEXAS FACILITY

COUNTY: HARRIS

NEAREST CITY: LA PORTE

LOCATION: 10202 STRANG RD, LA PORTE, TX

**CONTACT DATA**

NAME: PAUL MORRIS

TITLE: ENVIRONMENTAL ENGINEER

STREET: PO BOX 3326 CITY/STATE, ZIP: PASADENA, TX , 77501-0

FAX: 713-920-7445 ext 0

PHONE: 713-920-7296 ext 0

**TRANSACTION DATA**

TRANSACTION TYPE: DERC\_INTEN

DATE ENTERED: 2009-06-05 00:00:00.0

CONTAMINATE: NOX

ALLOWANCE0

DELETED DATE:

EFFECTIVE YEAR:

TONS: 0.10

DOLLARS: 0

CERTIFICATE NO.: D2654 COUNTY : HARRIS

**TRANSACTION DATA**

TRANSACTION TYPE: DERC\_RET

DATE ENTERED: 2009-06-05 00:00:00.0

CONTAMINATE: NOX

ALLOWANCE0

DELETED DATE:

EFFECTIVE YEAR:

TONS: 49.30

DOLLARS: 0

CERTIFICATE NO.: D2656 COUNTY : HARRIS

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**TRACKING ACTIVITIES**

TR - ENGINEER RECEIVE  
PROJECT :

10/22/2010

TR - SUP/MANGR  
APP/RVW RQSTD :

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

TR - PROJ TECH  
COMPLETE :

10/27/2010



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

**RECEIVED**

MAY 14 2009

**AIR QUALITY  
DIVISION**

<b>I. Company Identifying Information</b>			
A. Company Name: Air Products LLC			
Mailing Address: 10202 Strang Road			
City: LaPorte	State: TX	Zip Code: 77571	
Telephone: 281-478-5901		Fax:	
B. TCEQ Customer Number (CN): CN602299257			
C. Site Name: La Porte Facility			
Street Address (If no street address, give driving directions to site)			
Nearest City: La Porte	Zip Code: 77571	County: Harris	
D. TCEQ Regulated Entity Number (RN): RN102041282			
E. TCEQ Air Account Number: (if applicable) HG-0010-N			
F. Primary SIC: 2813		Air Permit Number: 21878	
<b>II. Technical Contact Identifying Information</b>			
A. Technical Contact Name: ( <input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Ms. <input type="checkbox"/> Dr. ) : William F. Caldwell, PE, PG			
Technical Contact Title: Environmental Engineer			
Mailing Address: PO Box 3326			
City: Pasadena	State: TX	Zip Code: 77501	
Telephone: 713-920-7326	Fax: 610-706-5344	E-mail: caldwewf@airproducts.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?      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: 07 / 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:  
Chapter 117, Subchapter C: Combustion Control at Major Utility Electric Generation Sources in Ozone Non-Attainment Areas – Division 3 Houston Galveston Brazoria Ozone Non-Attainment Area Utility Electric Generation Sources - 117.1220 – System Cap

**VI. Most Stringent Emission Rate**

Describe basis for most stringent allowable emission rate:

Permit \_\_\_\_\_ x RACT 00.032 lb/mmmbtu Other: \_\_\_\_\_

*Notes:*

Continue to Section VII (next page)



**Form DEC-2 (Page 3)**  
**Notice of Intent to Use Discrete Emission Credits**  
**(Title 30 Texas Administrative Code § 101.370 - § 101.379)**

<b>VII. Tons of DERCS Required</b>									
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)
GT-1	Pecogen1	NO <sub>x</sub>							
GT-2	Pecogen2	NO <sub>x</sub>	See Attached Table						
GT-3	Pecogen3	NO <sub>x</sub>							
GT-4	Pecogen4	NO <sub>x</sub>							
								<b>Total:</b>	



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 attached. Calculation per Chapter 101, Subchapter H Emissions Banking and Trading Division 4 Discrete Emission Banking and Trading – 101.376 (d)(2)(i)

**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>59.0</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>5.9</u>	PM <sub>10</sub> : _____	SO <sub>2</sub> : _____	VOC: _____
Compliance Margin (+ 5%) (If DERC use requires >10 tons)	CO: _____	NO <sub>x</sub> : <u>3.0</u>	PM <sub>10</sub> : _____	SO <sub>2</sub> : _____	VOC: _____
<b>Total DERCs</b>	CO: _____	NO <sub>x</sub> : <u>67.9</u>	PM <sub>10</sub> : _____	SO <sub>2</sub> : _____	VOC: _____

**X. DERC Information**

Name of the DERC Generator: National Offsets

DERC Generator Regulated Entity Number: RN100225945

Certificate number of the DERCs acquired or to be acquired: D2135

Plus DERCS requested transferred on 1/2/2008 & 11/11/2008 Dow Chemical

RN100225945 D1187 see attached DEC-4s

*Note: The certificate number is assigned by the TCEQ*



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

**XI. Purchase Date and Price**

Date on which the DERCs were acquired or will be acquired: 10/28/2008 *05/01/2007 & future date for the difference*  
Price or expected price of the DERCs: \$ 0.00 per ton (Required)

**XII. Certification by Responsible Official**

I, David C. Hefe, 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 *DC Hefe* Signature Date 05/14/2009  
Title West Gulf Coast Area Manager

*Mail application to:*  
**Texas Commission on Environmental Quality  
Emission Banking and Trading Program MC 206  
PO BOX 13087  
AUSTIN, TX 78711-3087**

Air Products, LLC  
 La Porte Facility  
 10202 Strang Road  
 La Porte, TX 77571

Attachment  
 DERC Calculation to Satisfy  
 Sections VII and VIII of  
 Notice of Intent to Use  
 Form DEC-2  
 Use Period: July 1, 2009 to December 31, 2009

CN 602299257

Capacity MW/unit	Turbines # of Units	Expected Hours of Operation- Daily hrs/day	Expected New Daily Heat Input mmbtu/day	Expected Emission Rate lb/mmbtu	Expected New Daily Total lbs NOx/day	Regulatory Limit- System Cap per 117.210 lbs NOx/day	Difference lbs NOx/day	Use Period days	DERCs tons	10% Compliance Contribution tons	5% Compliance Margin tons	Total DERCs Required tons
38	4	16	29670.4	0.029	860.4	218.9	641.5	184	59.0	5.9	3.0	67.9

Heat Rate: 12,200 Btu/kwh

Calculation based upon the DERC calculation in 101.376(d)(2)(I):

Expected New Daily Total = 4 units \* 38 MW/unit \* 12,200 btu/kwh \* 1000 kw/ 1 MW \* 0.029 lb NOx/mmbtu \* 1 mmbtu/10<sup>6</sup> btu \* 16 hr/day

Established system cap of 218.9 lbs NOx/day established per 117.1220

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 15, 2010

**Certified Mail # 91 7108 2133 3935 2170 2267**

Mr. Paul J. Morris  
Senior Principal Environmental Engineer  
Air Products, L.L.C.  
P.O. Box 3326  
Pasadena, Texas 75501

Re: Notice of Violation of Notice of Intent to Use Discrete Emission Credits at:  
La Porte Texas Facility  
La Porte, Harris County  
Regulated Entity Number (RN): RN102041282  
Customer Reference Number: CN602299257  
Portfolio Number: P0026

Dear Mr. Morris:

This letter is in response to Air Products, L.L.C.'s, 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 complying with the 30-day rolling average nitrogen oxides (NO<sub>x</sub>) system cap under Title 30 Texas Administrative Code (TAC) §117.320 (previously 30 TAC §117.210) at the La Porte Facility. 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 notices and the credits to be used meet the requirements of 30 TAC §§101.370 through 101.379. Please refer to the table summaries below for details.

All intent amounts in the table are reflective of the actual use amount, specified in the use projects. The retained credits from DERC Certificate D-2188 have now expired. All DERCs generated from shutdown strategies prior to September 30, 2002, may only be used until September 8, 2010, per 30 TAC §101.378(b)(1). Though these credits have expired, they may be used to satisfy compliance requirements for intent and use projects received by the Texas Commission on Environmental Quality (TCEQ) with use periods prior to September 9, 2010.



PROJECT NUMBER	RECEIVE DATE	PROJECT TYPE	USE PERIOD	TOTAL TONS REQUIRED/USED
401456 <sup>1</sup>	3/15/2006	Intent	3/31/07-	56.9
404443	10/26/2007	Use	8/31/07	0.4
404444	7/10/2007	Intent	9/1/07-	0.5 <sup>2</sup>
402384	1/30/2008	Use	10/31/07	0.5
402051	9/14/2007	Intent	11/1/07-	0.2 <sup>2</sup>
402873	4/30/2008	Use	3/31/08	0.2
402440	2/19/2008 <sup>3</sup>	Intent	4/1/08-	2.3 <sup>2</sup>
403372	2/10/2009 <sup>4</sup>	Use	10/31/08	2.3
403475	9/19/2008	Intent	11/1/08-	2.9 <sup>2</sup>
403373	2/10/2009	Use	12/31/08	2.9
403476	11/10/2008	Intent	1/1/09-	1.2 <sup>2</sup>
404817	3/26/2010 <sup>4</sup>	Use	6/30/09	1.2
403867	5/14/2009	Intent	7/1/09-	0.1 <sup>2</sup>
405018	3/26/2010	Use	12/31/09	0.1

<sup>1</sup>A letter for project number 401456 has already been mailed. It has been included in this table for reference purposes.

<sup>2</sup>The total ton amount for the intent is based on the DERC use amount.

<sup>3</sup>Form DEC-2 was accepted late due to Hurricane Ike. No violation is required.

<sup>4</sup>Form DEC-3 was submitted past the specified due date. Please refer to the attached violation summary.

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.

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 Mr. Daniel Banda at (512) 239-4701, 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 taken under authority delegated by the Executive Director of the TCEQ.

Sincerely,



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

DB/DB/sd

cc: Air Section Manager, Region 12 – Houston  
Mr. Michael Schaffer, Director, Environmental Public Health Division, Harris County Public Health and Environmental Services, Pasadena

**Violation Summary**  
**Regulated Entity Number: RN102041282**

**Violation:** Air Products, L.L.C., is in violation for submitting the Form DEC-3, Notice of Use of Discrete Emission Credits, past the required due date. The Forms DEC-3 are due no later than 90 days after the end of each use period and were received late on two occasions; February 10, 2009, and March 26, 2010.

**Citation:** Title 30 Texas Administrative Code (TAC) §101.376(e)(3)(A)

**Recommended Corrective Action:** Submit the completed Forms DEC-3 and supporting documentation as detailed in 30 TAC §101.376 to the Texas Commission on Environmental Quality, Emissions Banking and Trading Program.

**Resolution:** Air Products, L.L.C., submitted the required Forms DEC-3 and the supporting documentation for the respective use periods.

## DISCRETE EMISSION CREDITS INTENT AND USE TECHNICAL REVIEW

Project No.:	401456, 404443, 404444, 402384, 402051, 402873, 402440, 403372, 403475, 403373, 403476, 404817, 403867, 405018	Customer Reference No.:	CN602229257
Project Type:	BDIU / BUSE	Regulated Entity No.:	RN102041282
Company:	Air Products, L.L.C.	Facility Name:	La Porte Texas Facility
City:	La Porte	County:	Harris
Project Reviewer:	Mr. Daniel Banda	Portfolio Name:	P0026

### Project Overview

Air Products, L.L.C., submitted multiple Forms DEC-2, Notice of Intent to Use of Discrete Emission Credits, and multiple Forms DEC-3, Notice of Use of Discrete Emission Credits, for the purpose of complying with the 30-day rolling average nitrogen oxides (NO<sub>x</sub>) system cap under Title 30 Texas Administrative Code (TAC) §117.320 (previously 30 TAC §117.210) at the La Porte Facility. The table below identifies the Discrete Emission Reduction Credit (DERC) certificates and respective amounts used to cover excess emissions during periods between 2007 and 2009.

Air Products, L.L.C., is in violation of 30 TAC §101.376(e)(3)(A) for the late submittal of Form DEC-3. The Form DEC-3 is due 90 days after the end of each use period and was received late on two occasions; February 10, 2009, and March 26, 2010. By submitting the Forms DEC-3 Air Products, L.L.C., has resolved the violation.

### Discrete Emission Credit Intent and Use Summary

PROJECT NUMBER	RECEIVE DATE	PROJECT TYPE	USE PERIOD	TOTAL TONS REQUIRED/USED	CERTIFICATES USED	CERTIFICATES RETAINED
401456 <sup>1</sup>	3/15/2006	Intent	3/31/07-8/31/07	56.9	D2188 (56.9)	D2208 (3.1)
404443	10/26/2007	Use		0.4	D2593 (0.4)	D2594 (56.5)
404444	7/10/2007	Intent	9/1/07-10/31/07	0.5 <sup>2</sup>	D2594 (0.5)	D2646 (56.0)
402384	1/30/2008	Use		0.5	D2647 (0.5)	-
402051	9/14/2007	Intent	11/1/07-3/31/08	0.2 <sup>2</sup>	D2646 (0.2)	D2648 (55.8)
402873	4/30/2008	Use		0.2	D2649 (0.2)	
402440	2/19/2008 <sup>3</sup>	Intent	4/1/08-10/31/08	2.3 <sup>2</sup>	D2648 (2.3)	D2650 (53.5)
403372	2/10/2009 <sup>4</sup>	Use		2.3	D2651 (2.3)	-
403475	9/19/2008	Intent	11/1/08-12/31/08	2.9 <sup>2</sup>	D2650 (2.9)	D2652 (50.6)
403373	2/10/2009	Use		2.9	D2653 (2.9)	-
403476	11/10/2008	Intent	1/1/09-6/30/09	1.2 <sup>2</sup>	D2652 (1.2)	D2654 (49.4)
404817	3/26/2010 <sup>4</sup>	Use		1.2	D2655 (1.2)	-
403867	5/14/2009	Intent	7/1/09-12/31/09	0.1 <sup>2</sup>	D2654 (0.1)	D2656 (49.3)
405018	3/26/2010	Use		0.1	D2657 (0.1)	-

<sup>1</sup>A letter for project number 401456 has already been mailed. It has been included in this table for reference purposes.

<sup>2</sup>The total ton amount for the intent is based on the DERC use amount.

<sup>3</sup>Form DEC-2 was accepted late due to Hurricane Ike. No violation is required.

<sup>4</sup>Form DEC-3 was submitted past the specified due date. All violations have been resolved.

**Discrete Emission Credits Use Calculation Method**

Due to the quantity of backlogged projects for Air Products, L.L.C., the intent and use projects were processed together. All intent amounts in the table are reflective of the actual use amount, specified in the use projects. The amounts set aside in the intent projects were not taken into account to minimize the amount of certificates generated.

Air Products, L.L.C., calculated DERC usage by using Continuous Emission Monitoring Systems data to determine the difference between the actual 30-day rolling average emissions and the 30-day rolling average limit during days the cap was exceeded. The company provided data for each day the emissions exceeded the 30-day rolling average including heat input, emission factors and total DERC usage for each use period. The example calculation below outlines the method used to determine the excess emissions for days the 30-day rolling cap was exceeded.

30-day rolling average emissions for 9/8/07:

$$= 1198 \text{ MW} \cdot 1000 \text{ kw/MW} \cdot 12,200 \text{ btu/kw} \cdot 1 \text{ MMBtu}/1,000,000 \text{ btu} \cdot 0.029 \text{ lb NO}_x \text{ /MMBtu}$$

$$= 423.9 \text{ lb NO}_x \text{ /day}$$

30-day rolling average system cap limit:

$$= 218.9 \text{ lb NO}_x \text{ /day}$$

Difference:

$$= 423.9 \text{ lb NO}_x \text{ /day} - 218.9 \text{ lb NO}_x \text{ /day}$$

$$= 205.0 \text{ lb NO}_x \text{ /day}$$

$$= 0.1 \text{ ton NO}_x \text{ /day}$$

The differences for each day the cap was exceeded were added together to determine the total amount of DERCs necessary for each respective period. All DERC use amounts for each respective period include the 10% environmental contribution. Note that all credits associated with these retained certificates originated from a shutdown strategy and will only be available for use until September 8, 2010.


**Conclusion:**

Air Products, L.L.C., has accurately calculated the amount of DERCs needed to cover emissions exceeding their 30-day system cap for the respective time periods. DERC Certificates D-2208 (3.1 tons) and D-2656 (49.3 tons) have been generated and retain the remaining credits available from DERC certificate D-2188. The credits associated with these retained certificates have expired but may be used to satisfy compliance requirements for intent projects received by the Texas Commission on Environmental Quality with use periods prior to September 9, 2010. No certificates will be returned to the company. DERC Certificate D-2188 has been cancelled.

 11/10/2010

Account Manager

Date

 11/10/2010

Team Leader/Section Manager/Backup

Date



## Interoffice Memorandum

DATE:	November 19, 2010
TO:	Mr. Brandon Greulich
FROM:	Mr. Daniel Banda
SUBJECT:	Notice of Violation – Air Products, L.L.C.

Project Numbers: 403372, 404817  
Customer: Air Products, L.L.C.  
Customer ID: CN602229257  
Registered Entity: RN102041282

**Violation:** Air Products, L.L.C., is in violation for submitting the Form DEC-3, Notice of Use of Discrete Emission Credits, past the required due date. The Forms DEC-3 are due no later than 90 days after the end of each use period and were received late on two occasions; February 10, 2009, and March 26, 2010.

**Citation:** Title 30 Texas Administrative Code (TAC) §101.376(e)(3)(A)

**Recommended Corrective Action:** Submit the completed Forms DEC-3 and supporting documentation as detailed in 30 TAC §101.376 to the Texas Commission on Environmental Quality, Emissions Banking and Trading Program.

**Resolution:** Air Products, L.L.C., submitted the required Forms DEC-3 and the supporting documentation for the respective use periods.