



JAN 3 1 2013

Greg Gillard Anderson Clayton Corporation 205 E. River Park Circle Fresno, CA 93720-1572

Notice of Preliminary Decision - Emission Reduction Credits

Project Number: C-1122270

Dear Mr. Gillard:

Enclosed for your review and comment is the District's analysis of Anderson Clayton Corporation's application for Emission Reduction Credits (ERCs) resulting from the shutdown of a cotton gin, at 22110 W. Mount Whitney Avenue, in Five Points, CA. The quantity of ERCs proposed for banking is 964 metric tons of CO2e per year.

The notice of preliminary decision for this project will be published approximately three days from the date of this letter. Please submit your written comments on this project within the 30-day public comment period which begins on the date of publication of the public notice.

Thank you for your cooperation in this matter. If you have any questions regarding this matter, please contact Mr. Steve Roeder of Permit Services at (661) 392-5615.

Sincerely,

Director of Permit Services

DW/SAR:bw

Enclosures

Seved Sadredin Executive Director/Air Pollution Control Officer





JAN 3 1 2013

Gerardo C. Rios (AIR 3) Chief, Permits Office Air Division U.S. E.P.A. - Region IX 75 Hawthorne Street San Francisco, CA 94105

Re: Notice of Preliminary Decision - Emission Reduction Credits

Project Number: C-1122270

Dear Mr. Rios:

Enclosed for your review and comment is the District's analysis of Anderson Clayton Corporation's application for Emission Reduction Credits (ERCs) resulting from the shutdown of a cotton gin, at 22110 W. Mount Whitney Avenue, in Five Points, CA. The quantity of ERCs proposed for banking is 964 metric tons of CO2e per year.

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Sincerely,

David Warner

Director of Permit Services

DW/SAR:bw

Enclosure

Seyed Sadredin
Executive Director/Air Pollution Control Officer





JAN 3 1 2013

Mike Tollstrup, Chief Project Assessment Branch Stationary Source Division California Air Resources Board PO Box 2815 Sacramento CA 95812-2815

Notice of Preliminary Decision - Emission Reduction Credits

Project Number: C-1122270

Dear Mr. Tollstrup:

Enclosed for your review and comment is the District's analysis of Anderson Clayton Corporation's application for Emission Reduction Credits (ERCs) resulting from the shutdown of a cotton gin, at 22110 W. Mount Whitney Avenue, in Five Points, CA. The quantity of ERCs proposed for banking is 964 metric tons of CO2e per year.

The notice of preliminary decision for this project will be published approximately three days from the date of this letter. Please submit your written comments on this project within the 30-day public comment period which begins on the date of publication of the public notice.

Thank you for your cooperation in this matter. If you have any questions regarding this matter, please contact Mr. Steve Roeder of Permit Services at (661) 392-5615.

Sincerely,

David Warner

Director of Permit Services

DW/SAR:bw

Enclosure

Seyed Sadredin Executive Director/Air Pollution Control Officer Fresno Bee Fresno Bee

NOTICE OF PRELIMINARY DECISION FOR THE PROPOSED ISSUANCE OF EMISSION REDUCTION CREDITS

NOTICE IS HEREBY GIVEN that the San Joaquin Valley Unified Air Pollution Control District solicits public comment on the proposed issuance of Emission Reduction Credits to Anderson Clayton Corporation for the shutdown of a cotton gin, at 22110 W. Mount Whitney Avenue, in Five Points, CA. The quantity of ERCs proposed for banking is 964 metric tons of CO2e per year.

The analysis of the regulatory basis for this proposed action, Project #C-1122270, is available for public inspection at http://www.valleyair.org/notices/public_notices_idx.htm and the District office at the address below. Written comments on this project must be submitted within 30 days of the publication date of this notice to DAVID WARNER, DIRECTOR OF PERMIT SERVICES, SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT, 34946 FLYOVER COURT, BAKERSFIELD, CA 93308.

San Joaquin Valley Air Pollution Control District ERC Application Review - Greenhouse Gases Cotton Gin Shutdown

Facility Name: Anderson Clayton Corporation Date: January 30, 2013

Mailing Address: PO Box 12506 Engineer: Steve Roeder

Fresno, CA 93778 Lead Engineer: Leonard Scandura

Contact Person: Greg Gillard

Telephone: (559) 447-1390

Project #: C-1122270

Received: July 16, 2010

Deemed Complete: November 19, 2012

ERC #: C-1200-24

I. Summary

The primary business of this facility is cotton ginning. Anderson Clayton Corporation has surrendered the Permit to Operate (PTO) for their Idria #1 cotton gin (C-979-1) following the permanent shutdown after the 2007 ginning season. Anderson Clayton had submitted an application to bank the emission reduction credits (ERCs) for the actual emission reductions (AER) of the criteria pollutants on 7/08/2008 (ERC Project C-1082935).

Subsequently, the facility has submitted this application to bank the Greenhouse Gas (GHG) AER that also resulted for the shutdown of their gin. See the surrendered (PTO) in Appendix A.

Selection of geographical boundary for determining permanence of the GHG emission reduction

Rule 2301 contains several eligibility criteria for emission reduction credit banking, including that the emission reduction must be permanent. When determining the geographical boundary in which the emission reduction is determined to be permanent the applicant may consider how the GHG ERC may likely be used.

Please note that the while Rule 2301 allows facilities to receive ERCs for GHG emission reductions, the District does not have any requirements on the use of GHG ERCs. However, it is anticipated that the likely uses of such GHG ERCs would be their future retirement as GHG mitigation in the CEQA process.

Pursuant to the California Environmental Quality Act (CEQA), lead agencies must consider the environmental impact of GHG emissions from a project and may require that such GHG emissions be mitigated. In evaluating various mitigation techniques, including the retirement of GHG ERCs, the lead agency must determine if the proposed mitigation technique adequately mitigates the projects GHG emission increase.

When a lead agency determines if the retirement of a particular GHG ERC provides adequate GHG mitigation for a project, the lead agency may choose to consider the location where the GHG ERC was generated and the geographical boundary used to determine the permanence of the emission reduction. The in making this determination, the lead agency may conclude that the retirement of a particular GHG ERC would provide adequate mitigation for projects within that same geographical boundary. Again, that determination will be made be the lead agency for a particular project.

For this application, Anderson Clayton Corp has selected California as the geographical boundary for which the emission reduction is permanent. Information has been provided to validate this geographical boundary selection. Using this geographical boundary, it was determined that the GHG emission reduction is permanent within California.

The following AER qualify for ERC banking.

GHG ERCs		
ERC Certificate	Pollutant	Amount
C-1200-24	CO₂e	964 metric tons/year

II. Applicable Rules

Rule 2301 Emission Reduction Credit Banking (1/19/12)

III. Location of Reduction

The equipment was located at 22110 W Mt. Whitney Avenue, in Five Points, CA.

IV. Method of Generating Reductions

The emission reductions were generated by the shutdown of a permitted cotton ginning operation. The GHG were emitted from the cotton drying equipment which was fired on propane.

Equipment Description

C-979-1-10: ROLLE

ROLLER TYPE COTTON GIN WITH TRUCK UNLOADING, COTTON DRYING WITH THREE 8 MMBTU/HR PROPANE BURNERS, COTTON CLEANING, SEED DELINTING, LINT CLEANING AND SEED STORAGE FACILITIES SERVED BY EIGHTEEN 44", SIX 56", AND TWO 50" 1D-3D CYCLONES

V. Calculations

A. Assumptions and Emission Factors

Assumptions

- Units of GHG AER is Metric Tons of CO₂e per year, rounded to the nearest metric ton
- 1,000 kg = 1 metric ton
- Propane hhv = 90,500 Btu/gal = 0.0905 MMBtu/gal (AP42 section 1.5)
- The final CO₂e emission factor from the combustion of propane includes GHG emissions of CO₂, CH₄ and N₂O, where the total emission factor includes the summation of each of the compounds multiplied by their Global Warming Potential (GWP)

Emission Factors (EF)

 Emission factors, global warming potential, and CO2 equivalent emission factors for CO2, CH4, and N2O

Pollutant	EF kg/MMBtu	GWP	EF CO2e kg/MMBtu
CO2	63.02	1	63.02
CH4	0.001	21	0.21
N2O	0.0001	310	0.031
Total			63.26

Converting to CO2e kg/gal

= 63.26 kg/MMBtu * 0.0905 MMBtu/gal

= 5.725 kg/gal

= 0.005725 metric ton/gal

B. Baseline Period Determination

Pursuant to Rule 2301, Section 3.6, the Baseline Period is the same as defined in Rule 2201, which is:

The two consecutive years of operation immediately prior to the submission date of the complete application; or at least two consecutive years within the five years immediately prior to the submission date of the complete application if determined by the APCO as more representative of normal source operation.

The original ERC Banking Project C-979, 1082935 specified the baseline period as the operating years 2006 and 2007. Since the District has already established this as the correct baseline period for the criteria pollutant emission reductions that have already been evaluated and issued, the same baseline period is used for this evaluation.

Therefore the Baseline Period is the operating years of 2006 and 2007.

C. Baseline Data

The baseline propane fuel-use usage is taken from the annual fuel-use records that have been supplied by the applicant, as evaluated in ERC project C-1082935, and is posted in the following table.

Baseline Fuel Usage			
Year	Annual Fuel Use (Gallons)		
2006	222,955		
2007	113,932		

D. Historical Actual Emissions (HAE)

The HAE from the fuel use is determined by multiplying the annual fuel-use by the emission factor presented above.

CO₂e HAE						
2006	0.005725	metric tons/gallon x	222,955	gallon/yr =	1,276	metric tons/yr
2007	0.005725	metric tons/gallon x	113,932	gallon/yr =	652	metric tons/yr
Average					964	metric tons/yr

E. Post Project Potential to Emit (PE2)

As discussed above, the subject equipment has been permanently shut down and its PTO was surrendered. Therefore the PE2 is 0.

F. Emission Reductions Eligible for Banking

The emission reductions eligible for banking are the difference between the historical actual emissions and the potential to emit after the project.

ERCs eligible for banking = 964 metric ton/year – 0 ton/year = 964 metric ton/year

VI. Compliance

Rule 2301 - Emission Reduction Credit Banking

Regarding GHG, the purpose of this Rule is to:

- 1.2.1 Provide an administrative mechanism for sources to bank voluntary greenhouse gas emission reductions for later use.
- 1.2.2 Provide an administrative mechanism for sources to transfer banked greenhouse gas emission reductions to others for any use.
- 1.2.3 Define eligibility standards, quantitative procedures and administrative practices to ensure that banked greenhouse gas emission reductions are real, permanent, quantifiable, surplus, and enforceable.

Section 4.5 specifies eligibility criteria for GHG emission reductions to qualify for banking. Below is a summary of each criteria and a description of how the emission reductions satisfy the criteria.

Section 4.5.1 requires that the emission reduction must have occurred after 1/1/05.

The emission reductions occurred when the PTO was surrendered on 10/27/08. As the emission reduction occurred after 1/1/05, this criteria has been satisfied.

Section 4.5.2 requires that the emissions must have occurred in the District.

The emissions occurred at 22110 W Mt. Whitney Ave. in Five Points, CA. Since this location is within the District, this criteria has been satisfied.

Section 4.5.3 requires that the emission reductions must be real, surplus, permanent, quantifiable, and enforceable.

Real:

The GHG emission reductions were generated by the shutdown of a cotton gin. The real emissions were calculated from actual historic fuel-use data and recognized emission factors. The cotton gin has been removed. Therefore, the emission reductions are real.

Surplus:

The facility is not subject to the CARB cap and trade regulation, and the emission reductions occurred prior to 1/1/12. Therefore, the emission reductions satisfy the surplus requirement in Section 4.5.3.1.

There are no laws, rules, regulations, agreements, orders, or permits requiring any GHG emission reductions from cotton gins. Therefore, the emission reductions satisfy the surplus requirement in Section 4.5.3.2.

The emission reductions are not the result of an action taken by the permittee to comply with any requirement. The emission reductions are surplus and additional of all requirements. Therefore, the emission reductions satisfy the surplus requirement in section 4.5.3.4.

The Certificates will be identified according to Section 6.15.3 below.

Permanent:

The cotton gin has been shut down, removed, and the PTO has been surrendered.

When determining the geographical boundary in which the emission reduction is determined to be permanent the applicant may consider how the GHG ERC may likely be used.

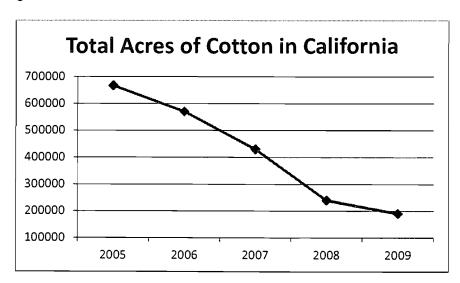
Please note that the while Rule 2301 allows facilities to receive ERCs for GHG emission reductions, the District does not have any requirements on the use of GHG ERCs. However, it is anticipated that the likely uses of such GHG ERCs would be their future retirement as GHG mitigation in the CEQA process.

Pursuant to the California Environmental Quality Act (CEQA), lead agencies must consider the environmental impact of GHG emissions from a project and may require that such GHG emissions be mitigated. In evaluating various mitigation techniques, including the retirement of GHG ERCs, the lead agency must determine if the proposed mitigation technique adequately mitigates the projects GHG emission increase.

When a lead agency determines if the retirement of a particular GHG ERC provides adequate GHG mitigation for a project, the lead agency may choose to consider the location where the GHG ERC was generated and the geographical boundary used to determine the permanence of the emission reduction. The in making this determination, the lead agency may conclude that the retirement of a particular GHG ERC would provide adequate mitigation for projects within that same geographical boundary. Again, that determination will be made be the lead agency for a particular project.

Anderson Clayton Corp has selected California as the geographical boundary for which the emission reduction is permanent. Information has been provided below to validate this geographical boundary selection.

As shown in the following chart, the total cotton acreage has been on a decline since January of 2005. Acreage has declined from 667,000 acres in 2005 down to 190,065 acres in 2009. The decline in acreage forced the closure of several cotton gins in California.



Because there has been a decrease in the amount of cotton being grown in the state of California, the need to gin cotton in California has decreased accordingly.

Based on this information, the geographical boundary for which the emission reduction is permanent within California.

The ERC will include the following identifier:

"Verified as permanent within the State of California"

Quantifiable:

The actual emissions were calculated from historic fuel-use records and accepted emission factors. Therefore, the emission reductions are quantifiable and have been quantified.

Enforceable:

The cotton gin has been shut down and the PTO has been surrendered to the District. Operation of the equipment without a valid permit would subject the permittee to enforcement action. Therefore, the emission reductions are enforceable.

Section 4.5.4 requires that GHG emission reductions be calculated as the difference between the historic annual average GHG emissions (as CO₂e) and the PE2 after the reduction is complete. The historical GHG emissions must be calculated using the consecutive 24 month period immediately prior to the date the emission reductions occurred (the shutdown of the cotton gin), or another consecutive 24 month period in the 60 months prior to the date the emission reduction occurred if determined by the APCO as being more representative of normal operations.

The GHG emission reductions were calculated according to the baseline period identified above. Since this is a permanent shutdown of the cotton gin, with none of the load being shifted to any other gin in California, there is no post-project potential to emit GHG.

Section 4.5.5.5 requires that GHG emission reductions proposed to be quantified using CARB-approved emission reduction project protocols shall be calculated in accordance with the applicable protocol.

Since the GHG emission reductions are not subject to an applicable CARB-approved emission reduction project protocol, this section is not applicable.

Section 4.5.6 requires that ERCs shall be made enforceable through permit conditions or legally binding contract.

The cotton gin held a legal District operating permit. That permit has been surrendered to the District. Since the operation of the cotton gin would require a new Authority to Construct, as discussed above the emission reduction is enforceable.

Section 5 identifies ERC Certificate application procedures.

Section 5.5.2 requires, for emission reductions occurring prior to 1/19/12, applications for ERCs must be submitted by 7/19/12.

The ERC application was submitted on 7/16/12, therefore the application is timely.

Section 6.15 specifies the registration requirements for GHG ERCs.

This emission reductions are surplus and additional of all requirements pursuant to Section 4.5.3.4. Therefore the ERC certificate shall include the following notation:

"This emission reduction is surplus and additional to all applicable regulatory requirements."

Compliance with Rule 2301 has been demonstrated and no adjustments are required under this Rule.

VII. Recommendation

Issue ERC Certificate C-1200-24 in the amount posted in the table below and on the Draft ERC Certificate in Appendix B.

GHG ERCs			
ERC Certificate	Pollutant	Amount	
C-1200-24	CO₂e	964 metric tons/year	

List of Appendixes

- A. Surrendered PTO
- B. Draft Emission Reduction Credit Certificate

Appendix B Draft ERC Certificate

San Joaquin Valley Air Pollution Control District

Central Regional Office • 1990 E. Gettysburg Ave. • Fresno, CA 93726

Emission Reduction Credit Certificate C-1200-24

ISSUED TO:

ANDERSON CLAYTON CORP/IDRIA #1

ISSUED DATE:

<DRAFT>

LOCATION OF REDUCTION:

22110 W MT WHITNEY AVE

FIVE POINTS, CA 93624

For CO2e Reduction In The Amount Of:

964 metric tons / year

[] Conditions Attached	
Method Of Reduction [X] Shutdown of Entire Stationary Source [] Shutdown of Emissions Units [] Other	e:

Shutdown of cotton gin Verified as permanent within the State of California

Emission Reduction Qualification Criteria

Seyed Sadredin, Executive Director APCC

David Warner, Director of Permit Services

Appendix A Surrendered PTO



Permit to Operate

FACILITY: C-979

EXPIRATION DATE: 10/31/2007

LEGAL OWNER OR OPERATOR:

ANDERSON CLAYTON CORP/IDRIA #1

MAILING ADDRESS:

PO BOX 12506

FRESNO, CA 93778-2506

FACILITY LOCATION:

22110 W MT WHITNEY AVE FIVE POINTS, CA 93624

FACILITY DESCRIPTION:

COTTON GINNING

The Facility's Permit to Operate may include Facility-wide Requirements as well as requirements that apply to specific permit units.

This Permit to Operate remains valid through the permit expiration date listed above, subject to payment of annual permit fees and compliance with permit conditions and all applicable local, state, and federal regulations. This permit is valid only at the location specified above, and becomes void upon any transfer of ownership or location. Any modification of the equipment or operation, as defined in District Rule 2201, will require prior District approval. This permit shall be posted as prescribed in District Rule 2010.

Seyed Sadredin

San Joaquin Valley Air Pollution Control District

PERMIT UNIT: C-979-1-10

EXPIRATION DATE: 10/31/2007

EQUIPMENT DESCRIPTION:

ROLLER TYPE COTTON GIN WITH TRUCK UNLOADING, COTTON DRYING WITH THREE 8 MMBTU/HR PROPANE BURNERS, COTTON CLEANING, SEED DELINTING, LINT CLEANING AND SEED STORAGE FACILITIES SERVED BY EIGHTEEN 44", SIX 56", AND TWO 50" 1D-3D CYCLONES

PERMIT UNIT REQUIREMENTS

- 1. All systems shall demonstrate compliance with the requirements of District Rule 4204 by the compliance dates in Section 7.1. [District Rule 4204]
- No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three
 minutes in any one hour which is as dark as, or darker than, Ringelmann 1 or 20% opacity. [District Rule 4101]
- 3. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
- 4. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201]
- 5. Material removed from dust collector(s) shall be disposed of in a manner preventing entrainment into the atmosphere. [District Rule 2201]
- 6. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants into the atmosphere. [District Rule 2201]
- 7. Total PM10 emissions from the roller cotton gin operation shall not exceed 3.86 pound per ton of baled cotton (0.964 pound per bale, corrected to 500 pound bales). [District Rule 2201]
- 8. Daily ginning rate of the roller gin stand shall not exceed 125 tons of baled cotton per day (500 bales per day, corrected to 500 pound bales). [District Rule 2201]
- 9. Annual ginning rate of the roller gin stand shall not exceed 11,600 tons of baled cotton per year (46,400 bales per year, corrected to 500 pound bales). [District Rule 2201]
- 10. PM10 emissions rate shall not exceed 0.157 lb PM-10/bale per cyclone for #5 cyclone system and 0.02 lb PM-10/bale for #20 cyclone. [District Rule 2201]
- 11. The wagon suction fan shall be controlled by 2-50" 1D-3D cyclones. [District Rule 2201]
- 12. The battery condenser and A & B lint condensers shall be controlled by 2 ea. 56" 1D-3D cyclones, for a total of six 56" cyclones. [District Rule 2201]
- 13. The #2 moist air fan, trash B (#3B moist air) fan, overflow A and overflow B fans, and the trash A & B fan shall be controlled by 2 ea. 44" 1D-3D cyclones, for a total of 10 44" cyclones. [District Rule 2201]
- 14. All 1D-3D cyclones shall operate at a cyclone inlet air velocity of 3200 ± 400 ft/min. [District Rule 4204]
- 15. The main trash auger of the roller ginning operation shall be controlled by two 44" enhanced 1D-3D cyclones, operating at a cyclone inlet air velocity of 3200 ± 400 ft/min. [District Rules 2201 and 4204]
- 16. The #1A moisture fan system of the roller ginning operation shall be controlled by two 44" 1D-3D cyclones, one with an enhanced bottom cone, both operating at a cyclone inlet air velocity of 3200 ± 400 ft/min. [District Rules 2201 and 4204]

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE
These terms and conditions are part of the Facility-wide Permit to Operate.

Facility Name: ANDERSON CLAYTON CORP/IDRIA #1 Location: 22110 W MT WHITNEY AVE.FIVE POINTS, CA 93624 C979-1-10: Sup 27 2007 3 449PM - PAMPAIAD

- 17. The #1B moisture fan system of the roller ginning operation shall be controlled by two 44" 1D-3D cyclones with enhanced inlets, operating at a cyclone inlet air velocity of 3200 ± 400 ft/min. [District Rules 2201 and 4204]
- 18. The #2B moisture fan system of the roller ginning operation shall be controlled by two 44" 1D-3D cyclones with enhanced bottom cones, operating at a cyclone inlet air velocity of 3200 ± 400 ft/min. [District Rules 2201 and 4204]
- 19. The #3A moisture (trash A) fan system of the roller ginning operation shall be controlled by two 44" 1D-3D cyclones with enhanced bottom cones, operating at a cyclone inlet air velocity of 3200 ± 400 ft/min. [District Rules 2201 and 4204]
- 20. The trash auger of the trash piling system shall have both sides equipped with wind barriers that extend, as measured vertically prior to trash pile build-up, one foot above and three feet below the auger. [District Rule 4204]
- 21. After the trash pile has built up to the height of the trash auger, removing material from the pile shall be performed in such a way as to prevent free-falling trash from the stockpiling system. [District Rule 4204]
- 22. If the trash stockpile is removed to prevent the build-up of heat in the pile, the operator shall record the date of the removal. [District Rule]
- 23. Permittee shall conduct daily visual inspections of the material handling systems for leaks, breaks, or other visible signs of equipment malfunctions. [District Rule 4204]
- 24. Permittee shall maintain a record of the daily inspections, including any equipment malfunctions discovered and corrective action taken to repair the malfunction, and any source test results. [District Rule 4204]
- 25. Permittee shall maintain daily and annual records of number and weight of bales produced, corrected to 500 pound bales. [District Rule 2201]
- 26. All records shall be retained on site for five years and made available to the District upon request. [District Rules 1070 and 4204]

C-979-1-10 : Sep 27 2007 3:45PM - FAMPAIA