San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

HEALTHY AIR LIVING™

FEB 17 2013

Xiaosong Wang
Pilkington North America, Inc.
500 E. Louise Avenue
Lathrop, CA 95330

Re: Notice of Preliminary Decision – Emission Reduction Credits
Facility Number: N-477
Project Number: N-1101977

Dear Mr. Wang:

Enclosed for your review and comment is the District's analysis of Pilkington North America, Inc.'s application for Emission Reduction Credits (ERCs) resulting from the shutdown of the automotive hardware fastening lines, at 500 E. Louise Avenue in Lathrop, CA. The quantity of ERCs proposed for banking is 830 lb-VOC/yr.

The notice of preliminary decision for this project will be published approximately three days from the date of this letter. After addressing all comments made during the 30-day public notice comment period, the District intends to the issue the ERCs. Please submit your written comments on this project within the 30-day public comment period, as specified in the enclosed public notice.

Thank you for your cooperation in this matter. If you have any questions regarding this matter, please contact Mr. Mark Schonhoff of Permit Services at (209) 557- 6448.

Sincerely,

David Warner
Director of Permit Services

DW:MJS/st

Enclosures

cc: Mike Tollstrup, CARB (w/enclosure) via email
cc: Gerardo C. Rios, EPA (w/enclosure) via email

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
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Tel: (209) 557-6400 FAX: (209) 557-6475

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Bakersfield, CA 93308-9725
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www.valleyair.org www.healthyairliving.com

Newspaper notice for publication in Stockton Record and for posting on valleyair.org

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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 Pilkington North America, Inc. for the shutdown of the automotive hardware fastening lines, at 500 E. Louise Avenue in Lathrop, CA. The quantity of ERCs proposed for banking is 830 lb-VOC/yr.

The analysis of the regulatory basis for this proposed action, Project #N-1101977, is available for public inspection at http://www.valleyair.org/notices/public_notices_idx.htm and at any District office. For additional information, please contact the District at (209) 557-6400. Written comments on this project must be submitted by May 22, 2013 to **DAVID WARNER, DIRECTOR OF PERMIT SERVICES, SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT, 4800 ENTERPRISE WAY, MODESTO, CA 95356.**

ERC Application Evaluation
Project # 1101977
Application # N-943-1

Engineer: Mark Schonhoff
Date: April 12, 2013

Company Name: Pilkington North America, Inc.
Mailing Address: 500 E. Louise Avenue
Lathrop, CA 95330

Contact Name: Xiaosong Wang
Phone: (209) 858-6311

Date Application Received: August 2, 2010
Date Application Deemed Complete: December 10, 2010

I. Summary:

The applicant is proposing to receive the following quantities of Emission Reduction Credits (ERC's) for reductions in VOC emissions. The reductions were generated by shutting down the automotive hardware fastening lines operating under District permits N-477-13 and N-477-14.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total (annual)
VOC (lb)	234	203	211	182	830

II. Applicable Rules:

Rule 2301: Emission Reduction Credit Banking (Adopted September 19, 1991) Amended March 11, 1992; Amended December 17, 1992)

III. Location of Reductions:

500 E. Louise Avenue
Lathrop, CA

IV. Method of Generating Reductions:

The ERC's were generated by shutting down the operations listed below:

Permit Number	Description
N-477-13	Adhesive application of hardware to automotive windshields
N-477-14	

V. ERC Calculations:

A. Assumptions and Emission Factors:

Assumptions:

To determine whether or not an alternative baseline period is appropriate, the District examines the historical production rate of the equipment for which ERC's are proposed. The exact production rate is not known so it will be assumed that the historical adhesives use is directly proportional to the historical production rate.

From the material safety data sheet it is only known that the specific gravity of the WS-70FK contact adhesive is greater than 1.0. Its actual specific gravity will be estimated to be 1.1.

Emission Factors:

The emission factors are summarized below. Refer to the Surplus Emission section of this document (Section VI.E) for a detailed emission factor determination.

Material	Description	Emission Factor g/l (lb/gal)
RC-50KE	Adhesive Primer	250 (2.1)
MS-90	Adhesive Primer	250 (2.1)
WS-70FK	Contact Adhesive	22 (0.18)
Aron Mighty	Contact Adhesive	250 (2.1)
Betaseal 43618	Adhesive Primer	250 (2.1)
Primer 435-75	Adhesive Primer	250 (2.1)
Isopropyl Alcohol	General Cleaning Solvent	25 (0.21)

B. Baseline Period Determination and Data:

Baseline Period Determination:

Per section 3.8 of District Rule 2201, the baseline period for calculating AER's should be the two year period immediately preceding the date of the ERC application unless another period is deemed more representative of normal source operation.

The equipment for which ERC's is proposed was dismantled in April of 2010 and the District examined the material usage (which is assumed to be directly proportional to the production rate) for the 20 complete calendar quarters immediately preceding the dismantling of the equipment (Q2 of 2005 through Q1 of 2010) and determined that the 8 consecutive calendar quarter period that most closely represented normal source operation was quarter 2 of 2006 through quarter 1 of 2008. A spreadsheet table illustrating this determination is in Appendix A of this document.

Baseline Period Data:

A detailed baseline period material usage determination is in Appendix B of this document.

Material	Year	Usage (gallons)			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
RC-50KE Adhesive Primer	2006	---	77.1	69.2	67.7
	2007	75.0	64.6	75.0	55.9
	2008	45.6	---	---	---
	Avg	**60.3**	**70.9**	**72.1**	**61.8**
MS-90 Adhesive primer	2006	---	17.3	19.3	14.8
	2007	17.8	18.4	19.1	14.7
	2008	15.9	---	---	---
	Avg	**16.9**	**17.9**	**19.2**	**14.8**
WS-70FK Contact Adhesive	2006	---	123.3	183.8	179.0
	2007	169.5	157.9	148.7	134.8
	2008	639.6	---	---	---
	Avg	**404.6**	**140.6**	**166.3**	**156.9**
Aron Mighty Contact Adhesive	2006	---	0	0	0
	2007	2.0	3.1	2.8	2.6
	2008	4.0	---	---	---
	Avg	**3.0**	**1.6**	**1.4**	**1.3**
Betaseal 43518 Adhesive Primer	2006	---	0	0	0
	2007	0	0	0	0
	2008	4.1	---	---	---
	Avg	**2.1**	**0**	**0**	**0**
435-75 Adhesive Primer	2006	---	0	0	0
	2007	0	0	0	0
	2008	7.7	---	---	---
	Avg	**3.9**	**0**	**0**	**0**
Isopropyl Alcohol	2006	---	0	0	0
	2007	56.0	99.5	97.8	100.8
	2008	0	---	---	---
	Avg	**28.0**	**49.8**	**48.9**	**50.4**

C. Historical Actual Emissions:

Material & Emission Factor	Usage & HAE	Quarter 1	Quarter 2	Quarter 3	Quarter 4
RC 50 KE	Usage (gal)	60.3	70.9	72.1	61.8
EF = 2.1 lb/gal	**HAE (lb)**	**126.6**	**148.9**	**151.4**	**129.8**
MS-90	Usage (gal)	16.9	17.9	19.2	14.8
EF = 2.1 lb/gal	**HAE (lb)**	**35.5**	**37.6**	**40.3**	**31.1**
WS 70FK	Usage (gal)	404.6	140.6	166.3	156.9
EF = 0.18 lb/gal	**HAE (lb)**	**72.9**	**25.3**	**29.9**	**28.2**
Aron Mighty	Usage (gal)	3.0	1.6	1.4	1.3
EF = 2.1 lb/gal	**HAE (lb)**	**6.3**	**3.4**	**2.9**	**2.7**
Betaseal 43518	Usage (gal)	2.1	0	0	0
EF = 2.1 lb/gal	**HAE (lb)**	**4.4**	**0**	**0**	**0**
Primer 435-75	Usage (gal)	3.9	0	0	0
EF = 2.1 lb/gal	**HAE (lb)**	**8.2**	**0**	**0**	**0**
Isopropyl Alcohol	Usage (gal)	28.0	49.8	48.9	50.4
EF = 0.21 lb/gal	**HAE (lb)**	**5.9**	**10.5**	**10.3**	**10.6**

Summary of HAE's:

Material	Quarter 1 (lb)	Quarter 2 (lb)	Quarter 3 (lb)	Quarter 4 (lb)
RC-50 KE	126.6	148.9	151.4	129.8
MS-90	35.5	37.6	40.3	31.1
WS-70FK	72.9	25.3	29.9	28.2
Aron Mighty	6.3	3.4	2.9	2.7
Betaseal 43518	4.4	0	0	0
Primer 435-75	8.2	0	0	0
Isopropyl Alcohol	5.9	10.5	10.3	10.6
Total	260	226	235	202

D. Actual Emission Reductions:

Per section 4.12 of Rule 2201:

AER = HAE – PE2

Where HAE is the Historical Actual Emissions calculated in section V.C above
PE2 is the Postmodification potential to emit, which is zero

Therefore, AER = HAE

Pollutant	Quarter 1 (lb)	Quarter 2 (lb)	Quarter 3 (lb)	Quarter 4 (lb)
VOC	260	226	235	202

E. Air Quality Improvement Deduction:

Per District Rule 2201, section 4.12.1, a 10% air quality improvement deduction must be applied to the AER's prior to banking. The air quality improvement deductions are as follows:

Pollutant	Quarter 1 (lb)	Quarter 2 (lb)	Quarter 3 (lb)	Quarter 4 (lb)
VOC	26	23	24	20

F. Increase in Permitted Emissions:

No IPE associated with this project.

G. Bankable Emissions Reductions:

The bankable reductions are the difference between the AER's and the Air Quality Improvement Deduction.

Quarter 1 = 260 lb – 26 lb = 234 lb
Quarter 2 = 226 lb – 23 lb = 203 lb
Quarter 3 = 235 lb – 24 lb = 211 lb
Quarter 4 = 202 lb – 20 lb = 182 lb

VI. Compliance:

A. Real Reductions:

The reductions were generated by ceasing production. Had production not been discontinued, the emissions for which ERC's are being proposed could still be occurring. Therefore, the reductions are real.

B. Enforceable Reductions:

The reductions were generated by ceasing production and cancelling the Permits to Operate. Resuming operation without first obtaining an Authority to Construct would result in enforcement action being taken. Therefore, the reductions are enforceable.

C. Quantifiable Reductions:

The baseline period emissions were calculated utilizing District approved emission factors and actual baseline period material usages. Therefore, the reductions are quantifiable.

D. Permanent Reductions:

The Permits to Operate have been surrendered to the District. Operation of the equipment without permits would result in enforcement action being taken. Therefore, the reductions are permanent.

E. Surplus Reductions:

The applicant is proposing ERC's for the VOC reductions that were generated by the shutdown of the automotive hardware fastening operation at the facility. To determine whether or not the reductions are surplus, the District must examine its current and proposed rules as well as requirements projected to apply to operations for which ERC's are proposed. The District also considers other agency's rules during a surplus emission analysis. After examining all current, pending and projected regulations, the District will discount the emission factors to the level of the most stringent rule. And finally, discounting for any baseline period emission limit violations will also be performed. During this analysis, rules from the following agencies will be considered:

United States Environmental Protection Agency (USEPA)
California Air Resources Board (CARB)
San Joaquin Valley Air Pollution Control District (SJVAPCD)
South Coast Air Quality Management District (SCAQMD)
Bay Area Air Quality Management District (BAAQMD)
Sacramento Metropolitan Air Quality Management District (SMAQMD)

Below are the rules that will be considered:

Agency	Adhesives/Adhesive Primers	Solvent Rule
USEPA	No Rule	40 CFR Part 63 Subpart T
CARB	No Rule	No Rule
SJVAPCD	4653	4663
SCAQMD	1168	1171
BAAQMD	Regulation 8 Rule 51	Regulation 8 Rule 16
SMAQMD	460	Rule 466

Note: 40 CFR Part 63 Subpart T does not apply to wipe cleaning, which was the cleaning method used. There will be no further mention of this rule.

Baseline Period Emission Limits:

An examination of the facility's emission records showed that no emission limit violations occurred. Therefore, no discounting is necessary because of emission limit exceedences.

Adhesives and Adhesive Primers:

Material	VOC level (in g/l – Less Water and Exempt Compounds)				
	Actual VOC Content	SJVAPCD Rule 4653 Limit	SCAQMD Rule 1168 Limit	BAAQMD Regulation 8, Rule 51 Limit	SMAQMD Rule 460 Limit
RC-50KE Adhesive Primer	756	250 [1]	250 [2]	250 [3]	250 [4]
MS-90 Adhesive Primer	753	250 [1]	250 [2]	250 [3]	250 [4]
WS-70FK Contact Adhesive	24.1	250 [5]	250 [6]	400 [7]	250 [8]
Aron Mighty Contact Adhesive	840	250 [5]	250 [6]	400 [7]	250 [8]
Betaseal Adhesive Primer	831	250 [1]	250 [2]	250 [3]	250 [4]
43575 Adhesive Primer	752	250 [1]	250 [2]	250 [3]	250 [4]

As can be seen, discounting of the emission factor (VOC content) to 250 g/l (2.1 lb/gal) is required for all materials except for the WS-70FK contact adhesive. The VOC Content (less water and exempt compounds) for the WS-70FK is as reported above. However, the VOC content as it was applied was 22 g/l (0.18 lb/gal). Therefore, the emission factor for this material will be 22 g/l (0.18 lb/gal).

[1] Adhesive Primer – Table 1
[2] Adhesive Primer (not otherwise specified) – section (c)(1)
[3] Adhesive Primer (other) – section 301.3
[4] Adhesive primer (other)– Table 2
[5] Contact Adhesive – Specialty (Table 2 – Miscellaneous Adhesives)
[6] Special Purpose Contact Adhesive – section (C)(2) – Specialty Applications Table
[7] Per section 8-51-126, the applicable limit is specified in section 8-51-301.4 (Contact Adhesive (special substrates)
[8] Contact Adhesive – Specialty Substrates (Table 3)

Solvents:

	VOC Content (g/l)				
Material	Actual VOC Content	SJVAPCD Rule 4653	SCAQMD Rule 1171	BAAQMD Regulation 8, Rule 16	SMAQMD Rule 466
Isopropyl Alcohol	785	25 [9]	25 [10]	N/A [11]	25 [12]

As can be seen, discounting of the emission factor (VOC content) to 25 g/l (0.21 lb/gal) is required.

F. Timeliness:

For an application to be considered timely, it must be received within 180 days after the emission reductions occurred. The equipment was last operated March 29, 2010 and the application for ERC's was received on August 2, 2010. Therefore, the application was received within 180 days after the reductions occurred, and was timely.

VII. Recommendation:

Issue Emission Reduction Credit Certificates to Malibu Boats in the following amounts:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
VOC (lb)	234	203	211	182

VIII. Appendices

Appendix A: Baseline Period Determination Spreadsheet
Appendix B: Baseline Period Material Usages
Appendix C: Draft Emission Reduction Credit Certificate

[9] Rule 4653, Table 6
[10] Product Cleaning During manufacturing (general) – Section (c)(1)
[11] Exempt per section 8.16.111 (wipe cleaning)
[12] Product Cleaning During Manufacturing (General) – Section 301.1

Appendix A
Baseline Period Determination Spreadsheet

	Material Usage (lb)	8 qtr
Q2 2005	1,750	
Q3 2005	1,618	
Q4 2005	1,544	
Q1 2006	1,680	
Q2 2006	1,974	
Q3 2006	2,472	
Q4 2006	2,380	
Q1 2007	2,762	1,022
Q2 2007	2,858	883
Q3 2007	2,861	728
Q4 2007	2,542	603
Q1 2008	6,520	-2
Q2 2008	9,508	-944
Q3 2008	9,498	-1,822
Q4 2008	8,166	-2,545
Q1 2009	593	-2,274
Q2 2009	424	-1,970
Q3 2009	506	-1,675
Q4 2009	617	-1,435
Q1 2010	614	-696
5 yr Avg.	3,044	

The average adhesive usage for the 8 calendar quarters ending with the first quarter of 2008 is closest to the 5 year average adhesive usage. Therefore, the baseline period will be the 8 consecutive calendar quarter period ending with quarter 1 of 2008 (quarter 2 of 2006 through quarter 1 of 2008)

Appendix B
Baseline Period Material Usage Determination

The baseline period usages, in pounds, were provided by the applicant

The conversions from pounds of usage to gallons of usage were made assuming the weight of water is 8.34 lb/gal and the following specific gravities:

RC 50KE:	1.1
MS-90:	0.94
WS-70FK:	1.1
Aron Mighty:	0.8
Betaseal:	0.83
Primer 435-75:	0.824
Isopropyl Alcohol:	0.7851

	Permit #	RC 50 KE	MS-90	WS 70FK	Aron Mighty	Betaseal	435-75	Alcohol
Q2 2006	N-477-13 (lb)	353.6	67.9	565.8	0	0	0	0
	N-477-14 (lb)	353.6	67.9	565.8	0	0	0	0
	Total lb	707.2	135.8	1,131.6	0	0	0	0
	Total gal	**77.1**	**17.3**	**123.3**	**0**	**0**	**0**	**0**
Q3 2006	N-477-13 (lb)	317.5	75.8	842.9	0	0	0	0
	N-477-14 (lb)	317.5	75.8	842.9	0	0	0	0
	Total lb	635.0	151.6	1,685.8	0	0	0	0
	Total gal	**69.2**	**19.3**	**183.8**	**0**	**0**	**0**	**0**
Q4 2006	N-477-13 (lb)	310.4	58.2	821.1	0	0	0	0
	N-477-14 (lb)	310.4	58.2	821.1	0	0	0	0
	Total lb	620.8	116.4	1,642.2	0	0	0	0
	Total gal	**67.7**	**14.8**	**179.0**	**0**	**0**	**0**	**0**
Q1 2007	N-477-13 (lb)	343.9	69.7	777.4	6.8	0	0	183.2
	N-477-14 (lb)	343.9	69.7	777.4	6.8	0	0	183.2
	Total lb	687.8	139.4	1,554.8	13.6	0	0	366.4
	Total gal	**75.0**	**17.8**	**169.5**	**2.0**	**0**	**0**	**56.0**
Q2 2007	N-477-13 (lb)	296.3	72.3	724.4	10.4	0	0	325.8
	N-477-14 (lb)	296.3	72.3	724.4	10.4	0	0	325.8
	Total lb	592.6	144.6	1,448.8	20.8	0	0	651.6
	Total gal	**64.6**	**18.4**	**157.9**	**3.1**	**0**	**0**	**99.5**
Q3 2007	N-477-13 (lb)	351.9	75.0	753.5	9.5	0	0	322.3
	N-477-14 (lb)	336.0	75.0	610.6	9.5	0	0	318.3
	Total lb	687.9	150.0	1,364.1	19.0	0	0	640.6
	Total gal	**75.0**	**19.1**	**148.7**	**2.8**	**0**	**0**	**97.8**
Q4 2007	N-477-13 (lb)	261.0	57.8	728.0	8.7	0	0	327.0
	N-477-14 (lb)	252.2	57.3	509.1	8.7	0	0	333.1
	Total lb	513.2	115.1	1,237.1	17.4	0	0	660.1
	Total gal	**55.9**	**14.7**	**134.8**	**2.6**	**0**	**0**	**100.8**
Q1 2008	N-477-13 (lb)	209.9	62.6	2,933.9	13.2	14.2	26.3	0
	N-477-14 (lb)	208.1	62.4	2,933.9	13.2	14.4	26.3	0
	Total lb	418.0	125.0	5,867.8	26.4	28.6	52.6	0
	Total gal	**45.6**	**15.9**	**639.6**	**4.0**	**4.1**	**7.7**	**0**

Appendix C
Draft Emission Reduction Credit Certificate

San Joaquin Valley
Air Pollution Control District

Northern Regional Office • 4800 Enterprise Way • Modesto, CA 95356-8718

Emission Reduction Credit Certificate
N-943-1

ISSUED TO: PILKINGTON NORTH AMERICA, INC

ISSUED DATE: <DRAFT>

LOCATION OF REDUCTION: 500 E LOUISE AVE
LATHROP, CA 95330

For VOC Reduction In The Amount Of:

Quarter 1	Quarter 2	Quarter 3	Quarter 4
234 lbs	203 lbs	211 lbs	182 lbs

[ ] Conditions Attached

Method Of Reduction

[ ] Shutdown of Entire Stationary Source
[X] Shutdown of Emissions Units
[ ] Other

Shutdown of the automotive hardware attaching operation

Use of these credits outside the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD) is not allowed without express written authorization by the SJVUAPCD.

Seyed Sadredin, Executive Director / APCO

DRAFT

David Warner, Director of Permit Services

Mar 16 2011 11:37AM – SCHONHOM