

EXECUTIVE SUMMARY - ENFORCEMENT MATTER
DOCKET NO.: 2009-0022-AIR-E TCEQ ID: RN100219526 CASE NO.:
RESPONDENT NAME: Texas Petrochemicals LLC

ORDER TYPE:		
<input checked="" type="checkbox"/> AGREED CORRECTIVE ACTION ORDER	<input type="checkbox"/> FINDINGS AGREED ORDER	<input type="checkbox"/> AGREED ORDER
<input type="checkbox"/> FINDINGS DEFAULT ORDER	<input type="checkbox"/> SHUTDOWN ORDER	<input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING
<input type="checkbox"/> AMENDED ORDER	<input type="checkbox"/> EMERGENCY ORDER	<input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
CASE TYPE:		
<input checked="" type="checkbox"/> AIR	<input type="checkbox"/> MULTI-MEDIA (check all that apply)	<input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE
<input type="checkbox"/> PUBLIC WATER SUPPLY	<input type="checkbox"/> PETROLEUM STORAGE TANKS	<input type="checkbox"/> OCCUPATIONAL CERTIFICATION
<input type="checkbox"/> WATER QUALITY	<input type="checkbox"/> SEWAGE SLUDGE	<input type="checkbox"/> UNDERGROUND INJECTION CONTROL
<input type="checkbox"/> MUNICIPAL SOLID WASTE	<input type="checkbox"/> RADIOACTIVE WASTE	<input type="checkbox"/> DRY CLEANER REGISTRATION
<p>SITE WHERE VIOLATION(S) OCCURRED: Houston Plant, 8600 Park Place Boulevard, Houston, Harris</p> <p>TYPE OF OPERATION: Chemical manufacturing plant</p> <p>SMALL BUSINESS: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>OTHER SIGNIFICANT MATTERS: There are no complaints. There is one pending enforcement action, Docket No. 2008-0391-AIR-E, regarding this facility location.</p> <p>INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p>COMMENTS RECEIVED: The <i>Texas Register</i> comment period expired on March 23, 2009. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: None TCEQ Enforcement Coordinator: Mr. Terry Murphy, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-5025; Ms. Cari-Michel La Caille, Enforcement Division, MC 219, (512) 239-1387 Respondent: Mr. Charles Shaver, CEO/President, Texas Petrochemicals LLC, 5151 San Felipe, Suite 800, Houston, Texas 77056 Respondent's Attorney: Not represented by counsel on this enforcement matter</p>		

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p>Type of Investigation: <input type="checkbox"/> Complaint <input type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input type="checkbox"/> Records Review</p> <p>Date(s) of Complaints Relating to this Case: None</p> <p>Date of Investigation Relating to this Case: None</p> <p>Date of NOV/NOE Relating to this Case: None</p> <p>Background Facts: The Respondent has proposed a corrective action order to the TCEQ that provides for enhanced oversight at the Plant with a projected resultant decrease in reportable emissions events. For reportable emissions events, the Respondent will make no claim to an affirmative defense for those events and will accept stipulated penalties for them.</p>	<p>Total Assessed: \$0</p> <p>Total Deferred: \$0 <input type="checkbox"/> Expedited Settlement <input type="checkbox"/> Financial Inability to Pay</p> <p>SEP Conditional Offset: \$0</p> <p>Total Paid (Due) to General Revenue: \$0</p> <p>Site Compliance History Classification <input type="checkbox"/> High <input type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Person Compliance History Classification <input type="checkbox"/> High <input type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Major Source: <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Applicable Penalty Policy: September 2002</p>	<p>Corrective Actions Taken:</p> <p>The Executive Director recognizes that:</p> <p>a) On June 9, 2005, Texas Petrochemicals ("TPC") entered into a Voluntary Emissions Reduction Agreement ("VERA") with the Executive Director designed to further reduce emissions of butadiene at the Plant through the use of a flare gas recovery system, enhanced leak detection and repair ("LDAR") efforts using lower leak detection thresholds, the installation and operation of a fence-line monitoring system, and other Plant operating or monitoring equipment enhancements including the use of "dry-break" technology for butadiene rail car loading and infrared camera emissions detection technology.</p> <p>b) TPC has reported that, as a result of installing the flare gas recovery system as part of the VERA:</p> <ul style="list-style-type: none"> i. emissions from the flare at the Plant decreased approximately 90 percent; ii. total volatile organic compounds ("VOC") emissions from the flare decreased from an average of 230,000 pounds per year for the years 2002 through 2004 to 26,000 pounds in 2007; and iii. total butadiene from the flare decreased from an average of 54,000 pounds per year for the years 2002 through 2004 to 5,300 pounds in 2007. <p>c. TPC has reported that, as a result of the enhanced LDAR program and lower leak detection thresholds that TPC implemented pursuant to the VERA:</p> <ul style="list-style-type: none"> i. fugitive emissions of VOC decreased by 49%, comparing the average of the calendar years 2002 through 2004 to the year 2007; and ii. fugitive emissions of VOC decreased by 45%, comparing the average of the calendar years 2002 through 2004 to the year 2007.

d. In order to address TPC's responsibility for emissions events and needed corrective actions, this Order has as its objective assessing appropriate penalties and achieving appropriate corrective actions while preventing TPC from being disproportionately impacted by the enhanced detection capabilities of the fenceline monitoring system installed under the VERA, compared to its previous use of traditional emissions detection methodologies.

e. TPC proposes a proactive comprehensive corrective action plan designed to remedy the areas of opportunity identified by VERA-generated projects.

f. The fenceline monitoring system was installed in early 2006 at the Plant pursuant to the VERA in order to detect, locate, and resolve butadiene emissions events so as to minimize the potential impact of such events on the environment. The fenceline monitoring system was fully operational by July 1, 2006, and its output was well understood by TPC by July 1, 2007. This fenceline monitoring system at the Plant has enhanced TPC's ability to detect emissions events, the speed at which it detects emissions events, and its ability to quickly identify the source of an emissions event, compared to traditional emissions detection methodologies. This has given TPC the ability to respond more rapidly to emissions events at the Plant. Due to the fenceline monitoring system's low parts-per-billion detection capability, and despite the more rapid detection and response, the fenceline monitoring system creates the appearance of more-frequent and longer duration emissions events.

g. TPC has implemented an enhanced root cause analysis methodology at the Plant to identify the cause of emissions events, including those identified by the fenceline monitoring system.

Ordering Provisions:

1. TPC shall continue the use of its fenceline monitoring system at least until the expiration date of this Order.

2. TPC shall reduce VOC from emissions events at the Plant such that the aggregate VOC from reportable emissions events for any rolling 12-month period starting with the effective date of this Order shall not

		<p>exceed 35,000 pounds.</p> <p>3. TPC shall spend at least Twenty Million Dollars (\$20,000,000) in incremental expenditures on projects to enhance environmental performance at the Plant ("Incremental Projects") in the period beginning at the start of TPC's fiscal year during which the effective date of this Order occurs and ending five years after the effective date of the Order. The Incremental Project expenditures will be separate and apart from TPC's expenditures for routine maintenance at the Plant for the equivalent time period, as shown on a historical basis, and will be aimed at reducing VOC emissions at the Plant.</p> <p>4. From the effective date of this Order until the date of termination of this Order, TPC shall be liable to the Commission for stipulated penalties for:</p> <p>a) each emissions event during which the quantity of unauthorized emissions, as defined in 30 TEX. ADMIN. CODE § 101.1, of VOC from any source at the Plant exceeds the applicable reportable quantity ("RQ"), as defined in 30 TEX. ADMIN. CODE § 101.1, including an emission event that causes highly reactive volatile organic compounds ("HRVOC") emissions from any flare, vent, pressure relief valve, cooling tower, or combination of those sources at the Plant to exceed the emission limitation established in 30 TEX. ADMIN. CODE § 115.722(c)(1);</p> <p>b) each excess opacity event, as defined in 30 TEX. ADMIN. CODE § 101.1, from any source at the Plant that is caused by uncombusted hydrocarbons; and</p> <p>c) each violation of the reporting requirements of 30 TEX. ADMIN. CODE § 101.201 that is identified by the Executive Director for an emissions event at the Plant.</p> <p>5. For emissions events that result in unauthorized emissions of VOC that exceed the applicable RQ, the amount of the stipulated penalty will be determined by the amount of those emissions, and violations of reporting requirements will be on a per report basis. The amount of the stipulated penalty shall be as set forth in Exhibit A of the Order. This Paragraph</p>
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		<p>does not apply to:</p> <p>a) emissions caused by an act of God, war, strike, riot, or other catastrophe, as provided for in TEX. WATER CODE § 7.251; or</p> <p>b) emissions events that qualify as "excessive emissions events" under 30 TEX. ADMIN. CODE § 101.222.</p> <p>6. Paragraph 5 applies, notwithstanding any demonstration pursuant to 30 TEX. ADMIN. CODE § 101.222.</p> <p>7. Emissions and reporting violations to which Paragraph 5 apply shall not:</p> <p>a) be the subject of a notice of violation; or</p> <p>b) be treated as violations under 30 TEX. ADMIN. CODE § 60.</p> <p>8. Payment of stipulated penalties does not constitute an admission of liability by TPC.</p> <p>9. Within 30 days after the date of occurrence of an event for which stipulated penalties are due, TPC shall send to TCEQ the stipulated penalties due for that event. Fifty percent (50%) of the stipulated penalties may be directed to one or more Supplemental Environmental Projects ("SEP") listed on the Commission's approved SEP list in the Houston/Galveston/Brazoria area.</p>
		<p>10. During the term of this Order, TPC shall transfer to the TCEQ allowances allocated by the Executive Director under the HRVOC cap and trade program in an amount that is equivalent to 110% of the amount of unauthorized HRVOC emissions in any emissions event subject to stipulated penalties. This amount shall not exceed the short-term limit established in 30 TEX. ADMIN. CODE § 101.396(b). HRVOC allowances forfeited by TPC shall not be used simultaneously to satisfy offset requirements, as allowed by 30 TEX. ADMIN. CODE § 101.393(d). HRVOC allowances forfeited by TPC shall be forfeited from the most recently allocated allowances first, before banked allowances may be used.</p> <p>11. By the 60th day after the end of the first six-month period following the effective</p>

date of this Order, and by the 60th day following the end of each subsequent semiannual period during the term of this Order, TPC shall submit to the Executive Director semiannual Progress Reports.

12. By the 90th day after the end of the first 12-month period following the effective date of this Order, and by the 90th day following each subsequent anniversary of the effective date of this Order, TPC shall submit to the Commission an Annual Report. The Annual Report shall summarize the information presented in the two semiannual Progress Reports for the prior 12-month period. TPC shall, upon request of the Commission or the Executive Director, present the Annual Report to the Commission.

13. The reporting requirements of this Order do not relieve TPC of its obligations under 30 TEX. ADMIN. CODE § 101.390 to report any HRVOC allowance forfeiture to the TCEQ Emissions Banking and Trading Team.

14. The reporting requirements of this Order do not relieve TPC of its obligations under 30 TEX. ADMIN. CODE § 101.201 to report emissions events to the TCEQ.

15. If the Executive Director identifies a violation for which a stipulated penalty has not been paid upon review of a semiannual Progress Report submitted under this Order, the Executive Director shall notify TPC of the violation and stipulated penalty due in writing within 30 days of receipt of the Progress Report. TPC shall submit payment no later than 30 days after receipt of notification from the Executive Director.

16. With regard to the Incremental Projects:

a) TPC may require a list of Incremental Project categories and submit that list to the Executive Director for approval ("Approved Incremental Project List"). Activities at the Plant that fall within the categories established on the Approved Incremental Project List shall qualify as Incremental Projects. Additional categories of activities may be added to the Approved Incremental Project List, or the Approved Incremental Project List may be otherwise updated or revised, upon the request of TPC and approval of the Executive Director. TPC shall state on the Progress Report whether an activity falls

		<p>within a category on the Approved Incremental Project List.</p> <p>b) TPC may request prior confirmation from the Executive Director that an activity that does not fall within a category on the Approved Incremental Project List qualifies as an Incremental Project. The Executive Director shall respond with his determination regarding whether an activity qualifies as an Incremental Project within a reasonable time not to exceed 30 days following receipt of written request for confirmation from TPC. TPC shall state on the Progress Report whether the Executive Director granted prior confirmation that an activity qualifies as an Incremental Project.</p> <p>c) TPC may proceed with an activity at the Plant that it considers an Incremental Project, even if the activity is not on the Approved Incremental Project List and the Executive Director has not granted prior confirmation that the activity qualifies as an Incremental Project. In this circumstance, the Executive Director will determine whether the activity qualifies as an Incremental Project following TPC's submittal of the Progress Report.</p> <p>If the Executive Director disputes TPC's classification of any activity at the Plant as an Incremental Project, the Executive Director shall notify TPC in writing within 30 days of receipt of the semiannual Progress Report that identifies the activity as an Incremental Project. Any such dispute shall be the subject of informal, good-faith negotiations between the Executive Director and TPC. The period of informal negotiations shall not extend beyond 30 days from the date that TPC receives written notice of the dispute, unless the Executive Director and TPC mutually agree that the period should be extended. The determination of whether any activity identified in a semiannual Progress Report qualifies as an Incremental Project rests solely with the Executive Director.</p>

Additional ID No(s): Air Acct. No. HG0562P

- b. TPC has reported that, as a result of installing the flare gas recovery system as part of the VERA:
 - i. emissions from the flare at the Plant decreased approximately 90 percent;
 - ii. total volatile organic compounds ("VOC") emissions from the flare decreased from an average of 230,000 pounds per year for the years 2002 through 2004 to 26,000 pounds in 2007; and
 - iii. total butadiene from the flare decreased from an average of 54,000 pounds per year for the years 2002 through 2004 to 5,300 pounds in 2007.
 - c. TPC has reported that, as a result of the enhanced LDAR program and lower leak detection thresholds that TPC implemented pursuant to the VERA:
 - i. fugitive emissions of VOC decreased by 49%, comparing the average of the calendar years 2002 through 2004 to the year 2007; and
 - ii. fugitive emissions of butadiene decreased by 45%, comparing the average of the calendar years 2002 through 2004 to the year 2007.
 - d. In order to address TPC's responsibility for emissions events and needed corrective actions, this Order has as its objective assessing appropriate penalties and achieving appropriate corrective actions while preventing TPC from being disproportionately impacted by the enhanced detection capabilities of the fenceline monitoring system installed under the VERA, compared to its previous use of traditional emissions detection methodologies.
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- e. TPC proposes a proactive comprehensive corrective action plan designed to remedy the areas of opportunity identified by VERA-generated projects.
 - f. The fenceline monitoring system was installed in early 2006 at the Plant pursuant to the VERA in order to detect, locate, and resolve butadiene emissions events so as to minimize the potential impact of such events on the environment. The fenceline monitoring system was fully operational by July 1, 2006, and its output was well understood by TPC by July 1, 2007. This fenceline monitoring system at the Plant has enhanced TPC's ability to detect emissions events, the speed at which it detects emissions events, and its ability to quickly identify the source of an emissions event, compared to traditional emissions detection methodologies. This has given TPC the ability to respond more rapidly to emissions events at the Plant. Due to the fenceline monitoring system's low parts-per-billion detection capability, and despite the more rapid detection and response, the fenceline monitoring system creates the appearance of more-frequent and longer duration emissions events. The following table illustrates the effect of the fenceline monitoring system:

	Traditional Detection Methodology	Advanced Detection Technology Using Fenceline Monitoring
Time period - dates	January 1, 2002 through December 31, 2004	July 1, 2007 through June 30, 2008
Time period - months	36	12
Average Annual Number of Reportable Emissions Events	5	21
Average Duration of a Reportable Emissions Event, minutes	83	2,464
Total VOC Emissions From Reportable Emissions Events, pounds	20,265	55,993
Total Butadiene Emissions From Reportable Emissions Events, pounds	10,667	13,144

g. TPC has implemented an enhanced root cause analysis methodology at the Plant to identify the cause of emissions events, including those identified by the fenceline monitoring system.

6. As a direct result of using the fenceline monitoring system, TPC has identified opportunities for emissions reductions that were not previously discovered using traditional emissions detection methodologies and made improvements at the Plant to reduce emissions. Although the VERA was targeted towards reducing butadiene emissions specifically, actions taken by TPC under the VERA will have a broader effect and reduce episodic emissions of VOC and other reportable quantity compounds, in addition to butadiene.
7. This Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Order, whichever is later, unless the TCEQ invokes early termination pursuant to Paragraph 22 of Section II of this Order.
8. The provisions of this Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Order unenforceable, the remaining provisions shall be valid and enforceable.

II. CORRECTIVE ACTION ORDER AND STIPULATED PENALTIES

1. TPC shall continue the use of its fenceline monitoring system at least until the expiration date of this Order.

2. TPC shall reduce VOC from emissions events at the Plant such that the aggregate VOC from reportable emissions events for any rolling 12-month period starting with the effective date of this Order shall not exceed 35,000 pounds.
3. Incremental Projects. TPC shall spend at least Twenty Million Dollars (\$20,000,000.00) in incremental expenditures on projects to enhance environmental performance at the Plant ("Incremental Projects") in the period beginning at the start of TPC's fiscal year during which the effective date of this Order occurs and ending five years after the effective date of the Order. The Incremental Project expenditures will be separate and apart from TPC's expenditures for routine maintenance at the Plant for the equivalent time period, as shown on a historical basis, and will be aimed at reducing VOC emissions at the Plant.
4. From the effective date of this Order until the date of termination of this Order, TPC shall be liable to the Commission for stipulated penalties for:
 - a. each emissions event during which the quantity of unauthorized emissions, as defined in 30 TEX. ADMIN. CODE § 101.1, of VOC from any source at the Plant exceeds the applicable reportable quantity ("RQ"), as defined in 30 TEX. ADMIN. CODE § 101.1, including an emission event that causes highly reactive volatile organic compounds ("HRVOC") emissions from any flare, vent, pressure relief valve, cooling tower, or combination of those sources at the Plant to exceed the emission limitation established in 30 TEX. ADMIN. CODE § 115.722(c)(1);
 - b. each excess opacity event, as defined in 30 TEX. ADMIN. CODE § 101.1, from any source at the Plant that is caused by uncombusted hydrocarbons; and
 - c. each violation of the reporting requirements of 30 TEX. ADMIN. CODE § 101.201 that is identified by the Executive Director for an emissions event at the Plant.

5. For emissions events that result in unauthorized emissions of VOC that exceed the applicable RQ, the amount of the stipulated penalty will be determined by the amount of those emissions, and violations of reporting requirements will be on a per report basis. The amount of the stipulated penalty shall be as set forth in Exhibit A. This Paragraph does not apply to:
 - a. emissions caused by an act of God, war, strike, riot, or other catastrophe, as provided for in TEX. WATER CODE § 7.251; or
 - b. emissions events that qualify as "excessive emissions events" under 30 TEX. ADMIN. CODE § 101.222.
6. Paragraph 5 applies, notwithstanding any demonstration pursuant to 30 TEX. ADMIN. CODE § 101.222.
7. Emissions and reporting violations to which Paragraph 5 apply shall not:
 - a. be the subject of a notice of violation; or
 - b. be treated as violations under 30 TEX. ADMIN. CODE § 60.
8. Payment of stipulated penalties does not constitute an admission of liability by TPC.

9. Within 30 days after the date of occurrence of an event for which stipulated penalties are due, TPC shall send to TCEQ the stipulated penalties due for that event. Fifty percent (50%) of the stipulated penalties may be directed to one or more Supplemental Environmental Projects ("SEP") listed on the Commission's approved SEP list in the Houston/Galveston/Brazoria area. The stipulated penalties shall be made payable to "TCEQ" with the notation "Re: Texas Petrochemicals LLC, Docket No. 2009-0022-AIR-E" and shall be sent by certified mail, return receipt requested to:

Financial Administration Division, Revenues Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

10. During the term of this Order, TPC shall transfer to the TCEQ allowances allocated by the Executive Director under the HRVOC cap and trade program in an amount that is equivalent to 110% of the amount of unauthorized HRVOC emissions in any emissions event subject to stipulated penalties under Paragraph 4 of this section. This amount shall not exceed the short-term limit established in 30 TEX. ADMIN. CODE § 101.396(b). HRVOC allowances forfeited by TPC under this paragraph shall not be used simultaneously to satisfy offset requirements, as allowed by 30 TEX. ADMIN. CODE § 101.393(d). HRVOC allowances forfeited by TPC under this paragraph shall be forfeited from the most recently allocated allowances first, before banked allowances may be used.

11. Progress Reports. By the 60th day after the end of the first six-month period following the effective date of this Order, and by the 60th day following the end of each subsequent semiannual period during the term of this Order, TPC shall submit to the Executive Director semiannual Progress Reports. The Progress Reports shall:

- a. With regard to the reduction of VOCs from emissions events at the Plant identified in Paragraph 2 of this section:
- i. identify on a monthly basis the emissions events occurring at the plant for the prior semiannual period; and
 - ii. provide the cumulative VOC reduction from emissions events at the Plant for the prior semiannual period.
- b. With regard to Incremental Projects identified in Paragraph 3 of this section:
- i. identify the Incremental Project(s) at the Plant for the prior semiannual period;
 - ii. describe how the Incremental Project(s) are designed to prevent and/or reduce emissions from the Plant;
 - iii. explain why the Incremental Project(s) identified in the report are distinct from the routine maintenance activities at the Plant;

- iv. provide a total of the routine maintenance expenditures at the Plant over the prior semiannual period; and
 - v. provide an updated total of cumulative Incremental Project spending at the Plant since the effective date of the Order.
- c. With regard to the stipulated penalties established in Paragraph 5 of this section, TPC shall:
- i. provide a copy of the payment;
 - ii. state the total amount of the stipulated penalties due for the prior semiannual period;
 - iii. identify, for each emissions event or excess opacity event for which stipulated penalties are due, the following:
 - 1. the source(s) of the unauthorized emissions;
 - 2. the amount of the stipulated penalty;
 - 3. a summary of the root cause(s) of the emissions event or excess opacity event;
 - 4. if the corrective action for the event qualifies as an Incremental Project; and
 - 5. ~~how the corrective action addressed the root cause(s) of the event, in accordance with the requirements of 30 TEX. ADMIN. CODE §101.201(b)(1)(K).~~
 - iv. identify, for each reporting violation:
 - 1. the incident number;
 - 2. the incident date;
 - 3. the specific reporting deficiency(s); and
 - 4. corrective action taken to prevent future reporting deficiencies.
- d. With regard to the HRVOC allowance forfeiture established in Paragraph 10 of this section:
- i. state, for each emissions event for which stipulated penalties are due, the amount of unauthorized HRVOC emissions;
 - ii. state the HRVOC allowances that TPC will forfeit under Paragraph 10, based on emissions events over the prior semiannual period; and

- iii. state the calendar-year-to-date total of HRVOC allowances that TPC will forfeit for the control period under Paragraph 10.
 - e. In the first Progress Report due after the effective date of this Order, TPC shall provide baseline figures for the routine maintenance expenditures at the Plant, using the three fiscal years at the Plant prior to the effective date of this Order.
12. The reports required by Paragraph 11.a. through 11.c. above shall be submitted to:

Order Compliance Team
Enforcement Division, MC 149A
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

with a copy to:

Air Section, Manager
Houston Regional Office
Texas Commission on Environmental Quality
5425 Polk Avenue, Suite H
Houston, Texas 77023-1486

13. The reports required by Paragraph 11.d. above shall be submitted to:

Order Compliance Team
Enforcement Division, MC 149A
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

14. Annual Report to the Commission. By the 90th day after the end of the first 12-month period following the effective date of this Order, and by the 90th day following each subsequent anniversary of the effective date of this Order, TPC shall submit to the Commission an Annual Report. The Annual Report shall summarize the information presented in the two semiannual Progress Reports for the prior 12-month period. TPC shall, upon request of the Commission or the Executive Director, present the Annual Report to the Commission.
15. The reporting requirements of this Order do not relieve TPC of its obligations under 30 TEX. ADMIN. CODE § 101.390 to report any HRVOC allowance forfeiture to the TCEQ's Emissions Banking and Trading Team.
16. The reporting requirements of this Order do not relieve TPC of its obligations under 30 TEX. ADMIN. CODE § 101.201 to report emissions events to the TCEQ.
17. If the Executive Director identifies a violation for which a stipulated penalty has not been paid upon review of a semiannual Progress Report submitted under this Order, the Executive Director shall notify TPC of the violation and stipulated penalty due in writing within 30 days of receipt of the Progress Report. TPC shall submit payment in accordance with Paragraph 9 of this section no later than 30 days after receipt of notification from the Executive Director under this paragraph.

18. Incremental Projects. With regard to the Incremental Projects described in Paragraph 3 of this section:
- a. TPC may prepare a list of Incremental Project categories and submit that list to the Executive Director for approval ("Approved Incremental Project List"). Activities at the Plant that fall within the categories established on the Approved Incremental Project List shall qualify as Incremental Projects. Additional categories of activities may be added to the Approved Incremental Project List, or the Approved Incremental Project List may be otherwise updated or revised, upon the request of TPC and approval of the Executive Director. TPC shall state on the Progress Report described in Paragraph 11 of this section whether an activity falls within a category on the Approved Incremental Project List;
 - b. TPC may request prior confirmation from the Executive Director that an activity that does not fall within a category on the Approved Incremental Project List qualifies as an Incremental Project. The Executive Director shall respond with his determination regarding whether an activity qualifies as an Incremental Project within a reasonable time not to exceed 30 days following receipt of written request for confirmation from TPC. TPC shall state on the Progress Report described in Paragraph 11 of this section whether the Executive Director granted prior confirmation that an activity qualifies as an Incremental Project; and
 - c. TPC may proceed with an activity at the Plant that it considers an Incremental Project, even if the activity is not on the Approved Incremental Project List and the Executive Director has not granted prior confirmation that the activity qualifies as an Incremental Project. In this circumstance, the Executive Director will determine whether the activity qualifies as an Incremental Project following TPC's submittal of the Progress Report.

If the Executive Director disputes TPC's classification of any activity at the Plant as an Incremental Project, the Executive Director shall notify TPC in writing within 30 days of receipt of the semiannual Progress Report that identifies the activity as an Incremental Project. Any such dispute shall be the subject of informal, good-faith negotiations between the Executive Director and TPC. The period of informal negotiations shall not extend beyond 30 days from the date that TPC receives written notice of the dispute, unless the Executive Director and TPC mutually agree that the period should be extended. The determination of whether any activity identified in a semiannual Progress Report qualifies as an Incremental Project rests solely with the Executive Director.

19. The provisions of this Order shall apply to and be binding upon TPC. TPC is ordered to give notice of this Order to personnel who maintain day-to-day control over the Plant operations referenced in this Order.
20. If TPC fails to comply with any of the Ordering Provisions in this Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, TPC's failure is not a violation of this Order. TPC shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. TPC shall notify the Executive Director within 15 days after TPC becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.

21. The Executive Director may grant an extension of any deadline in this Order or in any plan, report, or other document submitted pursuant to this Order, upon a written and substantiated showing of good cause. All requests for extensions by TPC shall be made in writing to the Executive Director. Extensions are not effective until TPC receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
22. Renegotiation and Early Termination. At any date on or after the first anniversary of the effective date of this Order, the Executive Director has the right to renegotiate the terms of this Order if the total unauthorized VOC emissions from emissions events subject to stipulated penalties under this Order equals or exceeds 35,000 pounds over a rolling 12-month period. The Executive Director shall provide TPC with written notice of intent to renegotiate the terms of this Order. If the Executive Director and TPC are unable to reach mutual agreement on modified terms of this Order within 90 days of that notice, then the Executive Director shall have the right to Early Termination of this Order. If the Executive Director elects to exercise the right of Early Termination, the Executive Director shall then provide TPC with a written 15-day notice of the termination.
23. The Executive Director has the right to renegotiate the stipulated penalty amounts set forth in Exhibit A if the Texas Legislature amends the laws of the State of Texas to increase the maximum penalty that the TCEQ may assess for violations of Chapter 382 of the Texas Health and Safety Code and that statutory increase becomes effective within five (5) years of the effective date of this Order. Any increase to the stipulated penalty amounts set forth in Exhibit A shall be no greater than the proportional increase in the statutory maximum penalty that the TCEQ may assess for a violation of Chapter 382 of the Texas Health and Safety Code. The Executive Director shall provide TPC with written notice of intent to renegotiate the stipulated penalty amounts set forth in Exhibit A of this Order.

24. This Order, issued by the Commission, shall not be admissible against TPC in a civil proceeding, unless the proceeding is brought by the Office of the Attorney General of the State of Texas to: (1) enforce the terms of this Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
25. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this agreement may be transmitted by facsimile to the other parties, which shall constitute an original signature for all purposes.
26. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to TPC, or three days after the date on which the Commission mails notice of the Order to TPC, whichever is earlier. The Chief Clerk shall provide a copy of this Order to each of the parties.

EXHIBIT A

Stipulated Penalties

Emissions Event	Events in a 12-Month Period**	Stipulated Penalty per Emissions Event
≤ 500 pounds of unauthorized VOC or Excess Opacity Event.	1 – 5	\$2,500
	6 – 10	\$5,000
	11 or more	\$7,500
> 500 pounds of unauthorized VOC	1 or more	\$10,000

Other Violation	Stipulated Penalty per Violation
30 TEX. ADMIN. CODE § 101.201 reporting violation	\$1,000

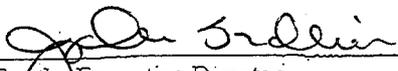
** The number of events per 12-month period subject to stipulated penalties under this Order are counted during the 12-month period following the effective date of the Order and each subsequent anniversary of the effective date of the Order. For example, if the Plant experiences seven emissions events with unauthorized VOC emissions less than 500 pounds in the 12-month period following the effective date of this Order, the first five emissions events will be assessed stipulated penalties of \$2,500 per event, and the sixth and seventh emissions events will be assessed a stipulated penalty of \$5,000 per event. Subsequently, the first emissions event with unauthorized VOC emissions less than 500 pounds experienced at the Plant following the first anniversary of the effective date of this Order would be assessed a stipulated penalty of \$2,500.

Texas Petrochemicals LLC
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SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission



For the Executive Director

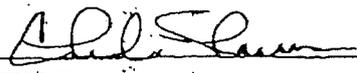
3/17/2009
Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Corrective Action Order on behalf of the entity indicated below my signature, and I agree to the terms and conditions specified therein. I further acknowledge that the TCEQ in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions in this order and/or failure to timely pay the stipulated penalty amount(s), if any, may result in:

- A negative impact on TPC's compliance history;
- Greater scrutiny of any permit applications submitted by TPC;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions against TPC;
- Automatic referral to the Attorney General's Office of any future enforcement actions, and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.



Signature

January 12, 2009
Date

Charles Shaver

Name (Printed or typed)
Authorized Representative of
Texas Petrochemicals LLC

CEO/President

Title

