August 10, 2023

MR JEFFREY ROBINSON

BRANCH CHIEF AIR PERMITS AND MONITORING

US ENVIRONMENTAL PROTECTION AGENCY REGION 6

1201 ELM ST STE 500

DALLAS TX 75270

Re: Executive Director’s Response to EPA Objection

Renewal

Permit Number: O3764

Kinder Morgan Crude & Condensate LLC

Galena Park Splitter Facility

Galena Park, Harris County

Regulated Entity Number: RN108071325

Customer Reference Number: CN603935248

Dear Mr. Robinson:

On December 16, 2021, the U.S. Environmental Protection Agency (EPA) Region 6 Office signed a letter identifying objections to the issuance of the proposed federal operating permit O3764 for the above referenced site in response to a petition filed on August 29, 2017. In accordance with Title 30 Texas Administrative Code § 122.360 (30 TAC § 122.360), the Texas Commission on Environmental Quality (TCEQ) shall resolve any objection and revise the permit if necessary.

EPA objections are addressed in a pending permit renewal application (Project 33183) that was submitted on January 18, 2022. The TCEQ has completed a technical review and offers the enclosed responses to facilitate resolution of the objections. In addition, the attached responses to the objections describe the changes, if applicable, that have been made to the proposed permit and supporting statement of basis (SOB). The proposed permit and SOB are attached for your review.

In accordance with Title 30 Texas Administrative Code § 122.350 (30 TAC § 122.350), the procedural requirements of 30 TAC § 122.320 of this title (relating to Public Notice), 30 TAC § 122.322 of this title (relating to Bilingual Public Notice), and the requirements for EPA review under this section, public comment period will start with the publication of the Public Notice. In addition, if no comments are received, the EPA review period will run concurrent with the public notice and will end 45-days after the publication of the public notice. If comments are received, you will be notified.

Consistent with 30 TAC §122.350, please notify the TCEQ that the EPA will not further object to the issuance of the permit and concurs resolution of the prior objections as soon as possible. If the EPA does not notify the TCEQ or file any further objections to the proposed FOP during the 45-day review period, the TCEQ will consider the objections resolved and issue the FOP.

Thank you for your cooperation in this matter. Please contact Mr. Christopher Crider at (512) 239-1290 if you have any questions concerning this matter.

Sincerely,



Samuel Short, Deputy Director

Air Permits Division

Office of Air

Texas Commission on Environmental Quality

cc: Ms. Jenni C. Melder, EHS Manager, Kinder Morgan Crude & Condensate LLC, Galena Park

 Director, Harris County, Pollution Control Services, Pasadena

 Air Section Manager, Region 12 - Houston

Air Permit Section Chief, U.S. Environmental Protection Agency, Region 6-Dallas (Electronic copy)

Enclosure: TCEQ Executive Director’s Response to EPA Objection

Proposed Permit

Statement of Basis

Project Number:  33183

**Executive Director’s Response to EPA Objection**

**Permit Number O3764**

The Texas Commission on Environmental Quality (TCEQ) Executive Director (ED) provides this Response to EPA’s Objection to the renewal of the Federal Operating Permit (FOP) for Kinder Morgan Crude & Condensate LLC, Galena Park Splitter Facility, Permit No. O3764, Harris County, Texas.

**Background**

Procedural Background

The Texas Operating Permit Program requires that owners and operators of sites subject to 30 Tex. Admin. Code (TAC) Chapter 122 obtain a FOP that contains all applicable requirements to facilitate compliance and improve enforcement. The FOP does not authorize construction or modifications to facilities, and it does not authorize emission increases. To construct or modify a facility, the responsible party must have the appropriate new source review authorization. If the site is subject to 30 TAC Chapter 122, the owner or operator must submit a timely FOP application for the site and ultimately must obtain the FOP to operate. Kinder Morgan Crude & Condensate LLC applied to the TCEQ for an initial issuance of the FOP for the Galena Park Splitter Facility located in Galena Park, Harris County on November 12, 2014, and notice was published on October 29, 2015, in the Houston Chronicle. The public comment period ended on December 1, 2015. TCEQ received comments on the draft permit from the public on November 30, 2015. TCEQ responded to comments on May 10, 2017, and a Notice of Proposed Permit was sent to EPA on May 16, 2017. During the EPA review period, no comments or objections were received, and the initial issuance was issued on July 20, 2017. A petition seeking the EPA’s objection was received on August 29, 2017. Since the submittal of the Petition, NSR Permit No. 101199/N158 was amended and issued on March 31, 2020, then subsequently incorporated into a revised title V permit through a minor revision project that was issued on June 21, 2021. On December 16, 2021, the EPA Region 6 Office signed a letter identifying objections to the renewal of the proposed federal operating permit.

In accordance with state and federal rules, the permit renewal may not be issued until TCEQ resolves EPA’s objections.

Description of Site

Kinder Morgan Crude & Condensate LLC (KMCC) owns and operates the Galena Park Splitter Facility, located at 407 Clinton Dr in Galena Park, Harris Texas 77547-3460. KMCC’s site is a new 100,000 bbl/day condensate splitter that consists of two trains which each process 50,000 bbl/day of hydrocarbon condensate material to obtain products suitable for commercial use. The process utilizes conventional distillation technology.

The following responses follow the references used in EPA’s objection letter.

**Petitioners’ Claim A: The Proposed Permit Fails to Assure Compliance with Applicable Requirements in Kinder Morgan's Major Nonattainment New Source Review Permit (Monitoring)**

**EPA Response to Petitioners’ Claim A: The EPA grants in part and denies in part the Petitioner’s request for an objection on this claim.**

**EPA Direction to TCEQ to Petitioners’ Claim A:** As many of the sub-claims within this claim are now moot, the only remaining direction to TCEQ is in respect to the CEMS monitoring for the two heaters. TCEQ must amend either Permit No. 101199/N158 or the Title V permit to add or identify monitoring necessary to assure compliance with limits on VOC emissions from the two identified heater units. TCEQ should also add a reference to such terms in the Major NSR Summary table.

**TCEQ Response to Objection A:** In response to EPA’s objection, applicant submitted an alteration project number 353092 for NSR Permit No. 101199/N158 revising special condition (SC) 22.B to include description of a new Volatile Organic Compounds (VOC) monitoring method for Heaters F‐101 and F‐201 for demonstration of compliance with limits the VOC emission limits. In addition, NSR Permit No. 101199/N158 alteration project 353092 also revises SC 18 to add recordkeeping requirements for calculated emissions of VOC from all storage tanks using methodologies outlined in AP‐42, Fifth Edition, Chapter 7.1 (rev. June 2020). The proposed permit incorporates by reference NSR Permit No. 101199/N158 issued 11/21/2022 in the New Source Review authorizations table listed on page 68.

Heater units F‐101 and F‐201 were initially authorized under NSR Permit No. 101199/N158 initial project 174745 dated 6/12/2013. Each of the two heater units are equipped with CEMS to continuously monitor NOx, CO, SO2 emissions. They also have an O2 sensor for calculating oxygen trim levels. Technical review document (WCC Content ID document 4990303, page 4 of 6) summarizes BACT controls for the 2 heater units.

For authorizing VOC emissions from the heater units F-101 and F-201, application representation for the initial project 174745 included an emission factor and VOC calculations as documented in WCC content ID 1172237, page 18 of 156, page 58 of 156, and Appendix A, pages 86-87 of 156. The 2017 as-built amendment application for NSR Permit No. 101199/N158 also documents the emission factor and calculations for the MAERT limits. Please refer to WCC content ID is 5413774, pages 63, 77 and 83 of 125 for additional details.

Since the initial stack test that was performed on the heater units did not measure VOC emissions, applicant submitted an NSR Permit No. 101199/N158 alteration project 353092 revising special condition (SC) 22.B to conduct a one-time stack test for measuring VOCs to validate use of AP-42 based emission factors and emission calculations. The calculation basis is documented in the project file folder (WCC Content ID 5413774). According to stack tests conducted in November 2022, the actual VOC emissions were much less than the VOC allowable emissions listed in the MAERT. The AP-42 factors used in the initial application representation are very conservative which result is overestimating the VOC emissions.

In view of the existing CEMS monitoring requirements and restrictions placed on the heater units F-101 and F-201 described above (including continuous fuel flow), compliance with allowable VOC emission limits is assured by using verified emission factors and calculations.

**Petitioners’ Claim B: The Proposed Permit Fails to Assure Compliance with Emission Limits and Operating Requirements Established by Permits by Rule Claimed by Kinder Morgan.**

**EPA Response to Petitioners’ Claim B: The EPA grants the Petitioners’ request for an objection on this claim.**

**EPA Direction to TCEQ to Petitioners’ Claim B:** The EPA anticipates that one of the most straightforward ways to resolve the EPA's objection would be for TCEQ to include or identify within the PBR Supplemental Table the monitoring, recordkeeping, and reporting from the application forms for registered PBRs (in addition to the claimed but not registered PBRs). With these changes and provided the PBR Supplemental Table is either included or sufficiently incorporated by reference into the title V permit, the Title V permit should include identifiable monitoring, recordkeeping, and reporting necessary to assure compliance with the emission limits and standards in the PBRs.

**TCEQ Response to Objection B:**  The proposed permit (PP) **and SOB** are revised **as follows:**

1. **Consistent with the permit by rule (PBR) related programmatic changes made to Title V permits, the applicant has submitted a “PBR Supplemental Table” (OP-PBRSUP) dated** July 24, 2023 in the application for project 33183 **to the permit application to list all PBRs applicable to the site, which include registered PBRs, claimed PBRs, and claimed PBRs for insignificant emission units. In addition, the PBR Supplemental table includes PBRs where applicability under 30 TAC Chapter 106 may be the only requirements applicable to an emission unit or an activity.**
2. **As shown in OP-PBRSUP Table, which is part of the permit record, the site lists registered PBRs in Table A, claimed but not registered PBRs in Table B, and PBRs for insignificant sources in Table C. Table D lists monitoring requirements of PBRs listed in Tables A and B.**
3. **Revised Special Term and Condition 14 in the proposed permit as follows: “Permit holder shall comply with the requirements of New Source Review authorizations issued or claimed by the permit holder for the permitted area, including permits, permits by rule (including the terms, conditions, monitoring, recordkeeping, and reporting identified in registered PBR and permits by rule identified in the PBR Supplemental Tables dated** July 24, 2023 in the application for project 33183**), standard permits, flexible permits, special permits, permits for existing facilities including Voluntary Emissions Reduction Permits and Electric Generating Facility Permits issued under 30 TAC Chapter 116, Subchapter I, or special exemptions referenced in the New Source Review Authorization References attachment.”**
4. **New Source Review Authorization References by Emissions Unit table in the proposed permit (pages 69-70) has been updated to include the emission units listed on the OP-PBRSUP tables.**
5. **New Source Review Authorization table was updated to list** NSR Permit No. 101199/N158 issued on November 21, 2022**.**
6. **Revised the SOB to include a reference to the PBR Supplemental Table and Special Term and Condition 14. In addition, the Insignificant Activity list in the SOB has been expanded to include a link to the de minimis source list and references to PBRs that are not listed on the OP‑REQ1.**

**Petitioners’ Claim C: The Proposed Permit Fails to Specify How Kinder Morgan Should Quantify Emissions from Various Units at the Galena Park Terminal to Assure Compliance with Emission Limits in the Nonattainment Permit.**

**EPA Response to Petitioners’ Claim C: The EPA grants in part and denies in part the Petitioner’s request for an objection on this claim.**

**EPA Direction to TCEQ to Petitioners’ Claim C:** The EPA directs TCEQ to identify, within an enforceable permit document, the specific permit applications (e.g., by number and date) and the location within the applications where the emission calculation methods for tank emissions, tank landing emissions, and planned Maintenance, Startup, and Shutdown emissions can be found. TCEQ must also ensure that these applications are readily available and must provide a justification of the sufficiency of such monitoring when challenged in public comments.

**TCEQ Response to Objection C:** As noted in Response to Objection A, NSR Permit No. 101199/N158, alteration project 353092, revised special condition (SC) 18 to add recordkeeping requirements for calculated emissions of VOC from all storage tanks using methodologies outlined in AP‐42, Fifth Edition, Chapter 7.1 (rev. June 2020). The proposed permit (page 68) incorporates by reference NSR Permit No. 101199/N158 issued 11/21/2022 in the New Source Review authorizations table.

Storage tank calculation methodology is found in the 2017 NSR permit application project file folder (WCC Content ID 5413774) Section 4, pages 65-66 & 68-72. The emission calculations used for the permit application can be found in WCC Content ID 5413782 pages 2-16 & 20-21.