FINAL PROJECT AGREEMENT

FOR THE XL PROJECT AT

IMATION CORP.

December 20, 1999

Imation Corp. - Camarillo Facility
Ventura County Air Pollution Control District
U.S. Environmental Protection Agency, Region IX

Table of Contents

Introduction

This Final Project Agreement (FPA) is entered into between and among the United States Environmental Protection Agency (USEPA), the Ventura County Air Pollution Control District (Ventura APCD), and Imation Corp. (Imation) to carry out a pilot project as part of USEPA's "Project XL" program.[1]

As outlined by USEPA in the Federal Register on May 23, 1995, XL pilot projects are part of an approach "designed to demonstrate that environmental goals can best be achieved by providing regulatory and policy flexibility while maintaining accountability, that flexibility can also provide greater protection at lower cost, that better decisions result from a collaborative process with people working together, and that environmental solutions are often achieved by focusing efforts at the facility or place where protection is being sought." (60 Fed. Reg. 27283, May 23, 1995) This XL Project, while complying with the underlying statutes, "will involve the exercise of regulatory flexibility by EPA in exchange for a commitment on the part of the regulated entity to achieve better environmental results than would have been attained through full compliance with all applicable regulations." (60 Fed. Reg. 27283)

Under this project, the Imation Camarillo facility will demonstrate environmental performance beyond what would be achieved under existing environmental requirements. In exchange for this enhanced environmental performance, Imation Camarillo will have the flexibility to make a number of changes in operations in an expedited manner, provided the changes conform to the terms and limits agreed upon herein. This Agreement also encourages pollution prevention and gives the community greater access to information regarding facility operations through simplified reporting.

This Agreement is intended to be a joint statement of the parties' plans and intentions with regard to the Imation project. It memorializes the firm commitment of each participant to carry out the project. It describes what the project intends to accomplish, and the steps that have been or will be taken by the parties to carry out the project. This agreement itself is not, however, intended to create legal rights or obligations and is not a contract, or a regulatory action. However, certain legal mechanisms, discussed in more detail below, will be used to implement the project. Through these mechanisms, some of the terms described in this agreement will be made legally enforceable. Neither this agreement nor any associated discussions among the parties about the agreement gives any of

[1] See Appendix 1 for a glossary of abbreviations and terms used throughout this document.

the parties a right to sue other parties for any alleged failure to implement its terms, either to compel implementation or to recover damages.

I. Description of the Project

A. General Overview

Imation Corporation, a global technology company headquartered in Oakdale, Minnesota, was formed on July 1, 1996. Imation owns and operates the plant at 350 South Lewis Road in Camarillo, California, as part of its Data Storage and Information Management Division. The facility, which was operated by Minnesota Mining and Manufacturing Company (3M) between 1963 and 1996, is the world's largest manufacturer of magnetic data storage tape. Imation Camarillo currently employs approximately 550 people. Magnetic tape manufacturing is a high-technology operation that requires frequent changes to plant operations. Significant changes at Imation Camarillo are anticipated in the near future.[2]

The flexibility provided by this project will facilitate growth of Imation Camarillo, while ensuring superior environmental performance. Imation Camarillo is being provided the opportunity to make certain changes at the facility, after notifying the agencies, without undergoing case-by-case review of each modification. This opportunity will provide Imation Camarillo with the advantage of being able to make modifications without delay and respond to the fast-paced market conditions in the computer data tape industry. This privilege is subject to conditions that will ensure that Imation's facility modifications comply with all appropriate regulatory requirements, are documented for purposes of Agency oversight and public accountability, and will result in superior environmental performance.

---

[2] These changes, and the Project XL elements, are generally described in the detailed Ventura County APCD Staff Report Re: Imation Project XL Covenant (VCAPCD Staff Report), dated 10/31/96, pp. 9-11, and the Ventura County APCD Board Resolution Approving Covenant (VCAPCD Resolution) and Recommendations to Board by Richard Baldwin (APCO) Recommending Approval (APCO Recommendations), dated 11/12/96, p. 3-4. These documents were available for public review during the District's proceedings on the Imation Project XL Covenant, and are also publicly available in the EPA docket for the XL project.

B. Principal Imation Camarillo Responsibilities

In exchange for the flexibility afforded Imation under Project XL, Imation has agreed to several conditions of operation at the Camarillo facility. Imation's principal responsibilities under the project will be the following (see a more complete description of Imation's commitments and obligations in Section II - Terms of the Agreement).

1. Comply with federally enforceable caps on emissions of volatile organic compounds (VOCs), nitrogen oxides (NO_x), carbon monoxide (CO), particulate matter (PM), sulfur dioxide (SO_2), and hazardous air pollutants (HAPs) from the facility.[3] In 1996, as a condition of the "Imation Camarillo Project XL Covenant," Imation Camarillo voluntarily reduced its potential to emit VOCs from 263 tpy to 150 tpy.

2. Meet a minimum control efficiency of 95%, and a 100% capture efficiency for all organic compounds (VOC and HAPs) emitted from coating manufacturing operations at the facility.

3. Agree to conduct an internal "Best Available Control Technology/Best Available Control Technology for Toxics" (BACT/TBACT) analysis for emissions-related facility modifications (including new construction), and install new/additional control equipment as appropriate.

4. In addition to limiting overall emissions, Imation will further assure community health protection from hazardous air pollutant exposure by conducting tiered health risk assessments and implementing risk reduction measures when necessary.

5. Utilize a state-of-the-art, Extractive Fourier Transform Infrared Spectrometry Continuous Emission

---

[3] The federally enforceable HAP emissions cap allows Imation to maintain their current status as a synthetic minor facility under CAA Section 112. The HAP emissions cap provision will sunset upon notification by Imation to the District of their intention to relinquish the cap. Imation's title V permit requires them to provide the District at least 30 days notice of their intention to relinquish the HAP cap and to identify the specific date on which it will occur. As of the sunset date, Imation will be classified as a major source of HAP and will need to be in full compliance with 40 C.F.R. Part 63, Subpart EE - National Emission Standards for Magnetic Tape Manufacturing Operations and the General Provisions of Part 63.

Monitoring System (FTIR-CEMS). The FTIR-CEMS, which will quantify and speciate VOC and HAP emissions on a continuous basis, will be used to assure compliance with the VOC/HAP emission caps, will provide data for conducting health risk reviews, and will allow Imation to optimize the operation of its solvent recovery unit (SRU).

6. Provide a monthly report to EPA and the District documenting actual facility emissions and giving notice of prospective and recently completed, emissions-related facility modifications. Imation will also report to EPA and the District on an annual basis the results of pollution prevention measures taken at the facility.

7. Increase community involvement through, in part, establishing a Project Stakeholders Group to evaluate implementation of the project. Also, Imation will send their monthly report directly to members of the public who express an interest in receiving a copy. The monthly report will be a comprehensive report that provides timely, easily understood, and accessible information to the public.

8. Design and implement an ISO 14001-style Environmental Management System (EMS) for the Camarillo facility. The EMS will consist of an integrated set of environmental goals, procedures, and assessments that will provide further assurance that the emissions requirements are being met and that other environmental requirements are being complied with. It will identify and provide opportunities for continued improvement in environmental performance and will assure that information on facility emissions and discharges is provided to the community.

In exchange for these commitments, Imation Camarillo will gain greater flexibility to make facility modifications. This is especially important to a company such as Imation that is dedicated to producing innovative products. Through greater flexibility, Imation will be able to bring its products to market in a more expeditious fashion.

C. Nature of Relief Provided by the Project

The following are the main areas of flexibility that are being provided as part of this XL project. First, Imation Camarillo will not be subject to the VCAPCD's major and minor New Source Review program for most facility modifications. This flexibility will allow Imation to quickly carry out changes in

their equipment and processes in order to respond dynamically to market demands. Imation's agreement to emission caps, control technology assessments, use of state-of-the-art control and monitoring equipment, and detailed monthly reports will ensure that these changes are carried out in a publicly transparent and environmentally protective manner. Relief from the District's major and minor NSR program will be granted through the District Board's adoption, and EPA's approval, of a site-specific District rule which will revise the Ventura County portion of the California State Implementation Plan (SIP). The site-specific SIP revision is further described in Section I.E of this FPA.

Second, Imation Camarillo will receive pre-approval for purposes of its title V permit for certain changes that would subject the facility to five New Source Performance Standards (NSPS), a Maximum Achievable Control Technology (MACT) standard, and several District regulations. Such advance approval is warranted in this case because of the general similarity of the various potentially applicable standards, the unique operating conditions at the Imation Camarillo facility, and the ability to reasonably anticipate these pre-approved changes. All of the federal and state standards addressed by Imation's pre-approvals regulate coating operations which emit VOCs and HAPs, and the pre-approved operations will be identical or very similar to the existing coating operations at the facility. As for the operation of the facility, Imation maintains the areas where VOC and HAP-emitting coating operations are conducted under a condition of total enclosure (100 percent capture of all organic compounds). These total enclosures, which are vented to a highly-efficient solvent recovery unit, will allow Imation to conduct various types of coating and related activities in compliance with the VOC/HAP control standards of all relevant NSPS, MACT, and District standards. In addition, several continuous emissions monitoring systems (CEMS) are in place at the facility that will provide further assurance that existing and new operations at the facility are complying with all applicable standards.

Third, several alternative NSPS and MACT monitoring, testing, and reporting requirements will be approved by EPA. These alternative approaches, which are expressly provided for in the NSPS and MACT regulations, will allow Imation Camarillo to avoid some duplicative reporting requirements, will ensure that all monitoring and testing requirements are appropriate for this facility, and will provide all necessary compliance information.

Finally, this agreement includes a process (described below in section III.G) whereby Imation Camarillo will be able to propose additional alternatives to the existing regulatory framework and the Agencies will make good faith efforts to implement such proposals where the Agencies determine that the proposal provides superior environmental performance.

D. Relationship of the project to the goals of Project XL

EPA has identified certain criteria for evaluating XL pilot project proposals (See 60 Fed. Reg. 27287). The following are the criteria and a brief explanation of how this project meets them:

1. Environmental results. In the original FR notice describing the criteria for evaluating XL projects, EPA set forth a standard that projects chosen as XL pilots should be able to achieve environmental performance that is superior relative to what would have been achieved through compliance with otherwise applicable requirements. In April 1997, EPA refined its definition of superior environmental performance, adding a two-tiered test that project sponsors and the Agency need to consider when developing and evaluating potential XL pilot projects. Although the Imation XL project was proposed, evaluated, and accepted based on the original criteria for demonstration of superior environmental performance, the Agency believes that this project also meets the more refined definition put forth in the April 1997 FR notice (62 Fed. Reg. 19873, April 23, 1997). This XL Project creates some significant environmental benefits that exceed the baseline of performance that would have reasonably occurred in the absence of the project.

   First, Imation has agreed to capture and control efficiencies for VOCs and HAPs that go beyond the requirements of the regulations to which they are subject. For HAPs, Imation is agreeing to meet the requirements of the magnetic tape manufacturing maximum achievable control technology (MACT) standard (See 40 C.F.R. Part 63, Subpart EE), even though some facility operations may not be subject to this standard. In addition, Imation has agreed to conduct BACT/TBACT analyses for any emission-related changes at the facility. These analyses could result in installation of even more stringent control technology for VOCs and HAPs. Imation has further agreed to use an advanced FTIR-CEMS which allows the facility to speciate and quantify organic emissions from the stack on a continuous basis. The capabilities of the FTIR-CEMS are well beyond those required by all applicable requirements, and the speciation provided by this equipment will allow Imation to optimize their operation of the SRU, thus maximizing control of organic emissions.

   A final, potential environmental benefit associated with this project involves some of the VOC emission

reduction credits (ERCs) donated by Imation to the District. The District will either retire the ERCs or sell them to companies who have been screened according to their environmental track record. The environmental benefit would result from the reduction of VOC emissions represented by retiring the ERCs from the air, or from emission reductions associated with pollution control projects that the District plans to fund with any proceeds from the sale of these ERCs. The types of projects that would be funded with the ERC proceeds are likely to be ozone precursor reduction projects. As noted below, there will be a stakeholder group formed to assist the District in determining appropriate projects to fund with any ERC sale proceeds. The emissions reductions associated with retiring the ERCs or through funding of high priority pollution control projects with the ERC sale proceeds would provide an additional environmental benefit that would not be realized had Imation merely sold the credits themselves or otherwise used them for their own economic benefit.

2. Cost savings and paperwork reduction. The project should produce cost savings or economic opportunity, and/or result in a decrease in paperwork burden. This project will allow Imation to avoid potentially costly delays in modifying their manufacturing processes to respond to rapidly changing market conditions. Cost savings are expected to accrue principally from reduced time to market for new products and the opportunity to direct time and resources previously spent on permitting and compliance activities toward finding new and innovative ways to decrease the facility's environmental impact. In addition, Imation, Ventura County APCD, and EPA have committed to work together to consolidate duplicative reporting requirements. Overall, it is anticipated that costs will be reduced and delays will be eliminated for both the regulatory agencies and for Imation Camarillo.

3. Stakeholder support. Proponents should seek the support of parties that have a stake in the environmental impacts of the project. Imation has sought the support of numerous parties with a stake in the project. Imation originally identified a Project XL Stakeholders Group that has commented on and expressed support for the project. In addition, Imation sought formal approval of the Imation Camarillo Project XL Covenant during a public hearing before the VCAPCD Board on November 12, 1996. During the course of that approval process, testimony was elicited from a wide spectrum of Ventura County community

representatives.[4] While most of the testimony was supportive, some adverse comments were voiced about particular aspects of the project, and a number of the adverse comments were resolved through modifications to the agreement. After considering all of the testimony, the VCAPCD Board approved the Covenant.[5]

Continued stakeholder support and involvement is being pursued in two key areas. First, Imation will establish a new Project Stakeholders Group to assist in evaluating the implementation of the project. This group will help ensure that the principal elements of the project, as described in this FPA, are being carried out in good faith. This group will also have an integral role in the annual project evaluations and the 5-year evaluation associated with potential project renewal. Another key stakeholder group, convened by the VCAPCD Board, is developing criteria to be used in deciding how to distribute (or whether to retire) the federally creditable ERCs donated by Imation. This ERC Advisory Committee is also comprised of individuals who have a stake in the project, although the Committee is distinct from the Project Stakeholders Group. (See section II.E for additional discussion of public participation)

4. Innovation/Multi-Media Pollution Prevention. Projects should embody a systematic approach to environmental protection that tests alternatives to several regulatory requirements and/or affects more than one environmental medium. The Imation Camarillo XL Project will test an approach for pre-approving NSPS and MACT modifications and new construction through the use of alternative operating scenarios, explore innovative reporting requirements, utilize a state-of-the-art

---

[4] For example, see letters from American Lung Association (Edna Ray), and Assemblyman Nao Takasugi - attached as Appendix G and Appendix H to Ventura County APCD Staff Report Re: Imation Project XL Covenant, dated 10/31/96; written comments from the Environmental Coalition submitted to the Imation Project XL Advisory Committee, dated 9/11/96; letters from Janet Dillon, Proctor & Gamble (Marv King), and from Ventura County Economic Development Association (Mario de los Cobos) and statement of Carolyn Leavens - Attached to Ventura County APCD Board Resolution Approving Covenant and Recommendations to Board by Richard Baldwin (APCO) Recommending Approval, dated 11/12/96.

[5] See VCAPCD Resolution and APCO Recommendations, dated 11/12/96.

monitoring approach, and implement an ISO 14001-style Environmental Management System (EMS). The project also highlights and promotes pollution prevention. Imation Camarillo will report, on at least an annual basis, results of pollution prevention measures taken at the facility, and the facility's Waste Ratio, as defined in this FPA. Imation Camarillo's EMS will document pollution prevention opportunities, pollution prevention goals, and ways to measure and meet those goals. Imation Camarillo intends to share pollution prevention successes it discovers with others in the industrial community, so that they may reduce pollution as well.

5. Transferability. EPA is most interested in pilot projects that test new approaches that could one day be applied more broadly. A number of the FPA's provisions are potentially transferable to other facilities, including the use of facility-wide emissions caps for NSR applicability, use of ERCs by communities for environmentally beneficial projects, preapproval of alternative operating scenarios for compliance with NSPS and MACT requirements, and the use of EMSs, pollution prevention waste ratios, Internet reporting for community access, and an FTIR-CEMS for continuous emissions speciation and monitoring. Further, Imation Camarillo will share its successes to ensure that other facilities may also take advantage of any innovations.

6. Feasibility. The project should be technically and administratively feasible and the project proponents must have the financial capability to carry it out. The Imation Camarillo XL proposals are feasible from both an agency and source perspective. The technology to carry out the project is available, and both the facility and the agencies have the resources to administer the project. Moreover, as the project progresses it is expected that permitting burdens will be reduced and, as noted above, cost savings will accrue to both the facility and the agencies. Ongoing feasibility will be more formally reviewed as part of the annual project evaluation described in section III.L of this FPA.

7. Monitoring, reporting and evaluation. The project proponents should identify how to make information about the project, including performance data, available to stakeholders in a form that is easily understandable. Environmental data will be placed on the Internet each month, for general public access (www.imation.com/camarillo). Imation will also provide a copy of its monthly report to the local public

library to ensure information access for all community members. Data will include total facility emissions, total emissions of each compound, comparisons to pollutant-specific caps, as well as information about any emissions-related facility modifications or analyses conducted by Imation for this project (see a more detailed description of requirements for the monthly report in section II.A.3.c below).

Imation's XL Project will also be evaluated annually, and then more comprehensively every 5 years, upon renewal. This review will be conducted by Imation and the Agencies, with assistance from the Project XL Stakeholders group.

8. Shifting of risk burden. Because this project will provide better environmental performance than the status quo and the existing regulatory approaches, the proposal is consistent with section 2-2 of Executive Order 12898 (59 Fed. Reg. 7629, Feb. 11, 1994), "Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations." Imation Camarillo's project increases environmental performance at the plant, will ensure worker safety , and will not create unjust or disproportionate environmental impacts. Furthermore, the Imation Camarillo FPA's reporting provisions increase accountability of the facility by providing public access to simplified monthly emissions data and the results of pollution prevention activities.

E. Implementation

The first step toward implementation of the project was the VCAPCD Board's approval on November 12, 1996, of the Imation Camarillo "Project XL Covenant."[6] The Covenant was entered into in anticipation of the Federal XL Project. As adopted, the Covenant constitutes a site-specific VCAPCD rule for Imation Camarillo facility, and replaced certain VCAPCD rules which are listed in the Covenant. The Covenant executed on November 12, 1996, is enforceable by VCAPCD as a regulation, and will remain in force until this FPA, Imation's title V permit, and the revised California State Implementation Plan (SIP) become effective.

Through this FPA, EPA is approving this project as part of the Federal "Project XL" program. This FPA is similar in

[6] See VCAPCD Resolution and APCO Recommendations, dated 11/12/96.

substance to the Covenant, although it does contain certain changes agreed to by all parties.

To implement the project agreed to in this FPA, the parties will take a number of steps as follows. All parties will approve this FPA, including the changes that have been made from the original Covenant. In addition, certain terms and conditions of the FPA will be adopted as a VCAPCD rule, thus becoming legally enforceable. EPA will initiate a site-specific rulemaking to modify the State Implementation Plan (SIP) to reflect the necessary changes in VCAPCD rules. The site-specific SIP revision is necessary to ensure that operations at the Imation facility that are implemented in accordance with this project are not in conflict with federally enforceable SIP requirements. All parties agree that such revision of the SIP on a source-specific basis for this project is an appropriate exercise of regulatory flexibility, and will result in environmental performance that is at least equivalent to what would be achieved under the existing SIP. Concurrent with the issuance of the proposed site-specific SIP revision, VCAPCD will issue a proposed title V permit for Imation that is consistent with the FPA and the rule proposed in the California SIP revision. Both the proposed SIP revision and the proposed title V permit will be published for notice and comment, prior to finalization.

For purposes of compliance with Section 505 of the Clean Air Act, the following procedures will be followed for the title V permit. Imation Camarillo's Covenant together with a facility plot plan, process flow diagrams, and compliance certification forms, were determined by VCAPCD to be a complete title V permit application. As a result of the modifications made to the Covenant by this FPA, Imation has supplemented its title V permit application. As noted above, the proposed title V permit will be published by VCAPCD for public notice and comment. The public notice and comment period for the proposed permit will serve to provide any person the opportunity to raise objections to the permit. If EPA proposes to allow the issuance of the permit over any objections, any person may petition the Agency to object to the permit in accordance with section 505(b)(2) of the Clean Air Act. Any such petition shall be based only on the objections to the permit raised during the public comment period (unless the grounds for objection arose after the comment period or it was otherwise impracticable to raise the objection during that period).

As noted above, this FPA is not a legally enforceable agreement, but is a statement of the parties' commitments to this XL Project. However, certain terms and conditions in the FPA will become enforceable by incorporating them into the site-specific Ventura County rule, the California SIP, and/or the title V permit for Imation Camarillo. As such, all requirements in Imation’s title V permit will be enforceable, and violation of

any permit terms will be subject to penalties and injunctive relief. Specific sections of the FPA that will be incorporated into Imation's title V permit include II.A.1 (PAL and emission caps), II.A.2 (capture and control requirements), II.A.3 (monitoring, recordkeeping, and reporting requirements), II.A.4.a (AB2588 requirements), II.A.4.b (tiered health risk assessment), and II.A.4.c (CAA Title VI requirements). .

Several provisions of the FPA reflect the commitments of the parties, but are not legally enforceable. For example, section II.B.1 of this FPA provides that Imation Camarillo "will report the results of pollution prevention measures taken at the facility on an annual basis since 1990." This provision is not required by law and will not be incorporated as an enforceable permit term. However, it does indicate a good faith commitment that the parties expect will be executed. Other voluntary, good faith commitments of the FPA include the provisions of sections II.C (environmental management system), II.D (employee protection), and II.E (public participation). Although these latter provisions of the FPA are considered voluntary rather than enforceable elements of the project, failure to meet these voluntary commitments could result in termination of the project.

F. Emission Reduction Credits (ERCs)

In 1996, as a condition of the "Imation Camarillo Project XL Covenant," Imation Camarillo accepted a reduction in their allowable emissions of VOC from 263 tons per year (tpy) to 150 tpy. As a result of this voluntary reduction, the VCAPCD's governing board authorized the District to grant Imation an Emission Reduction Credit Certificate for 113 tpy of VOC. Imation donated the 113 ERCs back to VCAPCD. VCAPCD, based on their ERC regulations, determined that 58 tpy of the VOC credits would be kept by the District, and 55 tpy of the ERCs could be provided to the community to either sell or retire.

The District, again based on their ERC regulations, will retire 36.55 tpy (of the 58 tpy VOC credits), and deposit the remaining 21.45 tpy of credits into the essential public service account of the District's Community Bank. These ERC transactions represent what would have occurred in the future under the District's existing new source review program, had Imation expanded operations, thus assuring that there is no relaxation of the existing ERC rules.

The other 55 tpy of VOC credits, which are federally creditable reductions under the VCAPCD NSR program, will be sold

or retired by the District.[7] Any proceeds from the sale of the credits must be used to fund pollution reduction projects benefitting Ventura County. See additional discussion of stakeholder participation related to the distribution of ERCs in section II.E of this FPA.

[7] Included in this 55 tpy of VOC credits is the 5.98 tpy ERC certificate that Imation previously held that was part of Imation's ERC donation to the District. The certificate was a result of previously credited emission reductions.

II. Terms of the Agreement

A. Air Emissions

Imation Camarillo will comply with all requirements set forth in their title V permit, as agreed to by EPA and Ventura County APCD. Under the title V permit, Imation is required to limit its emissions of criteria pollutants to levels below the specified facility emission caps. The air permit provides operational flexibility to Imation through the pre-approval of certain activities, including changes in their existing magnetic tape manufacturing equipment and processes, as well as construction of new emission units, provided that air emissions remain below the caps and all other air permit conditions are satisfied. In addition, as part of this FPA, Imation commits to undertake additional voluntary initiatives to minimize air emissions and to analyze the potential impacts of any new or increased HAP emissions from their facility.

1. Plant-wide applicability limit (PAL) and emission caps

This project proposes to utilize the concept of a pollutant-specific plant-wide applicability limit (PAL) for new source review (NSR) purposes. The PAL concept is intended to allow major sources to avoid case-by-case NSR applicability determinations. Instead, under the PAL concept, sources are allowed to make facility modifications without triggering major or minor NSR so long as their actual emissions do not exceed the PAL, which is set at a level representative of actual emissions.[8] For this XL project, however, Imation has also agreed to conduct an internal BACT/TBACT analysis for emissions-related facility modifications (and install any required control technology), in addition to maintaining facility-wide emissions below the PAL. Specific requirements pertaining to the VOC PAL and other pollutant emission caps are described below.

---

[8] Although Imation's current emissions are below 150 tpy, the definition of "actual emissions" at 40 CFR 51.165(a)(1)(xii) allows the reviewing authority (in this case, VCAPCD) to use a different time period for establishing a source's actual emissions than the most recent two-year period, upon determination that such period is more representative of normal source operation. VCAPCD determined, based on several years of underutilization of the Imation facility, that the 1991-1992 period is more representative of normal source operation. The Imation VOC PAL is thus being set at 150 tpy, a level that is lower than actual VOC emissions from the facility in the 1991-1992 period, when the facility emitted an average of 165 tpy of VOCs.

a) Imation Camarillo will be subject to a PAL of 150 tons per year of VOC, and emission caps of 8.34 tons per year of NO_x, 30 tons per year of CO, less than 15 tons per year of PM, less than 15 tons per year of SO_2, less than 10 tons per year of any individual HAP, and less than 25 tons per year of any combination of HAPs, all on a rolling twelve-month basis. As noted above the HAP emission caps are temporary and will be lifted when Imation achieves full compliance with the magnetic tape MACT.

b) The flexibilities of this XL project, including NSR avoidance and pre-approval for certain activities, are specifically linked to Imation's adherence to the overall VOC plantwide emission limit of 150 tpy. This 150 tpy requirement is being carried over into Imation's title V permit, which must be renewed after a term of five years. Also, as described in Section III.L below, all aspects of the XL project (including the level of the VOC PAL) will be fully evaluated after an initial FPA term of five years. In the event that Imation Camarillo proposes to emit greater than 150 tpy VOC prior to the completion of this initial five-year permit and FPA term, they shall proceed in strict accordance with all applicable Federal and State/District rules and regulations (e.g., major NSR). In addition, the Agencies, in conjunction with all stakeholders, will determine whether to discontinue this XL project.

c) If a control device is installed that causes non-VOC collateral emission increases, such emissions will not be included in calculating the emission caps. Imation Camarillo will remain subject to providing offsets for these collateral emissions and will comply with appropriate recordkeeping and monitoring requirements to document collateral emissions. In addition, Imation's title V permit contains some procedural requirements for notification of the District of collateral emission offset acquisition in accordance with District rules.

d) Collateral VOC emissions from a newly installed control device do not need to be offset, however, any such VOC emissions must be counted in calculations of total emissions under the VOC PAL.

e) All fugitive emissions of VOC that are not vented to the SRU will be counted toward the VOC PAL. Procedures include the following:

i) Fugitive emissions from the QA/QC laboratory are presently included in Imation's monthly report and will continue to be added into Imation's 12-month rolling emissions cap of 150 tpy VOCs;

ii) Fugitive emissions from the wipe cleaning of slitting equipment are presently included in Imation's monthly report as a subset of a heading entitled "cleaning solvents not ducted to SRU." Monthly records of the wipe-cleaning

solvents disbursed at the plant form the basis of the information presented under that heading;

iii) Imation will quantify any momentary fugitive emissions not ducted to solvent recovery during breakdowns; and for HAPs, assume the HAP with the highest unit risk factor was emitted (as opposed to speciating).

2. Capture/control requirements

a) Imation will demonstrate 100% capture efficiency for coating manufacturing operations as follows. Imation will have no windows or other natural draft openings in manufacturing areas where coaters, kettles, waste handling devices and a single wash tank are operated. These areas may have doors for employees to enter and leave their work areas, doors for emergency exit, and doors used for the occasional movement of equipment and raw materials (solvents are directly plumbed to manufacturing). However, any such doors may not remain open during coating operations.

b) Imation will ensure that the room air in these manufacturing areas is captured/ducted to Imation's 60,000 CFM solvent recovery unit (SRU) and will determine that no natural draft openings exist in these areas by:

i) Inspecting the above-listed doors to determine if any cracks which would constitute a natural draft opening exist;

ii) Sealing the above-listed doors, as necessary;

iii) Ensuring that all personnel access doors leading to or from coating manufacturing areas have automatic closure devices; and

iv) Installing instrumentation to activate an alarm if doors leading to or from any of the total enclosures are open for more than a short period of time.[9]

c) Whenever at least one coater is operating, the emissions control system shall reduce total emissions of VOC and total emissions of HAPs (excluding HAPs which are PM), as measured in the solvent laden air duct, by at least 95% based on a 72-hour rolling average (to be reset after any corrective action), before

[9] The requirements described in 2(a) and (b) are included as conditions in Imation's title V permit and they meet the definitions of total enclosure in 40 C.F.R. §§ 60.711, 60.741, and 63.705.

release to the atmosphere.[10] Additionally, when no coaters are operating and other emission units are being vented to the solvent recovery unit (SRU), the SRU will be in operation. More detailed procedures for operation of the SRU will be specified in the title V Permit.

d) For any emissions-related modification to their facility (including any new construction), Imation Camarillo will conduct an internal BACT analysis (for criteria pollutants) or TBACT analysis (for HAPs), as appropriate, and install any control technology that is shown to be BACT or TBACT. The procedure for conducting the BACT/TBACT analysis will be agreed to by VCAPCD and EPA. Imation will submit the results of their BACT/TBACT analysis to VCAPCD for approval. However in most cases, once the internal BACT/TBACT analysis is completed and submitted to VCAPCD, Imation may immediately proceed with their proposed facility modifications. In the case where Imation's internal BACT/TBACT analysis indicates a different or additional control device is required, it is the responsibility of Imation Camarillo to communicate with the VCAPCD and/or EPA to determine approval of their BACT/TBACT determination prior to installing any new equipment or making any facility modifications. The purpose of this approach is to provide Imation with the ability to carry out facility modifications as expeditiously as possible, while encouraging them to communicate with VCAPCD where there is any question as to the results of the BACT/TBACT determination, and to facilitate a positive relationship between the source and the agencies. See Appendix 3 for additional discussion of the approach for installation of new control devices.

3. Monitoring, recordkeeping, and reporting requirements

a) Compliance with the caps for VOC and HAP emissions will be measured by the FTIR-CEMS and the flow measurement CEMS, in accordance with EPA approved protocols.[11] Compliance with the

---

[10] Since the total VOC/HAP control efficiency for all lines together must be 95%, based on a 72-hour rolling average, the Agency assumes that individual lines are also being controlled at 95%. This level of control is sufficient to meet the HAP control standard of the EE MACT and the VOC control standard of all NSPS for which Imation is pre-approved (the standard is actually more stringent than required by a number of the NSPS). See Appendix 2 for a more detailed explanation of Imation's compliance with multiple standards for VOC and HAP control in a mixed stream environment.

[11] Fugitive VOC emissions, which are also counted under the VOC PAL (see section II.A.1.d of this FPA), are not measured with the FTIR; rather, they are estimated using agreed upon methods described in the title V permit.

caps for other pollutants will be measured through recordkeeping and/or source testing requirements defined in the title V Permit.

b) Compliance by the existing SRU with the 95% control efficiency requirement will be determined by a flame ionization detector continuous emission monitoring system (FID-CEMS), in accordance with EPA approved protocols.

c) Imation will provide the agencies with a monthly report of facility operations that will also be made readily available to the public by posting to the Internet, and through other means that may be appropriate (e.g., providing a hard copy of the report to the public library). Providing a monthly report will provide the Agencies with a timely description of completed and planned, emissions-related modifications at the facility, while assuring compliance with all applicable requirements. The monthly report, whose specific content requirements are described in Imation's title V permit, will include the following:

i) Actual/calculated air emissions of VOCs, NOx, CO, PM, SO_2, and HAPs for each month. The report will include a 12-month rolling average of air emissions for each of these pollutants, with a comparison to the annual facility caps;

ii) A description of emission-related modifications to the facility that occurred over the past month, as well as any planned modifications for the upcoming two months (including all changes that occur below the VOC PAL). Completed and planned modification descriptions will include estimates of any emission changes related to the modifications;

iii) The results of any BACT or TBACT analysis conducted as a result of proposed facility modifications (i.e., what control device/level the analysis demonstrated to be BACT/TBACT);

iv) The results of any tiered health risk assessment completed as a result of proposed facility modifications (i.e., the outcome of the assessment in terms of estimated carcinogenic risk and acute/chronic hazard indices);

d) In order to simplify compliance with multiple applicable reporting and notification requirements (40 C.F.R. Parts 60 and 63 general provisions, the EE MACT, and numerous NSPS), all of the requirements were streamlined into a single set of the most stringent reporting requirements. In general, the monthly report is the vehicle by which all necessary information is submitted to the permitting authority. Imation's title V permit describes the specific reporting requirements for this facility and identifies requirements subsumed based on the streamlining analysis.

e) VCAPCD has the discretion to request additional information from Imation Camarillo to satisfy necessary reporting requirements. Imation Camarillo will provide any information requested by the VCAPCD within five working days, unless there is an agreement between the parties to provide the information at a different time.

f) Quality Assurance/Quality Control (QA/QC) and related operating requirements for the FTIR-CEMS used for monitoring VOC and HAP emissions are contained in Imation Camarillo's title V operating permit.

4. Other requirements

a) Imation Camarillo will comply with the requirements of the Ventura County APCD Air Toxics "Hot Spots" Program implementing Sections 44300-44394 of the California Health and Safety Code (AB 2588).

b) By installing an FTIR-CEMS, Imation Camarillo will be able to quantify and speciate the HAPs/TACs emitted from the SRU. For any facility change, including a change pre-approved under Imation's part 70 permit, that is not consistent with the most recent District-approved tiered health risk assessment , Imation Camarillo will perform an updated tiered health risk assessment, using a methodology agreed to by VCAPCD, based on the guidelines for California's Air Toxics "Hot Spots" Information and Assessment laws under Sections 44300-44394 of the Health and Safety Code (AB2588). Health risk reduction measures will be implemented if necessary. Imation will include the results of any health risk assessments, as well as any determinations on the need for risk reduction measures, in their monthly report.

c) Imation Camarillo shall continue to comply with Stratospheric Ozone Protection requirements under Title VI of the Clean Air Act.

5. Operational flexibility

a) Provided air emissions remain below the VOC PAL and other facility caps and all other air permit conditions are satisfied, Imation Camarillo will have the flexibility to make several, specified types of modifications to facility operations (including new construction) in an expedited manner. Specifically, Imation Camarillo will be authorized to modify existing units and construct new units, subject to the following terms and conditions:

i) Modifications to existing coating related operations and construction of new coating operations will not be subject to major or minor new source review, so long as the facility notifies the VCAPCD of its plans to

modify/construct, and demonstrates that the changes will not cause the facility to exceed the VOC PAL (150 tpy) or any other pollutant cap identified in this agreement and in the title V permit[12];

ii) Allowable coating related modifications will identify specified changes to existing equipment, replacement of existing equipment, and construction of no more than six new manufacturing lines (see iii below for a list of the types of manufacturing lines for which Imation is pre-approved);

iii) Imation will be pre-approved to implement one or more reasonably anticipated alternative operating scenarios (AOSs) at the Camarillo facility. The AOSs will specify modifications to existing operations and/or construction of new operations subject to any of the following federal standards: 40 C.F.R. Part 63 Subpart EE (National Emission Standards for Magnetic Tape Manufacturing Operations); 40 C.F.R. Part 60 Subpart SSS (Standards of Performance for Magnetic Tape Coating Facilities); 40 C.F.R. Part 60 Subpart VVV (Standards of Performance for Polymeric Coating of Supporting Substrates Facilities); 40 C.F.R. Part 60 Subpart RR (Standards of Performance for Pressure Sensitive Tape and Label Surface Coating Operations); 40 C.F.R. Part 60 Subpart TT (Standards of Performance for Metal Coil Surface Coating); and 40 C.F.R. Part 60 Subpart Kb (Standards of Performance for Volatile Organic Liquid Storage Vessels). Imation's permit will also pre-approve specific changes that would subject the facility to VCAPCD's SIP-approved Rules 71.2 (Storage of Reactive Organic Compound Liquids) and 74.3 (Paper, Fabric, and Film Coating Operations). Pre-approval of the AOSs is provided contingent on there being terms and conditions in Imation's title V permit assuring compliance with all applicable requirements of any relevant MACT, NSPS, or VCAPCD rule, including all monitoring, recordkeeping, and reporting requirements (see the streamlining analysis for a description of how Imation will comply with the applicable requirements from each of the standards). Additionally, Imation shall maintain a log at the facility recording all changes of operating scenarios. This log will be made

[12] Section 182(c) of the CAA contains special provisions for certain ozone nonattainment areas. For purposes of this XL project, EPA believes that changes at the Imation Camarillo facility that result in VOC emission increases below the PAL are not considered net emission increases; rather, a net emission increase will only occur at the facility if the VOC PAL of 150 tpy is exceeded. Therefore, changes below the PAL are considered de minimis, pursuant to 182(c)(6), and such changes are not considered title I modifications and do not trigger the requirements of 182(c)(8).

available for public review. All changes of operating scenarios must be recorded in the log contemporaneously with the change;

iv) All pre-approved modifications are being granted as reasonably anticipated alternative operating scenarios (see discussion of alternative operating scenarios in VCAPCD Rule 33.4.B). Moreover, since the VCAPCD rule, NSPS and MACT-subject modifications will be pre-approved as AOSs in Imation's original title V permit, any such pre-approved modifications will not constitute title I modifications (as defined by VCAPCD Rule 33.1.22), and will not require a significant or minor permit modification at the time the modifications are undertaken. Instead, any facility modifications implemented under an approved AOS will already be described as a valid scenario in the permit and Imation will only need to record in the on-site log the scenario under which they are operating. One exception is that the addition of a new control device will, in most cases, require a minor permit modification to verify or change the monitoring parameter compliance triggers, after completion of performance testing (see Appendix 3 for further discussion of title V permit modification requirements). If Imation proposes to emit greater than 150 tpy VOC, increase emissions above any other facility emission cap, or trigger an NSPS, MACT, or VCAPCD rule for which they have not received pre-approval, then such proposal will require, at a minimum, review under all normally applicable VCAPCD rules and a significant title V permit revision (see additional discussion of VOC emissions above 150 tpy at Section II.A.1.b of this FPA);

v) Imation is required to conduct a BACT/TBACT analysis for emission-related facility modifications, including those being implemented under an approved AOS. See also Appendix 3 that describes processes for review and installation of new control devices.

6. Applicability of the CAM Rule

Pursuant to the requirements concerning enhanced monitoring and compliance certification under the Clean Air Act, EPA promulgated regulations to implement compliance assurance monitoring (CAM) for major stationary sources of air pollution that are required to obtain operating permits under title V of the Act (See 40 C.F.R. Part 64). Subject to certain exemptions, the new regulations require owners or operators of such sources to conduct monitoring that satisfies particular criteria established in the rule to provide a reasonable assurance of compliance with applicable requirements under the Clean Air Act.

Imation's emissions units and activities subject to emission limitations or standards proposed by EPA after November 15, 1990 pursuant to Section 111 or 112 of the Clean Air Act are not subject to CAM. Nor are the emissions caps or any other applicable requirements currently applicable to the facility. In addition, Imation will not be subject to CAM as a result of the applicable requirements for which the source is pre-approved pursuant to the source's permitted alternative operating scenarios. However, Imation is responsible for evaluating applicability of CAM and taking all necessary steps to comply with CAM for any future emissions activities undertaken at the Camarillo facility that are not pre-approved in the source's permit.

Some additional details relating to CAM applicability at the Imation Camarillo facility are provided in supporting documents.[13]

B. Multi-Media Pollution Prevention

1. Imation Camarillo will report a waste ratio number annually that represents the results of pollution prevention measures taken at the facility on an annual basis since 1990. The waste ratio, as defined by the following formula, shall be calculated and reported.

$$\text{Waste Ratio} = \frac{W}{W + B + P}$$

Where: W = Actual Waste, all media, in pounds.
B = Byproducts in pounds.
P = Product in pounds.

2. Imation has prepared a waste minimization plan pursuant to the California Hazardous Waste Source Reduction and Management Act (SB14) and will provide copies of this plan to any person making a request.

C. Environmental Management System (EMS)

Imation Camarillo will develop an EMS modeled after International Standard ISO 14001. See Appendix 4 for a description of the EMS criteria. The EMS consists of an

[13] See letter, "CAM Requirements as Applicable to Imation Camarillo," dated April 17, 1998 from Dawn Krueger, Imation Corp. to Dan Reich, EPA Region 9 and memorandum, "Review of Analysis of CAM Applicability Requirements for Imation Camarillo," dated May 28, 1998 from Peter Westlin, OAQPS to Dan Reich, EPA Region 9.

integrated set of environmental goals, procedures, and assessments that will be utilized to manage all of the Imation Camarillo plant's environmental impacts. As part of the EMS Imation Camarillo commits to continuous improvement with respect to reducing all environmental impacts.

Any portions of the EMS that are necessary to implement or assure compliance with Imation's title V permit, or to meet other statutory or regulatory requirements, will be identified in the title V permit and must be reviewed and approved by the appropriate agencies. Once approved, those portions of the EMS become enforceable by reference in the District issued title V permit or other appropriate permit or enforceable mechanism.

An EMS is not only to be used as a tool for compliance, but serves as a basis for managing all environmental impacts. There is a commitment to pollution prevention that can extend to systematically evaluating approaches to reducing chemical usage as well as designing products in an environmentally friendly fashion. Further, the EMS will address how Imation Camarillo can reduce all impacts including energy conservation, reduction of non-regulated substances, worker health and safety, etc. Through this process of testing an EMS the Agency (and the company) will learn the extent to which environmental risks can be controlled through a systems management approach.

The EMS will be internally audited annually and the results will be reported to the stakeholders, and other interested parties, who will verify compliance with the EMS program. Also, as part of the EMS, Imation Camarillo will expand its Internet home page to provide public information to the community on plant emissions, environmental performance, and environmental goals and objectives. Of course, some sections of the EMS may be considered confidential or proprietary for business reasons (Imation must go through the confidential business information process).

In terms of innovation, this part of the XL Project can be used as a tool for testing how companies that are willing to commit to going beyond compliance can establish alternative requirements that can be made enforceable through an EMS. This approach can provide a basis for developing an alternative track to environmental compliance for companies that are superior environmental performers. The FPA establishes a process whereby the Agency can approve, on a site specific demonstration project basis, alternative monitoring, recordkeeping and reporting requirements so long as the company can establish to the satisfaction of the Agency that it will exceed existing release reporting requirements. This process allows the Agency to test innovative approaches in a controlled setting so that the Agency can verify that there will be greater protection of the environment than would be accomplished by existing requirements. In addition, there will be an appropriate public notice and

comment period for any actions that are outside the current regulatory framework.

D. Employee Protection

Imation Camarillo commits to continuously improve its existing worker protection policies and practices. As part of the annual evaluation process for this project, Imation Camarillo will document its current activities and describe the actions it has taken to improve its current program. Currently, Imation Camarillo has designed its equipment to ensure maximum capture of HAP/VOC emissions by venting them directly to the solvent recovery unit, thus reducing worker exposure to these chemicals. In addition to adhering to voluntary industry standards and practices, as well as worker safety requirements, Imation Camarillo has an ongoing worker training program that addresses worker protection issues.

E. Public Participation

1. Pursuant to the goals of Project XL, the Parties to the Imation Camarillo FPA have provided opportunities for public participation concerning the development of the project. Prior to approval of the Covenant by the Ventura County Air Pollution Control District (VCAPCD), a stakeholders group was formed to evaluate and make changes to the proposed Covenant. The stakeholders group met six times prior to recommending approval of the Covenant. In addition, the VCAPCD held four public hearings before approving the Covenant.

2. A new Imation XL Project Stakeholders Group will be formed to evaluate implementation of the project during the initial five-year term of the XL Project and the FPA. Evaluation by the Group is not limited to commenting on already implemented aspects of the XL project; it will also include commenting on the ongoing activities under the project. However, the Stakeholders Group is not established under the project for purposes of evaluating or determining the facility's compliance with legal requirements, such as the enforceable terms and conditions of the facility's title V operating permit. Rather, assuring compliance with all legally enforceable requirements is the responsibility of the appropriate regulatory agencies, VCAPCD and EPA.

   In addition to evaluating the implementation of the XL project, the Stakeholders Group serves as a critical link between the community, the regulatory agencies, and the facility. The Group will advise Imation on any local community concerns, provide feedback to the

community on implementation of the project, and maintain an ongoing dialogue with Imation to ensure transparency of facility operations related to Project XL and continued superior environmental performance. The establishment and operation of this Group will proceed as follows:

a) The Project Stakeholders Group will consist of five (5) to ten (10) members in total;

b) No more than seven (7) members will be considered "direct participants" (i.e., those directly affected by Imation Camarillo's XL project either environmentally or economically). Direct participants will include one representative each from EPA, VCAPCD and Imation, as well as other interested participants that represent a balance of interests among neighbors, nearby business owners, local environmental organizations or other nonprofit groups, academic institutions, members of the public health community, etc. The direct participants will select a chairperson from their group;

c) Stakeholders should be aware that direct participation in the project may involve a substantial personal commitment of time and energy, requiring consistent attendance at meetings, a willingness to abide by the agreed upon process, and intensive work over the initial project implementation period;

d) No more than three (3) members will be considered "commentors" (i.e., those with special interest or a particular expertise in the project). These members should have an interest in the project, but not the desire to participate as intensively in its implementation as the direct participants;

e) All members will serve a 5-year term commencing at the time of FPA signing, and all positions are voluntary and unpaid;

f) The process for soliciting interested parties will include a special mailing and newspaper announcement by Imation to the general public. The notice will invite direct participants and commentors to identify themselves within a set time period (e.g., 30 days);

g) In general, stakeholders who express a timely desire to be direct participants or commentors and understand the commitment involved should be given the opportunity to do so. EPA will not determine the membership of the group of stakeholders, but will advise Imation of whether it believes the group as

assembled is consistent with the Project XL guidance on stakeholder participation;

h) The first order of business for the entire Project Stakeholders Group should be adoption of ground rules to guide the Group and ensure adequate participation by all members (team training will be considered). Also to be discussed are methods for involving the general public;

i) The entire Group will meet on at least an annual basis and may meet more frequently at the discretion of the chairperson, based on information in the monthly reports. Presentations will be made by Imation on progress and results of the project to date. The meetings will be interactive with discussion of results and suggestions made by the Project Stakeholders Group. Stakeholders classified as direct participants will meet as often as needed to provide advice to Imation concerning evaluation of the project;

j) The Project Stakeholders Group will prepare an annual report evaluating the implementation of the project. This report will be made available to the public;

k) In addition to the direct participants and commentors, the general public may also have an interest in monitoring Imation's XL progress. The date and time of all Stakeholder Group meetings will be published in the newspaper at least two weeks in advance. Monthly and annual reports will be available at the Ventura County Air Pollution Control Agency, in the local public library, and on the Internet. A contact name and number at Imation, EPA, and VCAPCD will be provided for answering any questions related to this XL project;

l) Meeting space will be provided and reasonable miscellaneous expenses will be paid for by Imation;

m) At the end of the FPA's initial five-year term, the Project Stakeholders Group will meet to evaluate the renewal of the Agreement and the Project, and the potential for transferability of the regulatory approaches it tests. At that time, the stakeholders will also review any necessary changes to the project (see additional discussion of project evaluation in section III.L);

n) The stakeholder process will be as open as possible, however, there may be certain matters

considered to be a trade secret or confidential business information which will not be disclosed, either to the Stakeholders Group or to the general public.

3. A second stakeholders group (the ERC Advisory Committee) was formed to advise on the distribution of the ERCs donated by Imation. The process for the distribution of the ERCs is as follows:

a) VCAPCD currently holds the 55 tpy of VOC ERCs from Imation;

b) VCAPCD formed an ERC Advisory Committee to develop criteria to be used for determining the use of these ERCs. The criteria address the type of business/industry that will be allowed to purchase the ERCs (e.g., companies with good environmental track records). The Advisory Committee consists of local community members along with public officials and industry representatives in order to provide a balanced perspective;

c) The VCAPCD Board will approve the criteria developed by the ERC Advisory Committee;

d) If some or all of the ERCs will be offered for sale, the Economic Development Committee of Ventura Coalition (EDC-VC) will be the focal point to market the ERCs and identify companies that meet the approved criteria. The EDC-VC, however, is not the exclusive source for these activities. The VCAPCD Board will also provide notice in the local newspaper as an additional means of marketing the ERCs and identifying companies that meet the criteria.

e) Companies that are selected complete the New Source Review permit request using the current process in place at the VCAPCD;

f) VCAPCD staff review and approve the permits using the current process;

g) VCAPCD sends the recommendation to use the ERCs to the Board for approval;

h) Another stakeholder group, likewise comprised of a balance of local community interests and perspectives (and including EPA as a participant), will recommend to the VCAPCD Board measurable clean air projects to be funded by the income generated as a result of the sale of the ERCs.

4. In addition to the stakeholder groups and processes described above, this Agreement provides for other means of public participation and communication. First, Imation will make its monthly reports available to the public via the Internet and other appropriate means (e.g., sending a copy of the report to the local public library, mailing the report to interested persons). Thus, the public will have information in a readily accessible format to evaluate Imation's compliance with the emissions caps and other key aspects of the project. As noted above, Imation will provide two weeks notice to the public for all meetings of the Stakeholders Group, and will allow attendance by interested members of the general public. For all title V permit modifications that are not subject to a required public comment period, VCAPCD will compile a list of persons or groups of persons who identify themselves as interested parties to this Agreement. VCAPCD will send a copy of the parts of the title V Permit that are being modified to those persons. Recipients will have 30 days to comment to VCAPCD. This element of the public participation process will not supersede any other public participation right, including but not limited to, District Hearing Board procedures for appealing permit decisions.

III. Administrative Provisions

A. Term of Agreement

This Agreement is effective for five years from the date of signature.

B. Renewal

As early as one year but no later than 6 months prior to the end of term of this Agreement, Imation Camarillo may submit to EPA and the Ventura APCD a request for renewal of the Agreement. The request for renewal is to include information on existing operations at the facility, including process flow diagrams showing all emission units, a list of requirements that would otherwise be applicable to this facility, a compliance certification stating the facility's compliance status with the terms and conditions of the Agreement, a compliance plan describing how the source will revise the Agreement to reflect any newly applicable requirements, including a schedule of compliance for implementing any needed changes and any other information requested by the parties. Provided Imation Camarillo submits the required information in a complete and timely manner, the Agreement will remain in effect until the other parties have either agreed to renew it, or have given notice that they do not wish to renew.

Renewal of the agreement will not by itself extend the terms of any rules, permits, or other legal mechanisms that would otherwise expire; applicable requirements and procedures for renewal or extension of those mechanisms must be followed. However, the request for renewal will also constitute an application for renewal of the title V permit, and for that purpose will be certified by the party responsible for overall operations at Imation Camarillo. Completeness of any title V permit application or application for renewal will be determined by the Ventura APCD. Failure to renew the agreement does not by itself terminate any rules, permits or other legal mechanisms; if the agreement is not renewed, the termination of implementing legal mechanisms will proceed as described in section III.F (or by expiration according to the terms of the mechanism).

C. Modifications

The terms of this Agreement may be modified at any time, and from time to time, by mutual written agreement between the Ventura APCD, USEPA, and Imation Camarillo. Appendices may be modified by mutual agreement of the affected parties, without modifying the Agreement. To the extent that any modification of this Agreement requires a change in an implementing rule, permit,

or other mechanism, the requirements and procedures applicable to that mechanism must be followed for the modification to be made.

D. Dispute Resolution

In the event a dispute arises with respect to a matter covered under the FPA, the Parties agree to negotiate in good faith in an attempt to resolve the dispute. Any Party may initiate informal negotiations by notifying all other Parties, in writing, setting forth the matter for dispute. If the dispute cannot be resolved by the Parties within 20 days of receipt of such notice, one or more of the disputants may invoke non-binding mediation by setting forth the nature of the dispute, with a proposal for its resolution, in a letter submitted to the EPA Region IX Administrator with a copy to all Parties. Any Party to the dispute may request an informal mediation meeting. With respect to any dispute raised for mediation, all opinions, written or oral, by the Regional Administrator or other designated Region IX official will be non-binding and non-enforceable. Nothing in this section will be construed as altering any signatory's right to request termination, or to give rise to any right of judicial review of the opinion.

E. Termination

1. EPA, Ventura County APCD, or Imation may elect to withdraw from this Agreement and terminate its terms by the following:

   a) Providing 60 days written notice prior to termination. If Parties engage in dispute resolution the notice period will begin to run on the day after the Regional Administrator's rendered opinion. If Parties do not engage in dispute resolution the notice period will begin to run the day after written notice of termination is issued by the Party requesting termination.

   b) Providing the written notice of termination to the XL Project Stakeholders Group. In addition, the written notice of termination will be published in a local Camarillo newspaper.

2. EPA, Ventura County APCD, and Imation agree that appropriate grounds to seek withdrawal from the Agreement could include, but are not limited to:

   a) Substantial failure by another such Party to implement the terms of the FPA;

   b) Exceedance of any of the pollutant emission caps;

c) Discovery of failure by another such Party to disclose relevant facts during development of the project that would have substantially changed the outcome of the FPA;

d) Discovery of new information indicating that implementation of the project will present an imminent and substantial endangerment to public health or welfare, or the environment;

e) If the terms of the project are substantially changed as a result of comments submitted during the site-specific rulemaking or title V public comment periods.

F. Transition

If this Agreement is terminated, or is not renewed at the end of its term, the following procedure will be followed to provide for transition to operation under the generally applicable laws and regulations that are in place at the time of termination or non-renewal.

1. Imation will apply, consistent with the application requirements of Ventura APCD regulations, for all necessary operating permits. All applications will be submitted to the appropriate agency(ies) within six months of the date of notice of termination or within the time deadlines specified by the appropriate agency(ies), whichever time is shorter. Any such application will be deemed a timely application for renewal of the operating permit(s) sought. The terms and conditions of each permit will remain in effect until that permit is replaced, or for one year, whichever is shorter.

2. Where a permit issued under the terms of the FPA relies on a site specific rule, EPA will revoke the site specific rule authorizing the prior permit.

3. The modifications to VCAPCD rules adopted under this project will be rescinded by VCAPCD, and those changes will be forwarded to EPA with a request that the SIP be modified accordingly.

4. For any new or modified sources constructed under the emissions limits established by this project, during the term of the project, emissions limits and applicable control technology requirements will be established in accordance with applicable regulations concerning relaxation in enforceable emissions

limitations used to avoid PSD or major new source review requirements.

G. Existing Regulations

Imation Camarillo may propose additional alternative approaches to complying with federal or state environmental laws, for consideration as additional elements of this Project. Any such proposal by Imation Camarillo will clearly identify the nature of the regulatory relief being sought, and how the proposed alternative will further the goals and objectives of Project XL including, but not limited to, regulatory burden reduction and superior environmental performance. If Imation demonstrates to the Agencies' satisfaction that it can achieve greater environmental benefit either through the existing terms of the FPA, or through an alternative strategy, and that doing so will satisfy statutory and regulatory requirements and the criteria for the XL program, the Agencies intend to initiate steps to allow such alternative compliance, including where necessary proposing a site-specific rule. Imation's proposals will have the twin goals of achieving superior environmental performance, while ensuring that the installation of new or modified coating equipment or the development of new products will not be delayed. Opportunities for stakeholder and public participation will be provided in connection with such changes consistent with the principles of Project XL and section II.E. If an alternative strategy is approved, Imation Camarillo's title V permit will be revised to reflect compliance requirements under that strategy.

All existing laws and regulations remain in effect unless expressly changed or modified through a site specific rulemaking or other appropriate action.

1. Approach for Considering Alternatives to NSPS and MACT Requirements

Imation Camarillo may apply for alternative test methods, monitoring, recordkeeping or reporting requirements for NSPS and MACT standards as follows:

a) For NSPS, Imation Camarillo may submit an application for alternative test method(s) in accordance with 40 C.F.R. §60.8(b) and for alternative monitoring requirements in accordance with 40 C.F.R. § 60.13(i).

b) Imation may apply for alternative MACT test methods, monitoring, recordkeeping and reporting procedures in accordance with 40 C.F.R. §§ 63.7(f) and 63.8(f).

c) Alternatively, the underlying substantive NSPS or MACT standard may provide authority for alternative monitoring, recordkeeping, or reporting requirements. In such situations, the alternative requirements may be implemented without following the procedures specified in (a) and (b) above.

d) Any proposal for alternative test methods, monitoring, reporting or recordkeeping submitted by Imation Camarillo must also clearly identify the regulatory relief being sought and the proposed alternative that establishes a greater environmental benefit. To establish greater environmental benefit the Region will evaluate the extent to which the proposal is more protective of the environment by ensuring that the information provided will be more complete, accurate, and understandable by the public. The Region will also consider the extent to which the proposal fosters regulatory streamlining.

e) The Region intends to delegate decisions on approving alternative monitoring, recordkeeping and reporting procedures to the Region 9 Air Division Director. See Region 9 Order 1265.16a (Nov. 11, 1996). The decision on an application related to alternative test methods is delegated to the Director of the Emissions, Monitoring, and Analysis Division in the Office of Air Quality Planning and Standards. See Delegations Manual 7-121 on Alternative Methods, 1200 TN 406 (Aug. 7, 1995).

f) Imation Camarillo will simultaneously submit such application to the Region and to OAQPS. The Region will ensure the completeness of the application and, after consulting with OAQPS, will provide a recommended decision to OAQPS. That decision will become final within 30 days of submittal of the recommended Regional decision, unless OAQPS makes a written decision prior to that deadline or rejects the application.

H. New Regulations

Imation Camarillo will be subject to the requirements of regulations promulgated after the date the Agreement is executed. If Imation demonstrates to the Agencies' satisfaction that it can achieve greater environmental benefit either through the existing terms of the FPA, or through an alternative strategy, and that doing so will satisfy statutory and regulatory requirements and the criteria for the XL program, the Agencies intend to initiate steps to allow such alternative compliance, including where necessary proposing a site-specific rule. Opportunities for public/stakeholder participation will be provided in connection

with such changes consistent with the principles of Project XL and section II.E. Imation's proposals will have the twin goals of achieving superior environmental performance, while ensuring that the installation of new or modified coating equipment or the development of new products will not be delayed. As part of an annual review process (described more fully in section III.L), Imation and the affected Agencies will meet to review whether the Agreement or proposed alternative strategies perform better than any new applicable regulations promulgated since the last review. Any Party may request a special meeting to review particular new regulations that will become effective prior to the annual review.

One new regulation issue that we have already identified is the likely promulgation of the MACT standard for the source category "Paper and Other Web Coatings." The Paper and Other Web Coatings MACT is expected to be promulgated in November, 2000. This standard is likely to apply to some of the activities for which Imation is receiving pre-approval in their initial title V permit. While it will be necessary to re-open the permit in order to add appropriate requirements from the new Paper and Other Web Coatings MACT (assuming Imation's permit term has more than three years remaining on it upon MACT promulgation), it is the intention of all parties to attempt to maintain in the revised permit the same degree of flexibility afforded Imation in their initial permit if all Project XL elements continue to be met by this facility.

I. Role of EPA Region 9 in Implementing Alternative Proposals

EPA Region 9 is the EPA lead for implementing this XL Project. Specifically, with respect to alternative proposals to regulations, as defined in sections G and H above, EPA Region 9 will make a preliminary determination as to whether the proposal provides greater environmental benefit. This decision will be made in consultation with other Agency parties. EPA Region 9 will also work in consultation with other Parties to identify a preferred approach for implementing an alternative proposal. EPA Region 9 will obtain required approvals from EPA Headquarters and will seek input from the Imation XL Project Stakeholders Group.

J. Future government action

The Parties understand that while the plans described in this Agreement are undertaken seriously and in good faith, it is not the intent of USEPA or any other government agency that is a Party to this Agreement to limit the ability of Congress or future Agency officials to take such action, as they deem appropriate. Accordingly, the Parties agree that the United States or any government agency that is a signatory to this Agreement will not be subject to liability based on third party or direct claims arising out of future government actions,

including but not limited to, regulatory or statutory changes, that may adversely affect any party in the implementation of this project.

K. No effect on regulatory authorities or citizen rights

The agency Parties to this Agreement retain all statutory rights to enter, inspect, and test the premises. Nothing in this Agreement affects the ability of signatory agencies to act in cases of imminent hazard or unanticipated threats, or to exercise any authorities not specifically affected by the Agreement or its implementing mechanisms, including criminal enforcement authorities. This Agreement does not create any additional rights nor restrict the statutory rights of third parties to file citizen suits.

L. Evaluation of XL Project

As noted in section II.E above, this XL Pilot Project will be reviewed annually to evaluate whether the project is meeting its objectives. The Imation XL Project Stakeholders Group will conduct the evaluation of the implementation of the XL project and will prepare an annual report summarizing the evaluation. It is anticipated that the Stakeholders Group will, as part of its annual evaluation of the XL project, examine the monthly reports which have been submitted by the facility under the title V operating permit and review jointly with the facility any significant concerns. Other aspects of the annual review may include facility or regulatory agency reports and general Stakeholder Group discussion of some or all of the following topics: the applicability of any newly promulgated regulations; the results of the internal audit of the facility's Environmental Management System (EMS), including how the EMS has impacted environmental performance; implementation of the facility's title V permitted AOSs, including a review of the on-site AOS logs and the overall experience with the permitted mechanisms for implementing AOSs; and the Group's satisfaction with the overall stakeholder process, including the availability of information pertinent to the XL Project. The Stakeholder Group's annual report will be made available to the public.

The annual evaluation by the full Stakeholders Group is not intended for purposes of evaluating or determining the facility's compliance with legally enforceable requirements. Instead, examination of Imation's compliance with the enforceable terms and conditions of the facility's title V operating permit, such as the 95% Solvent Recovery Unit control efficiency requirement (based on a 72-hour rolling average), the 100% capture efficiency of VOC/HAP process emissions, the VOC PAL and other pollutant emission caps, is the responsibility of the appropriate regulatory agencies, VCAPCD and EPA.

At the conclusion of the five year term of this project, a more comprehensive Project XL evaluation will examine the extent to which both short-term and long-term goals have been achieved. This evaluation will also examine the appropriateness and success of specific components of the project, such as the pollutant-specific PAL and emission cap levels, pre-approving new equipment under an alternative operating scenario, the capture and control efficiencies, the overall environmental benefit/pollution reduction, the reduction of compliance costs and burdens, the empowerment of local stakeholders and the level of community participation, any regulatory or policy flexibilities granted, and other elements of the XL project. The results of this review will help assess whether innovations piloted by this Project are viable alternatives for other sources. It will also provide a basis for suggestions to improve both the FPA (and title V permit) upon renewal, and the Agency's overall XL Program.

Review criteria for the annual and five year reviews will be detailed in the EMS and agreed to by the Parties and the Project Stakeholder Group. The criteria should, to the greatest extent possible, include clear objectives and measurable requirements.

M. Transfer of FPA

If the Imation Camarillo facility is transferred to a new owner, either separately or as part of an acquisition of Imation Corporation, Imation will notify the other Parties of the proposed transfer at least 90 days prior to the proposed transfer date. If, by the same date, the new owner provides the other Parties with a written statement affirming that it has reviewed the FPA and agrees to accept responsibility for operating the facility in accordance with the FPA, the signatories other than Imation will then determine whether to extend the FPA to the new owner. If a written consent to extend the FPA is not provided by all Parties on or before the date of transfer, the FPA will terminate as of the date of the transfer. The Parties expect that, absent unusual circumstances, they will be able to consent to extending the FPA to any new owner who demonstrates the same or better historic commitment to environmental performance as other participants in Project XL.

N. Miscellaneous provisions

1. Notwithstanding the monitoring, recordkeeping, and reporting requirements in Part II of this FPA, Imation Camarillo retains all rights under law to protect confidential business information and other information protected by law from disclosure.

2. Imation Camarillo will retain records for a period of at least five years unless applicable regulatory requirements specify a longer time period.

3. In the event that the Imation Camarillo Agreement is included in a permit consolidation zone under the provisions of SB 1299 (1995), the parties may elect to develop a compliance plan and participate in the program.

4. All Parties to the Agreement agree to meet to discuss and negotiate, as necessary, any revisions to the Agreement needed to address changes/needs at the facility, to assure that the Agreement continues to assure superior environmental performance, and to address any concerns that have arisen over time with the Agreement. The appropriateness of the level of the emission caps may also be reviewed at such time. Concurrently with these discussions, Imation Camarillo will convene the Project Stakeholders Group to review the existing Agreement and any needed revisions.

5. Imation Camarillo shall pay fees to the Ventura APCD in accordance with the "Memorandum of Understanding" mutually agreed upon by the Ventura APCD and Imation Camarillo.

6. The contact points for the Parties for purposes of providing notice, or other formal steps implementing this FPA, will be as follows: for Imation Camarillo, John F. Metzger, 1 Imation Way, Discovery 3D-69, Oakdale, MN 55128, 651-704-5461; for USEPA Region 9, David Albright, 75 Hawthorne Street, AIR-3, San Francisco, CA 94105, 415-744-1627; and for VCAPCD, Richard Baldwin, 669 County Square Drive, Ventura, CA 93003, 805-645-1400.

The parties have executed this Final Project XL Agreement (FPA) as of _____, 1999.

Imation Corp.

_____
Signature

Thomas Ferguson
Camarillo Plant Manager

Ventura County APCD

_____
Signature

Richard H. Baldwin
Air Pollution Control Officer

USEPA Region 9

_____
Signature

Felicia Marcus
Regional Administrator

Appendix 1 - Glossary

Agency(ies)	-	The USEPA and Ventura APCD.
BACT	-	Best Available Control Technology for control of air pollutant emissions as defined by Ventura Air District Regulation II, Rule 37, Section I.
CO	-	Carbon Monoxide (an air pollutant).
Collateral Emissions	-	These are emissions which occur as a result of installation of a pollution control device - emanating from the device itself (e.g., NOx emissions from the burner on a catalytic oxidizer).
Covenant	-	The "Project XL Covenant," which was approved by the VCAPCD Board in November 1996. As adopted, the Covenant constitutes a site-specific VCAPCD rule for the Imation Camarillo facility. The Covenant is enforceable by VCAPCD as a regulation, and will remain in force until the FPA, Imation's title V permit, and the revised VCAPCD SIP become effective.
EMS	-	Environmental Management System developed and implemented for Imation Camarillo under Part II of this FPA.
FTIR CEMS	-	Continuous Emission Monitor System (CEMS) Using Extractive Fourier Transform Infrared (FTIR) Spectrometry.
HAPs	-	Hazardous Air Pollutants listed under Section 112 of the Federal Clean Air Act(a class of air pollutants).
Imation	-	Imation Corp.
Imation Camarillo	-	Imation's Data Storage Products facility in Camarillo, California.
MACT	-	Maximum Achievable Control Technology under Section 112 of the Federal Clean Air Act.

NESHAP	-	National Emission Standard for Hazardous Air Pollutants under Section 112 of the Federal Clean Air Act.
NO_x	-	Nitrogen Oxides (a class of air pollutants).
NSPS	-	New Source Performance Standard under Section 111 of the Federal Clean Air Act.
PM	-	Particulate Matter (a class of air pollutants), as defined by Ventura APCD Regulation I, Rule 2.
Project XL	-	A USEPA program encouraging new approaches to environmental regulation that promote environmental performance better than that under existing regulations.
ROC	-	Reactive Organic Compounds (a class of air pollutants) as defined by Ventura APCD Regulation I, Rule 2.
SO_2	-	Sulfur dioxide (an air pollutant).
TACs	-	Toxic Air Contaminants under Part Six (commencing with Section 44300) of the Air Resources Division of the California Health and Safety Code.
TBACT	-	Best Available Control Technology for Toxics, as defined by Ventura Air District Regulation II, Rule 37, Section I.
Title V	-	Title V of the Federal Clean Air Act, requiring federal operating permits.
USEPA	-	The United States Environmental Protection Agency.
Ventura APCD	-	The Ventura County Air Pollution Control District.
Ventura APCO	-	The Ventura County Air Pollution Control Officer.

Appendix 2 - Compliance with Individual NSPS and MACT Standards at Imation Camarillo

Currently, a single coating operation at Imation is subject to an NSPS (40 C.F.R. Part 60, Subpart SSS for magnetic tape coating facilities). The other three coating lines at Imation are not subject to any NSPS. None of the coating operations are currently subject to MACT standards. In the future, Imation may trigger additional NSPS applicability and/or MACT applicability by undertaking modification or reconstruction of existing coating operations, constructing new coating operations, or by elimination of the HAP cap established in their title V permit. Imation would assure compliance with newly triggered NSPS and MACT standards as described below.

Imation's Superior Environmental Performance in part stems from their commitment to totally enclose/capture 100% of VOC and HAP emissions from all coating operations and control captured emissions using a highly efficient solvent recovery unit -SRU- (or other similarly efficient device) demonstrated to achieve at least 95% emission reduction. Their existing total enclosures capture 100% of the emissions from multiple coating operations within the production building and route all the emissions to the SRU. As a result, individual coating operations are not controlled separately but rather contribute to an emissions mixture containing the emissions from all coating operations within the total enclosures. The existing SRU receives the combined emissions from all active coating operations.

Because of Imation's control setup as described above, it is not possible to measure inlet and exit emissions from the control device (and thus control device efficiency) for any one coating operation on an ongoing basis. The VOC (and HAP) emissions from the coating operation subject to Subpart SSS are part of the mixture of emissions including the other VOC/HAP sources. In such situations, Subpart SSS §60.713(b)(2) applies and reads as follows (italics added to emphasize requirements pertinent to Imation's situation):

> **§60.713(b)(2)** To demonstrate compliance with §60.712*(a)*, (b)(1), or (b)(3)(standards for coating operations) when the emissions from only an affected coating operation are controlled by a dedicated incinerator *or when a common emission control device (other than a fixed-bed carbon adsorption system with individual exhaust stacks for each adsorber vessel) is used to control emissions from an affected coating operation as well as from other sources of VOC*, each owner or operator of an affected coating operation shall perform a gaseous emission test using the following procedures:

(i) Construct the overall VOC emission reduction system so that all volumetric flow rates and total VOC emissions can be accurately determined by the applicable test methods and procedures specified in §60.715(b) through (g);
(ii) Determine capture efficiency from the coating operation by capturing, venting, and measuring all VOC emissions from the operation. During a performance test, the owner or operator of an affected coating operation located in an area with other sources of VOC shall isolate the coating operation emissions from all other sources of VOC by one of the following methods:
(A) Build a temporary enclosure ...
(B) Shut down all other sources of VOC....
(iii) *Operate the emission control device with all emission sources connected and operating;*
(iv) *Determine the efficiency of the control device using the following equation:*
[Equation 2 at 40 CFR Part 60, Subpart SSS]

The regulation excerpt above [§60.713(b)(2)(i) and (ii)] describes requirements for determining the capture efficiency for VOC emissions from an affected facility under Subpart SSS (i.e., what fraction of emissions makes it to the control device). These requirements apply where there is no total enclosure of emission sources. However, Imation uses a permanent total enclosure to capture emissions and, therefore, §60.713(b)(5) is applicable:

§60.713(b)(5) *An alternative method of demonstrating compliance with §60.712(a)* or (b)(3) (standards for coating operations) and the sole method of demonstrating compliance with §60.712*(b)(2)* (standards for modified or reconstructed coating operations) *is the installation of a total enclosure around the coating operation and the ventilation of all VOC emissions from the total enclosure to a control device with the efficiency specified in paragraph (b)(5)(iii)(A) or (B) of this section as applicable*. If this method is selected, the compliance test methods described in paragraphs (b)(1), (b)(2), (b)(3), and (b)(4) of this section are not required. Instead, each owner or operator of an affected coating operation shall:
(i) *Demonstrate that a total enclosure is installed. An enclosure that meets the requirements in paragraphs (b)(5)(i)(A) through (D) of this section shall be assumed to be a total enclosure.* ...
(ii) *Determine the control device efficiency using Equation (2)* or Equations (4) and (5), as applicable, *and the test methods and procedures specified in §60.715(b) through (g).*
(iii) *Compliance is demonstrated if the installation of a total enclosure is demonstrated and the value of E determined from Equation (2)* (or the value of H_{sys} determined

from Equations (4) and (5), as applicable) *is equal to or greater than* the required efficiency as specified below: **(A)** *For coating operations subject to the standards of §60.712(a)*, (b)(2)(ii), and (b)(3), *0.95 (95 percent)*; *or* **(B)** *For coating operations subject to the standards of §60.712(b)(2)(i), the value of E determined from Equation (2)* (or the value of H_{sys} determined from Equations (4) and (5), as applicable) *pursuant to §60.713(a)(2) prior to modification or reconstruction or 0.95 (95 percent), whichever is lower*.

Section 60.713(b)(2) indicates that where the emissions from an affected coating operation and other VOC sources are ducted to a common control device, the owner or operator must determine the emissions capture efficiency for each individual affected coating operation. Where a total enclosure exists around the affected coating operation, such a determination is made alternatively according to §60.713(b)(5). Imation already has demonstrated compliance with this requirement of Subpart SSS for the one subject coating operation by showing that a total enclosure exists around the operation [the enclosure meets the criteria in EPA Method 204 - Criteria for and Verification of a Permanent or Temporary Total Enclosure (Section 5)] and the total enclosure will be maintained continually.

Although Subpart SSS requires determining emissions capture efficiency on an individual affected facility basis, control device efficiency is to be determined for mixed emission streams when "all emission sources" are connected to the device. The owner or operator is not forced to shut down the other VOC emission sources to test the control device efficiency on individual affected facility emissions. Thus, compliance with the required 93% VOC control standard at each SSS affected facility is demonstrated by showing that the common emission control device provides a 95% control efficiency when receiving the mixture of VOC emissions from all SSS affected facilities (housed in a total enclosure) and all other sources of VOC routed

to the device.[14] The implicit assumptions in this method of demonstrating compliance with the VOC emission standard for an individual affected facility in Subpart SSS are:

1) An emission control device will control the same (and similar) chemicals equally, regardless of their point of emission (i.e., control device X controls chemical Y at Z efficiency whether chemical Y is emitted by affected facility 1, 2, 3, etc.);
2) The "other sources of VOC" ducted to the common emission control device likely have chemical constituents that are the same as or similar to those in the emissions from the affected facility (since they are related operations) and, therefore, the control device performance does not vary on individual emission streams;
3) Performance testing the control efficiency of the newly affected facility emissions only (assuming such emissions contain the same or similar chemical constituents as other operations controlled by the common emission control device) is not necessary to assure compliance with the standard at the newly affected facility (instead compliance can be demonstrated with all VOC sources connected to the common control device).

Imation has performance tested the existing SRU and has demonstrated a >99% emission reduction with all VOC and HAP emission sources connected. Monitoring of continuous compliance at the one coating operation currently subject to Subpart SSS is being demonstrated through Imation's maintenance of the total enclosure and use of an FID-CEMS (flame ionization detector-continuous emission monitoring system) to measure VOC concentrations in both inlet and outlet of the SRU, per §60.714(c)(1).

In the future, Imation will become a major source of HAP, thereby triggering applicability of the MACT standard at Subpart EE. Once this occurs, all magnetic tape coating operations at the facility will be subject to the standards at Subpart EE. Much like the NSPS at Subpart SSS, EE allows for the total

---

[14] Subpart SSS contains a standard of 93% control of VOC applied at each affected facility. At the time that Subpart SSS was promulgated, the Agency assumed that use of a total enclosure with a 95% efficient control device could yield as low as a 93% level of actual VOC control at the affected facility (because of the possibility that a total enclosure would not actually capture 100% of emissions). The Agency now believes that a total enclosure, meeting the requirements of Method 204, will capture 100% of emissions. Thus, Imation's use of a Method 204 compliant total enclosure around their coating operations in conjunction with a 95% efficient control device will achieve an actual control level of 95% at each affected facility, thereby exceeding the standard as written at Subpart SSS.

enclosure of all emission points and the ventilation of the total enclosure(s) to a common control device operating at 95% or higher efficiency. Imation will demonstrate initial compliance with the MACT standard by demonstrating that all HAP-emitting coating operations are totally enclosed, and that the enclosure is vented to the SRU which is operating at a minimum control efficiency of 95% as monitored at the inlet and outlet of the SRU using the FID-CEMS. (see 63.705(c)(4))

Imation anticipates modifying one or more of the existing coating operations not now subject to an NSPS to make them subject to Subpart SSS or constructing a new coating operation that would be subject to Subpart SSS (such operations would also be subject to Part 63, Subpart EE, once Imation is a major source of HAP). Imation will ensure compliance with Subpart SSS and Part 63, Subpart EE for such operations by maintaining the total enclosure around the operation(s) and controlling emissions by at least 95% as monitored at the inlet and outlet of the SRU using the FID-CEMS. Imation also anticipates modifying one or more of the existing coating operations or constructing a new coating operation to produce polymeric coatings on supporting substrates. Such modified or new operation(s) would be subject to part 60 Subpart VVV (Polymeric Coating of Supporting Substrates). Subpart VVV contains standards and compliance provisions that are nearly identical to those in Subpart SSS and Part 63, Subpart EE [see §60.743(a)(1)], including provisions for mixed VOC streams, use of a total enclosure, and a 95% efficient control device. Imation would assure compliance with Subpart VVV through maintaining the total enclosure around the subject coating operation(s) and reducing emissions by at least 95% as monitored at the inlet and outlet of the SRU using the FID-CEMS. Imation's Title V permit will contain the requirements of Part 63, Subpart EE and will include a streamlining analysis demonstrating that compliance with these requirements will assure compliance with Part 60, Subparts SSS and VVV.

In addition to the changes described above, Imation is anticipating modifications or new construction of facilities that potentially would trigger applicability of NSPS in Subparts RR (Pressure Sensitive Tape and Label Coating) and/or TT (Metal Coil Surface Coating). Such changes could create an emission stream from the total enclosure containing a mixture of VOC and HAP from affected facilities subject to the MACT standard and two or more different NSPS, or from affected facilities subject to the MACT standard, different NSPS, and other VOC/HAP sources not subject to any NSPS or MACT. 40 C.F.R. Part 60, Subparts RR and TT, unlike the MACT standard at EE and the NSPS at SSS and VVV, do not specifically address such mixed emission stream situations and how compliance is to be demonstrated for any one affected facility. However, it is reasonable to assume that compliance with the VOC standards by affected facilities subject to these NSPSs can be demonstrated in a manner similar to that for a

similar situation under Part 63, Subpart EE and Part 60, Subparts SSS and VVV, by extending the assumptions and rationale described above to these other two NSPS. That is, Imation can demonstrate compliance for an individual affected facility subject to Subparts RR or TT by maintaining a total enclosure around the facility and reducing the captured emissions from this facility and all other sources of VOC and HAP by at least 95% as monitored at the inlet and outlet of the control device using the FID-CEMS. Such a demonstration will be adequate for each affected facility because:

1) The total enclosure captures 100% of VOC/HAP emissions from manufacturing operations. As part of Imation's initial compliance demonstration for the MACT standard, the facility will demonstrate that they have a total enclosure around all coating-related operations that captures all VOC and HAP emissions, and Imation will be required to monitor to assure that such operations remain within a total enclosure;
2) The control device delivers a high enough control efficiency to meet any one of the standards (when combined with the 100% capture of VOC/HAP) and the control device response on an individual or mix of solvents will not vary according to the type of affected facility emitting the solvent. This is a reasonable assumption considering that: (a) the control device already has demonstrated >95% control efficiency and will be required to continue to achieve at least 95% overall reduction continuously (as measured by the FID-CEMS) on the mixed stream (whereas the two potentially applicable NSPS require only 90% VOC reduction), and (b) where the emission streams from the modified or constructed facilities are similar (i.e., the same types of solvents) to those already demonstrated to be controlled by at least 95%, the control device can be expected to deliver the same level of control (see this discussion above for compliance with Subpart SSS); and
3) Emissions of new solvents (not previously tested in the control device) from new or modified operations will be subject to a performance test. Imation will be required to test the control device's performance on operations utilizing new solvents (those that have not been previously tested in the control device) by conducting a performance test whereby the efficiency of the control device is measured when only the equipment utilizing a representative coating containing the new solvent is connected to the device. This test must show that at least 95% control of emissions containing the new solvent is achieved.

The approach of exhausting emission streams from two or more process lines within a total enclosure through a single control device that controls the mixed streams from the lines, and demonstrating compliance with individual process line VOC/HAP control standards by the efficiency of the common control device when receiving such mixed streams appears in 40 CFR Part 63, Subpart EE and Part 60, Subparts SSS and VVV. For this

demonstration project, the Agency is extending this approach to two other NSPSs, where there will also be a requirement for 100% capture of VOC (and HAP) from the different process lines. Such extension is technically warranted due to the points described above, including the total capture and >95% control requirements, and the expected consistency of control by the SRU on process solvents regardless of the emitting source. Imation's Title V permit will contain the requirements of Part 63, Subpart EE and will include a streamlining analysis demonstrating that compliance with these requirements will assure compliance with Part 60, Subparts RR and TT.

The proposed compliance demonstration approach is also legally warranted according to the general provisions of 40 C.F.R. Part 63, Subpart A and 40 C.F.R. Part 60, Subpart A. Specifically, the provisions at 40 C.F.R. §63.7(e) and §60.8(b) allow alternative performance testing methods for purposes of compliance demonstration, and a waiver of performance testing where a source has demonstrated by other means to the Administrator's satisfaction that an affected facility is in compliance with the standard. Therefore, the strategy described above to assure compliance with all potentially applicable MACT standards and NSPS will be written in as requirements in Imation's Title V permit, and Region 9 will pursue formal approval of the strategy through OAQPS, which has been delegated the Administrator's authority to approve such alternative testing and monitoring requirements [see further discussion of alternative testing and monitoring at §§63.7(e), 60.8(b), and 60.13(i)].

Appendix 3 - Approach to Expedited Approval of New Control Devices Controlling New Production Capacity

Imation envisions installing new production capacity at some point in the future. It is possible that the emissions from the new equipment would trigger the need for a new control device according to the BACT/TBACT analysis conducted under this XL agreement. In the event that the BACT/TBACT analysis (reviewed and approved by the VCAPCD) indicates the need for a new control device, Imation plans to install such a device. Under this scenario, assume the VOC and HAP emissions from the new equipment (subject to an NSPS and/or MACT, and Imation's title V permit) will have to be reduced by at least 95% as specified in the Final Project Agreement and, of course, would be subject to the overall VOC emissions cap for the facility. Imation considers it key to their business strategy to be able to install the equipment as quickly as possible, preferably avoiding multiple permit revisions and installation delays. The manner in which this is being accomplished under the Imation XL Project is to characterize the new capacity and control device addition as part of an alternate operating scenario in Imation's title V permit.

Possible new control devices for the emissions from the added production equipment include a thermal oxidizer, a catalytic oxidizer or a new carbon adsorption system. The two sections below describe the permit content required to implement the approach described above for a new thermal oxidizer, a new catalytic oxidizer, and a new solvent recovery unit.

Thermal Oxidizer

Imation's title V permit includes the following elements for approval of a new thermal oxidizer:

1. **Description of Alternate Operating Scenario.** Imation's title V permit describes the alternate operating scenario for the added production capacity and new thermal oxidizer. Because the specific type of production capacity to be added is not currently known, the permit includes a characterization of the menu of potential new product lines (types of production equipment, emission sources) that may be installed; the applicable requirements that the new production equipment would be subject to; and the maximum increase in emissions, compared to the existing scenario, that may result from any new installations. In addition, the permit includes a general description of the thermal oxidation unit; the potential types of emissions sources anticipated to be ducted to the oxidizer, if installed; and the minimum control system design criteria described below;

2. **Control System Design Criteria.** The title V permit includes terms requiring the future installation of the

control system (a total enclosure and thermal oxidizer) to meet certain minimum design criteria. To assure compliance with applicable requirements, the emissions from the new production equipment will have to be captured in a total enclosure (requirements for a total enclosure are specified in the permit) and the oxidizer receiving the emissions from the enclosure will have to be designed to achieve a temperature at the exit of the combustion chamber of at least 1500°F and a residence time of gases in the combustion chamber of at least 0.5 seconds. Additionally, the thermal oxidizer manufacturer selected must guarantee 95 percent or greater destruction of VOC (including VOHAP- volatile organic hazardous air pollutant) at those conditions. If the oxidizer manufacturer's guarantee would only apply at more rigorous combustion conditions (i.e., higher combustion chamber temperature and/or longer residence time), then the manufacturer's minimum combustion conditions associated with the 95 percent VOC destruction efficiency guarantee become the minimum design criteria;

3. **Compliance with the Cap(s).** A requirement that Imation directly monitor emissions from the new process using the FTIR-CEMS (and calibrate the monitor for the new emissions) to track compliance with the emission cap(s);

4. **Performance Test Requirement.** The permit requires Imation to conduct a performance test of the oxidizer within 180 days of startup of the new capacity and oxidizer. The performance test will verify that the required 95% reduction is being achieved;

5. **Monitoring Requirements.** The permit requires Imation to monitor conditions that maintain the total enclosure and monitor temperature at the exit of the thermal oxidizer combustion chamber. Imation may, through the performance test, establish an operating temperature assuring compliance that is different from the default design temperature of 1500°F. Of course, Imation must operate the incinerator at a temperature higher than the design criteria, if test results indicate the higher temperature is needed to achieve 95% reduction;

6. **Follow up Minor Permit Modification.** The permit requires Imation to submit an application for a minor permit modification, when necessary, to incorporate the results of the performance test (i.e., if Imation establishes through testing a new, more or less rigorous, set of operating conditions that assures 95 percent destruction). Furthermore, the permit specifies that should the testing indicate more rigorous operation (compared to the default design temperature of 1500°F and/or the residence time of 0.5 seconds) of the oxidizer is necessary to achieve 95%

reduction, Imation will operate at the more rigorous conditions while the permit revision is pending.

With the above conditions established in the title V permit, Imation will be able to install the new coating line(s) and thermal oxidizer without first obtaining approval through a permit revision. The preapproval is based on the judgement that the total enclosure and minimum oxidizer design conditions will easily deliver the required 95 percent VOC destruction.

Catalytic Oxidizer or Carbon Adsorption System

The approach for approval of a new catalytic oxidizer or a new carbon adsorption system is slightly different from the approach for approving a thermal oxidizer. The strategy to obtain timely approval of the new process and control equipment involves creation of permit terms to characterize and establish certain requirements for the changes, a review by the permitting authority of the control system design and initial operating parameters prior to operation, and a minor permit modification to establish certain monitoring parameter trigger values after the performance test has been conducted. Below the features of the proposed title V permit are described in more detail:

1. **Anticipated New/Changed Processes.** A description of each potential new process, including the type of operation involved, the emission sources, the applicable requirements that the new process would be subject to, and the maximum emission levels, compared to the existing scenario, that may result from any new/changed process;

2. **Emission Reduction Requirement** - A provision that the new emissions must be captured in the existing total enclosure and be reduced by at least 95% (per the XL agreement and the streamlined requirements of all potentially applicable standards);

3. **Control Device Requirements.** A brief description of the catalytic oxidizer and carbon adsorber, the parameter(s) to be monitored to ascertain ongoing performance specific to each device, the frequency of monitoring, and a requirement that Imation operate the control devices according to the manufacturer’s design specifications for achieving 95% control during the period after startup and prior to performance testing (after performance testing and using the performance test results, more or less rigorous operating conditions may be confirmed to achieve 95%);

4. **Compliance with the Cap(s).** A requirement that Imation directly monitor emissions from the new process using the FTIR-CEMS (and calibrate the monitor for the new emissions) to track compliance with the emission cap(s);

5. **Performance Testing.** A requirement that Imation test the new device within 180 days of startup, and that applicable EPA test methods be used;

6. **Additional Terms.** The permit contains the following procedural requirements to implement the strategy

- A requirement that Imation obtain approval from the permitting authority of the BACT/TBACT analysis prior to commencing construction;

- A requirement that Imation provide the permitting authority details of the design and initial operating parameters at least 30 days prior to commencement of operation; and

- A requirement that Imation apply for a minor permit modification to establish permanent monitoring parameter trigger levels after performance testing.

Appendix 4 - Environmental Management System Criteria for Imation Camarillo

A. Environmental Policy. The Imation corporate safety, health, and environmental policy shall be communicated to Imation Camarillo personnel and shall be available to the public by request or via the Internet Imation Homepage (http://www.imation.com).

B. Environmental Aspects. An ongoing procedure shall be in place to identify environmental aspects associated with Imation Camarillo's activities which Imation Camarillo can control. These significant aspects shall be considered in setting Imation Camarillo objectives and targets.

C. Legal and Other Requirements. A procedure shall be in place to identify legal and other requirements applicable to environmental aspects of the organization's activities, products, and services.

D. Objectives and Targets. Documented objectives and targets shall be set by Imation Camarillo personnel to address facility specific significant environmental aspects and overall Imation environmental policies.

E. Environmental Management Program. An environmental management program to achieve the objectives and targets shall be in place. Procedures shall be in place to determine if Imation Camarillo changes might affect Imation Camarillo's ability to meet the objectives and targets, or create significant environmental aspects. Responsibilities shall be defined and time frames for implementing these activities shall be documented.

F. Structure and Responsibility. Environmental management system functions shall be defined, documented, and communicated. Imation Camarillo management shall be committed to providing adequate resources for the effective implementation of the environmental management system. A management representative shall be appointed to ensure that the environmental management system is implemented and maintained.

G. Training, Awareness, and Competence. Environmental training needs shall be defined and training shall be conducted for all personnel whose work could create a significant environmental impact. Roles and responsibilities shall be assigned and procedures shall be in place to assure that employees are aware of the importance of conformance with the environmental management system and how their work activities may impact the environment.

H. Communications. There shall be a documented process for handling and documenting internal and external communications related to environmental performance expectations, responsibilities and concerns.

I. Environmental Management System Documentation. Imation Camarillo shall maintain documentation describing the core elements of the environmental management system, and how these elements interrelate and reference other relevant supporting documents.

J. Document Control. Procedures shall be in place to ensure that documents associated with the environmental management system are available and can be easily located. The environmental management system shall ensure that documents are current, periodically reviewed, revised as necessary, retained for appropriate reasons and length of time, and approved for adequacy by authorized personnel.

K. Operational Control. Procedures shall be in place to determine which Imation Camarillo activities are associated with the significant environmental aspects. Documented procedures shall be established and maintained to adequately control activities which could lead to deviations from the environmental policy or objectives and targets. These procedures shall also address the responsibilities of contractors and suppliers associated with Imation Camarillo's significant environmental aspects and shall be communicated to the appropriate contractors and suppliers.

L. Emergency Preparedness and Response. Written emergency response plans shall be in place to identify, plan for, and properly respond to emergency situations. These plans shall be periodically reviewed, tested, and revised as appropriate.

M. Monitoring and Measurement. Procedures shall be in place to measure and monitor activities that can have a significant environmental impact, including the tracking of environmental performance and overall conformance with Imation Camarillo's objectives and targets. Monitoring equipment calibration and maintenance procedures shall be documented and test results maintained. Procedures shall be in place to assure compliance with environmental regulations, company policies, and other commitments.

N. Non-Conformance, Corrective/Preventive Action. A corrective action plan which defines responsibility for handling, investigating, and correcting of non-conformance including documenting changes to procedures that result from corrective and preventive actions shall be in place.

O. Records. A recordkeeping system shall be in place to identify, maintain, and archive environmental records. Appropriate records shall be maintained to demonstrate conformance with the environmental management system. This system shall include record retention times and ensure that records are legible, identifiable, readily retrievable, and are protected against damage and deterioration.

P. Environmental Management System Audit. A process to periodically audit the environmental management system which addresses the audit scope, frequency, methodologies, responsibilities, and requirements for conducting audits and reporting results shall be in place.

Q. Management Review. Top Imation Camarillo management shall periodically review the environmental management system to ensure its continuing suitability, adequacy, and effectiveness. These documented reviews shall cover environmental management system audit results and consider the need for changes to the policy, objectives, and other elements of the environmental management system.

Appendix 5 - Summary of Public Comments/Responses on the Proposed Final Project Agreement (FPA)

EPA received two sets of comments in response to the Imation XL Project "Notice of Availability" published in the Federal Register on July 13, 1999. The Notice of Availability described the Imation XL Project and solicited public comments on the proposed FPA and the project generally. EPA received comments from the Environmental Coalition of Ventura County and from Imation. These comments are summarized below with EPA's responses.

Comments from the Environmental Coalition (Pat Baggerly, dated August 11, 1999)

Issue 1: Meaningful public comment on the development of the FPA was stifled because the Stakeholder Group did not include an appropriate mix of community interests.

Response: *The initial Stakeholder Group included a range of organizations selected to represent various interests within Ventura County. Members included elected officials from throughout the county, the American Lung Association, and the environmental issues section of the League of Women Voters, as well as business interests. In addition, EPA has attempted to involve all interested parties, whether or not they were part of the initial Stakeholder Group, in the discussions and negotiations on the FPA during the three years since the original FPA pre-cursor (Imation Covenant) was developed. In particular, EPA has provided drafts of the FPA on a regular basis to organizations and individuals who expressed a continued interest in the Project and has encouraged their review and comment. Also, in the last year, a local Stakeholder Committee was convened by the District to develop criteria to be used in determining a key stakeholder issue - the use of emission reduction credits (ERCs) donated to the District by Imation. The Committee included participants from the Sierra Club, Citizens to Preserve the Ojai, and the Environmental Coalition, in addition to representatives from local, state, and federal agencies, and local business interests.*

EPA remains committed to ensuring that opportunities for stakeholder participation in the implementation phase of the Imation XL Project are available for any interested person or organization. The FPA describes several opportunities for any interested party to participate in the implementation of the Project and EPA is confident that a robust stakeholder process will

continue to be an integral part of the Imation Project.

Issue 2: Limited technical and no financial assistance was provided to non-profit stakeholders during the FPA development. Stakeholders need to have independent technical assistance provided during project implementation and Imation should be required to provide a stipend for reasonable expenses (gasoline, lunch, time lost) for stakeholders to attend meetings and participate in a meaningful way.

Response: *EPA is committed to ensuring that opportunities for stakeholder participation in the implementation phase of the Imation XL Project are available for any interested person or organization. However, EPA does not think it is appropriate to require participants in the XL Program to provide a stipend or other financial compensation to stakeholders. None of the companies participating in EPA's Project XL are providing stakeholders with compensation for participation in meetings and related activities, and EPA does not believe that it is appropriate in this case either.*

As for technical assistance, EPA's Office of Reinvention has established a mechanism for a Project XL stakeholder group to receive up to $25,000 in cases where the stakeholder group identifies a need for independent technical assistance. EPA has provided a grant to the Institute for Conservation Leadership (ICL) for this purpose. Project XL stakeholder groups apply directly to ICL for the grant funds and ICL makes an independent determination on the grant application. EPA believes this is a good mechanism for ensuring that technical support funds are available to Project XL stakeholder groups, and that decisions related to funding technical support requests are fair and impartial.

Issue 3: Explain how the Final Project Agreement will be enforced.

Response: *The FPA is not a legally enforceable agreement, but is a statement of the parties' commitments to the Imation XL Project. However, many of the terms and conditions in the FPA are being made enforceable by incorporating them into Ventura County Rule 37 (which is being proposed as a site-specific revision to the California State Implementation Plan) and/or into Imation's title V operating permit. For example, the VOC PAL and other criteria pollutant caps, the VOC capture and control standards, and all monitoring, recordkeeping, and reporting requirements from the FPA are being carried*

over into Imation's title V permit as specific, enforceable elements. Violation of any of these standards or requirements will be subject to penalties and injunctive relief.

On the other hand, some provisions of the FPA reflect the commitments of all parties, but will not be made legally enforceable. For example, the FPA contains provisions requiring Imation to report the results of pollution prevention measures on an annual basis and to establish and implement an environmental management system. There are no federal, state, or local laws or regulations that require Imation to carry out these activities. Imation's XL commitments thus provide for requirements that go beyond what Imation would have had to do outside of Project XL. EPA believes that there are strong incentives for Imation to meet the voluntary commitments contained in the FPA. First, there is the potential for the regulatory agencies to pull out of the XL agreement and return Imation to all otherwise applicable requirements if the FPA is not effective. Second, Imation's adherence to these voluntary commitments will be widely reported to the stakeholders, through monthly reports as well as in regular stakeholder meetings. The FPA is a statement of all of the parties' commitment, seriously undertaken, to proceed with this project. Legal enforceability is not the sole measure of the seriousness of the commitment.

Issue 4: Using the Ventura County APCD Hearing Board procedures for appealing decisions precludes public participation due to the high costs involved, without any assurance of recovering the money even if the appeal is upheld. Instead, Imation should provide for a new process by funding an unbiased, independent hearing officer, such as an Administrative Law Judge, to be the appeal hearing officer.

Response: *EPA agrees with the principle that if a person appeals a decision to the Hearing Board and the appeal has merit and is successful, then the successful appellant should receive a refund of the fees paid for the appeal. Although EPA is aware that in the past there may have been instances where a successful appellant did not receive a refund of appeal fees, VCAPCD Rule 41 (Hearing Board Fees) states that the Hearing Board may waive all or part of the fees associated with an appeal if the Hearing Board reverses the decision of the Air Pollution Control Officer in an appeal. Thus, EPA believes that the current District rule is sufficient to provide for fee refunds to successful appellants.*

The Environmental Coalition's comments on this issue primarily address the payment of hearing fees, but also questions the Hearing Board process generally. EPA does not agree that an entirely new appeal process should be established for this project. EPA believes that the District's Hearing Board is a neutral body, operating independently of the District staff, which is charged with adjudicating all appeals of District permitting decisions and that the Board should maintain that responsibility for any permit appeal under this project as well. Thus, the District's existing appeal procedures, in accordance with Rule 41 and all other relevant District rules and regulations, will remain applicable to this project. Moreover, EPA believes that for the types of issues that could potentially be raised in an appeal to the Hearing Board (e.g., a significant permit modification), there are existing federal appeal procedures pertaining to title V sources that will also remain in place. These federal procedures, which do not involve the payment of appeal fees, are in place to guarantee citizens' rights to appeal initial title V permits, significant permit modifications, and title V permit renewals.

Issue 5: The Environmental Coalition included in their comments several excerpts taken from draft memoranda from the California Air Resources Board (CARB) to Ventura County APCD about District Rule 37. Rule 37 (Project XL) is the District's proposed SIP revision that is necessary to implement the Imation XL Project. Although the issues raised preliminarily by CARB on Rule 37 have been satisfactorily resolved, as evidenced by their August 9, 1999 "No Comment Letter" submitted by CARB to Ventura County APCD, EPA believes it is appropriate to address these issues and their resolution since the Environmental Coalition excerpted the key issues in their comments on the proposed Imation XL Project FPA. These issues are addressed in 5a through 5f below.

Issue 5a: If Imation is going to have a plant-wide applicability limit (PAL) - one limit for the entire facility - then the District should provide a protocol or conditions for verifying compliance with the PAL because it is different from current facility-wide limits.

Response: *EPA agrees that ensuring compliance with a plant-wide applicability limit (PAL) is different from ensuring compliance with a facility-wide limit comprised of numerous smaller, emission unit-specific limits. District Rule 37 - Project XL contains a requirement for Imation to maintain several types of records that are necessary for assuring compliance with the PAL.*

Imation's federally-enforceable title V operating permit also contains the necessary protocols and conditions for ensuring compliance with the PAL.

Issue 5b: Terms such as "collateral emissions," "tiered health risk assessment," and "pre-approved change" should be defined in Rule 37.

Response: *The District added definitions for these three terms to Rule 37.*

Issue 5c: Rule 37 allows any reduction in the ROC PAL to be considered an emission reduction eligible for banking, with the amount of the emission reduction calculated as the difference between the old PAL and the new PAL levels. This suggests that ERCs may be issued based on a reduction in potential to emit/allowable limit. If this is the case, it would not be in conformance with the District's Banking Rule 26.4, Subsection B(1) unless Imation were actually operating at their PTE/allowable limit.

Response: *EPA agrees that banking emission reduction credits must be done in accordance with the District's Banking Rule. To clarify this, Rule 37 was modified to state that any emission banking shall be conducted pursuant to Rule 26, which contains the District requirements for banking emission reductions. Pursuant to Rule 26, if Imation applies to bank ERCs during the course of the project, the District will evaluate the banking request with respect to the actual facility emissions at the time of the request and the proposed reduction from that level, rather than with respect to the level of the PAL at the beginning of the project. To further clarify and ensure the enforceability of this rule requirement, the following statement is contained in Imation's title V permit:*

> *If the permittee proposes to reduce the level of the PAL, any emission banking shall be conducted pursuant to Rule 26, New Source Review. Emission reduction credits shall be determined from emission reduction calculations using the definition of "actual emissions" in Rule 26, at the time of the banking request.*

Issue 5d: Rule 37 is unclear as to what happens after the operator ceases an activity begun under a proposed change because the District did not approve the results of the health risk assessment. Should the operator be required to submit a control measure needed to mitigate

and/or reduce the risk or simply abandon and never implement the proposal?

Response: *Yes, in such a case the operator may alter the design of the proposed change, notify the District, perform another health risk assessment, and begin the approval process again. Alternatively, the operator may choose to abandon the proposed project. The District's Staff Report on Rule 37 includes this explanation.*

Issue 5e: Rule 37 does not appear to require a new thermal oxidizer to be performance tested to assure it is meeting BACT/TBACT.

Response: *There are actually two requirements that are relevant to this issue. First, there is a requirement for the thermal oxidizer to meet the limit that is determined to be BACT/TBACT. Second, there is the requirement to conduct a performance test to ensure that the limit is being met. Rule 37 contains the following provision pertaining to a newly installed thermal oxidizer:*

> *Initial operation of the new equipment shall be in accordance with the initial operating conditions for the equipment that are contained in either the operator's Part 70 permit or the BACT/TBACT analysis, whichever is more stringent.*

This rule provision, which has been incorporated into Imation's title V permit as a federally enforceable requirement, ensures that a new thermal oxidizer will need to meet at least the BACT/TBACT limit, and possibly a more stringent one.

The requirement to conduct a performance test demonstrating that the control device is meeting its mandated limit is also a federally enforceable requirement contained in Imation's title V permit.

Issue 5f: The FPA allows actual emissions to be defined as the highest consecutive 12 months of emissions during the past 10 years or since November 1990. If this definition is extended broadly it will reverse some of the progress made in emissions reduction in the past 10 years.

Response: *A preliminary draft of the FPA contained this definition of actual emissions, which EPA had proposed in its July 23, 1996 NSR Reform Proposed Rule. However, because the NSR rule has not been finalized, EPA decided that this definition of actual emissions should not be used for this project, even given the*

experimental nature of the project. Instead, EPA modified the FPA so that the current definition of "actual emissions" is being used for this project. (see 40 CFR 51.165(a)(1)(xii)(B))

Issue 6: As part of their comments on the proposed Imation FPA, the Environmental Coalition submitted copies of three previous comment letters on the Imation XL Project: 1) September 11, 1996 letter to the Ventura County Air Pollution Control District Advisory Committee; 2) November 12, 1996 letter to the Ventura County Air Pollution Control Board; and 3) June 22, 1999 letter to the Ventura County Air Pollution Control District Advisory Committee.

Response: *EPA reviewed these three letters and believes that the primary issues raised in the letters are the same as those being raised in the Environmental Coalition's new comment letter on the FPA (dated August 11, 1999). EPA's responses to these issues are provided above.*

Comments from Imation Corp. (John F. Metzger, dated August 11, 1999)

Issue #1: Imation requested that several paragraphs in the FPA pertaining to the operational details of their Continuous Emissions Monitoring System using extractive Fourier Transform Infrared Spectrometry (FTIR-CEMS) be deleted and replaced by the following:

> Quality assurance/quality control (QA/QC) and related operating requirements for the FTIR-CEMS used for monitoring VOC and HAP emissions will be stated in the Title V operating permit for the Camarillo facility.

Imation expressed a concern that the existing details in the FPA may not be consistent with the more refined operational details that Imation, the District, and EPA ultimately agree to for purposes of the facility's title V permit.

Response: *As noted in the response to Issue #3 above, the FPA is not a legally enforceable document. Rather, the requirements that Imation is legally responsible for are those contained in Rule 37 and/or Imation's title V permit. Thus, EPA agrees with the language change suggested by Imation for the FPA and will make the change accordingly. However, by this change EPA is not making an evaluation of the specific language that is being removed from the FPA, as to its appropriateness*

for the title V permit. The title V permit will contain QA/QC and other operational requirements for the FTIR-CEMS, whether it is these operational details being removed from the FPA or some other requirements that are deemed more appropriate. The public will have an opportunity to review the operational details for the FTIR-CEMS, and all other permit details, when the Ventura County APCD provides its 30-day public notice on the Imation permit.