

ALABAMA DEPARTMENT OF
ENVIRONMENTAL MANAGEMENT

IN THE MATTER OF: _____)

HS Automotive Alabama Inc. _____)
Enterprise, Coffee County, Alabama _____)

CONSENT ORDER NO. 24-xxx-CAP

ADEM Air Facility ID No. 602-0017 _____)

PREAMBLE

This Special Order by Consent is made and entered into by the Alabama Department of Environmental Management (“Department” or “ADEM”) and HS Automotive Alabama Inc. (“Permittee”) pursuant to the provisions of the Alabama Environmental Management Act, Ala. Code §§ 22-22A-1 to 22-22A-17, *as amended*, the Alabama Air Pollution Control Act, Ala. Code §§ 22-28-1 to 22-28-23, *as amended*, and the regulations promulgated pursuant thereto.

STIPULATIONS

1. The Permittee operates a Miscellaneous Rubber Automotive Articles Manufacturing facility (“Facility”) located in Enterprise, Coffee County, Alabama (ADEM Air Facility ID No. 602-0017).

2. The Department is a duly constituted department of the State of Alabama pursuant to Ala. Code §§ 22-22A-1 to 22-22A-17, *as amended*.

3. Pursuant to Ala. Code § 22-22A-4(n), *as amended*, the Department is the state air pollution control agency for the purposes of the federal Clean Air Act, 42 U.S.C. 7401 to 7671q, *as amended*. In addition, the Department is authorized to administer and

enforce the provisions of the Alabama Air Pollution Control Act, Ala. Code §§ 22-28-1 to 22-28-23, *as amended*.

4. The Permittee operates eight (8) Hot Air Vulcanizing/Coating (HAV) lines at the Facility pursuant to the authority of Synthetic Minor Operating Permit No. 602-0017-X002 ("Permit") [the Permit authorizes operation of ten (10) HAV lines; however, only eight (8) have been constructed]. Volatile Organic Compound emissions from HAV lines #1 through #8, collected by several capture hoods positioned at points along each line, are controlled by two (2) Regenerative Thermal Oxidizers (RTO) units ("RTO1" and "RTO2").

5. Proviso No. 7 of the Permit states: "All air pollution control devices and capture systems for which this permit is issued shall be maintained and operated at all times in a manner so as to minimize the emissions of air contaminants. Procedures for ensuring that the above equipment is properly operated and maintained so as to minimize the emission of air contaminants shall be established."

6. Proviso No. 17 of the Permit states: The coating operations on Lines 1-10 are subject to 40 CFR 60, Subpart VVV – Standards of Performance for Polymetric Coating of Supporting Substrates Facilities.

7. Proviso No. 21 of the Permit states: "The Permittee shall notify the Department of the first semi-annual estimate in which projected annual VOC use exceeds 95 Mg per year. In addition, the Permittee shall notify the Department of the first 12-month period in which the actual VOC use on the coating lines exceeds 95 Mg per year."

8. 40 CFR 60 Subpart VVV, Section 60.740(b) states: "Any affected facility for which the amount of VOC used is less than 95 Mg per 12-month period is subject only

to the requirements of §§ 60.744(b), 60.747(b), and 60.747(c). If the amount of VOC used is 95 Mg or greater per 12-month period, the facility is subject to all the requirements of this subpart. Once a facility has become subject to the requirements of this subpart, it will remain subject to those requirements regardless of changes in annual VOC use.”

9. 40 CFR 60 Subpart VVV, Section 60.742(a) states: “Each owner of an affected facility that is subject to the requirements of this subpart shall comply with the emissions limitations set forth in this section on and after the date on which the initial performance test required by 40 CFR 60.8 is completed, but not later than 60 days after achieving the maximum production rate at which the affected facility will be operated or 180 days after initial startup, whichever date comes first.”

10. 40 CFR 60 Subpart VVV, Section 60.742(c)(2) states: “For [the onsite coating mix preparation equipment of] an affected facility that does not have concurrent construction of a control device but uses at least 130 Mg of VOC per 12-month period, the owner or operator shall either:

(i) Install, operate, and maintain a cover on each piece of affected coating mix preparation equipment; or

(ii) Install, operate, and maintain a cover on each piece of affected coating mix preparation equipment and vent VOC emissions to a VOC control device.”

11. ADEM Admin. Code r. 335-3-14-.01(1)(a) states: “Any person building, erecting, altering, or replacing any article, machine, equipment, or other contrivance, the use of which may cause the issuance of or an increase in the issuance of air contaminants

or the use of which may eliminate or reduce or control the issuance of air contaminants, shall submit an application for an Air Permit at least 10 days prior to construction.”

12. ADEM Admin. Code r. 335-3-14-.01(1)(b) states: “Before any article, machine, equipment, or other contrivance described in subparagraph (a) of this paragraph may be operated or used, authorization shall be obtained from the Director in the form of an Air Permit. No Permit shall be granted for any article, machine, equipment or contrivance described in subparagraph (a) of this paragraph, constructed or installed without notification as required by subparagraph (a) of this paragraph, until the information required is presented to the Director and such article, machine, equipment or contrivance is altered, if necessary, and made to conform to the standards established by the Department.”

DEPARTMENT'S CONTENTIONS

13. On February 20, 2024, the Department conducted an inspection of the Facility and observed:

- (a) A strong odor and a gray/black haze (visible emissions) in the HAV/Coating production area of the facility.
- (b) Numerous doors/hoods (booths) along the HAV/coating line emissions capture system were in the open position, and emissions from the coating lines were escaping capture.
- (c) The HAV/Coating line production area atmosphere is vented directly to the outside via ceiling vents, and emissions escaping capture were not contained by the building.

14. As part of the inspection conducted on February 20, 2024, the Department reviewed records of projected and actual VOC usage required to be maintained by the Facility. The records indicted:

- (a) The Facility's projected VOC usage for the period between January 2023 through June 2023 was recorded to be more than 130 Mg VOC (141.41 Mg).
- (b) The Facility's projected VOC usage for the period between July 2023 through December 2023 was recorded to be more than 95 Mg of VOCs (127.14 Mg).
- (c) The Facility's actual VOC usage for the 12- month period between January 2023 through December 2023 was recorded to be more than 130 Mg of VOCs (134.28 Mg).

The Facility failed to report these exceedances to the Department as required by Permit Proviso No. 21 and failed to comply with the additional requirements set forth by 40 CFR 60 Subpart VVV, Section 60.742(b) & (c)(2).

15. On July 1, 2024, the Department issued a Notice of Violation (NOV) to the Permittee citing the Permittee's failure to operate the capture system associated with the HAV/coating lines in a manner so as to minimize the emissions of air contaminants, and the Permittee's failure to report projected VOC usage and actual VOC usage exceeded the applicable cutoff, as required by the Permit.

16. On August 15, 2024, the Permittee responded in a timely manner to the Notice of Violation, by:

- (a) Providing copies of the Facility's standard operating procedures (SOP) developed regarding the capture system associated with the coating lines.
- (b) Stating the Facility's intention to submit to the Department an application, compliance plan, and schedule, to bring the Facility into compliance with applicable requirements of 40 CFR 60, Subpart VVV and the Permit by September 30, 2024.
- (c) Describing changes the Facility had recently made in order to ensure emissions are properly captured and routed to the RTOs for destruction, including: keeping a daily log of the physical condition of the capture system components; emphasizing (to employees) that coating booth doors must be kept closed during coating application, and that new procedures are being drafted to record all maintenance activities occurring on the collection and control systems.

17. On July 17, 2024, the Permittee and the Department engaged in a meeting to discuss the Permittee's response to the July 1, 2024, NOV. During said meeting, the Permittee informed the Department of the following:

- (a) The Permittee had previously constructed and operates a compound mixing room at the Facility, the use of which may cause an increase in air contaminants. The Permittee noted that neither an Air Permit nor prior authorization to operate by the Department for the use of this emission source had been obtained.

- (b) The Permittee had previously constructed and operates two (2), 89 BHP, emergency fire pump engines at the Facility, the use of which may cause an increase in air contaminants. The Permittee noted that neither an Air Permit nor prior authorization to operate by the Department for the use of these emission sources had been obtained.

The Facility failed to submit an application for an Air Permit and failed to request authorization to operate these emissions sources prior to erecting or operating this equipment as required by ADEM Admin. Code r. 335-3-14-.01(1)(a) & (b).

18. Pursuant to Ala. Code § 22-22A-5(18)c., *as amended*, in determining the amount of any penalty, the Department must give consideration to the seriousness of the violation, including any irreparable harm to the environment and any threat to the health or safety of the public; the standard of care manifested by such person; the economic benefit which delayed compliance may confer upon such person; the nature, extent and degree of success of such person's efforts to minimize or mitigate the effects of such violation upon the environment; such person's history of previous violations; and the ability of such person to pay such penalty. Any civil penalty assessed pursuant to this authority shall not exceed \$25,000.00 for each violation, provided however, that the total penalty assessed in an order issued by the Department shall not exceed \$250,000.00. Each day such violation continues shall constitute a separate violation. In arriving at this civil penalty, the Department has considered the following.

A. SERIOUSNESS OF THE VIOLATION: The Department considers the Permittee's failure to minimize emissions, failure to report as required, failure to comply with 40 CFR 60 Subpart VVV, and failure to obtain Air Permits and authorization to

operate three emission sources to each be a serious violation. However, the Department is not aware of any irreparable harm to the environment resulting from these violations.

B. THE STANDARD OF CARE: The Permittee failed to exhibit a sufficient standard of care by failing to minimize emissions, failing to report as required, failing to comply with 40 CFR 60 Subpart VVV, and failing to obtain an Air Permit and authorization to operate for equipment that may increase air contaminants.

C. ECONOMIC BENEFIT WHICH DELAYED COMPLIANCE MAY HAVE CONFERRED: 40 CFR 60 Subpart VVV requires a facility whose usage exceeds 95 Mg/yr of VOCs in a 12-month period to comply with additional requirements, including demonstrating total enclosure is installed around coating operations with a 95% capture efficiency [40 CFR 60.742(b)(2)], and requires a facility whose usage exceeds 130 Mg/yr of VOCs in a 12 month period to comply with additional requirements, including covering each piece of affected coating mix preparation equipment and venting VOC emissions from the coating mix process to a VOC control device [40 CFR 60.742(c)(2)]. The Facility must be in compliance with these additional requirements within 180 days after initial startup (notification in this case). The Permittee has realized an economic benefit by failing to comply with multiple requirements in 40 CFR 60 Subpart VVV, including its failure to capture/control emissions from the mixing operation, and its failure to comply with testing requirements in 40 CFR 60 Subpart VVV, both of which, if complied with, would have come at a significant expense to the Permittee.

D. EFFORTS TO MINIMIZE OR MITIGATE THE EFFECTS OF THE VIOLATION UPON THE ENVIRONMENT: The Facility has instituted new policy and procedures including, keeping a daily log of the physical condition of the capture system

components; emphasizing (to employees) that coating booth doors must be kept closed during coating application, and that new procedures are being drafted to record all maintenance activities occurring on the collection and control systems. In addition, on September 30, 2024, the Facility submitted an application to the Department noting the emission sources currently occupying the facility and including a compliance schedule to bring the facility back into compliance.

E. HISTORY OF PREVIOUS VIOLATIONS: The Department is unaware of any previous violations by the Permittee.

F. THE ABILITY TO PAY: The Permittee has not alleged an inability to pay the civil penalty.

G. OTHER FACTORS: It should be noted that this Special Order by Consent is a negotiated settlement and, therefore, the Department has compromised the amount of the penalty in this matter in the spirit of cooperation and the desire to resolve this matter amicably, without incurring the unwarranted expense of litigation.

19. The Department has carefully considered the six statutory penalty factors enumerated in Ala. Code § 22-22A-5(18)c., *as amended*, as well as the need for timely and effective enforcement and, based upon the foregoing and attached contentions, has concluded that the civil penalty herein is appropriate (*See* “Attachment A”, which is hereby made a part of the Department’s Contentions).

20. The Department neither admits nor denies Permittee’s Contentions, which are set forth below. The Department has agreed to the terms of this Consent Order in an effort to resolve the alleged violations cited herein without the unwarranted expenditure of State resources in further prosecuting the above violations. The Department has determined

that the terms contemplated in this Consent Order are in the best interests of the citizens of Alabama.

PERMITTEE'S CONTENTIONS

21. The Permittee neither admits nor denies the Department's Contentions. The Permittee consents to abide by the terms of this Consent Order and to pay the civil penalty assessed herein.

ORDER

THEREFORE, the Permittee, along with the Department, desires to resolve and settle the compliance issues cited above. The Department has carefully considered the facts available to it and has considered the six penalty factors enumerated in Ala. Code § 22-22A-5(18)c, as amended, as well as the need for timely and effective enforcement, and the Department has determined that the following conditions are appropriate to address the violations alleged herein. Therefore, the Department and the Permittee agree to enter into this Consent Order with the following terms and conditions:

A. The Permittee agrees to pay to the Department a civil penalty in the amount of \$80,000.00 in settlement of the violations alleged herein within forty-five days from the effective date of this Consent Order. Failure to pay the civil penalty within forty-five days from the effective date may result in the Department's filing a civil action in the Circuit Court of Montgomery County to recover the civil penalty.

B. The Permittee agrees to pay to the Department a stipulated penalty in the amount of \$10,000.00 per month, beginning with February 2026 and ending with December 2026 for any month in which the Facility is not in compliance with the stipulations of this Order.

C. The Permittee agrees to pay any stipulated penalties for the months of February of 2026, up to and including December of 2026, by February 1, 2027.

D. For the purpose of determining whether stipulated penalties under paragraphs B and C above are owed, the Permittee shall use the requirements of stipulations of this Order under paragraph (F)(1) through (6).

E. The Permittee agrees that all penalties due pursuant to this Consent Order shall be made payable to the Alabama Department of Environmental Management by certified or cashier's check and shall be remitted to:

Office of General Counsel
Alabama Department of Environmental Management
P.O. Box 301463
Montgomery, Alabama 36130-1463

F. The Permittee agrees to comply with all requirements of ADEM Administrative Code div. 335-3 and the Permit immediately upon the effective date of this Order and continuing every day thereafter. Additionally, the Permittee agrees to comply with the following requirements immediately upon the effective date of this Order:

(1) The Permittee shall operate and maintain the air pollution control devices and capture systems at the Facility, at all times, in a manner so as to minimize the emissions of air contaminants to the extent reasonable and practicable, as required under Permit Proviso No. 7.

(2) The Permittee shall, to the extent practicable, repair RTO1 & RTO2. At least one of these units must be functioning appropriately by no later than December 31, 2025, to achieve control efficiency necessary to demonstrate compliance with all applicable emission limitations.

(3) No later than December 31, 2025, the Permittee shall assess and conduct emissions testing on the coating booths demonstrating compliance, or lack thereof, with all applicable emissions limitations.

(4) No later than December 31, 2025, the Permittee shall design, construct, and commission the capture and control system for the mixing room.

(5) Prior to commencement of construction of a new capture and control system for the mixing room, an Air Permit application shall be submitted to the Department.

(6) No later than December 31, 2025, the Permittee shall have conducted emissions testing of the emissions sources at the Facility and provide the Department stack test reports demonstrating compliance, or lack thereof, with all applicable emission limitations.

(7) The Permittee shall submit a quarterly report detailing the progress that has been made regarding the construction of the new mixing room capture and control system, the repairs and operational readiness of RTO1 & RTO2, the emissions testing of the coating booths, and final compliance stack testing including planned stack test dates. The reports shall be submitted for each quarterly (90-days) period, starting upon the effective date of this Order, and every 90 days thereafter, including the final report following completion of the Permittee's obligations under paragraph (F)(1) through (6).

(8) Quarterly reports required by paragraph (F)(7), shall be submitted to the Department no later than 15 days after the end of the reporting period.

G. The parties agree that this Consent Order shall apply to and be binding upon both parties, their directors, officers, and all persons or entities acting under or for them.

Each signatory to this Consent Order certifies that he or she is fully authorized by the party he or she represents to enter into the terms and conditions of this Consent Order, to execute the Consent Order on behalf of the party represented, and to legally bind such party.

H. The parties agree that, subject to the terms of these presents and subject to provisions otherwise provided by statute, this Consent Order is intended to operate as a full resolution of the violations which are cited in this Consent Order.

I. The Permittee agrees that it is not relieved from any liability if it fails to comply with any provision of this Consent Order.

J. For purposes of this Consent Order only, the Permittee agrees that the Department may properly bring an action to compel compliance with the terms and conditions contained herein in the Circuit Court of Montgomery County. The Permittee also agrees that in any action brought by the Department to compel compliance with the terms of this Agreement, the Permittee shall be limited to the defenses of *Force Majeure*, compliance with this Agreement and physical impossibility. A *Force Majeure* is defined as any event arising from causes that are not foreseeable and are beyond the reasonable control of the Permittee, including its contractors and consultants, which could not be overcome by due diligence (i.e., causes which could have been overcome or avoided by the exercise of due diligence will not be considered to have been beyond the reasonable control of the Permittee) and which delays or prevents performance by a date required by the Consent Order. Events such as unanticipated or increased costs of performance, changed economic circumstances, normal precipitation events, or failure to obtain federal, state, or local permits shall not constitute *Force Majeure*. Any request for a modification of a deadline must be accompanied by the reasons (including documentation) for each

extension and the proposed extension time. This information shall be submitted to the Department a minimum of ten working days prior to the original anticipated completion date. If the Department, after review of the extension request, finds the work was delayed because of conditions beyond the control and without the fault of the Permittee, the Department may extend the time as justified by the circumstances. The Department may also grant any other additional time extension as justified by the circumstances, but it is not obligated to do so.

K. The Department and the Permittee agree that the sole purpose of this Consent Order is to resolve and dispose of all allegations and contentions stated herein concerning the factual circumstances referenced herein. Should additional facts and circumstances be discovered in the future concerning the facility which would constitute possible violations not addressed in this Consent Order, then such future violations may be addressed in Orders as may be issued by the Director, litigation initiated by the Department, or such other enforcement action as may be appropriate, and the Permittee shall not object to such future orders, litigation or enforcement action based on the issuance of this Consent Order if future orders, litigation or other enforcement action address new matters not raised in this Consent Order.

L. The Department and the Permittee agree that this Consent Order shall be considered final and effective immediately upon signature of all parties. This Consent Order shall not be appealable, and the Permittee does hereby waive any hearing on the terms and conditions of same.

M. The Department and the Permittee agree that this Order shall not affect the Permittee's obligation to comply with any federal, state, or local laws or regulations.

N. The Department and the Permittee agree that final approval and entry into this Order are subject to the requirements that the Department give notice of proposed Orders to the public, and that the public have at least thirty days within which to comment on the Order.

O. The Department and the Permittee agree that, should any provision of this Order be declared by a court of competent jurisdiction or the Environmental Management Commission to be inconsistent with federal or state law and therefore unenforceable, the remaining provisions hereof shall remain in full force and effect.

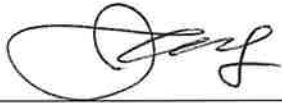
P. The Department and the Permittee agree that any modifications of this Order must be agreed to in writing signed by both parties.

Q. The Department and the Permittee agree that, except as otherwise set forth herein, this Order is not and shall not be interpreted to be a permit or modification of an existing permit under federal, state or local law, and shall not be construed to waive or relieve the Permittee of its obligations to comply in the future with any permit.

Executed in duplicate, with each part being an original.

HS AUTOMOTIVE ALABAMA INC.

ALABAMA DEPARTMENT OF
ENVIRONMENTAL MANAGEMENT



(Signature of Authorized Representative)

Lance R. LeFleur
Director

Jiri Wonhoon Jang
(Printed Name)



President
(Printed Title)

Date Signed: _____ 3/4/2025 _____

Date Executed: _____

Attachment A

**HS Automotive Alabama Inc.
Enterprise, Coffee County**

ADEM Air Facility ID No. 602-0017

Violation*	Number of Violations*	Seriousness of Violation*	Standard of Care*	History of Previous Violations*	Total of Three Factors
Failure to comply with Proviso 7 of the Permit	1	\$10,000.00	\$10,000.00	-	\$20,000.00
Failure to comply with Proviso 21 of the Permit	2	\$6,000.00	\$4,000.00	-	\$10,000.00
Failure to comply with Rule 335-3-14-.01(1)(a) & (b)	2	\$6,000.00	\$4,000.00	-	\$10,000.00
Failure to comply with 40 CFR 60 Subpart VVV	3	\$30,000.00	\$20,000.00	-	\$50,000.00
<i>TOTAL PER FACTOR</i>		<i>\$52,000.00</i>	<i>\$38,000.00</i>	<i>-</i>	<i>\$90,000.00</i>

Adjustments to Amount of Initial Penalty	
Mitigating Factors (-)	
Ability to Pay (-)	
Other Factors (+/-)	(\$20,000.00)
Total Adjustments (+/-)	(\$20,000.00)

Economic Benefit (+)	\$10,000.00
Amount of Initial Penalty	\$90,000.00
Total Adjustments (+/-)	(\$20,000.00)
FINAL PENALTY	\$80,000.00

Footnotes

* See the "Department's Contentions" portion of the Order for a detailed description of each violation and the penalty factors