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7 **BEFORE THE HEARING BOARD OF THE**
8 **BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

9 AIR POLLUTION CONTROL OFFICER of the
10 BAY AREA AIR QUALITY MANAGEMENT
11 DISTRICT

12 Complainant,

13 vs.

14 OLAM WEST COAST, INC.,

15 Respondent.
16

) DOCKET NO. 3760

) STIPULATED CONDITIONAL
) ORDER FOR ABATEMENT

17 The Air Pollution Control Officer (APCO) of the Bay Area Air Quality Management District (Air
18 District), the Complainant in this action, sought a CONDITIONAL ORDER FOR ABATEMENT from
19 this Hearing Board against Olam West Coast, Inc. (Respondent), requiring Respondent to cease
20 operating six food dryers at the Facility located at 1350 Pacheco Pass Highway in Gilroy, California in
21 violation of applicable permit limits by a date certain unless Respondent timely applies for and obtains a
22 decision on its request for increased emissions limits in accordance with Air District Regulation 2, Rule 1,
23 and in the interim, operate in accordance with prescribed terms and conditions.

24 **PROCEDURAL BACKGROUND AND HEARING**

25 **Procedural Background: Complainant's Accusation**

26 Complainant filed an accusation on April 30, 2025, initiating this matter against Respondent
27 (Accusation). The Clerk of the Hearing Board set a public hearing for July 15, 2025. The Clerk of
28 the Hearing Board provided notice of the hearing on the Accusation in accordance with the requirements

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STIPULATED CONDITIONAL ORDER FOR ABATEMENT

1 of Health and Safety Code section 40823. The parties stipulate to this Conditional Order for Abatement
2 and request that the Hearing Board enter the Order.

3 Public Hearing, July 15, 2025

4 The Hearing Board conducted a public hearing on July 15, 2025. Carrie Schilling
5 appeared on behalf of the Complainant. Stephanie Sehor appeared on behalf of the Respondent.
6 Testimony was taken.

7 **WRITTEN FINDINGS IN SUPPORT OF ITS DECISION**

8 Health and Safety Code Section 42451(a) provides that the Hearing Board may, upon a motion
9 from the APCO, issue an order for abatement where it finds that a person is operating equipment in
10 violation of an Air District permit. To that end, the Hearing Board finds as follows:

11 Respondent owns and operates an agricultural processing facility (Facility) at 1350 Pacheco
12 Pass Highway in Gilroy, California, Air District Facility Identification No. 20330. Respondent
13 operates six food dryers at the Facility on a seasonal basis from approximately April until November
14 each year. The food dryers emit air pollutants, including nitrogen oxides (NOx) and carbon monoxide
15 (CO), that the Air District regulates in order to protect air quality and public health. The Air District
16 authorized Respondent to install and start operating the food dryers in 2018, and imposed permit
17 conditions limiting emissions from the food dryers to 22.8 tons per year of NOx and 53.5 tons per year
18 of CO through rate-based concentration limitations and a facility-wide NOx emission limitation. After
19 Respondent began operating the food dryers, emissions testing indicated that the estimates on which
20 these permit conditions were based were significantly inaccurate. The testing indicated that the food
21 dryers actually emit up to 56.7 tons per year of NOx and 182.6 tons per year of CO. Respondent has
22 operated and is continuing to operate its food dryers in violation of its NOx and CO permit conditions.
23 Respondent agrees to use EPA Method 2F or Bay Area Air District-approved equivalent or alternative
24 method approved by the APCO in writing as the source test methodology and is seeking to obtain
25 revised permit conditions that will ensure that it operates in compliance with all applicable air quality
26 regulations.

27 In light of the above, the parties requested that the Hearing Board issue a Stipulated Conditional
28 Order for Abatement requiring Respondent to cease and desist from operating its food dryers in

1 violation of its permit conditions 26683 and 26684, and of Regulation 2-1-307 (prohibiting operation in
2 violation of permit conditions),¹ unless Respondent complies with the terms and conditions contained in
3 this Stipulated Conditional Abatement Order.

4 The Hearing Board has determined that based on these findings, it is appropriate to enter a
5 Stipulated Conditional Order for Abatement that prohibits Respondent from operating in violation of
6 the permit conditions in its current Authority to Construct unless Respondent complies with the terms
7 and conditions below, until it obtains a Permit to Operate with revised conditions, or for one (1) year
8 from the date the Hearing Board files its findings and decision in this action, whichever is sooner. By
9 no later than one (1) year from the date of the Hearing Board's decision, the Respondent must obtain an
10 Air District Permit to Operate the Facility under revised permit conditions that will ensure compliance
11 with all applicable air quality regulations, or the Facility must comply with all requirements in its
12 current Authority to Construct unless and until a revised permit to operate is obtained.

13 **STIPULATED CONDITIONAL ORDER FOR ABATEMENT**

14 Cause being found therefore, pursuant to Sections 42451(a) and 42452 of the California
15 Health and Safety Code, **THE HEARING BOARD of the BAY AREA AIR QUALITY**
16 **MANAGEMENT AIR DISTRICT hereby ORDERS:**

17 This Conditional Order for Abatement (Stipulated) is not intended to be, nor will it act as, a variance.

18 1. That as of ten (10) days after the filing of the written findings and decision of the Hearing Board of
19 the Bay Area Air Quality Management Air District (Effective Date), Respondent and its agents,
20 employees, successors and assigns shall cease operating the food dryers in violation of the
21 emission limits for NOx and CO contained in the current Authority to Construct unless
22 Respondent complies with all of the following terms and conditions until Respondent obtains a
23 Permit to Operate with revised conditions or one (1) year after the Effective Date, whichever is
24 sooner:

- 25 a. The owner/operator of S-3, S-4, S-7, S-8, S-9, and S-10 shall operate these sources on PUC
26 regulated natural gas fuel exclusively.

27 ¹ All citations to regulations are to the Regulations of the Air District, which are available at [www.baaqmd.gov/cn/rules-](http://www.baaqmd.gov/cn/rules-and-compliance/current-rules)
28 [and-compliance/current-rules](http://www.baaqmd.gov/cn/rules-and-compliance/current-rules).

- 1 b. The owner/operator shall not use more than 7,610,000 therms of natural gas at S-3, S-4, S-
2 7, S-8, S-9, and S-10 combined in any consecutive twelve-month period.
- 3 c. The owner/operator shall not operate S-3, S-4, S-7, S-8, S-9, and S-10 unless the emissions
4 from these sources do not exceed the following emission rates:
- 5 i. $\text{NO}_x = 0.149 \text{ lbs/MMBtu}$
- 6 ii. $\text{CO} = 0.480 \text{ lbs/MMBtu}$
- 7 d. The owner/operator shall comply with all applicable testing, sampling port location and
8 safe access requirements as specified in Volume IV of the Air District's Manual of
9 Procedures. The owner/operator shall notify the Air District's Source Test Section, in
10 writing, of the source test protocols, sampling port locations, layout, access and projected
11 test dates at least thirty (30) days prior to testing. The owner/operator shall use the
12 following test methods for each pollutant:
- 13 i. NO_x : EPA Method 7E or equivalent approved by the APCO for the Bay Area Air
14 District in writing;
- 15 ii. CO: EPA Method 10 or equivalent approved by the APCO for the Bay Area Air
16 District in writing;
- 17 iii. Stack Gas Flow: EPA Method 2F or equivalent or alternative method approved by
18 the APCO for the Bay Area Air District in writing.
- 19 e. Within one hundred and twenty (120) days of starting operation in 2025, the
20 owner/operator shall conduct an Air District approved source test of S-3, S-4, S-7, S-8, S-9,
21 and S-10 consistent with Part 4 above to verify that it complies with the emission rates in
22 Part 3 of this condition. All source test methods used shall be subject to the prior approval
23 of the Source Test Section of the Air District Technical Division. The owner/operator shall
24 notify the Manager of the Air District's Source Test Section at least seven (7) days prior to
25 the tests, to provide the Air District staff the option of observing the testing. Within sixty
26 (60) days of test completion, a comprehensive report of the test results shall be submitted to
27 the Manager of the Air District's Source Test Section for review and disposition.
- 28

- 1 f. To determine compliance with the above parts, the owner/operator shall maintain the
2 following records:
- 3 i. Monthly natural gas usages;
- 4 ii. Records to demonstrate that the sources fire PUC regulated natural gas exclusively;
- 5 iii. Source test reports.
- 6 g. These records shall be kept for at least two (2) years and shall be made available to the Air
7 District upon request.
- 8 2. That by no later than one (1) year after the Effective Date, Respondent and its agents, employees,
9 successors and assigns shall cease and desist from operating its food dryers in violation of its
10 permit conditions 26683 and 26684, and of Regulation 2-1-307, or obtain a Permit to Operate with
11 revised permit conditions.
- 12 3. That by no later than one (1) year from the Effective Date, Respondent and its agents, employees,
13 successors and assigns shall submit to the Hearing Board either (a) a copy of a current and valid
14 Air District Permit to Operate the Facility under revised permit conditions that will ensure
15 compliance with all applicable air quality regulations, or (b) written affirmation executed by
16 Respondent that it has ceased operating six food dryers in violation of the current Authority to
17 Construct pursuant to Air District Regulation 2, Rule 1. Respondents shall serve a copy of the
18 submission required by this Paragraph 3 on the APCO.
- 19 4. That this Hearing Board shall retain jurisdiction over the order for abatement for two (2) years
20 from July 15, 2025, i.e., the date of the public hearing in this matter, during which period the
21 parties may apply to modify or terminate this Order in accordance with the Rules of the Hearing
22 Board.

23 **Moved By:** Dr. Peter Chiu, M.D., P.E.

24 **Seconded By:** Rajiv Dabir, P.E.

25 **Ayes:** Dr. Peter Chiu, M.D., P.E.; Rajiv Dabir, P.E.; Wayne Farrens; Barbara Toole O'Neil,
26 MS, QEP, Ch.E., Vice Chair; and Valerie J. Armento, Esq., Chair

27 **Noes:** None

28 **Absent:** None

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Valerie J. Armento

July 16, 2025

Valerie J. Armento, Esq., Chair

Date

So Stipulated:

Carrie Schilling

16/07/25

ALEXANDER G. CROCKETT, ESQ.

Date

General Counsel

Carrie Schilling

Senior Assistant Counsel

Counsel for PHILIP M. FINE

Executive Officer/APCO

BAY AREA AIR QUALITY

MANAGEMENT DISTRICT

Stephanie Sebor

16/07/25

Stephanie Sebor

Date

Jenner and Block, LLP

Counsel for OLAM GILROY

BEFORE THE HEARING BOARD
OF THE
BAY AREA AIR QUALITY MANAGEMENT DISTRICT
STATE OF CALIFORNIA

AIR POLLUTION CONTROL OFFICER of
the BAY AREA AIR QUALITY
MANAGEMENT DISTRICT

Docket No.: 3760

CERTIFICATE OF SERVICE

Complainant,

vs.

OLAM WEST COAST, INC.

Respondents.



STATE OF CALIFORNIA)
) ss.
City and County of San Francisco)

I, Marcy Hiratzka, do hereby certify under penalty of perjury as follows:
That I am a citizen of the United States, over the age of eighteen years and not a party to the
above-entitled action; that I served a true copy of the attached **Stipulated Conditional Order
for Abatement** on:

Stephanie B. Sebor, Esq.
Jenner & Block LLP
353 North Clark Street
Chicago, IL, 60654-3456
ssebor@jenner.com

by depositing same via email and in the United States certified mail, return receipt requested,
on July 21, 2025 and on:

Carrie Schilling, Esq., Senior Assistant Counsel
Bay Area Air Quality Management District
cschilling@baaqmd.gov

via email July 21, 2025

DATED: July 21, 2025

Marcy Hiratzka
Clerk of the Boards