File 1/8

Department of Environmental Protection

Jeb Bush
Governor

Northeast District
7825 Baymeadows Way, Suite B200
Jacksonville, Florida 32256-7590

David B. Struhs
Secretary

CERTIFIED – RETURN RECEIPT

NOTICE OF PERMIT

January 6, 2003

Mr. Tibor Kalnoki-Kis, Ph.D., President
U.S. Lithium Energetics
12871 N.W. U.S. Highway 441
Alachua, Florida 32615

Dear Mr. Kalnoki-Kis:

Alachua County – Air Permitting
U.S. Lithium Energetics
Lithium Ion Rechargeable Battery Manufacturing Operation
AIRS ID No.: 0010118

Enclosed is Permit Number 0010118-001-AC to install the subject air pollution emissions unit(s), issued pursuant to Section 403.087, Florida Statutes (FS).

Any party to this order has the right to seek judicial review of it under section 120.68 of the Florida Statutes, by filing a notice of appeal under rule 9.110 of the Florida rules of Appellate Procedure with the clerk of the Department of Environmental Protection in the Office of General Counsel, Mail Station 35, 3900 Commonwealth boulevard, Tallahassee, Florida, 32399-3000, and by filing a copy of the notice of appeal accompanied by the applicable filing fees with the appropriate district court of appeal. The notice must be filed within thirty days after this order is filed with the clerk of the Department.

Executed in Jacksonville, Florida.

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION

Christopher L. Kirts, P. E.
District Air Program Administrator

CLK: RFS

cc: Douglas A. Dean, P.E., Matrix Compliance Services, Inc.
Catherine E. Sprigg, Moltech Power Systems, Inc.

FILING AND ACKNOWLEDGEMENT
FILED, on this date, pursuant to §120.52 Florida Statutes, with the designated Department Clerk receipt of which is hereby acknowledged.
Dorothy Banfield 1/8/03
Clerk Date

Department of Environmental Protection

Jeb Bush
Governor

Northeast District
7825 Baymeadows Way, Suite B200
Jacksonville, Florida 32256-7590

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PERMITTEE:		I.D. Number:	0010118
U.S. Lithium Energetics		Permit/Cert Number:	0010118-001-AC
Post Office Box 147114		Date of Issue:	January 6, 2003
Gainesville, Florida 32614-7114		Expiration Date:	September 6, 2003
		County:	Alachua
		Latitude/Longitude:	29°46'38"N;82°25'58"W
		UTM:	E-(17)361.4;N3294.8
		Project:	Lithium Ion Rechargeable Battery Manufacturing Operation

This permit is issued under the provisions of Chapter(s) 403, Florida Statutes, and Florida Administrative Code Rule(s) 62-210, 62-212, 62-272, 62-296, 62-297 and 62-4. The above named permittee is hereby authorized to perform the work or operate the facility shown on the application and approved drawing(s), plans, and other documents attached hereto or on file with the Department and made a part hereof and specifically described as follows:

Project

This construction permit will allow for the initial operation and compliance demonstration for the existing Lithium Ion Rechargeable Battery Manufacturing Operation formerly permitted by Eveready Battery Company, Inc. U.S. Lithium Energetics purchased the manufacturing building and process in July 2002.

Facility/Process Description

For each anode and cathode, specific dry materials will be weighed, transferred and mixed with a solvent in a closed system. The uniform slurries will be pumped to (4) four closed coating machines. Specific substrates will be treated and precision coated with the appropriate slurry and subsequently dried using hot air within the closed coating machines. The individual machines will be ducted to a condenser, with a minimum efficiency of 99%, for solvent recovery and then exhausted to the atmosphere. The solvent/water mixture recovered from the condenser will be pumped to a closed distillation system and re-used in the process. Natural gas units with a total maximum heat input of 2.4 MMBtu/hr will provide the heat required for the solvent recovery system. The solvent storage tanks will be equipped with a conservation vent.

The coated rolls of substrate will be passed between precision rollers, unwound, slit into strips and rewound. Any dust generated in this operation, will be exhausted to a recirculating air filtration system. The electrodes are vacuum dried to remove trace quantities of moisture. The vacuum system is connected to a carbon filter to remove any amount of solvent in the air stream.

Metal tabs will be attached to the electrode and wound together with a plastic film. Any dust generated in this operation will be exhausted to a recirculating air filtration system. The various components will be assembled into a battery and tested, stamped/marked and packaged for shipment.

"More Protection, Less Process"

Printed on recycled paper.

REGULATORY CLASSIFICATION

The facility is regulated under Rules 62-210.300, F.A.C., Permits Required, and 62-296.320, F.A.C., General Pollutant Emission Limiting Standards.

OPERATING LOCATION

Located on the northeast side of U.S. Highway 441, approximately four miles southeast of the city of Alachua in Alachua County, Florida.

RELEVANT DOCUMENTS

The documents listed below are the basis of the permit. They are specifically related to this permitting action. These documents are on file with the Department.

Application For Air Permit – Non-Title V Source received on 08-19-02
Additional information received on 11-14-02

PERMITTEE:
U.S. Lithium Energetics
Post Office Box 147114
Gainesville, Florida 32614-7114

I.D. Number: 0010118
Permit/Cert: 0010118-001-AC
Date of Issue: January 6, 2003
Expiration Date: September 6, 2003

GENERAL CONDITIONS:

1. The terms, conditions, requirements, limitations, and restrictions set forth in this permit are "Permit Conditions" and are binding and enforceable pursuant to Sections 403.161, 403.727, or 403.859 through 403.861, Florida Statutes. The permittee is placed on notice that the Department will review this permit periodically and may initiate enforcement action for any violation of these conditions.

2. This permit is valid only for the specific processes and operations applied for and indicated in the approved drawings or exhibits. Any unauthorized deviation from the approved drawings, exhibits, specifications, or conditions of this permit may constitute grounds for revocation and enforcement action by the Department.

3. As provided in Subsections 403.087(6) and 403.722(5), Florida Statutes, the issuance of this permit does not convey any vested rights or any exclusive privileges. Neither does it authorize any injury to public or private property or any invasion of personal rights, nor any infringement of federal, state or local laws or regulations. This permit is not a waiver of or approval of any other Department permit that may be required for other aspects of the total project which are not addressed in the permit.

4. This permit conveys no title to land or water, does not constitute State recognition or acknowledgment of title, and does not constitute authority for the use of submerged lands unless herein provided and the necessary title or leasehold interests have been obtained from the State. Only the Trustees of the Internal Improvement Trust Fund may express State opinion as to title.

5. This permit does not relieve the permittee from liability for harm or injury to human health or welfare, animal, or plant life, or property caused by the construction or operation of this permitted source, or from penalties therefore; nor does it allow the permittee to cause pollution in contravention of Florida Statutes and Department rules, unless specifically authorized by an order from the Department.

6. The permittee shall properly operate and maintain the facility and systems of treatment and control (and related appurtenances) that are installed and used by the permittee to achieve compliance with the conditions of this permit, as required by Department rules. This provision includes the operation of backup or auxiliary facilities or similar systems when necessary to achieve compliance with the conditions of the permit and when required by Department rules.

7. The permittee, by accepting this permit, specifically agrees to allow authorized Department personnel, upon presentation of credentials or other documents as may be required by law and at a reasonable time, access to the premises, where the permitted activity is located or conducted to:

a. Have access to and copy any records that must be kept under the conditions of the permit;

b. Inspect the facility, equipment, practices, or operations regulated or required under this permit; and

c. Sample or monitor any substances or parameters at any location reasonably necessary to assure compliance with this permit or Department rules.

Reasonable time may depend on the nature of the concern being investigated.

GENERAL CONDITIONS:

8. If, for any reason, the permittee does not comply with or will be unable to comply with any condition or limitation specified in this permit, the permittee shall immediately provide the Department with the following information:

a. a description of and cause of non-compliance; and

b. the period of noncompliance, including dates and times; or, if not corrected, the anticipated time the non-compliance is expected to continue, and steps being taken to reduce, eliminate, and prevent recurrence of the non-compliance.

The permittee shall be responsible for any and all damages which may result and may be subject to enforcement action by the Department for penalties or for revocation of this permit.

9. In accepting this permit, the permittee understands and agrees that all records, notes, monitoring data and other information relating to the construction or operation of this permitted source which are submitted to the Department may be used by the Department as evidence in any enforcement case involving the permitted source arising under the Florida Statutes or Department rules, except where such use is prescribed by Sections 403.73 and 403.111, Florida Statutes. Such evidence shall only be used to the extent it is consistent with the Florida Rules of Civil Procedure and appropriate evidentiary rules.

10. The permittee agrees to comply with changes in Department rules and Florida Statutes after a reasonable time for compliance, provided, however, the permittee does not waive any other rights granted by Florida Statutes or Department rules.

11. This permit is transferable only upon Department approval in accordance with Florida Administrative Code Rules 17-4.120 and 17-730.300, F.A.C., as applicable. The permittee shall be liable for any non-compliance of the permitted activity until the transfer is approved by the Department.

12. This permit or a copy thereof shall be kept at the work site of the permitted activity.

13. This permit also constitutes:

( ) Determination of Best Available Control Technology (BACT)
( ) Determination of Prevention of Significant Deterioration (PSD)
( ) Compliance with New Source Performance Standards (NSPS)

14. The permittee shall comply with the following:

a. Upon request, the permittee shall furnish all records and plans required under Department rules. During enforcement actions, the retention period for all records will be extended automatically unless otherwise stipulated by the Department.

b. The permittee shall hold at the facility or other location designated by this permit records of all monitoring information (including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation) required by the permit, copies of all reports required by this permit, and records of all data used to complete the application for this permit. These materials shall be retained at least three years from the date of the sample, measurement, report, or application unless otherwise specified by Department rule.

c. Records of monitoring information shall include:

- the date, exact place, and time of sampling or measurements;
- the person responsible for performing the sampling or measurements;
- the dates analyses were performed;
- the person responsible for performing the analyses;
- the analytical techniques or methods used; and
- the results of such analyses.

15. When requested by the Department, the permittee shall within a reasonable time furnish any information required by law which is needed to determine compliance with the permit. If the permittee becomes aware that relevant facts were not submitted or were incorrect in the permit application or in any report to the Department, such facts or information shall be corrected promptly.

SPECIFIC CONDITIONS:

ESSENTIAL POTENTIAL TO EMIT (PTE) PARAMETERS

1. **Hours of Operation**: The hours of operation are not limited (8760 H/Y).
[Rules 62-4.160(2) and 62-210.200(PTE), F.A.C.]

2. **Permitted Capacity**: The maximum operating rates are listed below and shall not be exceeded without prior Department approval.

MATERIAL	RATE	TO
Battery Solvent	24.09 tons/year **NOTE (1)**	Roll Coaters
Ink & Solvents	400 gals/year	Marking & Gluing Area

NOTE (1): The rate of battery solvent usage pertains to the amount of makeup solvent that is needed, not the amount that is used in processing at any particular time.

EMISSION LIMITATIONS AND PERFORMANCE STANDARDS

3. **Emission Limits**: The permitted maximum allowable emission rate for each pollutant is as follows:

POLLUTANT	EMISSION RATE TPY	FAC RULE
Volatile Organic Compounds (VOCs)	23.50 **NOTE (1)**	**NOTE (2)**

NOTE (1): Basis: Emission rate of 5.0 pounds per hour of battery solvent; 8,760 hours per year; 1.6 TPY of emissions from ink and other sources.
NOTE (2): Applicant requested allowable.

4. **General Visible Emissions Standard – Facility-wide**: Except for emissions units that are subject to a particulate matter or opacity limit set forth or established by rule and reflected by conditions elsewhere in this permit, no person shall cause, let, permit, suffer, or allow to be discharged into the atmosphere the emissions of air pollutants from any activity, the density of which is equal to or greater than that designated as Number 1 on the Ringelmann Chart (20% opacity). If a special compliance test is required, the test method for visible emissions shall be EPA Method 9, incorporated and adopted by reference in Chapter 62-297, F.A.C.
[Rule 62-296.320(4)(b)1., F.A.C.]

5. **Objectionable Odor**: No person shall cause, suffer, allow or permit the discharge of air pollutants, which cause or contribute to an objectionable odor.
[Rule 62-296.320(2), F.A.C.]

6. **Unconfined particulate matter:** No person shall cause, let, permit, suffer or allow the emissions of unconfined particulate matter from any activity, including vehicular movement; transportation of materials; construction, alteration, demolition or wrecking; or industrially related activities such as loading, unloading, storing or handling; without taking reasonable precautions to prevent such emissions.
[Rule 62-296.320(4)(c), F.A.C.]

SPECIFIC CONDITIONS:

7. The permittee shall allow no person to store, pump, handle, process, load, unload or use in any process or installation volatile organic compounds (VOC) or organic solvents (OS) without applying known and existing vapor emission control devices or systems deemed necessary and ordered by the Department. Procedures to minimize VOC emissions shall include, but not limited to:

   a. Maintain tightly fitting cover, lids, etc. on all containers of materials containing VOC when they are not being handled, tapped, etc.
   b. Where possible and practical, procure/fabricate a tightly fitting cover for any open trough, basin, bath, etc., of VOC so that it can be covered when not in use.
   c. All fittings, valves, lines, etc., shall be properly maintained.
   d. All VOC spills shall be attended to immediately and the materials properly disposed of, recycled, etc.

   [Rule 62-296.320(1), F.A.C.]

REPORTING AND RECORDKEEPING REQUIREMENTS

8. **Recordkeeping – VOC Emissions:** The VOC emission rate shall be determined by recording the following data for each material used that contains VOCs:

Quantity	
• Gallons of Material Used (Plant usage logs shall be maintained)	
Emissions Factors	
• Density of Material in Pounds per Gallon (Manufacturer specification's data shall be maintained)	• Pollutant Factor (Percentage by Weight)
Emissions	
• Total Cumulative VOC Emissions (Tons)	

9. **Recordkeeping - Capacity:** The permittee shall maintain records of the actual make-up rate of the battery solvent and the total usage rate of inks and solvents.

10. **Reporting:** The permittee shall submit a report of the data required in Condition Nos. 8 and 9 for a 30-day period with the Northeast District Air Compliance section.

ADMINISTRATIVE

10. The I.D. No. and Project name for this source shall be used on all correspondence.

PERMITTEE:
U.S. Lithium Energetics
Post Office Box 147114
Gainesville, Florida 32614-7114

I.D. Number: 0010118
Permit/Cert: 0010118-001-AC
Date of Issue: January 6, 2003
Expiration Date: September 6, 2003

SPECIFIC CONDITIONS:

11. Any revision(s) to a permit (and application) must be submitted to the Department, in writing, and approved by the Department prior to implementation.

12. A completed **Application for Air Permit – Non-Title V Source** [DEP Form No. 62-210.900(3), F.A.C.] shall be submitted to the Department at least 60 days prior to the expiration date of this construction permit. To properly apply for an operation permit, the permittee shall submit the appropriate application form, processing fee, and compliance reports as required by this permit.
[Rules 62-4.055 and 62-4.220, F.A.C.]

Executed in Jacksonville, Florida.

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION

Christopher L. Kirts, P.E.
District Air Program Administrator

FILING AND ACKNOWLEDGEMENT
FILED, on this date, pursuant to §120.52 Florida Statutes, with the designated Department Clerk, receipt of which is hereby acknowledged.
Dorothy Benefield 1/8/03
Clerk Date