TESLA

July 31, 2019

Mr. Jeff Gove
Director of Enforcement
Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 94105

Re: Tesla, Inc. Fremont Factory Site E0459
Semi-annual Reports for MACT Subpart IIII, NSPS Subpart MM, and Title V Standard Condition I.F

Dear Mr. Gove:

This report satisfies the semi-annual reporting requirements for Tesla, Inc. Fremont Factory Site E0459 for NSPS Subpart MM 60.395, MACT Subpart IIII 63.3120, and Title V Standard Condition I.F for reporting period January 1, 2019 through June 30, 2019.

The semi-annual MACT report covers the specific general requirements identified in Part 63.3120 which include the following:

A. Company name and address
B. Statement by responsible official with official's name, title and signature certifying the truth, accuracy, and completeness of report.
C. Date of report and beginning and ending dates of the reporting period.
D. Identification of compliance option specified in § 63.3082(c)
E. Certification of deviation occurrence during reporting period.

For Part 63 Subpart IIII, the Site E0459 is subject to compliance option 63.3091(b). Unless otherwise noted, the Site E0459 had no instances of exceeding limits, operating limits, or work practices as specified under §§63.3090, 63.3091, 63.3092, 63.3093, and 63.3094.

Unless otherwise noted, site E0459 had no instances of deviation from NSPS Subpart MM or Title V permit requirements during the reporting period.

If you have any questions regarding the enclosed information, please contact Brandon Freeman at brfreeman@tesla.com or 510-299-5718.

Sincerely,

Laurie Shelby
Vice President of Environmental, Health, and Safety

cc: Ms. Debbie Jordan, Director of Air Division, USEPA Region IX

Semi-annual Title V and MACT Compliance Certification pursuant to Standard Condition I.F and 63.3110

Based upon the information and belief formed after a reasonable inquiry, I, as responsible Official of the Tesla, Inc. facility in Fremont, CA, submit the information contained in the semiannual Title V report and semiannual MACT Subpart IIII [§63.3110(c)(2) & (c)(5)] report as accurate and true to the best of my knowledge.

Laurie Shelby
Name of Responsible Official Signature

January 1, 2019 through June 30, 2019
Compliance Period

7/31/2019

Date

Facility # E0459
Tesla, Inc.
45500 Fremont Boulevard
Fremont, CA 94538

DEVIATIONS FROM TITLE V REQUIREMENTS
January 1, 2019 through June 30, 2019

Source No	Deviation Summary	Resolution Summary	Date of Discovery	Compliance Status
Dev # 5336	The Title V 2018 annual source testing for Tesla, Inc. was performed but did not include all of the emission parameters due to a miscommunication between Tesla and its source test contractor.	A makeup test was performed on A-1002 (SPS Small Parts ED TO) on January 22, 2019.	1/2/2019	Complete
A-1002 Dev # 5397	Tesla, Inc.'s (Tesla's) source testing contractor Montrose Air Quality Services, LLC (Montrose) finalized a report for a compliance source test performed on A-1002 (SPS Small Parts ED TO) on January 22, 2019. This source test was performed as part of the 2018 annual compliance source tests required by PC#9158.	Upon investigation, the excess NOx emissions is caused by a sub-optimal air-to-fuel ratio into the incinerator. The blower motor is running at 100% as the airflow to the incinerator is higher than at the time of commissioning, and the exhaust damper linkage was found to be broken. Once the potential issue was identified, Tesla immediately engaged vendors in fixing this issue. Tesla scheduled a compliance retest with its source-testing contractor and verified the NOx emissions are within permit limits.	2/28/2019	Complete
S-3014	Tesla, Inc. was issued NOV A55795, which asserts that Tesla failed to meet Permit Condition #26027 Part A2.16 for the basecoat booth. Tesla disputed this violation, and determined the VOC content of the coatings that it uses from manufacturer's formulation data, as authorized by the permit condition.	Upon district sampling and testing of the coatings, it was determined that the VOC content of the coatings were compliant.	3/8/2019	Complete
S-3008 + 6-others	Tesla submitted a 10-day Title V Deviation notice on April 26, 2018, following discovery of the deviation on April 19, 2018. The 30-day Title V Deviation Report was due within 30 days following discovery of the deviation, by May 26, 2018. However, Tesla submitted the 30-day Title V Deviation Report on June 28, 2018.	Tesla has implemented the web-based environmental management software, Gensuite, to manage compliance requirements including deviation reports.	3/8/2019	Complete
S-1002 A-1002 Dev # 5485	Tesla lowered the temperature set point for A-1002 from 1400°F to 1275°F and submitted a variance application to the BAAQMD Hearing Board that contained all of the required information for the 10-day deviation report. The temperature was lowered at the recommendation of Tesla's expert consultant, who made the recommendation in order to reduce NOx emissions, prolong incinerator service life, and reduce the risk of structural failure of the thermal oxidizer.	Tesla has undergone source testing and variance hearings to ultimately reduce the temperature set point to 1350°F.	3/24/2019	Complete
N/A Dev # 5557	Late Annual Title V Certification Report. Both semi-annual reports were submitted on time and it was later found that the required annual report section (usually submitted with the second semi-annual report) was not submitted as thought. Causal factors include compliance calendar had not yet been launched and human error.	Tesla has implemented the web-based environmental management software, Gensuite, to manage compliance requirements including Title V reports.	5/22/2019	Complete

10-day not found Sign & Date

Multiple DV # 5548	The draft Trinity audit report identified several instances where required records could not be provided. This does not necessarily mean that the records do not exist—only that the records were not provided.	Tesla is committed to updating its recordkeeping protocol. All identified instances of recordkeeping gaps will be rectified internally by the Air Programs Team through monthly reporting and recordkeeping actions tracked in Gensuite.	6/25/2019	Pending
N/A DV # 5557	This condition requires that source tests conducted to determine compliance with the permit condition be submitted to the District within 60 days of completion of the test, unless an extension of the due date is requested. The audit identified a source test report that was filed by Tesla on January 20, 2016, 62 days after the test was completed on November 19, 2015.	There is no record of an extension request. The test has been submitted, so compliance has been achieved. It is possible that the test report was filed on time in a separate submittal by Tesla's source test contractor. Tesla does not have records of such correspondence.	6/25/2019	Complete
N/A DV # 5550	Each vehicle that is produced at the Fremont facility has its windshield washer fluid reservoir filled before it leaves the site. The windshield washer fluid contains VOCs, and storage in containers larger than 260 gallons is subject to District permit requirements. Tesla has obtained permits for the bulk washer fluid storage tanks A#29113 for S-4022 and S-4023). General Assembly Model 3 line (GA3) receives windshield washer fluid via pipes pumped from bulk tanks. However, its other production lines currently use windshield washer fluid in 330 gallon totes. Because these totes are above the exemption threshold, these containers are subject to District permits.	Tesla has prepared a permit application for the Windshield Wiper Fluid (WWF) Totes which is in the process of internal review. The application for the WWF Totes will be submitted to the district upon the conclusion of the internal review period.	6/25/2019	Pending
N/A DV # 5551	PERP-registered engines are not subject to District permit requirements when operated in compliance with the conditions of PERP registration. However, operation in non-compliance renders the registration invalid. Such use may trigger District permit requirements unless the operation is otherwise exempt. Operation of a PERP engine to power a stationary source invalidates the PERP registration, except in certain very narrow circumstances (13 CCR 2453(m)(4)(E)). Tesla has a PERP-registered engine onsite that appears to be intended to provide backup power to stationary equipment. This is not an allowable use for a PERP engine.	The engine has been disconnected from Tesla's power supply. Tesla plans to remove the portable diesel-fueled engine off-site.	6/25/2019	Pending