

ENVIRONMENTAL COMPLIANCE APPROVAL

NUMBER 6835-8QZTES
Issue Date: March 14, 2012

Methes Energies Canada Inc.
4170 Sladeview Cres, No. Unit 5
Mississauga, Ontario
L5L 0A7

Site Location: 224 Holt Line West
224 Holt Line W Sombra
St. Clair Township, County of Lambton
N0P 2H0

You have applied under section 20.2 of Part II.1 of the Environmental Protection Act, R.S.O. 1990, c. E. 19 (Environmental Protection Act) for approval of:

A closed loop system, biodiesel fuel manufacturing facility, consisting of the following processes and support units:

- raw materials (methanol, used vegetable oils, choice white grease, high grade beef tallow, all conforming to ASTM biofuel standards) and finished product (glycerin and biodiesel fuel) storage and handling;
- biodiesel processing equipment (biodiesel processors);
- natural gas fired boilers;
- diesel fire pump

including the *Equipment* and any other ancillary and support processes and activities, **operating at a Facility Production Limit of up to 50 million litres of biodiesel fuel per year**, exhausting to the atmosphere as described in the *ESDM Report* .

For the purpose of this environmental compliance approval, the following definitions apply:

1. "*Acceptable Maximum Ground Level Concentration*" means a concentration accepted by the *Ministry*, as described in the *Guide to Applying for Approval (Air & Noise)*, for a *Compound of Concern* listed in the *Original ESDM Report* that has no *Ministry Point of Impingement Limit* and no *Jurisdictional Screening Level*, or the concentration at a *Point of Impingement* exceeds the *Jurisdictional Screening Level*.

2. "*Acoustical Consultant* " means a person currently active in the field of environmental acoustics and noise/vibration control, who is familiar with *Ministry* noise guidelines and procedures and has a combination of formal university education, training and experience necessary to assess noise emissions from a *Facility* ;
3. "*Acoustic Assessment Report* " means the report, prepared in accordance with *Publication NPC-233* and Appendix A of the *Basic Comprehensive User Guide*, by Paul Niejadlik, Golder Associates Ltd. and dated March 22, 2010 submitted in support of the application, that documents all sources of noise emissions and *Noise Control Measures* present at the *Facility* and includes all up-dated *Acoustic Assessment Reports* as required by the Documentation Requirements conditions of this *Approval* to demonstrate continued compliance with the *Performance Limits* following the implementation of any *Modification*;
4. "*Acoustic Assessment Summary Table* " means a table prepared in accordance with the *Basic Comprehensive User Guide* summarising the results of the *Acoustic Assessment Report*, up-dated as required by the Documentation Requirements conditions of this *Approval*.
5. "*Acoustic Audit* " means an investigative procedure consisting of measurements and/or acoustic modelling of all sources of noise emissions due to the operation of the *Facility* , assessed to determine compliance with the *Performance Limits* for the *Facility* regarding noise emissions, completed in accordance with the procedures set in *Publication NPC-103* and reported in accordance with *Publication NPC-233* ;
6. "*Acoustic Audit Report* " means a report presenting the results of an *Acoustic Audit* , prepared in accordance with *Publication NPC-233* ;
7. "*AERMOD* " means the dispersion model developed by the American Meteorological Society/U.S. Environmental Protection Agency Regulatory Model Improvement Committee (AERMIC) including the PRIME (Plume Rise Model Enhancement) algorithm, used to calculate one-hour average concentrations of a contaminant at the Point of Impingement and at the most impacted Sensitive Receptor;
8. "*Air Standards Manager*" means the Manager, Human Toxicology and Air Standards Section, Standards Development Branch, or any other person who represents and carries out the duties of the Manager, Human Toxicology and Air Standards Section, Standards Development Branch, as those duties relate to the conditions of this *Approval*.
9. "*Approval*" means this entire *Approval* document and any *Schedules* to it, including the application and *Supporting Documentation*.
10. "*Basic Comprehensive User Guide*" means the *Ministry* document titled "Basic Comprehensive Certificates of Approval (Air) User Guide" dated March 2011, as amended.
11. "*Company*" means Methes Energies Canada Inc. that is responsible for the construction or operation of the *Facility* and includes any successors and assigns in accordance with section 19 of the *EPA*.

12. "*Compound of Concern*" means a contaminant that, based on generally available information, may be emitted to the atmosphere in a quantity from the *Facility* that is non-negligible in accordance with section 8 of *O. Reg. 419/05* either in comparison to the relevant *Ministry Point of Impingement Limit* or if a *Ministry Point of Impingement Limit* is not available for the compound then, based on generally available toxicological information, the compound may cause an adverse effect as defined by the *EPA* at a *Point of Impingement*.
13. "*Description Section*" means the section on page one of this *Approval* describing the *Company's* operations and the *Equipment* located at the *Facility* and specifying the *Facility Production Limit* for the *Facility*.
14. "*Director*" means a person appointed by the Minister pursuant to section 5 of the *EPA*.
15. "*District Manager*" means the District Manager of the appropriate local district office of the *Ministry*, where the *Facility* is geographically located.
16. "*Emission Summary Table*" means the most updated table contained in the *ESDM Report*, which is prepared in accordance with section 26 of *O. Reg. 419/05* and the *Procedure Document* listing the appropriate *Point of Impingement* concentration for each *Compound of Concern* from the *Facility* and providing comparison to the corresponding *Ministry Point of Impingement Limit* or *Maximum Concentration Level Assessment*, or *Jurisdictional Screening Level*.
17. "*Environmental Assessment Act*" means the Environmental Assessment Act, R.S.O. 1990, c.E.18, as amended.
18. "*EPA*" means the Environmental Protection Act, R.S.O. 1990, c.E.19, as amended.
19. "*Equipment*" means equipment or processes described in the *ESDM Report*, this *Approval* and in the *Supporting Documentation* referred to herein and any other equipment or processes.
20. "*Equipment with Specific Operational Limits*" means any *Equipment* related to the thermal oxidation of waste or waste derived fuels, fume incinerators or any other *Equipment* that is specifically referenced in any published *Ministry* document that outlines specific operational guidance that must be considered by the *Director* in issuing an *Approval*.
21. "*ESDM Report*" means the most current Emission Summary and Dispersion Modelling Report that describes the *Facility*. The *ESDM Report* is based on the *Original ESDM Report*, is prepared after the issuance of this *Approval* in accordance with section 26 of *O. Reg. 419/05* and the *Procedure Document* by the *Company* or its consultant, and is periodically updated to incorporate all *Modifications* to and changes on discharge from the *Facility*, as required by the Documentation Requirements conditions of this *Approval*.
22. "*Facility*" means the entire operation located on the property where the *Equipment* is located.

23. "*Facility Production Limit*" means the production limit placed on the main product(s) or raw materials used by the *Facility* that represents the design capacity of the *Facility* and assists in the definition of the operations approved by the *Director*.
24. "*Fugitive Odour Emissions Control Plan* " means a document or a set of documents that provides written instructions to staff of the Company;
25. "*Independent Acoustical Consultant* " means an *Acoustical Consultant* who is not representing the *Company* and was not involved in preparing the *Acoustic Assessment Report* or the design/implementation of *Noise Control Measures* for the *Facility* and/or *Equipment* . The *Independent Acoustical Consultant* shall not be retained by the *Acoustical Consultant* involved in the noise impact assessment or the design/implementation of *Noise Control Measures* for the *Facility* and/or *Equipment* ;
26. "*Jurisdictional Screening Level*" means a screening level for a *Compound of Concern* that is listed in the Ministry publication titled "Jurisdictional Screening Level (JSL) List, A Screening Tool for Ontario Regulation 419: Air Pollution - Local Air Quality", dated February 2008, as amended.
27. "*Log*" means the up-to-date log that is used to track all *Modifications* to the *Facility* since the date of this *Approval* as required by the Documentation Requirements conditions of this *Approval*.
28. "*Maximum Concentration Level Assessment*" means the Maximum Concentration Level Assessment for the purposes of an *Approval*, described in the *Basic Comprehensive User Guide*, prepared by a *Toxicologist* using currently available toxicological information, that demonstrates that the concentration at any *Point of Impingement* for a *Compound of Concern* that does not have a *Ministry Point of Impingement Limit* is not likely to cause an adverse effect as defined by the *EPA*. The concentration at *Point of Impingement* for a *Compound of Concern* must be calculated in accordance with *O. Reg. 419/05*.
29. "*Ministry*" means the ministry of the government of Ontario responsible for the *EPA* and includes all officials, employees or other persons acting on its behalf.
30. "*Ministry Point of Impingement Limit*" means the applicable Standard listed in Schedule 2 or 3 of *O.Reg. 419/05* or a limit listed in the *Ministry* publication titled "Summary of Standards and Guidelines to support Ontario Regulation 419: Air Pollution - Local Air Quality (including Schedule 6 of O. Reg. 419 on Upper Risk Thresholds)", dated February 2008, as amended.
31. "*Modification*" means any construction, alteration, extension or replacement of any plant, structure, equipment, apparatus, mechanism or thing, or alteration of a process or rate of production at the *Facility* that may discharge or alter the rate or manner of discharge of a *Compound of Concern* to the atmosphere or discharge or alter noise or vibration emissions from the *Facility*.
32. "*Noise Control Measures* " means measures to reduce the noise emissions from the *Facility* and/or *Equipment* including, but not limited to, silencers, acoustic louvres, enclosures, absorptive treatment, plenums and barriers, described in the *Company* 's application, and in the supporting documentation referred to herein, including the *Acoustic Assessment Report* , to the extent approved by this *Approval* ;

33. "*O. Reg. 419/05*" means the Ontario Regulation 419/05, Air Pollution – Local Air Quality, as amended.
34. "*Original ESDM Report*" means the Emission Summary and Dispersion Modelling Report which was prepared in accordance with section 26 of *O. Reg. 419/05* and the *Procedure Document* by Golder Associates Ltd. and dated March 23, 2010 submitted in support of the application, and includes any changes to the report made up to the date of issuance of this *Approval*.
35. "*Performance Limits*" means the performance limits specified in Condition 3.2 of this *Approval* titled Performance Limits.
36. "*Point of Impingement*" has the same meaning as in section 2 of *O. Reg. 419/05*.
37. "*Point of Reception*" means Point of Reception as defined by *Publication NPC-205* and/or *Publication NPC-232*, as applicable.
38. "*Procedure Document*" means *Ministry* guidance document titled "Procedure for Preparing an Emission Summary and Dispersion Modelling Report" dated March 2009, as amended.
39. "*Processes with Significant Environmental Aspects*" means the *Equipment* which, during regular operation, would discharge a contaminant or contaminants into the atmosphere at an amount which is not considered as negligible in accordance with section 8 of *O. Reg. 419/05* and the *Procedure Document*.
40. "*Publication NPC-103*" means the *Ministry* Publication NPC-103 of the Model Municipal Noise Control By-Law, Final Report, August 1978, published by the *Ministry* as amended.
41. "*Publication NPC-205*" means the *Ministry* Publication NPC-205, "Sound Level Limits for Stationary Sources in Class 1 & 2 Areas (Urban)", October, 1995, as amended.
42. "*Publication NPC-207*" means the *Ministry* draft technical publication "Impulse Vibration in Residential Buildings", November 1983, supplementing the Model Municipal Noise Control By-Law, Final Report, published by the *Ministry*, August 1978, as amended.
43. "*Publication NPC-232*" means the *Ministry* Publication NPC-232, "Sound Level Limits for Stationary Sources in Class 3 Areas (Rural)", October, 1995, as amended.
44. "*Publication NPC-233*" means the *Ministry* Publication NPC-233, "Information to be Submitted for Approval of Stationary Sources of Sound", October, 1995, as amended.
45. "*Schedules*" means the following schedules attached to the Approval and forming part of the Approval namely:

Schedule A - *Supporting Documentation*

Schedule B - Procedure to calculate and record the 10-minute average concentration of odour at the Point of Impingement and at the most impacted Sensitive Receptor;

46. "*Sensitive Receptor* " means any location where routine or normal activities occurring at reasonably expected times would experience adverse effect(s) from odour discharges from the *Facility*; including one or a combination of:
- (a) private residences or public facilities where people sleep (eg: single and multi-unit dwellings, nursing homes, hospitals, trailer parks, camping grounds, etc.)
 - (b) institutional facilities (eg: schools, churches, community centres, day care centres, recreational centres, etc.),
 - (c) outdoor public recreational areas (eg: trailer parks, play grounds, picnic areas, etc.), and
 - (d) commercial areas where there are continuous public activities (eg: commercial plazas and office buildings).
- 47 "*Supporting Documentation* " means the documents listed in Schedule A of this Approval which forms part of this Approval;
- 48 "*Toxicologist*" means a qualified professional currently active in the field of risk assessment and toxicology that has a combination of formal university education, training and experience necessary to assess the *Compound of Concern* in question.
- 49 "*Written Summary Form*" means the electronic questionnaire form, available on the *Ministry* website, and supporting documentation, that documents the activities undertaken at the *Facility* in the previous calendar year that must be submitted annually to the *Ministry* as required by the section of this *Approval* titled Reporting Requirements.

You are hereby notified that this environmental compliance approval is issued to you subject to the terms and conditions outlined below:

TERMS AND CONDITIONS

1. GENERAL

- 1.1 Except as otherwise provided by this *Approval*, the *Facility* shall be designed, developed, built, operated and maintained in accordance with the terms and conditions of this *Approval* and in accordance with the following *Schedules* attached hereto:

Schedule A - *Supporting Documentation*

Schedule B - Procedure to calculate and record the 10-minute average concentration of odour at the Point of Impingement and at the most impacted Sensitive Receptor;

2. LIMITED OPERATIONAL FLEXIBILITY

- 2.1 Pursuant to section 20.6(1) of the *EPA* and subject to Conditions 2.2 and 2.3 of this *Approval*, future alterations, extensions or replacements are approved in this *Approval* if the future alterations, extensions or replacements are *Modifications* to the *Facility* that:

- (a) are within the scope of the intended operations of the *Facility* as described in the *Description Section* of this *Approval*;
- (b) do not result in an increase of the *Facility Production Limit* above the level specified in the *Description Section* of this *Approval*; and
- (c) result in compliance with the *Performance Limits*.

2.2 Condition 2.1 does not apply to:

- (a) the addition of any new *Equipment with Specific Operational Limits* or to the *Modification* of any existing *Equipment with Specific Operational Limits* at the *Facility*. The *Company* shall operate any *Equipment with Specific Operational Limits* approved by this *Approval* in accordance with the *Original ESDM Report* and Conditions in this *Approval*; or
- (b) *Modifications* to the *Facility* that would be subject to the *Environmental Assessment Act*.

2.3 Condition 2.1 of this *Approval* shall expire ten (10) years from the date of this *Approval*, unless this *Approval* is revoked prior to the expiry date. The *Company* may apply for renewal of Condition 2.1 of this *Approval* by including an *ESDM Report* and an *Acoustic Assessment Report* that incorporate all *Modifications* made to the *Facility* as of the date of the renewal application in the application as supporting information.

3. REQUEST FOR MAXIMUM CONCENTRATION LEVEL ASSESSMENT AND PERFORMANCE LIMITS

3.1 REQUEST FOR MAXIMUM CONCENTRATION LEVEL ASSESSMENT

3.1.1 If the *Company* proposes to make a *Modification* to the *Facility*, the *Company* shall determine if the proposed *Modification* will result in:

- (a) a discharge of a *Compound of Concern* that was not previously discharged; or
- (b) an increase in the concentration at a *Point of Impingement* of a *Compound of Concern*.

3.1.2 If a proposed *Modification* mentioned in Condition 3.1.1 will result in the discharge of a *Compound of Concern* that was not previously discharged, the *Company* shall submit a *Maximum Concentration Level Assessment* to the *Director* for review by the *Air Standards Manager* in the following circumstances:

- (a) The *Compound of Concern* does not have a *Ministry Point of Impingement Limit* or a *Jurisdictional Screening Level*.
- (b) The *Compound of Concern* does not have a *Ministry Point of Impingement Limit* and the concentration at a *Point of Impingement* will exceed the *Jurisdictional Screening Level*.
- (c) Prior to the proposed *Modification*, a contaminant was discharged in a negligible amount and the proposed *Modification* will result in the discharge of the contaminant being considered a *Compound of Concern* and the *Compound of Concern* does not have a *Ministry Point of Impingement Limit* or a *Jurisdictional Screening Level*.

- (d) Prior to the proposed *Modification*, a contaminant was discharged in a negligible amount and the proposed *Modification* will result in the discharge of the contaminant being considered a *Compound of Concern*. Additionally, the *Compound of Concern* does not have a *Ministry Point of Impingement Limit* and the concentration at a *Point of Impingement* will exceed the *Jurisdictional Screening Level*.
- 3.1.3 If a proposed *Modification* mentioned in Condition 3.1.1 will result in an increase in the concentration at a *Point of Impingement* of a *Compound of Concern*, the *Company* shall submit a *Maximum Concentration Level Assessment* to the *Director* for review by the *Air Standards Manager* in the following circumstances:
- (a) The *Compound of Concern* does not have a *Ministry Point of Impingement Limit* or a *Jurisdictional Screening Level* and the concentration at a *Point of Impingement* will exceed the *Acceptable Maximum Ground Level Concentration*.
 - (b) The *Compound of Concern* does not have a *Ministry Point of Impingement Limit* or a *Jurisdictional Screening Level* and the concentration at a *Point of Impingement* will exceed the most recently accepted *Maximum Concentration Level Assessment* submitted under Condition 3.1.2 or this Condition.
 - (c) The *Compound of Concern* does not have a *Ministry Point of Impingement Limit* and the concentration at a *Point of Impingement* will exceed the *Jurisdictional Screening Level* and the *Acceptable Maximum Ground Level Concentration*.
 - (d) The *Compound of Concern* does not have a *Ministry Point of Impingement Limit* and the concentration at a *Point of Impingement* will exceed the *Jurisdictional Screening Level* and the most recently accepted *Maximum Concentration Level Assessment* submitted under Condition 3.1.2 or this Condition.
 - (e) The *Compound of Concern* does not have a *Ministry Point of Impingement Limit*, *Acceptable Maximum Ground Level Concentration* or a *Maximum Concentration Level Assessment* and the concentration at a *Point of Impingement* will exceed the *Jurisdictional Screening Level*.
- 3.1.4 Subject to the Operational Flexibility set out in Condition 2 of this *Approval*, the *Company* may make the *Modification* if the submission of a *Maximum Concentration Level Assessment* under Condition 3.1.2 or 3.1.3 is not required.
- 3.1.5 A *Company* that is required to submit an assessment under Condition 3.1.2 or 3.1.3 shall submit the assessment at least thirty (30) days before the proposed *Modification* occurs.
- 3.1.6 The *Ministry* shall provide to the *Company* written confirmation of the receipt of the assessment under Condition 3.1.2 or 3.1.3.
- 3.1.7 If the *Ministry* notifies the *Company* that it does not accept the assessment submitted under Condition 3.1.2 or 3.1.3, the *Company* shall:
- (a) revise and resubmit the assessment; or

(b) notify the *Ministry* that the *Company* will not be modifying the *Facility*.

3.1.8 The re-submission under Condition 3.1.7(a) is considered by the *Ministry* as a new submission.

3.1.9 If an assessment is submitted under Condition 3.1.2, the *Company* shall not modify the *Facility* unless the *Ministry* accepts the assessment.

3.1.10 If an assessment is submitted under Condition 3.1.3, the *Company* shall not modify the *Facility* unless the *Ministry*:

(a) accepts the assessment; or

(b) does not respond to the *Company* with respect to the assessment within thirty (30) days from the date of the written confirmation mentioned in Condition 3.1.6.

3.2. **PERFORMANCE LIMITS**

3.2.1 Subject to Condition 3.2.2, the *Company* shall, at all times, ensure that all *Equipment* that is a source of a *Compound of Concern* is operated to comply with the following *Performance Limits*:

(a) for a *Compound of Concern* that has a *Ministry Point of Impingement Limit*, the maximum concentration of that *Compound of Concern* at any *Point of Impingement* shall not exceed the corresponding *Ministry Point of Impingement Limit*;

(b) for a *Compound of Concern* that has an *Acceptable Maximum Ground Level Concentration* and no *Maximum Concentration Level Assessment*, the maximum concentration of that *Compound of Concern* at any *Point of Impingement* shall not exceed the corresponding *Acceptable Maximum Ground Level Concentration*; and

(c) for a *Compound of Concern* that has a *Maximum Concentration Level Assessment*, the maximum concentration of that *Compound of Concern* at any *Point of Impingement* shall not exceed the most recently accepted corresponding *Maximum Concentration Level Assessment*.

3.2.2 If the *Company* has modified the *Facility* and was not required to submit a *Maximum Concentration Level Assessment* with respect to a *Compound of Concern* under Condition 3.1.2 or 3.1.3, the *Company* shall, at all times, ensure that all *Equipment* that is a source of the *Compound of Concern* is operated such that the maximum concentration of the *Compound of Concern* shall not exceed the concentration listed for the *Compound of Concern* in the most recent version of the *ESDM Report*. *ESDM Reports* are required to be updated to reflect all *Modifications* under Condition 4.1(a).

3.2.3 The *Company* shall, at all times, ensure that the noise emissions from the *Facility* comply with the limits set out in *Ministry Publication NPC-205* or *Publication NPC-232*.

3.2.4 The *Company* shall, at all times, ensure that the vibration emissions from the *Facility* comply with the limits set out in *Ministry Publication NPC-207*.

ODOUR PERFORMANCE LIMIT

3.2.5 The *Company* shall ensure that the 10-minute average concentration of odour at the most impacted *Sensitive Receptor*, resulting from the operation of the *Facility/Equipment*, calculated in accordance with the methodology outlined in *Schedule "B"*, shall not exceed 1 odour unit.

4. DOCUMENTATION REQUIREMENTS

4.1 The *Company* shall, at all times, maintain documentation that describes the current operations of the *Facility*, including but not limited to:

- (a) a current *ESDM Report* that demonstrates compliance with the *Performance Limits* for the *Facility* regarding all *Compounds of Concern* and reflects all *Modifications* made at the *Facility*;
- (b) a current *Acoustic Assessment Report* that demonstrates compliance with the *Performance Limits* for the *Facility* regarding noise emissions;
- (c) an up-to-date *Log* that describes each *Modification* to the *Facility*; and
- (d) a record of the changes to the *ESDM Report* and *Acoustic Assessment Report* that documents how each *Modification* is in compliance with the *Performance Limits*.

4.2 The *Company* shall, during regular business hours, make the current *Emission Summary Table* and *Acoustic Assessment Summary Table* available for inspection at the *Facility* by any interested member of the public.

4.3 Subject to Condition 4.5, the *Company* shall prepare and complete no later than August 15 of each year documentation that describes the activities undertaken at the *Facility* in the previous calendar year, including but not limited to:

- (a) a list of all *Compounds of Concern* for which a *Maximum Concentration Level Assessment* was submitted to the *Director* for review by the *Air Standards Manager* pursuant to Condition 3.1.2 or 3.1.3 of this *Approval*;
- (b) if the *Company* has modified the *Facility* and was not required to submit a *Maximum Concentration Level Assessment* with respect to a *Compound of Concern* under Condition 3.1.2 or 3.1.3, a list and concentration level of all such *Compounds of Concern*;
- (c) a review of any changes to *Ministry Point of Impingement Limits* that affect any *Compounds of Concern* emitted from the *Facility*; and
- (d) a table of the changes in the emission rate of any *Compound of Concern* and the resultant increase or decrease in the *Point of Impingement* concentration reported in the *ESDM Report*.

4.4 Subject to Condition 4.5, the *Company* shall, at all times, maintain the documentation described in Condition 4.3.

4.5 Conditions 4.3 and 4.4 do not apply if Condition 2.1 has expired.

4.6 The *Company* shall, within three (3) months after the expiry of Condition 2.1 of this *Approval*, update the *ESDM Report* and the *Acoustic Assessment Report* such that they describe the *Facility* as it was at the time that Condition 2.1 of this *Approval* expired.

5. REPORTING REQUIREMENTS

5.1 Subject to Condition 5.2, the *Company* shall provide the *Ministry* and the *Director* no later than August 15 of each year, a *Written Summary Form* that shall include the following:

- (a) a declaration that the *Facility* was in compliance with section 9 of the *EPA, O.Reg. 419/05* and the conditions of this *Approval*;
- (b) a summary of each *Modification* that took place in the previous calendar year that resulted in a change in the previously calculated concentration at the *Point of Impingement* for any *Compound of Concern* or resulted in a change in the sound levels reported in the *Acoustic Assessment Summary Table* at any *Point of Reception*.

5.2 Condition 5.1 does not apply if Condition 2.1 has expired.

6. OPERATION AND MAINTENANCE

6.1 The *Company* shall prepare and implement, not later than three (3) months from the date of this *Approval*, operating procedures and maintenance programs for all *Processes with Significant Environmental Aspects*, which shall specify as a minimum:

- (a) frequency of inspections and scheduled preventative maintenance;
- (b) procedures to prevent upset conditions;
- (c) procedures to minimize all fugitive emissions;
- (d) procedures to prevent and/or minimize odorous emissions including but not limited to incoming materials unloading, product loading and storage procedures;
- (e) procedures to prevent and/or minimize noise emission; and
- (f) procedures for record keeping activities relating to the operation and maintenance programs.
- (g) a *Fugitive Odour Emissions Control Plan*, identifying fugitive odour emissions from the operation of the *Facility* and outlining the physical and procedural controls such as policies and standard operating procedures required in order to prevent or mitigate fugitive odour emissions from the operation of the *Facility*.

6.2 The *Company* shall ensure that all *Processes with Significant Environmental Aspects* are operated and maintained at all times in accordance with this *Approval*, the operating procedures and maintenance programs.

7. COMPLAINTS RECORDING PROCEDURE

- 7.1 If at any time, the *Company* receives any environmental complaints from the public regarding the operation of the *Equipment* approved by this *Approval*, the *Company* shall respond to these complaints according to the following procedure:
- (a) the *Company* shall record and number each complaint, either electronically or in a log book, and shall include the following information: the time and date of the complaint and incident to which the complaint relates, the nature of the complaint, wind direction at the time and date of the incident to which the complaint relates and, if known, the address of the complainant;
 - (b) the *Company*, upon notification of a complaint, shall initiate appropriate steps to determine all possible causes of the complaint, and shall proceed to take the necessary actions to appropriately deal with the cause of the subject matter of the complaint;
 - (c) the *Company* shall notify the *District Manager*, in writing, of each environmental complaint within two (2) business days of the complaint; and
 - (d) the *Company* shall complete and retain on-site a report written within one (1) week of the complaint date, listing the actions taken to appropriately deal with the cause of the subject matter of the complaint and any recommendations for remedial measures, and managerial or operational changes to reasonably avoid the recurrence of similar incidents.

8. RECORD KEEPING REQUIREMENTS

- 8.1 Any information requested by any employee in or agent of the *Ministry* concerning the *Facility* and its operation under this *Approval*, including, but not limited to, any records required to be kept by this *Approval*, shall be provided to the employee in or agent of the *Ministry*, upon request, in a timely manner.
- 8.2 The *Company* shall retain, for a minimum of seven (7) years from the date of their creation, except as noted below, all reports, records and information described in this *Approval* and shall include but not be limited to:
- (a) If the *Company* has updated the *ESDM Report* in order to comply with Condition 4.1(a) of this *Approval*, a copy of each new version of the *ESDM Report*;
 - (b) If the *Company* has updated the *Acoustic Assessment Report*, in order to comply with Condition 4.1(b) of this *Approval*, a copy of each new version of the *Acoustic Assessment Report*;
 - (c) supporting information used in the emission rate calculations performed in the *ESDM Reports* and *Acoustic Assessment Reports* to document compliance with the *Performance Limits* (superseded information must be retained for a period of three (3) years after *Modification*);
 - (d) the *Log* that describes each *Modification* to the *Facility*;
 - (e) all documentation prepared in accordance with Condition 4.3 of this *Approval*;
 - (f) copies of any *Written Summary Forms* provided to the *Ministry* under Condition 5.1 of this *Approval*;

- (g) the operating procedures and maintenance programs, including records on the maintenance, repair and inspection of the *Equipment* related to all *Processes with Significant Environmental Aspects*; and
- (h) the complaints recording procedure, including records related to all environmental complaints made by the public as required by Condition 7.1 of this *Approval*.

9. REVOCATION OF PREVIOUS APPROVALS

9.1 This *Approval* replaces and revokes all Certificates of Approval (Air) issued under section 9 EPA and Environmental Compliance Approvals issued under Part II.1 EPA to the *Facility* and dated prior to the date of this *Approval*.

10. NOISE CONTROL MEASURES

10.1 The *Company* shall:

- (a) fully implement the *Noise Control Measures* specified in the *Acoustic Assessment Report*, prior to commencement of operation of the *Facility* ;
- (b) ensure that the *Noise Control Measures* are properly maintained and continue to provide the acoustical performance outlined in the *Acoustic Assessment Report* .

11. ACOUSTIC AUDIT

11.1 The *Company* shall carry out *Acoustic Audit* measurements on the actual noise emissions due to the operation of the *Facility* . The *Company* :

- (a) shall carry out *Acoustic Audit* measurements in accordance with the procedures in *Publication NPC-103* ;
- (b) shall submit an *Acoustic Audit Report* on the results of the *Acoustic Audit* , prepared by an *Independent Acoustical Consultant* , in accordance with the requirements of *Publication NPC-233* , to the *District Manager* and the *Director* not later than four (4) months after the date noted on this *Approval*.

11.2 The *Director* :

- (a) may not accept the results of the *Acoustic Audit* if the requirements of *Publication NPC-233* were not followed;
- (b) may require the *Company* to repeat the *Acoustic Audit* if the results of the *Acoustic Audit* are found unacceptable to the *Director* .

SCHEDULE A

Supporting Documentation

- (a) Application dated March 18, 2010, signed by John Loewen and submitted by the *Company* for a Certificate of Approval (Air & Noise);
- (b) Emission Summary and Dispersion Modelling Report, dated March 23, 2010;
- (c) Acoustic Assessment Report dated March 22, 2010, prepared and signed by Paul Niejadlik, Golder Associates Ltd.;
- (d) E-mail dated May 3, 2010 and July 18, 2010 from Russell Polack of Golder Associates Ltd. to the Ontario Ministry of the Environment; and
- (e) Response email dated May 19, 2011 by John Loewen, Methes Energies Canada Inc.

SCHEDULE "B"

Procedure to calculate and record the 10-minute average concentration of odour at the Point of Impingement and at the most impacted Sensitive Receptor

1. Calculate and record one-hour average concentration of odour at the Point of Impingement and at the most impacted Sensitive Receptor, employing the AERMOD atmospheric dispersion model or with another atmospheric dispersion model acceptable to the Director that employs at least five (5) years of hourly local meteorological data and that can provide results reported as individual one- hour average odour concentrations;
2. Convert and record each of the one-hour average concentrations predicted over the five (5) years of hourly local meteorological data at the Point of Impingement and at the most impacted Sensitive Receptor to 10-minute average concentrations using the One-hour Average to 10-Minute Average Conversion described below; and
3. Record and present the 10-Minute Average concentrations predicted to occur over a five (5) year period at the Point of Impingement and at the most impacted Sensitive Receptor in a histogram. The histogram shall identify all predicted 10-minute average odour concentration occurrences in terms of frequency, identifying the number of occurrences over the entire range of predicted odour concentration in increments of not more than 1/10 of one odour unit. The maximum 10-minute average concentration of odour at the Sensitive Receptor will be considered to be the maximum odour concentration at the most impacted Sensitive Receptor that occurs and is represented in the histogram, disregarding outlying data points on the histogram as agreed to by the Director.

ONE-HOUR AVERAGE TO 10-MINUTE AVERAGE CONVERSION

4. Use the following formula to convert and record one-hour average concentrations predicted by the AERMOD atmospheric dispersion model to 10-minute average concentrations:

$$X_{10min} = X_{60min} * 1.65$$

where X_{10min} = 10-minute average concentration
 X_{60min} = one-hour average concentration

The reasons for the imposition of these terms and conditions are as follows:

GENERAL

Condition No. 1 is included to require the *Approval* holder to build, operate and maintain the *Facility* in accordance with the *Supporting Documentation* considered by the *Director* in issuing this *Approval*.

LIMITED OPERATIONAL FLEXIBILITY, REQUEST FOR MAXIMUM CONCENTRATION LEVEL ASSESSMENT AND PERFORMANCE LIMITS

Conditions No. 2 and 3 are included to limit and define the *Modifications* permitted by this *Approval*, and to set out the circumstances in which the *Company* shall submit a *Maximum Concentration Level Assessment* prior to making *Modifications*. The holder of the *Approval* is approved for operational flexibility for the *Facility* that is consistent with the description of the operations included with the application up to the *Facility Production Limit*. In return for the operational flexibility the *Approval* places performance based limits that cannot be exceeded under the terms of this *Approval*. *Approval* holders will still have to obtain other relevant approvals required to operate the *Facility*, including requirements under other environmental legislation such as the *Environmental Assessment Act*.

DOCUMENTATION REQUIREMENTS

Condition No. 4 is included to require the *Company* to maintain ongoing documentation that demonstrates compliance with the *Performance Limits* of this *Approval* and allows the *Ministry* to monitor on-going compliance with these *Performance Limits*. The *Company* is required to have an up to date *ESDM Report* and *Acoustic Assessment Report* that describe the *Facility* at all times and make the *Emission Summary Table* and *Acoustic Assessment Summary Table* from these reports available to the public on an ongoing basis in order to maintain public communication with regard to the emissions from the *Facility*.

REPORTING REQUIREMENTS

Condition No. 5 is included to require the *Company* to provide a yearly *Written Summary Form* to the *Ministry* to assist the *Ministry* with the review of the site's compliance with the *EPA*, the regulations and this *Approval*.

OPERATION AND MAINTENANCE

Condition No. 6 is included to require the *Company* to properly operate and maintain the *Processes with Significant Environmental Aspects* to minimize the impact to the environment from these processes.

COMPLAINTS RECORDING PROCEDURE

Condition No. 7 is included to require the *Company* to respond to any environmental complaints regarding the operation of the *Equipment*, according to a procedure that includes methods for preventing recurrence of similar incidents and a requirement to prepare and retain a written report.

RECORD KEEPING REQUIREMENTS

Condition No. 8 is included to require the *Company* to retain all documentation related to this *Approval* and provide access to employees in or agents of the *Ministry*, upon request, so that the *Ministry* can determine if a more detailed review of compliance with the *Performance Limits* is necessary.

REVOCAION OF PREVIOUS APPROVALS

Condition No. 9 is included to identify that this *Approval* replaces all Section 9 Certificate(s) of Approval and Part II.1 Approvals that have been previously issued for this *Facility*.

NOISE CONTROL MEASURES

Condition No. 10 is included to require the *Company* to implement *Noise Control Measures* designed to ensure that the noise emissions from the *Facility* will be in compliance with applicable limits set in the *Ministry*'s noise guidelines.

ACOUSTIC AUDIT

Condition No. 11 is included to require the *Company* to gather accurate information and submit an *Acoustic Audit Report* in accordance with procedures set in the *Ministry*'s noise guidelines, so that the environmental impact and subsequent compliance with the *EPA*, the regulation and this *Approval* can be verified.

In accordance with Section 139 of the Environmental Protection Act, you may by written Notice served upon me, the Environmental Review Tribunal and in accordance with Section 47 of the Environmental Bill of Rights, 1993, S.O. 1993, c. 28 (Environmental Bill of Rights), the Environmental Commissioner, within 15 days after receipt of this Notice, require a hearing by the Tribunal. The Environmental Commissioner will place notice of your appeal on the Environmental Registry. Section 142 of the Environmental Protection Act provides that the Notice requiring the hearing shall state:

1. The portions of the environmental compliance approval or each term or condition in the environmental compliance approval in respect of which the hearing is required, and;
2. The grounds on which you intend to rely at the hearing in relation to each portion appealed

The Notice should also include:

3. The name of the appellant;
4. The address of the appellant;
5. The environmental compliance approval number;
6. The date of the environmental compliance approval;
7. The name of the Director, and;

8. The municipality or municipalities within which the project is to be engaged in

And the Notice should be signed and dated by the appellant.

This Notice must be served upon:

The Secretary*
Environmental Review Tribunal
655 Bay Street, Suite 1500
Toronto, Ontario
M5G 1E5

AND

The Environmental Commissioner
1075 Bay Street, Suite 605
Toronto, Ontario
M5S 2B1

AND

The Director appointed for the purposes of
Part II.1 of the Environmental Protection Act
Ministry of the Environment
2 St. Clair Avenue West, Floor 12A
Toronto, Ontario
M4V 1L5

* Further information on the Environmental Review Tribunal's requirements for an appeal can be obtained directly from the Tribunal at: Tel: (416) 212-6349, Fax: (416) 314-4506 or www.ert.gov.on.ca

This instrument is subject to Section 38 of the Environmental Bill of Rights, 1993, that allows residents of Ontario to seek leave to appeal the decision on this instrument. Residents of Ontario may seek leave to appeal within 15 days from the date this decision is placed on the Environmental Registry. By accessing the Environmental Registry at www.ebr.gov.on.ca, you can determine when the leave to appeal period ends.

The above noted activity is approved under s.20.3 of Part II.1 of the Environmental Protection Act.

DATED AT TORONTO this 14th day of March, 2012



Ian Greason, P.Eng.
Director
appointed for the purposes of Part II.1 of the
Environmental Protection Act

SM/

c: District Manager, MOE Sarnia
Russell Polack, Golder Associates