UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

October 21, 2004

Mohsen Nazemi
Assistant Deputy Executive Officer
South Coast Air Quality Management District
21865 East Copley Drive
Diamond Bar, CA 91765

Re: Proposed Permit Revision for Premier Industries (Facility #25318)

Dear Mohsen,

Thank you for the opportunity to review the proposed Title V permit revision for the Premier Industries facility located at 5635 Schaefer Ave in Chino, CA. EPA received the District's submittal on September 7, 2004; in accordance with 40 CFR 70.8(c) and the District's approved Title V program, EPA reviewed the proposed permit and wishes to submit the comments in the enclosed document.

Among EPA's primary concerns with this permit are 1) the federal enforceability of the variance condition, 2) the lack of a compliance plan or an acceptable alternative, and 3) the District's failure to treat the emissions from Premier's scrap recovery operations as "manufacturing emissions" under Rule 1175. As a result of all three issues, EPA believes that the proposed permit fails to meet the Part 70 standard that it assure compliance with all applicable requirements. The enclosed document discusses these and other issues, and includes steps which EPA believes the District should take in order to correct the deficiencies.

EPA would like to thank the District for its willingness to work with us to address some of these issues in advance. Specifically, we appreciate the District's commitment to make the variance condition non-federally enforceable and to include language in place of a compliance plan prior to issuing the permit. EPA believes that the combined efforts of both our agencies will yield a permit that is more enforceable and more protective of the environment.

If you have any questions, please do not hesitate to contact me at 415-972-3974. Alternatively, you may have your staff contact Joe Lapka of the Permits Office at 415-947-4226 or Ann Lyons of our Office of Regional Council at 415-972-3883. Thank you for your time and attention to this matter.

Sincerely,

original signed by

Gerardo C. Rios
Chief, Permits Office

Enclosures (2)

cc: Shawn Osler, Premier Industries, Inc.

Enclosure 1: EPA Comments on Proposed Permit Modification for Premier Industries (Facility No. 25318)

October 21, 2004

1. The engineering analysis (EA) indicates that Premier is currently operating under Variance Case No. 5333-1 for non-compliance with Rule 1175. Among other things, it provides variance coverage for Rule 1175(c)(4)(B)(ii) while requiring that Premier meet the requirements of Rule 1175(c)(4)(B)(i). Condition I1.1 attempts to make the conditions of the variance federally enforceable. However, EPA can not recognize any variances from applicable requirements of the Clean Air Act (CAA). Section 310(i) of the CAA states "no order, suspension, plan revision, or other action modifying any requirement of an applicable implementation plan may be taken with respect to any stationary source by the State or by the Administrator." Furthermore, the District rule pursuant to which the variance was issued is not contained in the approved State Implementation Plan (SIP). As a result, Condition I1.1 must not be federally enforceable. Furthermore, because EPA can not recognize the variance, it neither shields Premier from its obligation to comply with Rule 1175 nor from enforcement actions for past or future violations of the rule.

   In an e-mail dated 10/21/2004, the District agreed that the variance and its related permit condition are not federally enforceable. EPA appreciates the District's commitment to memorialize this agreement by tagging Condition I1.1 with Rule 503, which is not in the approved SIP. Additional consequences of the non-federal enforceability of the variance are discussed below.

2. EPA issued a Notice of Violation to Premier on June 30, 2004, for non-compliance with Rule 1175. Because the variance does not relieve Premier of its obligation to comply with Rule 1175(c)(4)(B)(ii), the facility continues to operate in violation of the SIP. For sources that are out of compliance with an applicable requirement at the time of Title V permit issuance, 40 CFR 70.5(c)(8)(iii)(C) and District Rule 3004 require that the permit contain a compliance schedule, which includes an enforceable sequence of actions to be taken by the owner or operator to achieve compliance. The proposed permit fails to meet this requirement because no compliance schedule was included in the District's submittal. Recognizing that Premier is the subject of a pending enforcement investigation carried out by EPA, it may be inappropriate at this time for the compliance schedule to contain a specific sequence of remedial measures. In place of such a schedule, the District may include language which requires that the permit be re-opened and revised in accordance with the outcome of any settlement or enforcement action. Language that can be used for this purpose is provided below:

   > *With regard to Rule 1175, there are unresolved issues of non-compliance, which are the subject of a U.S. EPA enforcement action. The permit at this time neither addresses nor shields the Permittee from enforcement actions related to Rule 1175.*
   >
   > *If the Permittee settles the allegations included in the Findings and Notices of Violation through a consent decree with the United States in federal district court, then, upon entry, this permit shall be revised to include the applicable terms and conditions of the*

consent decree. If the settlement efforts fail, this permit may be re-opened and revised to address the units or activities addressed in the Findings and Notices of Violation.

EPA appreciates the District's commitment to include language similar to that suggested above in the permit prior to its issuance.

3. Rule 1175(b)(6) defines "manufacturing emissions" as "any emissions of VOC, CFC, or methylene chloride that occur during the manufacturing operation." Subdivision (b)(7) in turn defines "manufacturing operation" as "every step of the processing of a polymeric material from the delivery of the raw material, until the storage of the final cellular product." The District has taken the position that emissions from the scrap recovery system do not need to be controlled because they are liberated after storage of the final product. EPA disagrees with the District's position and its treatment of these emissions.

   As indicated in the EA, Premier's foam block cutting operation generates a significant amount of foam scrap. Premier takes the majority of this scrap (in addition to scrap received from outside sources) and reduces it in size. This "regrind" is then used as a raw material in the production of "scrap foam blocks," which are a combination of regrind and virgin bead. The definition of a manufacturing operation clearly includes activities involved in the handling of raw materials. Because the scrap material is used as a raw material, EPA considers all emissions associated with its use to be "manufacturing emissions" as defined by the rule.

   Because they are "manufacturing emissions," all emissions from the scrap recovery operations should be treated in accordance with the requirements of Rule 1175(c). The District's failure to do so renders the proposed permit inadequate to assure compliance with all applicable requirements as required by 40 CFR Part 70. To correct this deficiency, the District should, at a minimum:

   1) revise or remove statements from the EA, which indicate that scrap recovery emissions are not "manufacturing emissions" under Rule 1175;
   2) quantify the emissions from Premier's scrap recovery operations;
   3) re-conduct the Rule 1175 evaluation in the EA and include the emissions from the scrap recovery operations; and
   4) require that Premier capture and control the scrap recovery emissions and any additional manufacturing emissions as necessary in order to meet the 90% capture and 95% control requirements of Rule 1175.

4. Condition D29.2 requires that Premier conduct a source test once every five years to demonstrate compliance with the VOC collection and destruction efficiency requirements of Rule 1175(c)(4). For both the collection and destruction efficiency tests, the permit requires only that Premier use an "approved District method." However,

   a. in cases where the source does not wish to use the stated test method, Rule 1175(f)(3)(A) requires that the owner or operator use an alternative method approved by the US EPA, the CARB, and the District. As a result, the District should revise condition D29.2 so that EPA and CARB approval of the test method is also required. EPA recommends that Premier conduct its source test in accordance with its "Guidelines for Determining Capture Efficiency" and associated Methods 204 through 204f in Appendix M of 40 CFR Part 51.

b. Rule 1175(f)(3)(B) requires that the control efficiency be determined by EPA Methods 25, 25A, or AQMD Method 25.1 as applicable. The District should revise the permit so the use of these test methods is required. If the source is not able to use the stated methods, the permit should require EPA and CARB approval of the proposed alternative.

5. The capture efficiency calculations provided by the District in its evaluation of Rule 1175 (see pages 29 through 32 of the EA) assume that the capture system is 100% efficient and do not account for inefficiencies which may be experienced during the source test or normal operations. This assumption may be reasonable for emission sources that reside within the permanent total enclosure or that are ducted to the enclosure or the thermal oxidizer. However, the attached drawing of the pre-expander bead hoppers suggests that assumption can not be made for all pieces of equipment at the facility. In the case of these hoppers, it is unreasonable to assume that the hood, which covers approximately 57% of the open area, will collect 100% of the pentane released from the EPS beads.

   Because such detailed information was not provided for all of the emission units at the facility, it is difficult to estimate how great of an impact this assumption could have on Premier's predicted and actual capture efficiencies. However, given the facility's current compliance status, the predicted margin of compliance following the proposed modification (only 2.6% greater than the 90% requirement), and the results of the previous source test, Premier and the District should revisit the calculations to ensure that the underlying assumptions are reasonable for all relevant pieces of equipment.

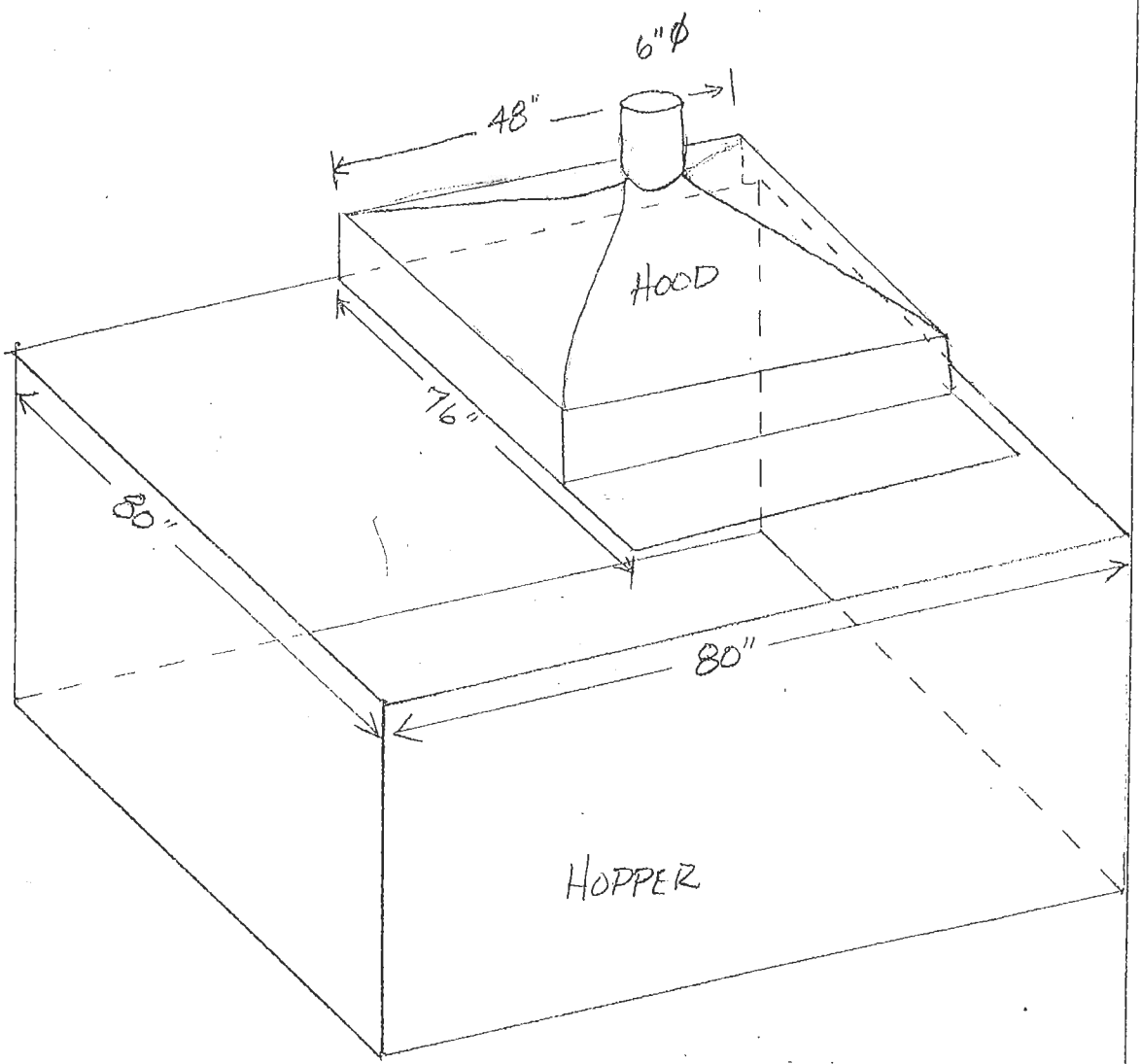
6. The EA indicates that the thermal oxidizer is guaranteed to achieve a 95% destruction efficiency based on an operating temperature of 1450-1600 degrees F and a minimum retention time of 0.5 seconds. While Condition C8.2 requires that Premier continuously monitor and record the oxidizer's temperature, the permit does not require flow rate monitoring (as a surrogate for retention time). If the flow to the oxidizer is expected to vary over time, the District should consider requiring Premier to monitor this parameter as well.

Enclosure 2: Emission Capture System for Pre-expander Bead Hoppers

HOPPER = 80" X 80" = 6400 IN^2 57%

HOOD = 48" X 76" = 3648 IN^2

OPEN AREA = 6400 − 3648 = 2752 IN^2 ⇒ 19 FT^2



Pre expander bead hoppers. (D23 & D27)