



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

AUG 23 2005

REPLY TO THE ATTENTION OF
(AR-18J)

Mr. Paul Dubenetzky
Permits Branch Chief
Office of Air Quality
Indiana Department of Environmental Quality
100 North Senate Ave.
Indianapolis, Indiana 46204

Dear Mr. Dubenetzky:

The United States Environmental Protection Agency (USEPA) has been reviewing the proposed construction permit modification for ISG Burns Harbor (ISG) in Porter County (permit no. 127-19945-00001). As part of the permit modification, ISG is requesting that a coal usage limitation taken in 1994 to avoid the Prevention of Significant Deterioration (PSD) rules be increased. In accordance with 40 C.F.R. § 52.21(r)(4), if a past permit modification becomes major solely by virtue of a relaxation in any enforceable limitation, then the requirements of PSD must be applied as though construction had not yet commenced on the past modification. ISG claims that the original netting analysis erroneously overestimated the nitrogen oxide emissions from the blast furnace granulated injection system dryers. According to ISG, correcting this error will allow the source to re-evaluate the 1994 netting analysis and to increase the coal usage limit without increasing emissions above the PSD threshold.

It is USEPA's position to allow a source to re-evaluate a past netting analysis if it is been determined that an error has occurred in the calculation. It is also USEPA's position that, upon re-evaluating a past netting analysis, the entire netting analysis will become subject to a thorough review to determine if other errors may have occurred.

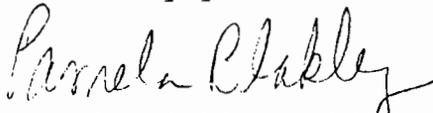
In reviewing the 1994 netting analysis, our office has discovered several errors. The most significant error is ISG's use of source-specific allowable sulfur dioxide (SO₂)

emissions under 40 C.F.R. § 52.21(b)(21)(iii) to calculate its past actual emissions. ISG, however, should have used the past actual emission approach prescribed by 40 C.F.R. §52.21(b)(21)(ii). USEPA believes that the provision ISG relied upon is only for those situations where there is insufficient representative operating data to determine historical actual emissions. See, e.g., [the Draft New Source Review Workshop Manual (p.41)]. USEPA believes that actual historic data for ISG was available to calculate its past actual SO2 emissions.

In conclusion, it is our position that there were errors made in the original 1994 netting analysis that will affect the netting re-evaluation in the current proposed permit modification. Because of these past errors, IDEM will need to evaluate whether this current proposed permit modification will cause the facility to become major for SO2, as well as other pollutants, and result in a full PSD analysis. We will be happy to work with you to resolve this particular issue and to address other concerns we have with the 1994 netting analysis at your convenience.

If you have any concerns or questions please feel free to contact Ethan Chatfield, of my staff, at (312) 886-5112.

Sincerely yours,



Pamela Blakley, Chief
Air Permits Section



Ethan
Chatfield/R5/USEPA/US
03/15/2006 01:32 PM

To
Subject EPA Review: ISG Burns Harbor (T127-6301-0001)

Ms. Groch,

EPA Region 5 (R5) has completed a review of the ISG Burns Harbor: Initial Part 70 Permit (T127-6301-0001) public noticed on 2/10/06 (ending 4/09/06). The following are comments generated during this review. Major comments have been **bolded**.

1. **Section D.1:** As discussed in correspondence from USEPA to IDEM dated 8/23/05, we believe that there are "errors" in the January 28, 1994 construction 'netting' permit (CP127-2725-0001). Because we have not been contacted by IDEM to resolve this issue and the existing synthetic minor limitations have been fully incorporated into the Title V permit, it appears IDEM has not fully addressed our concerns with the 1994 netting analysis. Further, we are concerned with the possibility that by incorporating the existing synthetic minor limitations into the Title V permit the permit shield would apply, we recommend the following language be included as a placeholder:

"U.S. EPA is investigating the netting analysis which was a part of the permitting process that resulted in the issuance of the construction permit CP 127-2725-0001 issued on January 28, 1994. Because U.S. EPA is questioning the appropriateness of this construction permit, the permit shield generally provided for in this Title V permit does not attach to the any terms identified as having an origin in CP127-2725-0001. Accordingly, ISG's compliance with these permit terms cannot be deemed as compliance with underlying applicable requirements or the Clean Air Act. Following resolution of this issue, IDEM, OAQ will reopen this permit if it is necessary to revise the existing limitations or incorporate new applicable requirements."

2. Condition D.1.1(a): Although this condition is taken from CP 2725; taken out of context, this condition is confusing. It is suggested that the permit be revised to remove or revise this condition to alleviate confusion and misapplication.

3. Condition D.1.1(b): Is the stack ID suppose to be EP512-3027?

4. Condition D.1.3(c): Please provide a more specific citation than 326 IAC 11-3.

5. Conditions D.1.7(d)(1) and (2) and D.1.14(b): The emission and opacity limitations referenced in these conditions only provide a general citation to 6-2, 5-1 or 11-3. Please provide more specific citations and/or state the actual emission or opacity requirements in the permit.

6. Condition D.1.10: Please explain condition (c).

7. **Condition D.1.12, D.1.36, D.1.38:** Since this permit will be issued after April 14, 2006, shouldn't the NESHAP stated in these conditions be fully incorporated into this permit?

8. Condition C.7(b): Please explain why the remainder of IAC 7-4-14(1)(D) is not included in the permit. Also, why was 7-4-14(1)(C) not included in D.1.5 or elsewhere in the permit?

9. Condition D.1.13: Based on recent emission reporting data, it appears that the underfire and pushing exhausts each emit greater than 1,500 tpy of SOx emissions and have applicable SIP emission limitations. Please explain why stack testing is not required for these emission units. Also, please explain how compliance with D.1.1(b) will be demonstrated?

10. **Condition D.1.34(d):** Condition D.1.2(c) does not exist. Please revise and verify that the other citations in this conditions are correct. Also, please explain where the lbs /hr and tpy limitation contained in Condition 12 of CP127-2725-00001 is located within the permit.

11. Section D.1: I was unable to locate Condition 16 from CP127-2725-00001. Please explain where this condition is located in the permit or why it was excluded.

12. Condition D.3.1(e): It is suggested the phrase "at all times" be added to this condition to increase its enforceability.

13. Conditions D.4.5, D.4.6, D.4.19, D.5.6, D.5.7, D.5.19, D.6.10, D.6.25: The Miscellaneous Coating NESHAP web link is continual cited in the permit instead of the actual applicable NESHAP, please explain. Also, the compliance date for the Integrated Iron and Steel NESHAP is very close to the potential date this permit could be issued final. Please explain why this NESHAP is not incorporated directly into the permit.

14. Conditions D.4.7, D.6.11, D.12.6(a): The statement "this condition is not federally enforceable " should be removed because this record keeping requirement can and is cited to be required pursuant to IAC 2-7, which is approved into the SIP .

15. Condition D.4.7: Based on 2004 emission reporting data , it appears that the sinter windbox stack tested at 0.91 lb/ton of steel , relatively close to the SIP limit of 1.0 lb/ton. Since this equate to about 1,700 tpy of SO2, it seems that a CEM or other frequent stack testing needs to be required to demonstrate compliance . Please explain .

16. Conditions D.5.1, D.5.2: Please explain the comment at the end of these conditions, is the condition federally enforceable? Why is IAC 6-6 referenced?

17. Condition D.10.8: It appears that if the facility combusts only natural gas that the NOx emission limit in D.10.3(b)(1) could potentially be exceeded. Since the facility is able to switch fuels (with some restrictions), it is suggested that annual stack testing using each fuel be required to ensure continual compliance with the SIP limit.

18. Condition D.12.5(b): Please add "greater than" in front of "0.1 inches of rainfall"

Please feel free to call (at the # below) or email me if you have any questions or concerns or to discuss any of the issues raised above. A brief informal email response to each of the comments stated above **prior to finalization of the permit** would be greatly appreciated.

Thanks,

Ethan Chatfield
Environmental Engineer

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