



LARA

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

REPLY TO THE ATTENTION OF:
(AR-18J)

JUN 19 2006

Lynn Fiedler, Supervisor
Permit Section
Michigan Department of Environmental Quality
P.O. Box 30260
Lansing, Michigan 48909-7760

Dear Ms. Fiedler:

I am writing in regard to the draft permit number 223-05A for the Michigan Sugar Company located in Bay City, Michigan. The United States Environmental Protection Agency (USEPA) has reviewed the draft permit and other relevant information, and has identified a number of concerns. These concerns must be addressed before issuance of the Prevention of Significant Deterioration (PSD) permit for this source.

The draft permit would authorize construction of a new fluidized bed steam pulp dryer, require removal of two of the three existing pulp dryers, and create Best Available Control Technology (BACT) limitations for volatile organic compounds (VOC) and carbon monoxide (CO) for all pulp dryers. At the time construction and modification on the 3 existing dryers occurred, the area was classified as nonattainment for VOC; therefore, to the extent that major modifications occurred, PSD would not have been the applicable program and Lowest Achievable Emission Rate, rather than BACT, would have been the appropriate technology standard. If Michigan Sugar wishes to address the past permit issues at this time, the appropriate nonattainment New Source Review permit must be issued.

Even if BACT would be the appropriate standard, USEPA has identified the following concerns with the draft permit:

1. It is our understanding that the VOC and CO BACT emission limits in the draft permit provide a significant margin of error. We understand that when using good combustion practice to achieve BACT, that the emission rate will fluctuate; however, the proposed rates are considerable higher than previous stack test data for these units. It is our position that these limitations should be closer to the levels achieved during previous stack testing.
2. The draft permit does not include compliance methods for the VOC and CO BACT limits.

The 1990 New Source Review Workshop Manual provides guidance on the enforceability of BACT (B. 56): "emission limits must be met on a continual basis at all levels of operations (e.g.,

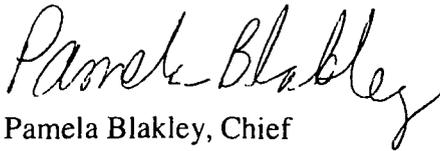
limits written in lb/MMBtu), demonstrate protection of short term ambient standards (e.g., limits written in lb/hour) and be enforceable as a practical matter (e.g., contain appropriate averaging times, compliance verification procedures, and recordkeeping requirements)". As is, the conditions included in the permit are not sufficient to show the compliance – or noncompliance – status of the source.

3. When a control option will result in the reduction of more than one regulated pollutant, the cost effectiveness of the control option should be determined based upon the total of all regulated pollutants removed. We have enclosed a previous determination from Region 4 that addresses this issue. Because a regenerative thermal oxidizer (RTO) will control both VOC and CO emissions, the cost analysis should have considered the reduction of these two pollutants together rather than separately. The cost effectiveness values must be recalculated. If the cost associated with RTO is found to be reasonable, this control option may no longer be dismissed on these grounds.

We would like to continue to work with Michigan Department of Environmental Quality to ensure that a permit meeting the requirements of the Clean Air Act and associated rules and regulations is issued.

If we can answer any questions regarding this letter, please contact Laura Cossa at (312) 886-0661.

Sincerely yours,



Pamela Blakley, Chief
Air Permits Section

Enclosure