



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

SEP 29 2014

REPLY TO THE ATTENTION OF:

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jeff Painter, President
Cardinal Ethanol, LLC
1554 North County Road 800 East
Union City, Indiana 47390

Re: Notice and Finding of Violation
Cardinal Ethanol, LLC
Union City, Indiana

Dear Mr. Painter:

The U.S. Environmental Protection Agency is issuing the enclosed Notice and Finding of Violation (NOV/FOV) to Cardinal Ethanol, LLC (Cardinal or you) under Section 113(a) of the Clean Air Act, 42 U.S.C. § 7413(a). We find that you are violating the Indiana State Implementation Plan and your Title V permit at your Union City, Indiana facility.

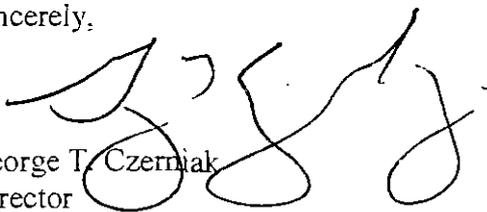
Section 113 of the Clean Air Act, 42 U.S.C. § 7413(a), gives us several enforcement options. These options include issuing an administrative compliance order, issuing an administrative penalty order and bringing a judicial civil or criminal action.

We are offering you an opportunity to confer with us about the violations alleged in the NOV/FOV. The conference will give you an opportunity to present information on the specific findings of violation, any efforts you have taken to comply and the steps you will take to prevent future violations. In addition, in order to make the conference more productive, we encourage you to submit to us information responsive to the NOV/FOV prior to the conference date.

Please plan for your facility's technical and management personnel to attend the conference to discuss compliance measures and commitments. You may have an attorney represent you at this conference.

The EPA contact in this matter is Manoj P. Patel. You may call him at (312) 353-3565 to request a conference. You should make the request within 10 calendar days following receipt of this letter. We should hold any conference within 30 calendar days following receipt of this letter.

Sincerely,



George T. Czerniak
Director
Air and Radiation Division

Enclosure

cc: Phil Perry, Branch Chief
Office of Air Quality/Compliance & Enforcement Branch
Indiana Department of Environmental Management
100 North Senate Avenue
Indianapolis, Indiana 46204

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5**

IN THE MATTER OF:

**Cardinal Ethanol, LLC
Union City, Indiana**

Proceedings Pursuant to
the Clean Air Act
42 U.S.C. § 7401 et seq.

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) **NOTICE OF VIOLATION and
FINDING OF VIOLATION**

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) **EPA-5-14-IN-09**
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NOTICE AND FINDING OF VIOLATION

The U.S. Environmental Protection Agency (EPA) is issuing this Notice of Violation and Finding of Violation (NOV/FOV or Notice) under Section 113(a) of the Clean Air Act (the Act), 42 U.S.C. § 7413(a). The authority to issue this NOV/FOV has been delegated to the Regional Administrator of EPA Region 5 and redelegated to the Director, Air and Radiation Division. EPA finds that Cardinal Ethanol, LLC (Cardinal) is violating the Indiana State Implementation Plan (SIP) and its Title V permit, as follows:

Statutory and Regulatory Background

1. Section 502(d)(1) of the Act, 42 U.S.C. § 7661a(d)(1), requires each state to develop and submit to EPA an operating permit program (Title V Permit Program). On December 4, 2001, 66 Fed. Reg. 62969, EPA granted Indiana final approval of its Title V Permit Program, effective November 30, 2001.
2. Section 502(a) of the Act, 42 U.S.C. § 7661a(a), and 40 C.F.R. § 70.7(b), provide that, after the effective date of any permit program approved or promulgated under Title V of the Act, no source subject to Title V may operate except in compliance with a Title V permit.
3. 40 C.F.R. § 70.3 provides that the requirements of Part 70 apply to any major source located in a state that has received whole or partial approval of its Title V program.
4. On February 20, 2008, 73 Fed. Reg. 9201-9203, EPA approved 326 IAC 8-5-6, fuel grade ethanol production at dry mills, to its volatile organic compounds (VOC) rules as a revision to the Indiana SIP at 40 C.F.R. § 52.770(c)(182).
5. 326 IAC 8-5-6(c)(3) states that the owner or operator of a fuel grade dry mill ethanol production plant shall install and operate an enclosed flare with an overall control efficiency of not less than 98% percent.

6. 326 IAC 8-5-6(d) provides that the owner or operator of a fuel grade ethanol dry mill production plant that was constructed or modified after April 1, 2007, that installs and operates an enclosed flare as its VOC control device, shall determine initial compliance with the control efficiency requirement within sixty (60) days after achieving maximum production levels but no later than one hundred and eighty (180) days after startup.
7. On August 5, 2010, the Indiana Department of Environmental Management issued Title V Operating Permit No. T135-28921-00033 to Cardinal. Prior to August 5, 2010, the facility operated under Federally Enforceable State Operating Permit #F135-23226-00033 which issued on January 26, 2007.
8. Part D.5.2(b) of its Title V Permit requires Cardinal to install and operate an enclosed flare with an overall control efficiency of not less than 98% percent.
9. Part B.24 of the Title V permit and 40 C.F.R. § 52.12 provide that, for the purpose of establishing whether or not a person has violated or in violation of any provision or condition of a permit, nothing in this permit shall preclude the use, including the exclusive use, of any credible evidence or information, relevant to whether a source would have been in compliance with applicable requirements if the appropriate performance or compliance test procedures or methods had been performed.
10. Section 113(a)(3) of the Act, 42 U.S.C. § 7413(a)(3), authorizes the Administrator to initiate an enforcement action whenever, among other things, the Administrator finds that any person has violated or is in violation of a requirement or prohibition of Title V of the Act, or any rule promulgated, issued or approved under Title V of the Act.
11. 40 C.F.R. § 52.23 provides, among other things, that a person who fails to comply with any permit condition issued in accordance with a SIP-approved installation permit or with any approved regulatory provision of a SIP is in violation of and subject to an enforcement action under Section 113 of the Act, 42 U.S.C. § 7413.

Factual Background

12. Cardinal owns and operates a fuel grade ethanol production dry mill facility at 1554 North County Road 600 East, Union City, Indiana (the facility).
13. The facility was constructed or modified after April 1, 2007, and uses the dry milling process. It contains one (1) ethanol loading rack for trucks or rail cars identified as P64 and exhausts to stack S50.
14. Cardinal operates an enclosed flare as its VOC control device.
15. On or about August 5, 2010, IDEM approved and issued a new source review and Part 70 operating permit to Cardinal to modify facility operations to increase the production capacity from 110 million gallons of denatured ethanol per year (MMGPY) to 135 MMGPY.

16. On June 13, 2012, EPA performed an announced inspection of the facility. EPA observed that VOC emissions and the overall VOC control efficiency demonstration was not performed. EPA advised the facility to perform the testing to determine the overall VOC control efficiency at the flare.
17. On September 12, 2013, EPA issued a Request for Information to the Cardinal facility under Section 114 of the Act, 42 U.S.C. § 7414.
18. On October 7, 2013 and January 10, 2014, Cardinal responded to EPA's Request for Information.

Violation

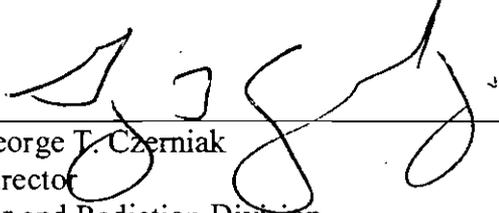
19. At its VOC control device (an enclosed flare), Cardinal failed to determine initial compliance with the control efficiency requirement within sixty (60) days after achieving maximum production levels, but no later than one hundred and eighty (180) days after startup, which constitutes a violation of the Indiana SIP, 326 IAC 8-5-6(d), and 40 C.F.R. § 52.23.
20. Cardinal failed to demonstrate that it operated its enclosed flare with an overall control efficiency of not less than 98% percent which constitutes a violation of Part D.5.2(b) of its Title V Permit, Section 502(a) of the Act, 42 U.S.C. § 7661(a), 40 C.F.R. § 70.7(b), and 40 C.F.R. § 52.23.

Environmental Impact of Violation

21. Stack testing is an important tool used to determine the facility's compliance with the overall control efficiencies requirements under the SIPs. It determines a pollutant emission rate, concentration, or parameter while the facility, emission unit, or air pollution control equipment is operating at conditions that result in the measurement of emissions or parameter values or at other operating conditions approved by the regulatory authority.
22. VOC pollution causes a variety of health and environmental impacts, such as acid rain, global warming, water quality deterioration, and visual impairment. VOC plays a major role in the atmospheric reactions that produce ozone. Breathing ozone contributes to a variety of health problems including chest pain, coughing, throat irritation, and congestion. It can worsen bronchitis, emphysema, and asthma. Ground level ozone also can reduce lung function and inflame lung tissue. Repeated exposure may permanently scar lung tissue.

Date

9/29/14


George T. Czerniak
Director
Air and Radiation Division

CERTIFICATE OF MAILING

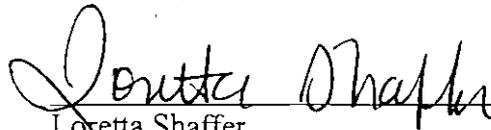
I, Loretta Shaffer, certify that I sent a Notice and Finding of Violation, No. EPA-5-14-IN-09, by Certified Mail, Return Receipt Requested, to:

Jeff Painter, President
Cardinal Ethanol, LLC
1554 North County Road 600 East
Union City, Indiana 47390

I also certify that I sent copies of the Notice of Violation and Finding of Violation by first-class mail to:

Phil Perry, Chief
Compliance and Enforcement Branch
Office of Air Quality
Indiana Department of Environmental Management
100 North Senate Avenue, Room IGCN 1003
Indianapolis, Indiana 46206-6015

On the 1 day of October 2014.



Loretta Shaffer
Program Technician
AECAB, PAS

CERTIFIED MAIL RECEIPT NUMBER: 7009 1680 0000 7672 9161