

October 20, 2000

(AR-18J)

Don Smith, Supervisor
North/South District-Major Facilities
Air Quality Division
Minnesota Pollution Control Agency
520 Lafayette Road
St. Paul, Minnesota 55155

Dear Mr. Smith:

The United States Environmental Protection Agency (EPA) has reviewed Air Emission Permit Nos. 04500049-003 and 03300025-005 for Pro-Corn LLC in Preston, Minnesota and Ethanol 2000 LLP in Bingham Lake, Minnesota. Both permits are state permits which amend Title I conditions applicable to each facility.

Pro-Corn and Ethanol 2000 produce fuel ethanol through biological fermentation. These plants appear to be subject to New Source Performance Standards (NSPS) for subparts NNN (distillation processes), RRR (reactor processes), and VV (equipment leaks) as they relate to the production of fuel ethanol, which are not included in the proposed permits for these sources. The EPA issued a number of memorandums to clarify the applicability of NSPS subparts NNN, RRR, and VV to sources using biological fermentation to produce organic chemicals and sources using petroleum feedstocks for synthesis of organic chemicals.

In a October 7, 1996, letter from Reggie Cheatham to George Czerniak, EPA issued a formal determination for Don Dame of Dame Engineering Incorporated regarding clarification of "beverage alcohol" as it relates to manufacturing processes that produce ethyl alcohol (ethanol) through refining petroleum products and ethyl alcohol produced through biological fermentation. The EPA's specific response to this request stated that biological fermentation processes are not covered under subparts NNN, RRR, and VV. The EPA further clarified this determination as it related to subpart VV in a letter dated September 8, 1998, entitled "Clarification of Applicability Determination for Biomass Ethanol Production". This clarification stated that process units producing fermented beverages solely for human consumption are exempt from the subpart VV, while process units used to produce industrial grade alcohols from fermentation products are subject to subpart VV.

Furthermore, according to a July 7, 1997, letter entitled "Case-by-Case Applicability Determinations for Biomass Ethanol Production", EPA explains

that the intent of the October 7, 1996, letter was that it would be used by EPA to form the basis for site specific, case-by-case determinations of other similar sources. Therefore, the October 1996 letter is not a blanket determination to exempt facilities from the regulations. In order for any specific source to be exempted from any standard or regulation, it must obtain a site specific determination from the EPA.

It appears that subparts NNN, RRR, and VV currently apply to Pro-Corn and Ethanol 2000. Minnesota's State Implementation Plan (SIP) requires a stationary source to obtain a permit if it is subject to a standard under 40 CFR part 60 or any NSPS. Our office recently received a letter from the Minnesota Pollution Control Agency (MPCA) requesting a site specific exemption for these facilities for subparts NNN and RRR, including another facility called Agra Resources Coop in Albert Lea, Minnesota. The MPCA also notified us of that the subpart VV requirements will be included in these permits. Ultimately, Pro-Corn and Ethanol 2000 must be permitted to include the appropriate NSPS requirements that apply to these sources. We also recommend that these NSPS requirements be appropriately applied to other similar sources in the State that subsequently undergo permitting, such as the state permit for Agra Resources Coop currently proposed for 30-day public comment.

We hope that the information outlined in this letter is useful to you, and will work with you to effectively resolve any concerns regarding these permits. If you have any questions on this letter, please contact Shaheerah Fateen, of my staff, at (312) 353-4779.

Sincerely yours,

/s/

Robert Miller, Chief
Permits and Grants Section

Enclosures

cc: Jenny Reinertsen, Minnesota Pollution Control Agency