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

OCT 1 3 2016

REPLY TO THE ATTENTION OF:

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

C. Michael Palmer, President
Cincinnati Renewable Fuels LLC
4700 Estes Avenue
Cincinnati, Ohio 45232

Re: Administrative Order EPA-5-17-113(a)-OH-01

Dear Mr. Palmer:

Enclosed is an executed original of the Administrative Consent Order regarding the above captioned case. If you have any questions about the Order, please contact me at (312) 886-6797.

Sincerely,

Sarah G. Marshall
Chief
Air Enforcement and Compliance Assurance Branch (MI/WI)

Enclosure

cc: Mary McAuliffe/C-14J
Bob Hodanbosi, Chief, Ohio EPA

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5

In the Matter of:	)	**EPA-5-17-113(a)-OH-01**
	)	
Cincinnati Renewable Fuels LLC	)	**Proceeding Under Sections 113(a)(3) and**
Cincinnati, Ohio	)	**114(a)(1) of the Clean Air Act,**
	)	**42 U.S.C. §§ 7413(a)(3) and 7414(a)(1)**
	)	
	)	

Administrative Consent Order

1. The Director of the Air and Radiation Division, U.S. Environmental Protection Agency (EPA), Region 5, is issuing this Order to Cincinnati Renewable Fuels LLC (CRF) under Sections 113(a)(3) and 114(a)(1) of the Clean Air Act (CAA or Act), 42 U.S.C. §§ 7413(a)(3) and 7414(a)(1).

Statutory Background

2. Section 111 under Title I of the Act, 74 U.S.C. § 7411, requires EPA to promulgate Standards of Performance for New Stationary Sources (NSPS). Pursuant to Section 111 of the Act, EPA promulgated NSPS General Provisions (40 C.F.R. Part 60, Subpart A); NSPS for Equipment Leaks of VOC in the Synthetic Organic Chemicals Manufacturing Industry for which Construction, Reconstruction, or Modification Commenced After January 5, 1981, and on or Before November 7, 2006 (40 C.F.R. Part 60, Subpart VV); NSPS for Volatile Organic Liquids Storage Vessels (Including Petroleum Liquid Storage Vessels) for Which Construction, Reconstruction or Modification Commenced after July 23, 1984, (40 C.F.R. Part 60, Subpart Kb); and Standards of Performance for Volatile Organic Compound (VOC) Emissions From Synthetic Organic Chemical Manufacturing Industry (SOCMI) Distillation Operations (40 C.F.R. Part 60, Subpart NNN).

3. CRF owns and operates certain process equipment at its facility that is subject to the NSPS provisions at 40 C.F.R. Part 60, Subparts A, Kb, VV, and NNN.

4. Section 112 under Title I of the Act, 42 U.S.C. § 7412, requires EPA to promulgate National Emission Standards for Hazardous Air Pollutants (NESHAP) for Source Categories. Pursuant to Section 112 of the Act, EPA promulgated NESHAP General Provisions (40 C.F.R. Part 63, Subpart A) and NESHAP for the miscellaneous organic chemical (MON) manufacturing industry (40 C.F.R. Part 63, Subpart FFFF).

5. Section 112(i)(3) of the Act, 42 U.S.C. § 7412(i)(3) prohibits the owner or operator of any affected source from operating such source in violation of any applicable NESHAP.

Regulatory Background

6. On October 18, 1983, EPA promulgated the Standards of Performance for Equipment Leaks of VOC in the Synthetic Organic Chemicals Manufacturing Industry for which Construction, Reconstruction, or Modification Commenced After January 5, 1981, and on or Before November 7, 2006 (NSPS Subpart VV). *See* 48 Fed. Reg. 48335. NSPS Subpart VV has been subsequently amended. The subpart is codified at 40 C.F.R. §§60.480-60.489.

7. The NSPS for VV applies to CRF because it produces glycerin and was constructed between January 5, 1985 and November 7, 2006.

8. EPA promulgated NSPS Subpart Kb on April 8, 1987. *See* 52 Fed. Reg. 11420. NSPS Subpart Kb has been subsequently amended. The subpart is codified at 40 C.F.R. §§ 60.110b – 60.117b.

9. The NSPS for Kb applies to CRF because the methanol storage tank (V-4209) is subject to NSPS Subpart Kb.

10. EPA promulgated NSPS Subpart NNN on June 29, 1990. *See* 55 Fed. Reg. 26942. NSPS Subpart NNN has been subsequently amended. This subpart is codified at 40 C.F.R. §§ 60.660-668.

11. The NSPS for NNN applies to CRF's distillation operation at the methanol dryer (T-2401).

12. The NESHAPs are national technology-based performance standards for hazardous air pollutant (HAP) sources in each category that become effective on a specified date. The purpose of these standards is to ensure that all sources achieve the maximum degree of reduction in emissions of HAP that EPA determines is achievable for each source category.

13. EPA promulgated the MON on November 10, 2003. *See* 68 Fed. Reg. 63888. The MON has been subsequently amended. This subpart is codified at 40 C.F.R. §§ 63.2430-2550. Under the MON, EPA established emission limits and work practice standards for new and existing miscellaneous organic chemical manufacturing process units, wastewater treatment and conveyance systems, transfer operations, and associated ancillary equipment by requiring all major sources to meet HAP emission standards to reflect application of the maximum achievable control technology (MACT).

14. "Major source" means any stationary source or group of stationary sources located within a contiguous area and under common control that emits or has the potential to emit considering controls, in the aggregate, 10 tons per year or more of any HAP or 25 tons per year or more of any combination of HAPs. 42 U.S.C. § 7412(a)(1) and 40 C.F.R. § 63.2.

15. The MON applies to CRF's glycerin miscellaneous organic manufacturing process unit.

16. 40 C.F.R. § 63.4 prohibits the owner or operator of any affected source from operating such source in violation of any applicable NESHAP.

17. The "affected source" to which the NEHSAP for the MON applies is the facilitywide collection of miscellaneous organic chemical manufacturing process units and heat exchange systems, wastewater, and waste management units that are associated with manufacturing materials described in 40 C.F.R. § 63.2535(b)(1). 40 C.F.R. § 63.2440(b).

18. The MON, at 40 C.F.R. § 63.2445(b), provides that owners and operators of existing sources subject to the MON must comply with the requirements for existing sources no later than May 10, 2008.

19. The MON, at 40 C.F.R. § 63.2435(a), provides that owners and operators are subject to the MON if they operate miscellaneous organic chemical manufacturing process units (MCPU) that are located at, or are part of, a major source of HAP emissions as defined in Section 112(a) of the Act.

20. The MON, at 40 C.F.R. § 63.2550, defines "miscellaneous organic chemical manufacturing process" as all equipment which collectively functions to produce a product or isolated intermediate that is "material" as described in 40 C.F.R. § 63.2435(b). Process equipment includes any, all, or a combination, of reaction, recovery, separation, purification, or other activity, operation, manufacture, or treatment which is used to produce a product or isolated intermediate.

21. The MON, at 40 C.F.R. § 63.2435(b), provides that a MCPU includes equipment necessary to operate a miscellaneous organic chemical manufacturing process that, among other things, processes, uses, or generates any of the organic HAPs listed in Section 112(b) of the Act. A MCPU also includes any assigned storage tanks and transfer racks; equipment in open systems that is used to convey or store water having the same concentration and flow characteristics as wastewater; and components such as pumps, compressors, agitators,

pressure relief devices, sampling connection systems, open ended valves or lines, valves, connectors, and instrumentation systems that are used to manufacture any material or family, including but not limited to an organic chemical with an SIC code listed in 40 C.F.R. § 63.2435(b)(1)(i).

22. The MON, at 40 C.F.R. § 63.2550, defines "in organic HAP service" to mean a piece of equipment that either contains or contacts a fluid (liquid or gas) that is at least 5 percent by weight of total organic as determined according to Method 18 of 40 C.F.R. Part 60, Appendix A. *See also* 40 C.F.R. § 63.180(d)(1).

23. CRF owns and operates certain process equipment at its facility that is subject to the NESHAP provisions identified above, 40 C.F.R. Part 63, Subparts A and FFFF.

24. Under Section 113(a)(3) of the Act, 42 U.S.C. § 7413(a)(3), the Administrator of EPA may issue an order requiring compliance to any person who has violated or is violating the NESHAP regulations. The Administrator has delegated this authority to the Director of the Air and Radiation Division.

25. The Administrator of EPA may require any person who owns or operates an emission source to make reports; install, use and maintain monitoring equipment; sample emissions; and provide information required by the Administrator under Section 114(a)(1) of the Act, 42 U.S.C. § 7414(a)(1). The Administrator has delegated this authority to the Director of the Air and Radiation Division.

Findings

26. CRF is a "person" as that term is defined under Section 101(21) of Act, 42 U.S.C. § 9601(21).

27. CRF owns and operates a facility located at 4700 Este Avenue, Cincinnati, Ohio (Facility).

28. The Facility currently produces approximately 60 million gallons per year of biodiesel, with glycerin as a byproduct.

29. The Facility was originally constructed by The Procter & Gamble Company to produce olestra from soybean and/or cottonseed oils. The Facility began production of biodiesel in 1999. Facility ownership changed in May 2002, and again in December 2009 when Felda Iffco, Inc. purchased the Facility. The Facility ceased producing olestra in February 2014.

30. In April 2014, a subsidiary of Marathon Petroleum Corporation acquired Felda Iffco, Inc., and CRF (a wholly-owned subsidiary of Marathon Petroleum Corporation) began to operate the Facility.

31. EPA conducted a CAA inspection of the Facility on December 8, 2014.

32. In May 2014, CRF commenced a compliance review at the Facility, and CRF completed the compliance review in April 2015.

33. In conducting its compliance review, CRF found that the Facility was subject to NSPS Subparts VV, Kb, and NNN.

34. On September 10, 2015, CRF presented the findings from its compliance review in a meeting with EPA. CRF identified violations of New Source Performance Standard requirements under NSPS Subparts VV, Kb, and NNN.

35. The Facility violated NSPS Subpart VV because it did not implement any elements of a leak detection and repair program, including monitoring, repair, recordkeeping, and reporting.

36. The Facility violated NSPS Subpart Kb because it had not identified the Methanol Storage Tank (V-4209) as subject to this standard to ensure it was meeting all appropriate emission standards, recordkeeping, and reporting.

37. The Facility violated NSPS Subpart NNN because it had not identified T-2401 as a distillation operation for the Methanol dryer that produced a chemical listed in 40 C.F.R. § 60.667 of NSPS Subpart NNN, as a product, co-product, by-product, or intermediate.

38. EPA determined that for certain periods between May 2008 and April 2014, the Facility's HAP emissions, specifically its methanol emissions, exceeded 10 tons per year.

39. The Facility's methanol emission sources include tanks, equipment leaks, loading operations, and a wastewater treatment plant.

40. The MON applies to CRF because it was a major source of HAP for the period listed in Paragraph 38 and it manufactures glycerin as a by-product.

41. EPA has determined that the Facility violated the MON because it has failed to comply with all the applicable requirements of the MON since the Facility was a major source of HAP emissions in 2008.

42. After the September 2015 meeting with EPA, CRF provided EPA with the following information and documentation of actions taken to correct the issues identified in Paragraphs 34-41, above:

    a. By September 30, 2015, CRF fully implemented a leak detection and repair program in compliance with NSPS Subpart VVa;

    b. On April 26, 2016, CRF received a permit to install and operate (PTIO) that requires CRF to comply with NSPS Subpart VVa; and

    c. On April 27, 2016, CRF received a PTIO that requires CRF to comply with NSPS Subparts NNN and Kb.

Compliance Program

43. By no later than three months after the Effective Date of this Order, CRF shall develop a document that describes, for its Facility: (i) the Leak Detection and Repair (LDAR) program as it applies to equipment at the process units that are subject to LDAR requirements

referenced in the NESHAP for MON and NSPS Subpart VVa (*e.g.*, applicability of regulations to process units and/or specific equipment; leak definitions; monitoring frequencies); (ii) a tracking program (*e.g.*, Management of Change) that ensures that new pieces of equipment added to the process units for any reason are, as applicable, integrated into the LDAR program and that pieces of equipment that are taken out of service are, as applicable, removed from the LDAR program; (iii) the roles and responsibilities of all employee and contractor personnel assigned to LDAR functions at the Process Units; and (iv) how the number of personnel dedicated to LDAR functions is sufficient to satisfy the requirements of the LDAR program.

44. Commencing by no later than in the first full calendar quarter after the Effective Date of this Order, at times that are not announced to the LDAR monitoring technician(s), an LDAR-trained employee or contractor of CRF, who does not serve on a routine basis as an LDAR monitoring technician at the Facility, shall undertake the following no less than once per calendar quarter for the period of one year in the Process Units:

    a. Verify that equipment was monitored at the appropriate frequency under applicable LDAR regulations;

    b. Verify that proper documentation and sign-offs have been recorded for all equipment placed on the delay of repair list;

    c. Ensure that repairs have been performed in the required periods under applicable LDAR regulations;

    d. Review monitoring data and equipment counts (*e.g.,* number of pieces of equipment monitored per day) for feasibility and unusual trends;

    e. Verify that proper calibration records and monitoring instrument maintenance information are maintained;

    f. Verify that other LDAR program records are maintained as required; and

g. Observe in the field each LDAR monitoring technician who is conducting leak detection monitoring to ensure that monitoring during the quarterly period is being conducted in accordance with Method 21, as required.

CRF shall promptly correct any deficiencies detected or observed. CRF shall maintain a log that: (i) records the date and time that the reviews, verifications, and observations required by this Paragraph are undertaken; and (ii) describes the nature and timing of any corrective actions taken.

45. By no later than 180 days of the Effective Date of this Order, CRF must conduct a third-party LDAR audit at the process units. The audit shall include: (i) reviewing compliance with all applicable LDAR regulations, including all applicable LDAR requirements related to valves, connectors, pumps, agitators, and open-ended lines; (ii) reviewing and/or verifying the same items that are required to be reviewed; (iii) reviewing whether any pieces of equipment that are required to be in the LDAR program are not included; and (iv) "comparative monitoring" as described in Paragraph 46.

46. Comparative Monitoring. Comparative monitoring conducted during the LDAR audit required by Paragraph 45 must be undertaken as follows:

a. Calculating a Comparative Monitoring Audit Leak Percentage. Equipment shall be monitored in order to calculate a leak percentage for the process units, broken down by equipment type (*i.e.,* valves, pumps, agitators, and connectors). For descriptive purposes under this section, the monitoring that takes place during the audit shall be called "Comparative Monitoring" and the leak percentages derived from the Comparative Monitoring shall be called the "Comparative Monitoring Audit Leak Percentages." In undertaking Comparative Monitoring, CRF shall not be required to monitor every component in the Process Unit.

b. Calculating the Historic, Average Leak Percentage from Prior Periodic Monitoring Events. The historic, average leak percentage from prior periodic monitoring events, broken down by equipment type (*i.e.*, valves (excluding pressure relief valves), pumps, agitators, and connectors) shall be calculated. The following number of complete monitoring periods immediately preceding the Comparative Monitoring shall be used for this

purpose: valves - 4 periods; pumps and agitators - 12 periods; and connectors – 2 periods.

c. Calculating the Comparative Monitoring Leak Ratio. For each type of equipment, the ratio of the Comparative Monitoring Audit Leak Percentage from Subparagraph 46.a to the historic, average leak percentage from Subparagraph 46.b shall be calculated. This ratio shall be called the "Comparative Monitoring Leak Ratio." If the denominator in this calculation is "zero," it shall be assumed (for purposes of this calculation but not for any other purpose under this Order or under any applicable laws and regulations) that one leaking piece of equipment was found in the Unit through routine monitoring during the applicable period referenced in Subparagraph 46.b.

47. Corrective Action Plan (CAP)

a. Requirements of a CAP. By no later than the date that is one month after the receipt of the third-party LDAR audit report, CRF shall develop a preliminary CAP if: (i) the results of the LDAR audit identify any deficiencies; or (ii) a Comparative Monitoring Leak Ratio calculated pursuant to Subparagraph 46.c is 3.0 or higher *and* the Comparative Monitoring Audit Leak Percentage calculated pursuant to Subparagraph 46.a is greater than or equal to 0.5 percent. The preliminary CAP shall describe the actions that CRF has taken or shall take to address: (i) the deficiencies and/or (ii) the causes of a Comparative Monitoring Leak Ratio that is 3.0 or higher (but only if the Comparative Monitoring Audit Leak Percentage is at or above 0.5 percent). CRF shall include a schedule by which actions that have not yet been completed will be completed. CRF shall promptly complete each corrective action item with the goal of completing each action within the date that is three months after receipt of the third-party LDAR audit report. If any action is not completed or not expected to be completed within three months after receipt of the third-party LDAR audit report, CRF shall explain the reasons and propose a schedule for prompt completion in the final CAP to be submitted under Subparagraph 47.b.

b. Submission of the Final CAP to EPA. By no later than the date that is four months after receipt of the third-party LDAR audit report, CRF shall submit the final CAP to EPA, together with a certification of the completion of each item of corrective action. If any action is not completed within three months after receipt of the third-party LDAR audit report, CRF shall explain the reasons, together with a proposed schedule for prompt completion. CRF shall submit a supplemental certification of completion by no later than one month after completing all actions.

48. Within 90 days of the effective date of the Order, CRF must submit an initial notification for the MON required in 40 C.FR. § 63.2515(b)(1).

49. Within 330 days, CRF must submit a Notification of Compliance Status report for the MON that contains all the information required in 40 C.F.R. § 63.2520(d).

50. Within 365 days of the effective date of this Order, CRF must achieve, demonstrate and maintain compliance with all applicable requirements of MON, NSPS Subpart VVa, NSPS Subpart Kb, and NSPS Subpart NNN.

51. CRF must send all reports required by this Order to:

Attention: Compliance Tracker (AE-17J)
Air Enforcement and Compliance Assurance Branch
U.S. Environmental Protection Agency, Region 5
77 W. Jackson Boulevard
Chicago, Illinois 60604

General Provisions

52. This Order does not affect CRF's responsibility to comply with other federal, state, and local laws.

53. This Order does not restrict EPA's authority to enforce the Act and its implementing regulations.

54. Nothing in this Order limits the EPA's authority to seek appropriate relief, including penalties, under Section 113 of the Act, 42 U.S.C. § 7413, for CRF's violation of Sections 111 and 112 of the Act, the NSPS at 40 C.F.R. Part 60, Subparts VV, Kb, and NNN, the NESHAP at 40 C.F.R. Part 63, Subpart FFFF and any applicable federally enforceable permit to install and operate issued by the state permitting authority.

55. Failure to comply with this Order may subject CRF to penalties of up to $44,539 per day for each violation under Section 113 of the Act, 42 U.S.C. § 7413, and 40 C.F.R. Part 19.

56. The terms of this Order are binding on CRF, its assignees and successors. CRF must give notice of this Order to any successors in interest prior to transferring ownership and must simultaneously verify to EPA, at the above address, that it has given the notice.

57. CRF may assert a claim of business confidentiality under 40 C.F.R. Part 2, Subpart B, for any portion of the information it submits to EPA. Information subject to a business confidentiality claim is available to the public only to the extent allowed by 40 C.F.R. Part 2, Subpart B. If CRF fails to assert a business confidentiality claim, EPA may make all submitted information available, without further notice, to any member of the public who requests it. Emission data provided under Section 114 of the Act, 42 U.S.C. § 7414, is not entitled to confidential treatment under 40 C.F.R. Part 2, Subpart B. "Emission data" is defined at 40 C.F.R. § 2.301.

58. This Order is not subject to the Paperwork Reduction Act, 44 U.S.C. § 3501 et seq., because it seeks collection of information by an agency from specific individuals or entities as part of an administrative action or investigation.

59. EPA may use any information submitted under this Order in an administrative, civil judicial, or criminal action.

60. CRF agrees to the terms of this Order. CRF waives any remedies, claims for relief, and otherwise available rights to judicial or administrative review that it may have with respect to any issue of fact or law set forth in this Order, including any right of judicial review under Section 307(b) of the Act, 42 U.S.C. § 7607(b).

61. This Order is effective on the date of signature by the Director of the Air and Radiation Division (Effective Date). This Order will terminate two years from the Effective Date, provided that CRF has complied with all terms of the Order throughout its duration.

Administrative Consent Order
In the Matter of Cincinnati Renewable Fuels, LLC
EPA-5-17-113(a)-OH-01

9/23/16
Date

C. M. Palmer
C. Michael Palmer
President
Cincinnati Renewable Fuels LLC

APPROVED AS TO FORM
JFM 9/22

RLB 9/22/16

10/13/16
Date

Edward Nam
Acting Director
Air and Radiation Division

CERTIFICATE OF MAILING

I, Loretta Shaffer, certify that I sent the Administrative Consent Order, EPA-5-17-113(a)-OH-01, by certified mail, return receipt requested, to:

C. Michael Palmer, President
Cincinnati Renewable Fuels
LLC
4700 Estes Avenue
Cincinnati, Ohio 45232

I also certify that I sent a copy of the Administrative Consent Order, EPA-5-17-113(a)-OH-01, by E- mail to:

Bob Hodanbosi, Chief
bob.hodanbosi@epa.ohio.gov

Ed Fasko, Ohio EPA
Ed.fasko@epa.ohio.gov

On the 14 day of October 2016.

Loretta Shaffer
Program Technician
AECAB, PAS

CERTIFIED MAIL RECEIPT NUMBER: 7009 1680 0000 7667 5871