

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**  
REGION 4  
ATLANTA FEDERAL CENTER  
61 FORSYTH STREET  
ATLANTA, GEORGIA 30303-8960

July 25, 2001

4APT-ARB

Mr. Ronald W. Gore  
Chief  
Air Division  
Alabama Department of  
Environmental Management  
P.O. Box 301463  
Montgomery, Alabama 36130-1463

Dear Mr. Gore:

Thank you for requesting guidance on prevention of significant deterioration (PSD) requirements related to the Mobile Energy Services Company (MESC) facility in Mobile, Alabama. In this letter, we respond to your request based on how we believe such a request would be resolved under the federal PSD rules in Title 40 Code of Federal Regulations and under U.S. Environmental Protection Agency (EPA) policies. Our response does not represent how you must interpret the PSD requirements that EPA has approved into Alabama's state implementation plan, nor does it represent final agency action. Instead, this letter provides project-specific guidance for you to consider in your role as the PSD permitting authority.

The MESC facility is part of what used to be an integrated pulp and paper mill. Power Boiler No. 7 (PB7), which is a component of the MESC facility, went through PSD review and was permitted for construction in 1981. The current PSD permit for PB7 allows for combustion of coal, oil, natural gas, wood waste, and wastewater treatment plant sludge. MESC now proposes to add tire derived fuel (TDF) to the mix of fuels currently permitted for burning in PB7. Further, MESC plans to treat this overall fuel addition project as a major modification subject to PSD review. The question at issue is whether PB7 itself is being modified and therefore whether MESC is required to perform a best available control technology (BACT) evaluation for PB7 as part of a PSD review.

Our opinion is that burning of TDF constitutes a modification of PB7. We base our opinion on the following:

1. In accordance with Alabama's PSD rules at Chapter 335-3-14-.04(9)(c), the owner of a source undergoing a major modification must apply BACT to each emissions unit at which a net emissions increase in an affected pollutant would occur as a result of a physical change or

change in the method of operation. Although burning of TDF in PB7 may not require a physical change of the boiler, our opinion is that TDF burning would constitute a change in the method of operation. This opinion is supported by a previous EPA opinion regarding TDF combustion at another pulp and paper mill. This previous opinion appears in a letter dated December 18, 1996, from the EPA Office of Enforcement and Compliance Assurance to EPA Region 10 that addresses TDF combustion in a power boiler at the Potlatch pulp and paper mill in Lewiston, Idaho. The letter contains four conclusions relevant to TDF combustion: “(1) the tire chips burned alone (as an individual component) are not municipal solid waste, (2) SO<sub>2</sub> emissions from the No. 4 power boiler increased significantly above 40 t/y - a ‘significant’ rate according to 40 CFR 52.21(b)(23)(i), (3) by adding TDF, Potlatch did modify the boiler changing the boiler’s method of operation approved in the PSD permit, and, (4) therefore, boiler No. 4 is not exempt under PSD review.” The most relevant conclusion with respect to the PB7 request was that the addition of TDF was a change in the method of operation.

2. As further support for our conclusion that TDF burning is a change in the method of operation, consider the case of a new fuel that can be burned in a boiler without a physical change but that causes emissions of an entirely new pollutant or of an existing pollutant in greater amounts. Permitting agencies would generally consider such introduction of a new fuel as a change in the method of operation. For example, introduction of high-sulfur petroleum coke as a fuel in a coal-fired boiler is generally considered a change in the method of operation even if the boiler can accept the additional fuel without a physical change. Please understand that we are not saying that emissions of a new pollutant or a substantive increase in emissions of an existing pollutant is required for introduction of a new fuel to be considered a change in the method of operation. Rather, our point is that use of a fuel not specifically accounted for in an existing permit is generally considered a change in the method of operation.
3. Attached to your request is a letter from EPA Region 4 dated June 7, 1981. Our reading of this letter is that it deals exclusively with how to apply the “capable of accommodating clause” to boilers that were in existence prior to January 6, 1975. (This clause appears in Alabama’s PSD rules at Chapter 335-3-14-.04(2)(b)3.(v)(I) and states that a physical change or change in the method of operation does not include “Use of an alternative fuel or raw material by a stationary source which: (I) The source was capable of accommodating before January 6, 1975, unless such change would be prohibited under any enforceable permit conditions established after January 6, 1975.”) Therefore, in our view the conclusions in this letter have no relevance to combustion of TDF in PB7 since PB7 was constructed after January 6, 1975.

As a final comment, options are available to MESC for avoiding a BACT evaluation of PB7 or for avoiding PSD review altogether. Namely, MESC can accept enforceable restrictions on future allowable emissions such that there will be no net emissions increases from PB7 or no net significant emissions increases from the proposed project as a whole.

If you have any questions regarding the comments in this letter, please call Mr. Jim Little of the EPA Region 4 staff at (404) 562-9118.

Sincerely,

R. Douglas Neeley  
Chief  
Air and Radiation Technology Branch  
Air, Pesticides, and Toxics  
Management Division