



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

AUG 21 1981

OFFICE OF
AIR, NOISE, AND RADIATION

MEMORANDUM

SUBJECT: Classification of the Bardstown Fuel Alcohol
Company under PSD

FROM: Director
Division of Stationary Source Enforcement

TO: Thomas W. Devine, Director
Air & Hazardous Materials Division, Region IV

We have reviewed the materials forwarded from your office concerning the classification of the Bardstown Fuel Alcohol Company plant under PSD. Specifically, the State of Kentucky and the Kentucky Center for Energy Research takes exception to our classification of alcohol fuel plants as chemical process plants. This classification subjects alcohol fuel plants to the 100 tons per year threshold for PSD review. I would like to take this opportunity to address the comments presented by the State of Kentucky and the Kentucky Center for Energy Research and to re-state the Agency's policy on this issue.

The definition of "major emitting facility" included in Section 169(1) of the Clean Air Act lists 28 categories of sources which are to be considered major, for PSD purposes, if they have the potential to emit more than 100 TPY of any regulated pollutant. This list includes the category "chemical process plants". Congress left to the Agency the task of defining the term chemical process plant.

For several years the Agency has been faced with the problem of defining certain of the 28 listed categories of 100 TPY sources for PSD in an objective and comprehensive manner. The case of the category "chemical process plant" is particularly difficult since virtually any manufacturing process which combines raw materials could, in some way, be construed as a "chemical process plant". The Agency had to make a judgment as to what it would consider as a "chemical process plant". EPA, in the August 7, 1980 PSD rules, refined the definition of source to include a reference to the source's industrial grouping. This was defined as activities identified within the same first two digit code of the Standard Industrial Classification (SIC) Manual. For several reasons, including the desire to maintain consistency with the aforementioned use of the SIC Major Group listing, the Agency decided to adopt the Major Group 28 listing as the definition of "chemical process plant". The Agency needed a definition that would be objective and provide an easy reference for industry as

well as permitting authorities. The SIC manual is accepted and used throughout industry, trade associations and government agencies for industrial groupings. Major Group 28 provides a quick reference and comprehensive listing of chemical processes and products. Use of this definition would minimize any possible subjective determinations when implementing the PSD rules.

Kentucky and the Center for Energy Research argue that the alcohol fuel and beverage alcohol processes are identical but that under the Agency's determination, alcohol fuel is a chemical process and that the beverage alcohol process is not. (Major Group 28 provides an exemption for beverage alcohol). Their argument states that industrial ethyl alcohol was not included in the major group for beverage alcohol due to process distinctions. That is, they contend that the industrial alcohol market before 1977 was based on synthetic rather than distilled alcohol. Major Group 28, however, includes a listing for non-beverage grain alcohol which would only be manufactured using a distilling or fermentation process.

In light of this apparent inconsistency, the Agency has the option to amend its definition of chemical process plant to include listings other than those in Major Group 28 (e.g. beverage alcohol). The addition (or deletion) of other listings, however, adds an arbitrary element and uncertainty for industry as well as the Agency. Any appearance of subjective decision making or uncertainty weakens an Agency position and should be avoided. For these reasons, the Agency should maintain its definition of chemical process plant, without any additions, deletions or substitutions.

Permit delay is another problem cited by Kentucky and the Center for Energy Research. This appears to be an unfounded criticism. Studies show that the average permitting time for PSD is approximately six months from the date of complete application. In addition, any new source with more than 100 TPY of emissions is subject to a State review. PSD review can be processed simultaneously with the State review, thus reducing unnecessary delays.

In summary, the Agency decided to adopt the SIC Manual Major Group 28 listing as the description of chemical process plant for the purposes of PSD review and this office has consistently informed EPA's Regional Offices of this policy in order to ensure uniform regional implementation of this requirement.

If you have any further questions or comments on this memo, please contact Janet Farella of my staff at 755-2564.



Edward E. Reich

cc: Mike Trutna (OAQPS)
Peter Wyckoff (0"-C)
Regional Contacts