



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS TX 75202-2733

SEP 21 2010

Ms. Becky Bornhorst
Ms. Cynthia Fava
Ms. Sue Pope
Mr. Jim Schermbeck
Downwinders at Risk
P.O. Box 763844
Dallas, TX 75376

Dear Addressees:

We are in receipt of your letter dated August 31, 2010, regarding your concerns on the TXI Request for Amendment to Permit 1360A and PSDTX632M1 permit application to utilize alternate fuels and raw materials in Kiln No. 5. The permit application is dated August 16, 2010. The facility is proposing to shut down Kiln Nos. 1, 2, 3, and 4 which will provide emission reductions for the National Ambient Air Quality Standards (NAAQS) in sufficient quantity to allow for offsets of the projected emissions increases resulting from fuel changes proposed at Kiln No. 5. We are also confirming that the regulatory citations and definition you listed in your letter for "major modification" are correct.

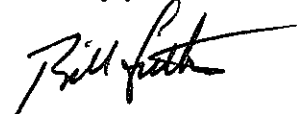
Our review of the application resulted in observations similar to those expressed in your letter. We have significant questions, which we discussed in our comment letter to Texas Commission on Environmental Quality (TCEQ) (enclosed). Your letter indicates that this permit amendment request will fundamentally change operations at the Midlothian plant, and that the permit will not be subject to public participation. However, TAC § 39.402(a)(3)(D)(iv) gives the TCEQ Executive Director the authority to call for public involvement when there is a reasonable likelihood of significant public interest in a proposed activity. We are currently reviewing this information in light of the proposed modifications listed in the permit application to ensure that Clean Air Act (CAA) requirements are being followed.

In your letter, you asked if EPA, Region 6, policy had changed regarding the prohibition of incineration of automobile shredder fluff in TXI's cement kilns unless approved by EPA under the Toxic Substances Control Act (TSCA). EPA's position has not changed. Automobile shredder fluff is included in the definition of Polychlorinated Bypheyls (PCB) bulk product waste. PCB bulk product waste is regulated for disposal if the concentration at the time of designation for disposal was equal or greater than 50 ppm PCBs. This means that if the shredder feedstock contained any material with a PCB concentration equal or greater than 50 ppm, the

resulting fluff is regulated no matter what its concentration at the time of disposal. Also, if a facility is unable to establish that the PCBs in the fluff came from a source other than 50 ppm or greater feedstock, the fluff is regulated as PCB bulk product waste. Since the source of TXI's automobile shredder fluff does not have a source control plan that ensures that the shredded autos were manufactured before the enactment of the TSCA, the cement kiln requires an EPA approval under 40 C.F.R. § 761.60(e) or § 761.62(c). TXI does not have approval from EPA for the disposal of automobile shredder fluff at this time.

We appreciate knowing of your concern regarding the TXI permit amendment application. The EPA is committed to ensure that any permit action meets the regulatory actions required by the CAA. My staff and I would be happy to meet with you again regarding this issue if you would like to request a meeting. I want to assure you that we will keep you informed of any ongoing developments regarding the status of the application. Thank you for this opportunity to be of service to you. Should we be able to assist you further, please contact me at (214) 665-8124 or Jeff Robinson of my staff at (214) 665-6435.

Sincerely yours,



Carl E. Edlund, P.E.
Director

Multimedia Planning and Permitting

Division

Enclosure

cc: Steve Hagle, Director
Texas Commission on Environmental Quality (MC 163)

Congresswoman Eddie Bernice Johnson
State Senator Wendy Davis
State Senator Chris Harris
State Representative Lon Burnam
State Representative Alan Vaught
State Representative Carol Kent
State Representative Rafael Anchia
State Representative Mark Veasey
State Representative Chris Tuner
State Representative Vicki Truitt
State Representative Paula Pierson
State Representative Diane Patrick
State Representative Todd Smith
Judge Glen Whitley

cc: Judge Jim Foster
Mayor Robert Cluck
Mayor Mark Burroughs
Commissioner Marti Vans Ravenswaay
Commissioner Roy Brooks
City Councilwoman Linda Koop
City Councilman Jungus Jordan
Brian Boerner, City of Ft. Worth Environmental Management
Nicole Cooper, City of Dallas Environmental Services Department



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS TX 75202-2733

SEP 21 2010

Mr. Steve Hagle, Director
Air Permits Division (MC 163)
Office of Permitting, Remediation, and Registration
Texas Commission on
Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087

RE: TXI Operations, Midlothian Cement Plant, Ellis County, Texas – Application for
Amendment to Permits 1360A and PSDTX632M1 to Utilize Alternate Fuels and Raw
Materials on Kiln #5

Dear Mr. Hagle:

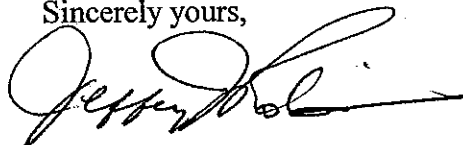
We have reviewed the TXI Midlothian Cement permit amendment application which was submitted to TCEQ on August 16, 2010. The application was evaluated to ensure consistency with the Texas State Implementation Plan (SIP) and Federal Clean Air Act requirements. We have questions regarding TXI's statement that no changes in the character of emissions will result from the proposed project. With the proposed introduction of several alternative fuels and raw materials, we do not believe that the information contained in the application supports this conclusion.

In addition, we also note TXI's assertion in its permit application that none of the proposed alternate fuels are defined as hazardous waste under the Resource Conservation and Recovery Act. This statement does not apparently take into account EPA's Toxic Substance Control Act regulations on the prohibition incinerating automobile shredder fluff. Automobile shredder fluff is included in the definition of Polychlorinated Byphenyl (PCB) bulk product waste.

Our comments on the permit application are enclosed. We look forward to working with TCEQ to resolve the issues identified and to ensure that a final permit action is consistent with the requirements of the Texas SIP. EPA believes that the information provided by the

application is not technically complete. We request that any supplemental information submitted by TXI to process this permit application be submitted to EPA upon receipt by TCEQ. This letter is not a final position by the U.S. Environmental Protection Agency (EPA) concerning the disposition of the application. Please contact me at (214) 665-7250 or Stephanie Kordzi, of my staff, at (214) 665-7520, if you have questions. Thank you for your cooperation.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jeff Robinson", with a long horizontal flourish extending to the right.

Jeff Robinson

Chief

Air Permits Section

Enclosure

cc: Mr. Randy Hamilton (MC-163)
Texas Commission on Environmental Quality

Enclosure

1. Page 15, Section 2.3.3.4 - The incineration of automobile shredder fluff in TXI's cement kilns is prohibited unless approved by EPA under the Toxic Substances Control Act (TSCA). Automobile shredder fluff is included in the definition of PCB bulk product waste. PCB bulk product waste is regulated for disposal if the concentration at the time of designation for disposal was equal or greater than 50 parts per million (ppm) PCBs. This means that if the shredder feedstock contained any material with a PCB concentration equal or greater than 50 ppm, the resulting fluff is regulated no matter what its concentration at the time of disposal. Also, if a facility is unable to establish that the PCBs in the fluff came from a source other than 50 ppm or greater feedstock, the fluff is regulated as PCB bulk product waste. Since it does not appear that the source of TXI's automobile shredder fluff does not have a source control plan ensuring that the shredded autos were manufactured before the enactment of the TSCA, the cement kiln requires an EPA approval under 40 C.F.R. § 761.60(e) or § 761.62(c). TXI does not have approval from EPA for the disposal of automobile shredder fluff at this time.
2. Pages 13-17, Section 2.3 and Page 15, Section 2.3.3.4 – The application lists potential fuel sources as tire derived fuel, pet coke and other similar carbon-based solid fuels, wood by-products, biomass fuels, process engineered fuels/plastics, syn-gas, auto shredder residue, and liquid fuels. The permit application must provide information on the chemical make-up (both metal and non-metal) of these fuels. The permit application must provide information on all potential contaminants that could be emitted, and information on why other contaminants won't be emitted, during both individual and combined fuel combustion. Also, EPA was unable to find information in the application regarding whether TXI is preparing a source control plan for using automobile shredder fluff as referenced in Comment No. 1.
3. Page 18, Section 3.1 and Page 20, Section 3.1.1.2 - TXI specified that no changes in the character of emissions, with the exception of a potential change in metal emissions, would result from the proposed project. They also certified that no new air contaminants are included in the application (TCEQ Form PI-1, Section VI.C.1). With the proposed introduction of several alternative fuels and raw materials, it is not clear how the statement of no change in the character of emissions or the claim of no new air contaminants is supported. Fuel composition data for the proposed alternative fuels only addresses the metals composition of the fuels.
4. Page 20, Section 3.1.1.2 – What is TXI's definition of the worst case fuel and alternate material contribution? The modeling analysis only represented potential metal emissions (Appendix F). Emissions of non-metal contaminants must be also be analyzed with respect to potential change in the character of emissions. In the analysis, TXI must also

consider varying quantities of the different fuels that could be burned together and the resulting emissions (metal and non-metal) in the evaluation.

5. Page 19, Table 3.1.1 - Vender specified emission factors remain unchanged for Kiln Number 5, which is currently authorized to burn only natural gas and coal. TXI must analyze whether these emission factors are appropriate for the wide range of alternative fuels.
6. Page 19, Table 3.1.2. - The application does not provide a rationale to support the use of PM10 as a surrogate for PM2.5. What demonstration has TXI provided that finer material is efficiently removed by its existing pollution control devices as larger particles? We refer TCEQ to the recent Louisville Gas and Electric Petition Response, No. IV-2008-3, from EPA Administrator Jackson, dated August 12, 2009.
7. Page 27, Section 3.2 - Additional information is required to determine if the netting analysis was performed correctly. Baseline actual emissions should be adjusted downward to exclude any emissions that would have exceeded an emission limit that the major stationary source must currently comply with (definition of baseline actual emissions contained in 30 TAC § 116.12). Therefore, the nitrous oxide (NOx) emission specifications found in Texas Administrative Code (TAC) Chapter 117 for cement kilns should be taken into account when calculating the project actual emissions decreases corresponding to the shut down of Kilns 1-4. The permit application only provides ton per year emission amounts within the netting analysis and does not provide backup emissions calculation information. TXI should include the backup emissions calculation information within the netting analysis to document the basis of the baseline actual emissions calculations.
8. Page 27, Section 3.1.3, Page 33, Table 3.2.52, and Page 38, Section 4.1.4 – TXI lists PM10 emission reductions from the coal mill baghouse vent of 8.2078 tons per year. However, the BACT discussion for coal mills states that the new mill will be vented back into the cement process and those gases will become part of the cement plant process gas. TXI should further clarify this information. Specifically, do the reductions listed at the coal mill baghouse vent result in increased emissions at another unit?
9. Page 27, Section 3.2.1 - Based on EPA's Comment No. 5 above regarding emission factors, EPA has concerns with how the Project Potential Increases listed in Table 3.2.1 were calculated. TXI should conduct a technical analysis in the permit application, to be evaluated by the TCEQ, for potential changes to National Ambient Air Quality Standards (NAAQS) for NOx, Volatile Organic Compounds (VOC), Carbon Monoxide (CO), PM, and Sulfur Dioxide (SO2) actual emissions as a result of the proposed changes in the method of operation. This analysis should include conducting or reviewing stack tests to

quantify NAAQS emissions resulting from both the fuel changes and the physical changes to the plant including 1) replacing the existing clinker cooler; 2) replacing the systems main ID fan; 3) adding a heat exchanger to the existing coal mill system; 4) combining the exhaust air from the existing coal mill into the roller mill system air; and 5) adding a new petroleum coke/coal mill system.

10. TXI must take into consideration the following recent rule changes translating to more stringent National Ambient Air Quality Standards (NAAQS). All of these revisions have occurred since the PSD permit was last revised in 2007. TXI should consider impacts of the fuel change on attainment of these new standards as a modified source subject to either NSR or PSD/NNSR requirements.
 - 8-Hour Ozone NAAQS Standard - EPA finalized a stronger air quality standard of 0.075 parts per million (ppm) for ozone on March 12, 2008.
 - Lead NAAQS Standard - EPA finalized a stronger air quality standard for lead of 0.15 micrograms per cubic meter ($\mu\text{g}/\text{m}^3$) on October 15, 2008.
 - PM 2.5 NAAQS Standard - EPA issued a rule specifying implementation requirements for the 2006 PM_{2.5} standards on March 29, 2007. The new 24-hour standard is $35 \mu\text{g}/\text{m}^3$. The current annual fine particle standard was retained at $15 \mu\text{g}/\text{m}^3$.
 - NO₂ 1-hour standard – To attain this standard, the 3-year average of the 98th percentile of the daily maximum 1-hour average at each monitor within an area must not exceed 100 ppb (effective January 22, 2010).
 - SO₂ 1-hour standard – Final rule signed June 2, 2010. To attain this standard, the 3-year average of the 99th percentile of the daily maximum 1-hour average at each monitor within an area must not exceed 75 ppb.