

**Lakelands Citizens for Clean Air | Dogwood Alliance | Environmental Integrity Project
Our Children's Earth | Partnership for Policy Integrity**

April 26, 2018

The Honorable Henry McMaster
South Carolina Office of the Governor
State House
1100 Gervais Street
Columbia, South Carolina 29201

Dear Governor McMaster,

We, the undersigned community and environmental groups who work to protect the health and wellbeing of South Carolina's citizens and environment, call on South Carolina officials to address the dangerous and unlawful air pollution emitted by wood pellet plants in South Carolina, including taking the specific steps set forth in this letter to address existing deficiencies and to take proactive measures in the future to address new facilities.

Today, Environmental Integrity Project (EIP) released a report, "Dirty Deception: How the Wood Biomass Industry Skirts the Clean Air Act," which reveals how the wood pellet manufacturing industry in the southern US, including two mills in South Carolina, emits vast amounts of unlawful air pollution and systematically evades Clean Air Act requirements to reduce air pollution. These factories convert millions of tons of trees into wood pellets to be shipped to Europe, where they are burned for electricity under the false premise that doing so is carbon neutral. It turns out this emerging industry emits substantially more air pollution here in the US than anybody expected.

Up to four new pellet mills are proposed in South Carolina, which will cumulatively emit more than 4,000 tons of air pollutants per year when built.¹ In addition, Enviva Biomass has announced plans to expand production at its enormous wood pellet plant near Greenwood to 660,000 tons of pellets per year. South Carolina must ensure that these facilities fully comply with the Clean Air Act and thereby minimize emissions of harmful air pollutants.

Specifically, the undersigned groups call for South Carolina to take the following steps to assure that existing and future wood pellet plants do not violate the Clean Air Act:

- 1. Institute pellet production limits at facilities that claim to be too "minor" for the best available pollution controls.** For a facility to be regulated as a "minor source," either its maximum emissions must be below the "major source threshold," or the facility must accept enforceable operating or production limits sufficient to ensure that its emissions will stay below that threshold even when operated at maximum capacity. If pollution controls will not keep the facility's emissions below the major source threshold when the facility is

¹ This includes 570 tons of particulate matter pollution, 630 tons of carbon monoxide pollution, 850 tons of nitrogen oxide pollution, and nearly 2,000 tons of volatile organic compound pollution. These numbers do not include greenhouse gas emissions or hazardous air pollutants.

operated at full capacity, the permitting authority cannot cover the difference by simply declaring in the permit that facility-wide emissions may not exceed the threshold. Rather, to qualify for treatment as a “minor” source, the facility either must install additional controls or accept an enforceable production limit. This has been confirmed by a federal district court ruling and has been EPA’s policy for decades.² Unfortunately, South Carolina routinely issues minor source permits that lack enforceable production or operating limits sufficient to keep facility emissions below the major source threshold. For example, neither the initial nor the recently revised air permit issued to the Enviva Greenwood plant (formerly known as the Colombo Energy plant) included adequate production or operational restrictions to keep the facility’s volatile organic compound (VOC) emissions below the major source threshold. To address concerns raised by EIP and other organizations, Enviva applied for and obtained a permit amendment that incorporated an enforceable production limit of 500,000 metric tons into the facility’s permit. South Carolina needs to take a similar approach in future wood pellet mill permits to ensure that facilities that wish to be regulated as minor sources actually restrict their potential emissions to below major source thresholds. Specifically, with respect to the Enviva Greenwood plant, South Carolina must require Enviva to install a VOC control device on its hammermills before authorizing Enviva to increase production up to 660,000 tons per year (assuming that Enviva wishes for the facility to continue to be regulated as a minor source).

- 2. Enforce stack testing requirements.** Another troubling issue with the Enviva Greenwood facility is that it has utterly failed to conduct required emission testing. After first failing to meet the permit deadline to submit testing within 180 days of start-up, Colombo eventually sent South Carolina test results that anyone familiar with emissions from wood pellet manufacturing plants could tell were wildly inaccurate. That testing underrepresented VOC emissions from the facility’s pellet coolers by at least 259 tons per year, conveniently showing that the facility could operate at full production rates without exceeding the major source threshold. Eventually, even Colombo acknowledged these tests were flawed, and arranged for a different consultant to perform a new round of testing in October 2017. The new testing showed significantly higher VOC emissions from the facility’s pellet coolers: 370 tons per year compared to the original test’s result of 111 tons per year. However, this subsequent testing also failed to fulfill Colombo’s testing obligation because Colombo did not follow proper procedures regarding planning and notification. Colombo’s permit and South Carolina regulations set out numerous requirements for emission testing, including prior approval of a site-specific test plan and notification to South Carolina officials of the test date. Notification of the test date is crucial, because it allows South Carolina officials the ability to observe the testing. Despite these legal requirements, Colombo conducted its tests without notifying South Carolina and without an approved site-specific test plan. This means the tests were conducted without approval and without any outside observers. While the facility may conduct proper testing in the future, the fact remains that South Carolina

² *United States v. Louisiana-Pacific Corp.*, 682 F. Supp. 1141, 1160 (D. Colo. 1988); *see also United States v. Louisiana-Pacific Corp.*, 682 F. Supp. 1122, 1133 (D. Colo. 1987) (“[N]ot all federally enforceable restrictions are properly considered in the calculation of a source’s potential to emit. While restrictions on hours of operation and on the amount of materials combusted or produced are properly included, blanket restrictions on actual emissions are not.”); EPA, “Guidance on Limiting Potential to Emit in New Source Permitting” (June 13, 1989).

has allowed the facility to operate for 18 months without satisfying its requirement to conduct legitimate emissions testing. South Carolina must require Enviva to perform the required testing without further delay. Likewise, we urge South Carolina to require any future wood pellet mills to perform thorough and prompt source testing, and to aggressively enforce source testing requirements.

3. **Address the Industry’s Terrible History of Fires and Explosions.** Since 2014, more than half of the large pellet mills in the South have had news-worthy fires or explosions. That number includes a 2017 silo fire at a Texas facility that burned for more than 50 days, sickening dozens of nearby residents and leading to multiple lawsuits. Enviva Biomass, owner of the Enviva Greenwood mill in Greenwood County, has had fires at four of its facilities in recent years. Many of these fires and explosions are caused by combustible wood dust, an extreme hazard at wood pellet mills.

The Clean Air Act gives South Carolina a powerful tool to address wood dust explosions and fires. The Act contains a General Duty Clause which requires facilities producing or handling extremely hazardous substances to design, maintain, and operate their facilities in a safe manner. As the long list of fires and explosions at wood pellet facilities show, wood dust clearly qualifies as an extremely hazardous substance. Unfortunately, permits issued to pellet mills in South Carolina do not include any General Duty Clause requirements. DHEC must revise these permits to specify that the General Duty Clause applies to the facility’s handling of explosive dust and require the facility to perform specific steps that are sufficient to ensure that workers and others who live, work, recreate in the facility’s vicinity are protected from the dangers posed by combustible dust. At a minimum, the permit should:

- A. Identify the Clean Air Act’s General Duty Clause as an applicable requirement with respect to the facility’s handling of combustible dust.
- B. Specifically require the facility to prepare a hazard analysis identifying the hazards associated with explosive dust and the facility’s processes, potential fire and explosion scenarios, and the consequences of a fire or explosion.
- C. Establish specific design and operation standards that the facility must meet to prevent a dust-related fire or explosion.
- D. Establish recordkeeping and reporting requirements sufficient to demonstrate that the facility is meeting its General Duty Clause obligations.

4. **Require “major” sources of air pollution to install the best available control technology.** As EIP’s report reveals, many pellet mills major source pellet mills evade using the best available control technology, or any control technology at all, while facilities with minor source permits, often the same size or larger, do utilize controls. South Carolina must not reward companies for refusing to install controls that would reduce facility emissions to minor levels. Rather, South Carolina must require new or modified major sources to reduce emissions using controls that are at least as effective as those utilized by the best-controlled minor sources. This includes using VOC controls that achieve at least 95% reductions on emissions on each of the major sources of pollution at the facility. If facilities in Georgia and Alabama can do this, so can South Carolina facilities.

5. Ensure Communities are Notified of and Able to Participate in Permitting Decisions.

Many of the air permits EIP surveyed across the South were issued without any public notice or the ability to comment, including permits for the initial construction of facilities, in contravention of the Clean Air Act. In particular, South Carolina DHEC allows for substantial modifications without public notice or comment, including for modifications at Enviva Greenwood that had the effect of allowing the facility to more than double production. South Carolina should revise its regulations and procedures to include public notice and opportunity for meaningful public input in permitting decisions.

The Clean Air Act only serves to protect health and the environment when state agencies are fully implementing all of the Act's requirements. The undersigned groups call on South Carolina to address the errors and omissions identified in this letter and in EIP's report, and to further make proactive moves to better understand and control emissions from this emerging industry in the future.

Please contact Patrick Anderson at panderson@powellenenvironmentallaw.com or (470) 440-1124 to respond to our request or to obtain additional information. We thank you for your leadership on the environment and your concern for the health and well-being of South Carolina's citizens.

Sincerely,

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