



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

JUN 29 2004

OFFICE OF  
AIR AND RADIATION

Mr. William H. South  
Authorized Account Representative  
Liberty Fibers Corporation  
P.O. Box 2000, Highway 160  
Lowland, TN 37778-2000

Re: Petition for Extension of the CEMS Certification Deadline for Boilers 8 and 9 at Liberty Fibers Corporation's Lowland, Tennessee Plant (Facility ID (ORISPL) 10321)

Dear Mr. South:

The United States Environmental Protection Agency (EPA) has reviewed Liberty Fibers Corporation's (Liberty's) March 31, 2004 petition under §75.66, in which Liberty requested an extension of the deadline to certify the continuous emission monitoring system (CEMS) installed on Boilers 8 and 9 at the Lowland, Tennessee facility. EPA approves the petition, with conditions, as discussed below.

Background

Liberty owns and operates a coal-fired powerhouse, located in Lowland, Tennessee. The powerhouse consists of two units, Boiler 8 and Boiler 9, which are subject to the NO<sub>x</sub> Budget Trading Program under Tennessee Department of Environment and Conservation (TDEC) Regulation 1200-3-27-.06. TDEC Regulation 1200-3-27-.06 requires Liberty to continuously monitor and report nitrogen oxides (NO<sub>x</sub>) mass emissions and heat input for Boilers 8 and 9, in accordance with 40 CFR Part 75, Subpart H, beginning on May 1, 2003. Further, beginning on May 31, 2004<sup>1</sup>, Liberty is required to hold NO<sub>x</sub> allowances equal to the ozone season NO<sub>x</sub> mass emissions from these units.

On April 9, 2003, the Tennessee Air Pollution Control Board (APCB) issued to Liberty a variance for Boilers 8 and 9, providing relief from the CEMS installation and certification

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<sup>1</sup> Normally, the ozone season extends from May 1<sup>st</sup> through September 30<sup>th</sup>. However, as the result of a court decision, the 2004 ozone season in Tennessee and a number of other states begins on May 31, 2004, rather than May 1, 2004.

requirements of TDEC Regulation 1200-3-27-.06. The variance (Order No. 03-006) was issued in response to a March 28, 2003 request from Liberty, which at that time was known as Lenzing Fibers Corporation. The variance extended the CEMS certification deadline for Boilers 8 and 9 from May 1, 2003 to May 1, 2004, based on a recommendation from EPA Region IV (see December 23, 2002 letter from Beverly H. Banister, Director of the Region IV Air, Pesticides and Toxics Management Division to Peter Landl, President and CEO of Lenzing Fibers Corporation). The variance was granted due to the poor financial condition of the company.

Liberty's financial situation continued to deteriorate after the April 9, 2003 variance was granted by the Tennessee APCB, and the company filed for Chapter 11 bankruptcy on November 24, 2003. Despite this, Liberty has taken steps to comply with the monitoring requirements of the NO<sub>x</sub> Budget Program. The required CEMS equipment has been purchased and Liberty is in the process of installing the CEMS. However, Liberty does not believe that it will be able to meet the May 1, 2004 CEMS certification deadline. Therefore, on March 31, 2004, Liberty concurrently submitted a request for a variance to the Tennessee APCB and a petition to the Clean Air Markets Division of EPA. Both of these submittals requested that the CEMS certification deadline for Boilers 8 and 9 be extended from May 1, 2004 to July 5, 2004. Liberty also asked for a waiver of the requirement in §75.62 to submit the initial monitoring plans for these units 45 days prior to the commencement of certification testing. On April 7, 2004, the Tennessee APCB granted Liberty the requested variance and waiver.

#### EPA's Determination

Liberty has apparently experienced severe financial problems which have prevented the CEMS certification deadline for Boilers 8 and 9 at the Lowland facility from being met. Liberty documented these problems in its March 31, 2004 petition, and it appears that the company has taken reasonable and timely measures to comply with the requirements of the NO<sub>x</sub> Budget Program, given its financial situation. Therefore, EPA conditionally approves Liberty's request to extend the CEMS certification deadline for Boilers 8 and 9 to July 5, 2004. The conditions of approval are as follows:

- (1) Liberty shall report NO<sub>x</sub> mass emissions and heat input data for Boilers 8 and 9, beginning on May 1, 2004<sup>2</sup>, as required by TDEC Regulation 1200-3-27-.06. All data shall be reported using either version 2.1 or version 2.2 of EPA's Electronic Data Reporting (EDR) format; and
- (2) In order to ensure that NO<sub>x</sub> mass emissions from Boilers 8 and 9 are not

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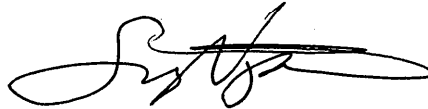
<sup>2</sup> Although a court order has mandated the 2004 ozone season to begin on May 31, 2004 instead of May 1<sup>st</sup> in certain states (including Tennessee), the Clean Air Markets Division (CAMD) has requested that sources in these states report NO<sub>x</sub> mass emissions and heat input data beginning on May 1, 2004, as if it were a normal ozone season. CAMD will count only the NO<sub>x</sub> mass emissions from May 31<sup>st</sup> through September 30<sup>th</sup>, 2004 against allowances held.

underestimated, Liberty shall report hourly NO<sub>x</sub> mass emissions and heat input in the following manner until all CEMS required by Subpart H of Part 75 have been provisionally certified:

- (a) If NO<sub>x</sub> mass emissions are determined as the product of the NO<sub>x</sub> emission rate (in lb/mmBtu) and the heat input rate, Liberty shall report the maximum potential NO<sub>x</sub> emission rate (as defined in Part 75, Appendix A, section 2.1.2.1) in EDR record type 320, the maximum potential flow rate (as defined in section 2.1.4.1 of Part 75, Appendix A) in EDR record type 220, and (as applicable) either the maximum potential CO<sub>2</sub> concentration or the minimum potential O<sub>2</sub> concentration (as defined in section 2.1.3 of Appendix A), in EDR record type 210 or 211 (as applicable); or
  - (b) If NO<sub>x</sub> mass emissions are determined as the product of NO<sub>x</sub> concentration and stack gas flow rate, Liberty shall report the maximum potential NO<sub>x</sub> concentration (as defined in Part 75, Appendix A, section 2.1.2.1) in EDR record type 201, the maximum potential flow rate (as defined in section 2.1.4.1 of Part 75, Appendix A) in EDR record type 220, and (as applicable) either the maximum potential CO<sub>2</sub> concentration or the minimum potential O<sub>2</sub> concentration (as defined in section 2.1.3 of Appendix A), in EDR record type 210 or 211 (as applicable); and
  - (c) Consistent with §75.70(g)(6), Liberty may use the conditional data validation procedures of §75.20(b)(3) to minimize the number of hours in which maximum potential values must be reported under (a) or (b), above; and
- (3) If either boiler has a non-operating quarter (i.e., a quarter with zero operating hours) within the ozone season, an EDR report must still be submitted for that quarter, as described in section II.C(14) of the Revised EDR Reporting Instructions (March, 2003 edition); and
- (4) With respect to the waiver of the requirement to submit the initial monitoring plans for Boilers 8 and 9 at least 45 days prior to certification testing, EPA approves this waiver with the following conditions:
- (a) Liberty must provide notice of the certification test dates to TDEC's Division of Air Pollution Control prior to the commencement of testing, in whatever time frame the Division deems acceptable; and
  - (b) Liberty shall submit complete, up-to-date electronic monitoring plans for Boilers 8 and 9 to CAMD prior to submitting any electronic quarterly reports.

EPA's determination in this letter, which is appealable under Part 78, relies on the accuracy and completeness of the information provided by Liberty in the March 31, 2004 petition, the December 23, 2002 letter from EPA Region IV to Lenzing Fibers Corporation, and the April 9, 2003 and April 7, 2004 variances granted to Liberty by the Tennessee APCB. If you have any questions or concerns about this determination, please contact Manuel J. Oliva, at (202) 343-9009.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Napolitano', with a long horizontal flourish extending to the right.

Sam Napolitano, Director  
Clean Air Markets Division

cc: Wilson Haynes, EPA Region IV  
Jeryl Stewart, Tennessee Division of Air Pollution Control  
Manuel J. Oliva, EPA CAMD