

**Environmental Integrity Project | Dogwood Alliance | Our Children's Earth | Partnership
for Policy Integrity**

April 26, 2018

The Honorable Asa Hutchinson
Arkansas Office of the Governor
State Capitol Room 250
500 Woodlane Ave.
Little Rock, AR 72201

Dear Governor Hutchinson:

We, the undersigned community and environmental groups who work to protect the health and wellbeing of Arkansas' citizens and environment, call on Arkansas officials to address the dangerous and unlawful air pollution emitted by wood pellet facilities in the state, 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 in Arkansas, emits vast amounts of unlawful air pollution and systematically evades Clean Air Act requirements to reduce that pollution. These factories, including the massive Highland Pellets in Pine Bluff, 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, but states—including Arkansas—are not doing enough to bring these facilities into compliance with the Clean Air Act.

First, Arkansas Must Eliminate Existing, Unlawful Air Pollution and Require Adequate Emissions Testing Requirements.

The Highland Pellets mill near Pine Bluff is one of the largest pellet mills in the nation. Unlike similar mills, however, Highland Pellets does not use any pollution controls for volatile organic compounds (VOCs) on units known as pellet coolers. This is especially surprising because Arkansas DEQ regulates Highland Pellets as a "minor" source based on the facility's agreement to accept enforceable operating and production limits sufficient to keep facility-wide VOC emissions below 250 tons per year. Pellet coolers are substantial sources of VOCs; pellet coolers at similar plants emit more than 400 tons of VOCs per year by themselves—much higher than major source emissions threshold of 250 tons per year. Yet, though VOCs from Highland Pellets' pellet coolers are entirely uncontrolled, Arkansas DEQ estimates Highland Pellets' *facility-wide* VOC emissions to be only 245 tons per year.

Even a slight underestimation of Highland Pellets' facility-wide VOC emissions would push the facility over the 250 ton-per-year major source threshold. That would trigger applicability of much more stringent major source requirements, including the obligation to utilize best available control technology on all emission units. Thus, actual source testing to confirm Highland Pellets' emissions projection is of critical importance. Unfortunately, there is no indication that Highland Pellets has ever tested its pellet cooler VOC emissions; nor does Highland Pellets' air permit require any such testing.

To assure that Highland Pellets is not emitting unlawful VOC emissions, Arkansas DEQ must revise Highland Pellets' air permit to require VOC testing on the pellet coolers. If the testing reveals that the facility is indeed exceeding the 250 ton-per-year major source threshold, Arkansas DEQ must hold the facility accountable and require that the facility reduce emissions to levels comparable to similar facilities that use controls on their pellet coolers.

In addition to the potential VOC exceedance, the Highland Pellets mill in Pine Bluff has had major issues with smoke emissions. When nearby residents complained, stating that "smoke was leaving the site and blanketing the surrounding community," Arkansas officials inspected the site but apparently did not take any corrective action.¹ According to the inspection, wood piles at the facility smolder and emit smoke continuously. The inspector's report states: "As you drive by the property you will see several large piles of material . . . This morning, both of these kinds of piles were smoking, or more accurately, smoldering. Normal rainfall amounts do a good job of keeping the temperature inside the pile down and the wood wet enough to keep the smoldering in check. With the severe lack of rain this fall, that was evidently not the case and the smoke was worse than normal."²

Improperly stored wood chips like those at Highland Pellets can spontaneously combust, as large piles of decomposing wood produce heat. The smoke from this combustion is particularly harmful, as the low heat and incomplete combustion produces substantially higher levels of particulate matter, carbon monoxide, and VOCs than other forms of burning wood. In addition to the smoke, smoldering wood chips present an obvious risk of larger fires. As discussed below, fires are a common problem at wood pellet industries. Highland Pellets has already had one fire since commencing operations in 2017, in addition to the smoldering wood piles.

Highland Pellets is almost certainly violating the limits on particulate matter emissions from the wood chip piles that are set forth in its air pollution permit, which restrict such emissions to no more than 0.1 pound per hour and 0.1 ton per year. Furthermore, in approving construction of this facility, there is no indication that Arkansas DEQ anticipated that Highland Pellets' wood chip piles would be left to smolder, continuously exposing nearby residents to harmful particle pollution. Arkansas DEQ must take meaningful action to prevent fires and smoldering wood piles and the associated smoke pollution at Highland Pellets. A modern, safe facility should not need to rely on rain to prevent wood piles from spontaneously combusting and smoldering endlessly. Specific steps Arkansas DEQ can require include limiting the size of wood chip piles, requiring frequent turnover to prevent heat build-up, and developing a response plan for when smoldering or fires do occur. Further, the permit should be revised to require monitoring, such as

¹ Arkansas Department of Environmental Quality Air Division Complaint Report, PDS # 23234, Dec. 14, 2017.

² *Id.*

daily visible emissions observations, as well as record keeping and reporting requirements sufficient to ensure the facility is not emitting excess particulate matter emission from the wood piles.

Next, Arkansas Must 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, including the 2017 fire at Highland Pellets. These fires can produce massive amounts of harmful air pollution; for instance, a recent silo fire at a Texas pellet facility burned for more than 50 days, sickening dozens of nearby residents and leading to multiple lawsuits. Many of these fires and explosions are caused by combustible wood dust, an extreme hazard at wood pellet mills.

The Clean Air Act gives Arkansas 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, Highland Pellets' permit does not even reference the General Duty Clause. Arkansas DEQ must revise Highland Pellets' permit 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:

- (1) Identify the Clean Air Act's General Duty Clause as an applicable requirement with respect to the facility's handling of combustible dust.
- (2) 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.
- (3) Establish specific design and operation standards that the facility must meet to prevent a dust-related fire or explosion.
- (4) Establish recordkeeping and reporting requirements sufficient to demonstrate that the facility is meeting its General Duty Clause obligations.

Finally, Arkansas Must Issue Better Permits for Future Wood Pellet Mills.

Given the heavy burden this industry places on the citizens and environment of Arkansas, the undersigned groups oppose the issuance of permits for new wood pellet mills. However, if the state does issue permits for new facilities or for modifications at existing facilities, officials must ensure new permits require facilities to comply with all requirements under the Clean Air Act. The undersigned groups call for the following specific actions in future permitting:

- 1. Require "major" sources of air pollution to install the best available control technology.** As EIP's report reveals, many pellet mills with major source permits 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. Arkansas must

not reward companies for refusing to install controls that would reduce facility emissions to minor levels. Rather, Arkansas 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 Arkansas facilities.

- 2. Ensure Communities are Notified of and Able to Participate in Permitting Decisions.** Many of the air permits EIP surveyed from 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. This means communities were not informed of the decision to allow sources of air pollution to locate in their backyard. States should ensure that the public has a meaningful opportunity to participate in any permit proceeding for a new or modified wood pellet mill.
- 3. Institute pellet production limits at facilities that claim to be too “minor” for the best available pollution controls.** If pollution controls will not keep emissions below legal limits when a facility is operated at full capacity, the facility’s permit must restrict maximum production to a level that ensures the facility will not exceed the major source threshold.

The Clean Air Act only works to protect health and the environment when state agencies are fully implementing all of the Act’s requirements. The undersigned groups call on Arkansas 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@powellenvironmentallaw.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 Arkansas’ citizens.

Sincerely,

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