

**DEPARTMENT OF ENVIRONMENTAL QUALITY
AIR QUALITY DIVISION
ACTIVITY REPORT: Scheduled Inspection**

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|---|--------------------------------------|----------------------------------|
| FACILITY: Nexeo Solutions, LLC | | SRN / ID: B5627 |
| LOCATION: 2011 TURNER ST, LANSING | | DISTRICT: Lansing |
| CITY: LANSING | | COUNTY: INGHAM |
| CONTACT: Mike Bommarito, Plant Manager | | ACTIVITY DATE: 08/27/2014 |
| STAFF: Brian Culham | COMPLIANCE STATUS: Compliance | SOURCE CLASS: SM 208A |
| SUBJECT: Inspect source. Determine compliance. Resolve existing Rule 208a violation. | | |
| RESOLVED COMPLAINTS: | | |

Mike Bommarito, mbommarito@nexeosolutions.com
Daniel Hientz, dheintz@nexeosolutions.com

Nexeo Solutions is located on Turner Street on the north side of the city of Lansing. A rail line passes along the south side of the property running east and west. The Grand River is a few blocks south of that. To the north east are residences.

Nexeo receives bulk chemicals for storage in a tank farm. Some of the chemicals are blended into products. The blended products, or straight chemicals, are repackaged into smaller distributable sizes.

Nexeo was considered a "minor source" and an "area source" as defined in the Clean Air ACT of 1990 because they limited their potential to emit (PTE) by registration in accordance with Michigan Air Pollution Control (APC) Rule 208a.

Registration requires that actual emissions are maintained below 50% threshold levels. The threshold levels of greatest concern for Nexeo are:

1. 10 tons of any single Hazardous Air Pollutant (HAP)
2. 25 tons of any combination of HAP
3. 100 tons of VOC

In April of this year a Notice of Violation was sent to Daniel Hientz, of Nexeo Solutions, for failure to submit a timely Rule 208 registration form for the Turner Street facility in Lansing Michigan. In response to the violation, a 208a form and a 40 page emissions report were submitted. VOC emissions are estimated at 10.6 tpy and xylene is estimated at 1.8 tpy. Nexeo is currently working to develop a PTE demonstration showing that they are a true minor source of HAP and VOC emissions.

| No. | Emission Unit or Flexible Group | Description | Permit Number or Exemption | Comp. Status |
|-----|---------------------------------|---|-------------------------------------|--------------|
| 1 | FGStorageTanks | 27 upright storage tanks in a tank farm. 20,000 gal. max. | PTI 611-82A Rule 285(b), 284(l), | C |
| 2 | FGBlendTanks | 4 tanks used to blend and hold materials for packaging. | PTI 611-82A | C |
| 3 | EU-FILLING | Tote and drum filling stations wit associated hoods and exhaust. | PTI 611-82A | C |
| 4 | EU-LOADING | Rail and truck racks used for receiving/shipping materials stored in the tanks. | PTI 611-82A | C |
| 5 | EU-FUGITIVE | An emissions group that is used for MAERS reprting | | |
| 6 | EUBoiler | Small natural gas boiler used to heat storage rooms | PTI 611-82A | C |

I arrived at 2:00 as I had scheduled earlier. This is a gated entrance and access is easier with prior notification.

It was my first meeting with M. Bommarito. I shared the inspection pamphlet with him.

1 and 2. FGStorageTanks and FGBlendTanks

Approximately 27 storage tanks exist inside a diked area. The largest storage tanks are 20,000 gallons. The tanks were numbered and labelled with the material being contained. All storage tanks appeared to have conservation vents. The permit 611-82A contains additional restrictions and conditions for methylene chloride, perchloroethylene, and trichloroethylene. M. Bommarito stated that they do not store any of these three materials any longer. I did not identify these labels. The 2013 year-end report confirmed that these materials were not stored in any tanks.

M. Bommarito stated that there have been no recent changes in material being stored.

The permit restricts materials being handled or stored in the tanks to those identified in permit 611-82A. Additional approvals and supplemental revisions were made by the AQD in 1991 and 1992. Unfortunately, there is not a single list of all of these approved materials. In the early 1990's amendments were made to the APC Rules. The Rule 201 exemption, Rule 285(b) was added. This rule allowed for changes to processes, which do not increase or create a meaningful change in the nature of emissions, without requiring a permit. In past discussions with Nexeo staff, I have agreed that certain changes in materials would not alter the nature of an emission to a point where a meaningful change in the potential for an increase of a health based risk would occur.

I also identified a group of tanks on the north side of the production building. M. Bomaritto stated they are blending tanks. It is my understanding that they hold the materials being blended for the drum and tote filling station.

3. EU-FILLING

The drum and tote filling stations were in operation. The stack for the drum hood appeared to satisfy the permit 611-82A requirement of at least 26 feet in height and not more than 8 inches in diameter.

4. EU-LOADING

This emission unit is for the bulk truck and railcar unloading and truck loading operations at Nexeo. The original installation was permitted by 611-82A.

The loading rack does not include a vapor recovery system. APC Rule 609(2) conditionally requires a vapor recovery system. Rule 609 limits the loading of a delivery vessel with organic compounds having a true vapor pressure greater than 1.5 psia to less than 5 million gallons annually. The emission report from Nexeo identifies that 5.1 million gallons of materials were loaded in 2013. However; not all materials loaded had a true vapor pressure greater than 1.5 psia. Ethanol made up 0.13 and n-propanol made up 0.22 million gallons of the bulk load out, both less than the 1.5 vapor pressure. The loading rack at Nexeo is close to requiring the installation of a vapor recovery system, but is not yet subject to Rule 609(3).

I was notified by staff at Nexeo that changes to the truck loading rack were planned. As it was explained to me, collected emissions would be diluted (with nitrogen?) and discharged at a higher air flow for the purpose of reducing concentrations and the potential for fire and/or explosion. The overall emission rate would not change; however, because of the higher discharge velocities, dispersion should improve.

5. EU-FUGITIVE

This is an emission group used by Nexeo to report emissions that are quantified in there MAERs report, but are not part of the storage, blending, loading, and filling categories. They use the term "Equipment Fugitives" to summarize these emissions.

6. EUBoiler

I identified the small (< 1.0 million BTU) natural gas boiler and the associated stack. It was not operating. The unit is used to heat rooms to keep material from freezing in the winter.

PTE

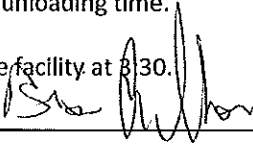
The AQD mailed a letter to 208a sources indicating that Rule 208a would be rescinded from the APC rules. All 208 sources will be required to get a Reneable Operating Permit, an Opt-Out permit, or submit a PTE demonstration indicating their status as a "minor source". Nexeo has stated that they are developing a PTE demonstration.

I had originally thought that Rule 609 would limit PTE from Nexeo by restricting throughput at the loading rack to 5 million gallons. Unfortunately, the limit only applies to certain materials received at the rack, so will not be effective.

I talked to M. Bommarito about physical restrictions on the rail and truck unloading. The rail spur is small and restricted to two tanker cars per delivery. I do not doubt this restriction. Because of rail scheduling, he thought the maximum rail delivery would be no more than once per week. M. Bommarito also identified that the truck rack has safety SOPs that restrict unloading time.

I left the facility at 3:30.

NAME



DATE

9/8/2014

SUPERVISOR

