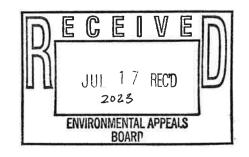


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July 17, 2023



VIA HAND DELIVERY

Department of Natural Resources and Environmental Control Office of the Secretary Environmental Appeals Board Attn: Administrative Assistant to the Environmental Appeals Board 89 Kings Highway Dover, DE 19901

Re: Notice of Administrative Penalty Assessment and Secretary's Order No. 2023-A-0013

Dear Sir or Madam:

Enclosed please find Delaware Recyclable Products, Inc.'s Notice of Appeal (with Exhibits) of the Notice of Administrative Penalty Assessment and Secretary's Order No. 2023-A-0013.

Respectfully submitted,

Sharon Oras Morgan

Enclosures

cc: Valerie Edge, Esq. (via email)

Sharon Chao Morgan

Travis Groski, Esq. (via email)

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL ENVIRONMENTAL APPEALS BOARD

In re Department of Natural Resources and Environmental Control Notice of Administrative Penalty Assessment and Secretary's Order to Delaware Recyclable Products, Inc.

Order No. 2023-A-0013

NOTICE AND STATEMENT OF APPEAL TO ENVIRONMENTAL APPEALS BOARD

Pursuant to 7 Del. C. § 6008 and 7 Del. Admin. C. § 105, Delaware Recyclable Products, Inc. (DRPI) appeals the issuance of the Department of Natural Resources and Environmental Control's ("DNREC") Notice of Administrative Penalty Assessment and Secretary's Order, No. 2023-A-0013 (the "Order," attached as Exhibit 1) dated June 21, 2023.

I. INTRODUCTION

DNREC's Order focuses primarily on sulfur oxide ("SO_x") emissions. DPRI and DNREC have been in regular communication from 2019 through the present, working together on an approach to addressing DNREC's concerns. Now, several years later, DNREC assesses an exorbitant \$575,440 penalty against DRPI for largely proceeding with the same approaches DRPI and DNREC mutually agreed upon earlier.

DRPI has been, and remains, willing to discuss a reasonable resolution of DNREC's concerns. However, the Order disregards DRPI's notices to DNREC, the parties' agreed-upon approaches, and good-faith discussions initiated by DRPI. As the Order is legally and factually deficient, DRPI is compelled to bring this appeal.

II. FACTUAL AND PROCEDURAL BACKGROUND

a. DRPI Landfill Operations

For approximately 20 years, DRPI has owned and operated a permitted industrial landfill and recycling center located at 246 Marsh Lane, New Castle, Delaware (the "DRPI Landfill" or the "Landfill"), which accepts primarily construction and demolition ("C&D") waste. Whereas DRPI's predecessors owned and operated the Landfill since approximately 1985, DRPI assumed that role in 1999.

Located in a Heavy Industry ("HI") zone in an existing community area (as defined by the County's Comprehensive Development Plan), the Landfill is currently permitted to accept construction/demolition debris; dry waste including plastic, rubber, lumber, trees, and vegetative matter; and non-hazardous industrial waste solids if approved by DNREC. The Landfill is one of only two active landfills in New Castle County.¹

The Landfill has two permitted flares ("Flare-01" and "Flare-02") to manage the landfill gas (LFG) that is a natural byproduct of the decomposition of organic material in the Landfill. The LFG at the Landfill is collected by a collection and control system that includes a network of wells, extraction lines and the two flares that destroy the LFG by burning it. Hydrogen sulfide (" H_2S ") is generated within the LFG from the biodegradation of gypsum drywall contained within the Landfill. Sulfur oxide (SO_x), including sulfur dioxide, is produced by the flaring of LFG at the Landfill, which converts the H_2S into SO_x .

¹ The Cherry Island Landfill, operated by the Delaware Solid Waste Authority and located in Wilmington, Delaware, ("Cherry Island") is the other active landfill located in the County.

DRPI's Synthetic Minor Permit (the "Permit") governs the LFG limitations. DRPI currently operates under SM Permit-Amendment 7, dated April 5, 2019. Its previous amendments, SM Permit-Amendment 6 and Amendment 5 are also relevant to this appeal.

b. Unanticipated 2019 SO_x emission exceedances led to (1) DRPI's regular communication with DNREC to resolve the issue and (2) both parties' agreement upon a corrective action approach that would result in SO_x permit exceedances during the corrective action period.

On May 8, 2019, DRPI's April sample of emissions showed a SO_x exceedance of DRPI's permit limits. H₂S and LFG were being produced with no means to stem the production. DRPI identified two options to address the issue: i) minimize the LFG collection to stay in compliance with the SO_x emission limits, which would have caused more fugitive LFG to be emitted, including a significant potential for offsite odors associated with H₂S, or, ii) maximize collection and flaring of LFG to minimize offsite odor issues, while exceeding the SO_x permit limits. DRPI contacted DNREC on May 21, 2019, to discuss a plan of action.

Both parties agreed that managing odors was the priority. There were two options for addressing the increased SO_x emissions, which included an H_2S treatment system or pursuing a Title V permit for the Landfill with proposed higher SO_x limits. However, DNREC was not amenable to exploring a Title V permit for the Landfill. At DNREC's behest, DRPI pursued the treatment option and received proposals the next day from four consultants to model and design an H_2S removal system.

During the Fall of 2019, DRPI awarded the H₂S removal system design to EarthRes. Shortly afterwards, DNREC issued an NOV dated October 18, 2019, to DRPI for SO_x exceedances for both Flares 01 and 02. (Exhibit 2.) DRPI responded to DNREC's NOV on November 1, 2019 (Exhibit 3), acknowledging SO_x exceedances and outlining steps to redress the issues. Starting November 15, 2019, DRPI submitted weekly status updates to DNREC.

DRPI's Permit includes a pounds per hour ("Lbs/Hr") SO_x limit for each of the two flares (9.91 Lbs/Hr for Flare 01 and 11.15 Lbs/Hr for Flare 02), as well as a collective rolling 12-month SO_x limit for both Flare 01 and Flare 02 (87.0 tons per 12-month rolling period). After calculating its emissions for the month of April 2019, DRPI identified the exceedance of the Lbs/Hr limit for both flares and notified DNREC on May 9, 2019 of the exceedance.

At the time, the rolling SO_x emission total for both flares was in compliance but steadily increasing such that DRPI had been in frequent communication with DNREC regarding the increasing sulfur levels in the gas, and met with DNREC to discuss the matter on June 12, 2019. The rolling 12-month SO_x emissions were 54.11 tons and 56.14 tons in April and May 2019, respectively. DRPI was working with DNREC to resolve this issue well in advance of exceeding the rolling 12-month SO_x limit. On July 8, 2019, DRPI began communicating with DNREC monthly through letters and phone calls outlining ongoing SO_x exceedances.

c. DRPI submits its permit application for H₂S removal.

On November 22, 2019, DRPI submitted a draft permit application for an H₂S removal system to DNREC. Three days later, DNREC provided comments on the draft permit application, to which DRPI responded on December 9, 2019. After DNREC approved the construction permit for the H₂S removal system on January 29, 2020, DRPI updated DNREC weekly on project procurement and construction. On March 5, 2020, DRPI awarded vessels and media design/supply to Axens.

d. Unanticipated supplier and contractor delays push the completion of the new H₂S pretreatment system.

On July 21, 2020, construction of the H_2S removal system commenced and Axens began loading media into vessels in November 2020. Originally planned to be finished by January 29, 2021, supplier delays related to COVID-19 and the need for a foundation redesign pushed the completion date. DRPI consequently requested an extension from DNREC on December 11, 2020, due to delays associated with the blowers/flare system. Despite striving to complete the project by January 29, 2021 (i.e., the original construction permit expiration date), additional contractor delays necessitated an amendment to the construction permit (dated January 15, 2021) with a new expiration date of July 29, 2021.

e. DNREC issues an NOV in 2020 regarding expansion of a previously-approved wellfield.

In early 2020, DRPI installed and operated 42 gas-extraction wells pursuant to DNREC's previous approval of the wellfield in a construction permit. The wells themselves are neither sources of emissions nor air contaminant control devices. Nevertheless, DNREC issued DRPI a NOV dated September 25, 2020, for not obtaining prior approval to expand the number of wells. (Exhibit 4.) DRPI responded that DNREC approved DRPI's construction of new gas wells through express language in DRPI's approved construction permit application. (Exhibit 5.) In acquiescence, DRPI submitted a permit application for the new wells despite the previous DNREC approval and the fact that the new wells did not constitute an air emission source or contaminant control device—elements under both the permit and regulations.

f. H₂S removal system is running but encounters operational problems.

On January 18, 2021, the startup process for the H_2S removal system commenced with the connection of Flare 02 to the H2S removal system, however, tie-in for Flare 01 was delayed due to continuing blower issues. Flare 01 was tied into the system on March 17, 2021. DNREC subsequently conducted its field inspection of the new H2S removal system on March 26, 2021, and approved the operational permit for the system on April 9, 2021.

In April 2021, DRPI also installed a continuous gas chromatography ("GC") system at the Landfill. Such system was only required under the Permit to maintain a 15-minute data capture interval. However, DRPI voluntarily implemented a minute-by-minute data capture system to better track the minimal impact that the SO_x emissions were having in relation to both the pound-

per-hour limit and the 12-month rolling average limit. In turn, DNREC improperly based multiple violations on the minute-by-minute capture—a voluntary step unrelated to measuring compliance under the permit. The system came online in conjunction with the H₂S removal system as a best management practice to efficiently calculate data.

In the summer of 2021, DRPI encountered issues with the new H_2S removal system, and promptly notified Axens of those issues on July 20, 2021. DRPI submitted an air permit operations modification to DNREC on October 14, 2021, to include an in-line sump system, which DNREC approved on December 1, 2021. DRPI notified DNREC on December 29, 2021, that there were no exceedance violations for the 12-month rolling averages in November, 2021. DRPI was in compliance with the 12-month rolling average limit by the date of the Order.

g. DRPI and DNREC continue to coordinate in addressing emissions issues.

On February 3, 2022, DNREC served an NOV noting violations during the July 15 and August 10, 2021 Full Compliance Evaluation (Site Inspection). (Exhibit 6.) DNREC subsequently approved DRPI's 30-day extension to respond to DNREC's NOV. (DRPI's April 20, 2022 response is attached as Exhibit 7.) On March 22, 2022, DRPI submitted a letter of intent to incorporate conditions of APC-2020/0048-OPERATION (H2S Removal System) into the existing synthetic minor permit APC-1995/0372-OPERATION (Amendment 7). After DNREC emailed DRPI questions about DRPI's responses to DNREC's February NOV, DRPI emailed responses on August 26, 2022.

Later, DNREC issued an NOV dated November 7, 2022, based on site inspections and ongoing dialogue with DRPI. (Exhibit 8.) DRPI received a 60-day extension to respond and discuss the issues. DRPI met with DNREC on December 7, 2022, and responded to the NOV on February 6, 2023. (Exhibit 9.) On February 9, 2023, DRPI sent DNREC an updated Dust Control Plan.

h. DNREC issues Secretary's Order No. 2023-A-0013 against DRPI.

On June 26, 2023, DNREC issued Secretary's Order No. 2023-A-0013 (the "DRPI Order")² imposing an administrative penalty of \$575,440.00 on DRPI for ostensibly nineteen alleged violations.³ The alleged violations arise out of DNREC's conclusion that DRPI failed to comply with multiple conditions of its Permit and several amendments. The violations are summarized as follows:

Violations 1-3: So_x from Flare 01 exceeded hourly limit from Oct. 2018 – Nov. 2020; Jan. 2021 – March 2021; June 8, 2021 – June 12, 2021; and June 14, 2021 – June 17, 2021; So_x from Flare 02 exceeded hourly limit from Oct. 2019 – Feb. 2020; Apr. 2020 – June

² DNREC also issued Secretary's Order No. 2023-WH-0014 against DRPI on the same day, which is subject to DRPI's separate appeal being filed contemporaneously.

³ DNREC's Order fails to enumerate each alleged violation. The violation list herein is what DRPI gleaned from DNREC's Order.

- 2020; Aug. 2020 Nov. 2020; Jan. 2021 Mar. 2021; June 14, 2021 June 17, 2021; Sept. 20, 2021; and Oct. 3, 2021.
- Violation 4: 12-month rolling So_x limit for both flares exceeded permit limit from Aug. 2019 Oct 2021.
- Violation 5: 12-month rolling So_x limit for both flares combined exceeded 100 TPY major source threshold from Sept. 2019 Sept. 2021.
- Violation 6: Failed to report So_x exceedances on June 11, 2021; June 14–17, 2021.
- Violation 7: Outlet concentrations exceeded permit limit from June 7, 2021 June 18, 2021; Aug. 3, 2021 Aug. 4, 2021; Aug. 11, 2021; Sept. 20, 2021; Oct 3, 2021; Nov 9, 2021
- Violation 8: Operation of facility not in manner consistent with good air pollution control practice for minimizing emissions.
- Violations 9-10: Failed to submit semi-annual reports for the first half of 2018 by July 31, 2018, and second half 2018 by Jan. 31, 2019.
- **Violations 11-14**: Construction and operation of new network of 42 vertical gas wells from Feb. 17, 2020 Apr. 5, 2020, without DNREC approval.
- Violations 15-16: flare logs lacked required odor survey results and did not record odor complaints or corrective action Jan. 2021 July 2021.
- Violations 17-18: Hydrogen sulfide measurements not conducted and not included in semiannual report for 2nd half of 2019.
- Violation 19: Failed to use inspection sheet/log that is part of Dust Control Plan per July 15, 2021, and August 2021 Full Compliance Evaluations and Dec. 1, 2021 record review.

III. STATEMENT OF APPEAL

a. Interest Substantially Affected

Pursuant to 7 Del. Admin. C. § 105(2.1.1), DRPI's interests are substantially affected by the Order because, if the Order is upheld, DRPI will be responsible for payment of DNREC's administrative penalty of \$575,440.00. The Order expressly acknowledges that DRPI's legal rights are affected. (Exh. 1, Order at 11.)

b. The Order is Improper

Pursuant to 7 Del. Admin. C. § 105(2.1.2), DRPI submits that the Order is improper. Pursuant to 7 Del. Admin. C. § 105(2.1.3), the reasons why the decision is improper are concisely stated as follows:

- 1. The Order overcounts the number of violation days. It incorrectly uses the GC system's minute-by-minute data as a basis for enforcement, whereas the Permit only designates a monthly grab sample and 15-minute data capture interval as approved methods for compliance demonstration.
- 2. Contrary to DNREC's conclusions, DRPI did not violate certain permit conditions, including the following:

- a. Alleged violations based on the minute-by-minute GC system data as a means of determining compliance are improper. The Permit only incorporates the GC system's 15-minute data capture interval. The granular minute-by-minute data capture is thus not used to determine compliance. DRPI voluntarily provided the minute-by-minute GC system data to better track the minimal impact of the SO_x emissions. Moreover, DNREC's findings assume 100% conversion of H_2S to SO_x . The GC system data (for at least June 11, 2021) does not support such an assumption.
- b. Notwithstanding that Violation 8 is void for vagueness (see below), DNREC's conclusion that DRPI failed to operate its facility "consistent with good air pollution control practice for minimizing emissions" is incorrect. After both DNREC and DRPI recognized the increase of H₂S and resulting SO_x exceedances, both parties agreed the most environmentally sound solution was to maximize collection of LFG to minimize offsite odor issues, accepting that SO_x exceedances would continue pending the installation and operation of the H₂S removal system (as opposed to allowing more fugitive landfill gas to be emitted, resulting in potential offsite odors). DRPI self-disclosed the SO_x exceedances and regularly updated DNREC at DNREC's direction.
- c. As to Violations 11-14, and as maintained in DRPI's October 8, 2020 response to DNREC's NOV, DNREC previously approved DRPI's expansion of the wellfield in a prior construction permit. In addition, the wells themselves are neither sources of emissions nor air contaminant control devices.
- 3. The Order ignores that DRPI corrected certain alleged violations by the date of the Order, including the following:
 - a. Violation 9: DRPI submitted its semi-annual report for the first half of 2018 on June 28, 2019.
 - b. Violation 10: DRPI submitted its semi-annual report for the second half of 2018 on July 15, 2019.
 - c. Violation 19: DRPI sent DNREC an updated Dust Control Plan on February 9, 2023, containing the same substantive information requested in DNREC's new forms. In any event, this administrative violation did not impact the environment and DRPI has since updated their forms moving forward. See Delaware Solid Waste Auth. v. Delaware Dep't of Nat. Res. & Env't Control, 250 A.3d 94, 118 (Del. 2021) (affirming Board's reversal of "Secretary's assessment of penalties, finding that penalties were inappropriate

because the violations were the result of 'understandable oversight' or an 'innocent lack of communication' and did not harm the environment.").

- 4. Violation 8 is based on an unconstitutionally vague permit condition. The condition states "[a]t all times, including periods of startup, shutdown, and malfunction, the owner or operator shall, to the extent practicable, maintain and operate the facility including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions. Operation of facility not in manner consistent with good air pollution control practice for minimizing emissions." (Exh. 1, Order at 14.) This permit condition is unconstitutionally vague because it fails to give notice of behavior forbidden by the condition and lends itself to "arbitrary or erratic enforcement." See Delaware Solid Waste Auth., 250 A.3d at 111.
- 5. DNREC's Order is not free from legal error. As to Violations 11-14, DRPI did not violate its permit or 7 Del. C. §6003(a)(1), 7 Del. C. §6003(b)(1), or Subsection 2.1 of 7 Del. Admin. C. §1102, because DRPI's network of 42 vertical gas-extraction wells are not emission sources or air contaminant control devices.
- 6. DNREC's consideration of the discretionary factors under 7 Del. C. § 6005(b)(3) is inappropriate and unreasonable because it omits meaningful detail and ignores pertinent facts. In particular, the following record ultimately does not justify a \$575,440.00 penalty:
 - a. DNREC's bare analysis inadequately weighs the discretionary factors. See Delaware Solid Waste Auth., 250 A.3d at 119 (acknowledging that "[t]he Secretary's Orders, however, did not provide any analysis of why the penalties assessed against the [appellant] were appropriate in light of the discretionary factors listed in § 6005(b)(3). Rather, the orders appear to rely on the assertion that the penalties assessed were appropriate because the [appellant] committed violations.").

Nature, circumstances, extent, and gravity of the violations

i. Alleged violations based on failures to notify DNREC disregard that DRPI consistently notified DNREC of emissions exceedances in a manner and frequency as DNREC directed. Due to issues with making notifications to the 1-800 number, DNREC directed that notifications be made directly to the appropriate contact (Joe Koetas) on a specific notification schedule, rather than on a per-exceedance basis.

- ii. The alleged continuousness of SO_x exceedances is belied by the Permit's monthly grab and 15-minute data grab structure. DRPI disagrees with how DNREC calculated emissions on a pounds-per-hour using the GC system's minute-by-minute data interval that is not incorporated into the Permit. Rather, DRPI has largely complied with the Lbs/Hr limit based on monthly grab samples from a laboratory. DRPI was in compliance with the 12-month rolling average limit by the date of the Order. Enclosed as Exhibit 10 is email correspondence between DNREC and DRPI as well as one of the email's attachments—a May 2023 compliance log.
- iii. DNREC expressed a preference in a treatment system over Title V issuance. As directed, DRPI did not seek a Title V Permit, yet DNREC now penalizes DRPI for following DNREC's preferred path.

The degree of culpability

- iv. The Order disregards DRPI's early and frequent coordination with DNREC. Moreover, DRPI frequently contacted DNREC regarding the Title V permit option. As described above, while DRPI and DNREC considered obtaining a Title V permit, DNREC agreed that treating the H₂S was the preferred option, and that installation and operation of the treatment system would keep emissions below Title V thresholds.
- v. The Order fails to consider DRPI's efforts to address violations between the date of the NOVs and Order. More recently, periodic exceedances continued with the treatment system as changeouts were scheduled and performed; these were discussed with DNREC at a December 2022 meeting in which DNREC stated that they would be unlikely to approve permit relief on these exceedances (e.g., revising the permit to an average Lb/Hr limit, or extending the averaging period for calculating Lb/Hr emissions). That left DRPI with the option of an engineering solution, such as an additional vessel or different treatment media. A new treatment media eliminated the Lb/Hr exceedances in May 2022, and operations continue to be evaluated going forward.

Such other matters as justice may require

vi. The Order overlooks that DRPI was providing frequent notifications of emissions exceedances to DNREC in a manner and frequency directed by DNREC.

In addition to these reasons why the Order is improper, DRPI reserves the right to "[i]dentify issues" through the pre-hearing process (7 Del. Admin. C. § 105(3.1.6)) and raise additional reasons once it obtains the "entire record before the Secretary[.]" 7 Del. Admin. C. § 105(5.3).

The Board is empowered to "affirm, reverse or remand with instructions any appeal of a case decision of the Secretary." 7 Del. C. § 6008(b). For the foregoing reasons, DRPI respectfully requests that the Board utilize this authority and discretion to grant the following relief:

- 1. Reverse the Order's penalty to the extent it overcounts the number of violation days;
- 2. Reverse the Order's determinations and corresponding assessment of administrative penalties to the extent that DRPI did not in-fact violate certain permit conditions;
- 3. Reverse the Order's determinations and corresponding assessment of administrative penalties to the extent that DRPI corrected certain violations by the date of the Order;
- 4. Reverse the Order's determinations and corresponding assessment of administrative penalties to the extent they are based on unconstitutionally vague permit conditions;
- 5. Reverse the Order's determinations and corresponding assessment of administrative penalties to the extent they are based on legal error;
- 6. Reverse the Order's determinations and corresponding assessment of administrative penalties to the extent they are based on DNREC's inappropriate and unreasonable consideration of discretionary factors under 7 Del. C. § 6005(b)(3); and
- 7. Remand the Order back to the Secretary consistent with the foregoing issues and concerns.

c. Estimate of Number of Witnesses and Time Involved

Pursuant to 7 Del. Admin. C. § 105(2.2), DRPI currently estimates that presentation of its appeal will involve 3-4 witnesses and will take between 4-6 hours.

Depending on the volume of the entire record before the Secretary, and the parties' ability to narrow issues in advance of a hearing, DRPI may be able to reduce these estimates. 7 Del. Admin. C. § 105(3.1.1).

Enclosed is the \$50.00 deposit for costs required under 7 Del. Admin. C. § 105(2.3).

IV. CONCLUSION

For the foregoing reasons, DNREC's issuance of the Order was improper. DRPI looks forward to presenting its appeal to the Environmental Appeals Board if no resolution with DNREC can be achieved beforehand.

Dated: July 17, 2023

Respectfully submitted,

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Attorneys for Delaware Recyclable Products, Inc.