

# Federal, Multi-state Deal Secures Significant Air Pollution Reductions from Industrial Giant Archer Daniels Midland

April 9, 2003

The Department of Justice and the Environmental Protection Agency today announced a landmark Clean Air Act settlement with grain industry giant Archer Daniels Midland Company (ADM), which will cover operations at 52 plants in 16 states and cost the company an estimated \$340 million. The settlement is the result of an unprecedented joint federal and state enforcement effort with 14 state and county entities signing onto the consent decree. Under the settlement, ADM will implement sweeping environmental improvements at plants nationwide that will eliminate at least 63,000 tons of air pollution a year.

ADM is a multi-national agribusiness based in Decatur, Ill., that owns and operates facilities across the nation which process corn, wheat, soybeans, and other oilseeds into value-added products used in the food, feed, ethanol and other industries. The manufacturing processes at ADM's plants result in emissions of significant quantities of regulated air pollutants, including nitrogen oxides, carbon monoxide, particulate matter, sulfur dioxide, volatile organic compounds (VOCs) and hazardous air pollutants (HAPs).

Under the settlement, ADM will install state-of-the-art controls on a large number of units, shut down some of the oldest, dirtiest units, and take emission limits on others. Additionally, ADM's oilseed operations will accept new, more stringent emission limits for VOC and HAP emissions – limits the regulators expect will set new standards for the industry.

"The Justice Department is fulfilling its promise to enforce our nation's clean air standards," said Attorney General John Ashcroft. "Americans deserve clean air to breathe, and we all benefit when organizations make the right decisions and bring their facilities into compliance with our environmental laws and regulations."

"This landmark Clean Air Act case will help make our air cleaner now and for future generations. These industry emissions have been underestimated in the past, and we have put forth this unprecedented effort to rectify that," said EPA Administrator Christie Whitman. "This company stepped forward to work with state and federal regulators to achieve our shared goal of environmental compliance."

The United States and its co-plaintiffs alleged that ADM failed to accurately estimate its emissions from hundreds of process units, and expanded other units without the installation of required air pollution control technology, violating the Clean Air Act. The complaints, filed today in federal district court in Illinois, allege that these ADM plants are major sources of air pollution. The complaints explain that these plants are subject to the Clean Air Act's New Source Review (NSR) and Prevention of Significant Deterioration (PSD) requirements, as well as the New Source Performance Standards (NSPS) of the Act. As such, they were required to install air pollution controls to reduce emissions and to get the appropriate preconstruction and operating permits. This is the first major NSR/PSD settlement involving the grain and oilseed processing industry.

Co-plaintiffs include the states of Arkansas, Indiana, Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Carolina, and Texas; the Iowa counties of Linn and Polk, as well as the Nebraska county of Lancaster.

EPA estimates that ADM will spend \$340 million over a 10-year period to implement the entire injunctive relief package, which includes \$213 million for capital improvements such as air

pollution control equipment. ADM will also fund extensive environmental audits at all facilities, continuous emission monitoring, operation and maintenance, as well as an environmental management system that will assist the company and regulators in tracking compliance with the consent decree.

In addition, ADM will pay a civil penalty of \$4.6 million that will be shared with the co-plaintiffs, and will spend \$6.3 million on supplemental environmental projects. Much of the supplemental money will be spent on retrofitting diesel engines in school buses, to result in significant reductions of air emissions from those mobile sources.

The consent decree was lodged with the federal district court in the Central District of Illinois. It will be subject to a 30-day public comment period before it can be entered by the court.

## **United States Announces Clean Air Act Coal-Fired Power Plant Settlement with Alcoa**

**April 9, 2003**

The Justice Department and the Environmental Protection Agency today announced a major Clean Air Act settlement with Alcoa, Inc. under which the company will spend an estimated \$330 million to install a new coal-fired power plant with state-of-the-art pollution controls to eliminate the vast majority of sulfur dioxide and nitrogen oxide emissions from the power plant at Alcoa's aluminum production facility in Rockdale, Texas.

Today's settlement is the latest in a series of cases the Bush Administration has pursued to bring the coal-fired power plant industry into full compliance with the Clean Air Act. This settlement also reflects the culmination of well-coordinated efforts between federal and state regulators, as well as certain citizen groups in the area of the Rockdale plant, to bring Alcoa's operation into compliance with the Clean Air Act.

Today's settlement resolves allegations filed in federal court by the United States and its co-plaintiffs, Neighbors for Neighbors, Inc., Environmental Defense, and Public Citizen, that Alcoa has unlawfully operated the Rockdale facility since it overhauled the Rockdale power plant without installing necessary pollution controls and without first obtaining proper permits required by the "New Source Review" program of the Clean Air Act.

"Ensuring that Americans have clean air to breathe is a priority for the Justice Department," said Attorney General John Ashcroft. "As a result of today's settlement, the town and communities of Rockdale will have the peace of mind of knowing that their citizens will breathe cleaner air for generations to come."

"This settlement is an excellent example of how the federal government, states, and citizen groups can work together to find solutions to environmental problems," said EPA Administrator Christie Whitman. "This settlement will result in the reduction of tons of harmful pollutants while providing the facility options to achieve compliance. This shows how EPA 'smart enforcement' is about more than numbers. It means cleaner air, purer water, and better protected land."

Texas Commission on Environmental Quality's executive director Margaret Hoffman said, "As a result of this joint investigation and cooperative effort between state and federal officials, Texans will enjoy cleaner air. That's a victory for everyone." The State of Texas was a full partner in the

negotiations leading to the settlement and will play a significant role in implementing the settlement.

The Rockdale facility, located northeast of Austin, is currently the single largest non-utility source of nitrogen oxide and sulfur dioxide emissions in the nation. Prevailing winds carry air pollutants directly into the Austin metropolitan area. The plant consists of two aluminum smelters, a power plant that generates electricity for the smelters, and a strip-mining operation that supplies lignite coal for the power plant itself. The company produces aluminum for cans, truck wheels, die-casts, machinery, systems and components for appliances, as well as telecommunications.

The combined effect of the pollution controls mandated by the settlement will be to reduce the company's emissions of sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>) by approximately 90 percent. More than 52,000 tons of SO<sub>2</sub> and 15,000 tons of NO<sub>x</sub> – a total of more than 68,000 tons of pollutants – are expected to be removed from the air of central Texas each year.

SO<sub>2</sub> and NO<sub>x</sub> are significant contributors to acid rain; NO<sub>x</sub> also increases low-level ozone which causes smog; fine particulate matter causes haze. All these pollutants cause severe respiratory problems and exacerbate cases of childhood asthma.

In the 1980s, just as the Rockdale power plant was nearing the end of its useful life, Alcoa undertook a \$63 million program known as the "Betterment Project" to extend the life of the Rockdale power plant, rather than retire the power plant and build a new facility with state-of-the-art pollution controls. The "Betterment Project" did little to better the environment, however. After the completion of the four-year program, pollution from the Rockdale facility increased over 13,000 tons each year as a result of Alcoa's changes.

Under the terms of the settlement, Alcoa will elect, within roughly one year, one of three options for achieving the required emissions reductions: to install state-of-the-art pollution controls for SO<sub>2</sub>, NO<sub>x</sub>, and particulate matter (PM) on its existing power plant; to replace its existing power plant with new electricity generating units and pollution controls; or, if the aluminum production facility is to discontinue operations, to shut down the power plant completely. Alcoa will implement one of these changes by the end of 2007, and will implement additional pollution reduction measures in the interim as well. Last fall, Alcoa submitted a permit application for new power plant units to the Texas Commission on Environmental Quality, indicating that Alcoa intends to pursue the option of replacing its existing units with new units and pollution controls.

In addition to the pollution reductions secured by the settlement, Alcoa has agreed to pay a civil penalty of \$1.5 million, and spend at least \$2.5 million on two additional projects that will partially offset the impact of past emissions. Specifically, Alcoa will provide roughly \$1.75 million to the Trust for Public Lands and the Pines & Prairie Land Trust to purchase conservation easements in the area around the Rockdale facility. Alcoa also will spend \$750,000 to retrofit school buses in the greater Austin area with pollution control devices, contributing toward a national initiative unveiled by Administrator Whitman this week.

The settlement was lodged today with the United States District Court in Austin, and is subject to a 30-day public comment period before it can be entered by the court.