STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES
AND ENVIRONMENTAL CONTROL
89 KINGS HIGHWAY
DOVER, DELAWARE 19901

Office of the
Secretary

Phone: (302) 739-9000
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Secretary's Order No. 2018-W-0038

Re: Delaware City Refining Company, LLC's Application to Renew National Pollutant Discharge Elimination System Permits for its Delaware City Refinery and Delaware City Power Plant at 4550 Wrangle Hill Road, Delaware City in New Castle County

Date of Issuance: July 12, 2018

Effective Date: July 12, 2018

Pursuant to 7 *Del. C.*§§ 6003, 6004(b), 6006(4) and all other relevant statutory authority, the Department of Natural Resources and Environmental Control ("Department") issues this Order, approving the renewal and amendment of the National Pollution Discharges Elimination System ("NPDES") permit governing discharges at the Delaware City Refinery at 4550 Wrangle Hill Road, Delaware City, DE ("Refinery").

BACKGROUND

On February 28, 2002, Motiva Enterprises, LLC, submitted the original renewal applications for the Refinery's two NPDES permits (DE005061 and DE0000256) regulating the Refinery's surface water discharges. Premcor Refining Group, Inc. ("Premcor") later purchased the Refinery from Motiva, including all of its permits and pending applications. Premcor thereafter sold the Refinery with all its permits and pending applications to the Delaware City Refining Company, LLC ("DCRC"). On December 5, 2014, DCRC supplemented the Application, providing additional information as required by the December 4, 2014, Settlement Agreement ("Settlement") between DCRC and DNREC.

The Department's Division of Water, Surface Water Discharge Section ("SWDS") reviewed the Application and prepared a Draft NPDES Permit and Fact Sheet pursuant to Section 6.0 of the Department's *Regulations Governing the Control of Water Pollution, 7 DE Admin. Code 7201* ("NPDES Regulation").

On December 14, 2014, *The News Journal* and the *Delaware State News* published public notices of the Application, the Draft Permit, and the Fact Sheet. This public notice commenced the 30 day public comment period that ended January 13, 2015.

The SWDS received numerous written public comments, including requests that the Department extend the time period for public comments and hold a public hearing. In response, the public comment period was extended until February 12, 2015, and the extension was published in both *The News Journal* and the *Delaware State News.*

By public notices published on February 18, 2015, in *The News Journal* and the *Delaware State News*, the Department announced that it would hold a public hearing on March 24, 2015, at Gunning Bedford Middle School, 801 Cox Neck Road, New Castle, New Castle County. These public notices also re-opened the public comment period for written comments until the conclusion of the public hearing.

Approximately 500 people attended the public hearing and provided comments. Robert Haynes, the Hearing Officer holding the hearing, granted an unopposed request to extend the public comment period for thirty days. There was significant interest in this proceeding, and the Department received many public comments.

Presiding Hearing Officer Haynes subsequently requested a technical assistance memorandum from the Surface Water Discharges Section ("SWDS"), but retired on June 1, 2018, prior to its completion. SWDS provided its Technical Response Memorandum ("TRM") by memorandum dated June 22, 2018, from Bryan Ashby to Hearing Officer Lisa Vest. Valerie Edge was subsequently appointed Hearing Officer to conclude this matter.

The TRM does not specifically recommend any changes to the proposed permit as a result of the public hearing comments received. However, the hearing record file contained a track changes version of the permit and a transmittal memo to Hearing Officer Vest indicating that SWDS prepared proposed changes to the permit consisting of "largely updates, clarifications, or additional requirements providing more safeguards to protect human health and the environment." On July 10, 2018, Hearing Officer Edge submitted a written request to the author of the TRM to review the tracked changes version and to explain the reasons for the proposed changes. On July 10, 2108, Bryan Ashby submitted an Addendum to the TRM providing the requested information. The Addendum shows that, for the most part, the proposed changes were suggested to correct typographical errors or update information. However, the Addendum does explain that some of the changes in the draft permit are proposed by SWDS based on its response to comments in the TRM. The proposed changes, the Hearing Officer's email, and the Addendum to the TRM are also included within the hearing record.

Valerie Edge prepared the attached Hearing Officer's Report ("Report"), which sets forth the procedural history, summarizes and establishes the record of information and provides findings of facts, reasons and conclusions. The Report is incorporated herein by reference. The Report recommends that the Department reissue the NPDES permits to DCRC with the changes proposed by SWDS, as modified by the Hearing Officer's Recommendations.

DISCUSSION

DCRC seeks reissuance and modification of the NPDES permit originally issued to the Refinery in 1997. The permit would have expired in 2002, however, the Refinery filed a timely application for reissuance on February 28, 2002. The timely application for reissuance filed in 2002 administratively extended the permits until the Secretary makes a decision on the application. Attempts to process the application have been complicated and protracted. The permit application was pending in 2009 when Valero began to shut down the Refinery. The May 30, 2010 Agreement Governing the Acquisition of the Refinery, negotiated as DCRC acquired the Refinery and began its re-start, included an agreement that DCRC would submit an updated NPDES permit application and set a path forward to permit renewal. On December 1, 2010, DCRC updated the pending application. In 2011, DNREC prepared a preliminary draft permit with an interim Best Technology Available ("BTA") determination for both impingement and entrainment. That draft permit allowed the Refinery 5 years to perform studies to either support or refute the BTA determination, but the draft permit was never finalized or put out for public comment and hearing.

SWDS explained at the hearing that while DNREC was working on developing the draft 2011 permit, EPA was working on developing regulations pertinent to the permit. In April of 2011, EPA proposed the Clean Water Act §316(b) regulation on the design and operation of cooling water intake structures in order to minimize adverse environmental impacts. EPA had committed to issuing the final version of the rule in 2012, and DNREC stopped pursuing issuance of the permit to wait for issuance of the regulation that would apply to the permit. EPA did not finalize the §316(b) regulation until August 15, 2014. On December 5, 2014, DCRC supplemented the Applications, providing additional information as required by the December 4, 2014 Settlement Agreement ("Settlement") between DCRC and DNREC. Thereafter, SWDS rededicated its efforts to complete a proposed renewal version of the NPDES permit consistent with the 2014 §316(b) regulation. The draft permit that is the subject of the public hearing on March 24, 2015, resulted from SWDS's efforts to produce a permit that complied with the requirements of the 2014 §316(b) regulation.

The Secretary's decision in this Order resolves the 2002 permit application.

The proposed draft permit that was the subject of the hearing contains interim Best Technology Available ("BTA") requirements for impingement and entrainment of fish, eggs and other aquatic lifeforms harmed by the water intake at the Refinery. The permit also requires the Refinery to undertake specific studies to assist in a later determination of final BTA as provided for by the applicable regulations. The permits will also allow for the proper operation of modified traveling screens, an improved fish return, reuse of water from the waste water treatment plant to reduce the amount of water taken from the River, changes in the flow rates to different outfalls, and sampling and monitoring, in addition to the studies.

The Addendum to the TRM explains the basis for the changes SWDS proposed to the draft of the permit that was the subject of the public hearing. The Hearing Officer's Report recommends that all of the changes proposed by SWDS be adopted because they are either in the nature of correcting errors, updating information or they respond to issues raised in the record, with two exceptions.

The Hearing Officer found no basis in the record for one of the conditions that SWDS proposed related to selenium. That proposed provision read:

> "8) Compliance with Items 5-7 above are dependent upon the issuance of permits within 6 months of date of application (Item 4 above). If permits are not issued within 6 months of the date of application, the permittee will be granted an extension on the deadlines in Items 5-7 equal to the delay past 6 months of the issuance of the final permit necessary for construction and operation."

I agree with Hearing Officer Edge that there is no reasonable basis in the record to include the proposed condition, and it should be removed.

The Hearing Officer's Report also discusses SWDS's proposed language to correct condition C.1.b)3), based upon the Refinery's comment that the permit inaccurately referenced the timing of implementation of Final BTA, which is governed by 40 CFR 125.94(d). The condition proposed by SWDS reads:

> "The permittee must comply with the impingement mortality standard specified below as soon as practicable following issuance of a final permit that establishes the entrainment requirements under 40 CFR § 125.94(d)."

Hearing Officer Edge recommends more fully incorporating the provisions of 40 CFR § 125.94(d) into that condition by adding the following sentence: "The Secretary may establish interim compliance milestones in the permit." I concur with that recommendation.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

I make the following findings:

1. The Department provided legal notice of the public hearing and public comment was submitted into the record.
2. The Department considered public input from the public hearing record.
3. The Department prepared a final draft of the NPDES permit that incorporated changes proposed that correct errors, update information or respond to issues raised in the record.
4. The Department's proposed condition concerning selenium is not based in the record and should be removed.
5. The Department proposed language to condition C.1.b)3) based on the Refinery's comment that the permit inaccurately referenced the timing of implementation of Final BTA, which is governed by 40 CFR 125.94(d). The proposed language is appropriate, but should be augmented to reflect the Department's ability to include interim milestones in the permit.
6. The Record supports adopting the attached NPDES permit.

I make the following conclusions of law:

1. The Department has jurisdiction under its state and delegated federal authority, pursuant to *7 Del. C. Chapter 60,* and the NPDES Regulations to reissue the NPDES Permit.
2. The Department provided adequate public notice of the Application and the public hearing pursuant to 7 *Del. C. §6004(b).*
3. The Department considered all timely and relevant public comments and responded reasonably, which is established in the Hearing Officer's Report.
4. The Hearing Record supports reissuance of the NPDES Permit, in the form attached, and the permit includes reasonable conditions intended to protect the environment and public health.

REASONS

In 7 *Del. C.* § 6001(c)(3), the General Assembly's purpose of providing a program for the protection and conservation of the water resources of the State, for public recreational purposes, and for the conservation of wildlife and aquatic life is stated. In 7 *Del. C.* §6001(a)(2), the General Assembly finds that the development and utilization of water resources must be regulated to ensure that the water resources of the State are employed for beneficial uses and not wasted. Reissuance of the NPDES permit will update the permit to reflect the existing requirements of state and federal law. According to the Addendum to the TRM, the Refinery has already installed the modified traveling screens and the improved fish return. The attached NPDES permit requires the Refinery to complete several different studies concerning the impacts of the Refinery's water intake within 54 months of permit issuance. The results of those studies are necessary to make informed decisions about how to reduce harm to the Delaware River and the environment. Issuance of the permit is the next step towards making the final BTA determinations for impingement and entrainment from the cooling water intake at the Refinery. The attached permit meets state and federal requirements, the public has commented on it, and the hearing record supports its issuance. Based on the above, it is my view that reissuance of the attached permit best furthers the purposes of 7 *Del. C.* Chapter 60.

ORDER

IT IS ORDERED that Department shall reissue the attached permit. The Department shall publish this Order on its web site and provide such public notice of the Order as required by the law, applicable regulations, and as the Department determines is appropriate.

Shawn M. Garvin
Secretary

HEARING OFFICER'S REPORT

To: Honorable Shawn M. Garvin
Secretary, Department of Natural Resources and Environmental Control

From: Valerie S. Edge, Deputy Attorney General
Hearing Officer

Re: Delaware City Refining Company, LLC's Application to Renew National Pollutant Discharge Elimination System Permits for its Delaware City Refinery and Delaware City Power Plant at 4550 Wrangle Hill Road, Delaware City, New Castle County

Date: July 11, 2018

I. PROCEDURAL HISTORY.

This Hearing Officer's Report makes recommendations to the Secretary of the Department of Natural Resources and Environmental Control ("DNREC") on the draft National Pollutant Discharge Elimination System ("NPDES") permit for Delaware City Refining Company, LLC ("DCRC" or "Applicant") publicly noticed on December 14, 2014. The Application seeks to renew and amend the NPDES permits[1] for the Delaware City Refinery at 4550 Wrangle Hill Road, Delaware City, New Castle County ("Refinery"), which are governed by state and federal Clean Water Act laws and regulations. The permit action will incorporate the requirements of NPDES Permit No. DE0050601, formerly a separate permit for the Delaware City Power Plant, into NPDES permit No. DE0000256. On December 1, 2010, DCRC updated the pending application. On December 5, 2014, DCRC supplemented the Applications, providing additional information as required by the December 4, 2014 Settlement Agreement ("Settlement") between DCRC and DNREC.

[1] On February 28, 2002, Motiva Enterprises LLC submitted the original renewal applications for the Refinery's two NPDES permits (DE005061 and DE0000256) regulating the Refinery's surface water discharges. Premcor Refining Group, Inc. ("Premcor") later purchased the Refinery from Motiva, including all of its permits and pending applications. Premcor thereafter sold the Refinery with all its permits and pending applications to DCRC.

The Department's Division of Water, Surface Water Discharges Section ("SWDS") reviewed the Applications and supplement and prepared a Draft NPDES Permit and Fact Sheet pursuant to Section 6.0 of the Department's *Regulations Governing the Control of Water Pollution, 7 DE Admin. Code 7201* ("NPDES Regulation").

On December 14, 2014, *The News Journal* and the *Delaware State News* published public notices of the Application, the Draft Permit, and the Fact Sheet. This public notice commenced the 30 day public comment period that ended January 13, 2015.

The SWDS received numerous written public comments, including requests that the Department extend the time period for public comments and hold a public hearing. In response, the public comment period was extended until February 12, 2015, and the extension was published in both *The News Journal* and the *Delaware State News.*

By public notices, published in the February 18, 2015 *The News Journal* and the *Delaware State News*, the Department announced that it would hold a public hearing on 6:00 p.m. March 24, 2015, at Gunning Bedford Middle School, 801 Cox Neck Road, New Castle, New Castle County. These public notices also re-opened the public comment period for written comments until the conclusion of the public hearing.

Approximately 500 people attended the public hearing, and written and verbal comments were submitted into the hearing record. Robert Haynes, the Hearing Officer holding the hearing, granted an unopposed request to extend the public comment period for 30 days. There

was significant interest in this proceeding, and the Department received substantial public comment.

Robert Haynes, the Hearing Officer who presided over the public hearing requested technical assistance from the Surface Water Discharges Section ("SWDS"), but retired on June 1, 2018, prior to receipt of that assistance. SWDS provided its Technical Response Memorandum ("TRM") dated June 22, 2018, prepared by Bryan Ashby and submitted to Lisa Vest. The retirement of Robert Haynes left this hearing proceeding incomplete, and the author of this report was subsequently appointed Hearing Officer to conclude this matter.

The TRM does not specifically recommend any changes to the proposed permit as a result of the public comments and the responses SWDS prepared. However, the hearing record file contained a track changes version of the permit and a transmittal memo to Lisa Vest proposing changes consisting of "largely updates, clarifications, or additional requirements providing more safeguards to protect human health and the environment." On July 10, 2018, by electronic mail I asked Bryan Ashby to review the tracked changes version and to explain the reasons for the proposed changes. On July 10, 2018, Bryan Ashby submitted an Addendum to the TRM detailing the changes that the SWDS proposed to make to the draft permit after the public hearing. The Addendum explains that for the most part the proposed changes were to correct typographical errors or update information. Where changes were proposed to respond to comments discussed in the TRM, the Addendum points to the discussion in the TRM justifying the proposed changes.

II. SUMMARY OF THE RECORD

In his files, Robert Haynes had pointed to the following documents which would constitute the record: the verbatim transcript of the public hearing and the documents identified as exhibits, the Hearing Officer's report and the TRM that would be provided and any documents referenced therein. The record also includes the document setting out SWDS's proposed changes to the permit after the hearing draft, my email to Bryan Ashby requesting further information on those proposed changes, and the July 10, 2018, response to the Hearing Officer (the TRM Addendum).

III. DNREC'S HEARING PRESENTATION

The SWDS representatives who attended the public hearing were Bryan Ashby, Program Manager, Jennifer Roushey, Program Manager, and John DeFriece, Engineer. Mr. Ashby made a presentation and provided for the record the following:[2]

Exhibit 1 – the December 1, 2010 Application;
Exhibit 2 – the December 5, 2014 Supplement;
Exhibit 3 – the December 14, 2014 draft Fact Sheet;
Exhibit 4 – the December 14, 2014 draft permit;
Exhibit 5 – the December 14, 2014 legal notices; and
Exhibit 6 – the public comments received as of the date of the public hearing.

Hearing Exhibit 3, the draft Fact Sheet, summarized all of the permit changes proposed in the public hearing draft of the permit. Bryan Ashby described the draft permit's proposed consolidation of the Refinery's power plant NPDES permit with the NPDES permit for all other surface water discharges from the Refinery. He provided an overview of the NPDES program established by the Federal Water Pollution Control Act. He explained that the NPDES permits have common sections that identify the facility regulated, the effluent limits whether they are

[2] The SWDS developed a basic administrative record for the benefit of the public and not to meet any burden of proof.

technology or water quality based, and the monitoring and reporting requirements. Both NPDES permits include the duty to comply and to report noncompliance to DNREC, who has the authority to inspect the Facility to determine compliance. He also noted that NPDES permits may include special conditions such as more detailed monitoring requirements or specific sampling methods.

Mr. Ashby provided the NPDES permit history for the Refinery. He explained that DNREC last issued NPDES permits to Star Enterprises who owned the Refinery in September 1997. Those permits were administratively extended in September, 2002, when a timely application to reissue the permits was submitted. He recounted changes in the Refinery's ownership. He indicated that Valero began to shut down the Refinery in 2009, which was restarted in 2011 after DCRC purchased it. Mr. Ashby discussed the Agreement Governing the Acquisition of the Refinery dated May 30, 2010, the 2011 SWDS prepared pre-notice interim Best Technology Available ("BTA") determination, and the Settlement Agreement between DNREC and the Refinery dated December 4, 2014.

Mr. Ashby explained that when DCRC was finalizing the acquisition and restart of the Refinery, on May 30, 2010, DNREC and DCRC entered into an Agreement Governing the Acquisition of the Refinery. One of the requirements of that Agreement was that DCRC would submit an updated NPDES application and would set a path forward for permit renewal. In 2011, DNREC prepared a pre-notice draft permit. Part of that preliminary draft permit was a Best Technology Available ("BTA") determination for both impingement and entrainment. Mr. Ashby noted that this BTA determination was intended to be interim, and allowed 5 years

for the Refinery to perform studies to either support or refute the BTA determination. For reasons discussed below, the 2011 draft permit was never finalized and was never noticed for public hearing and comment.

Mr. Ashby explained that while DNREC was working on developing the draft 2011 permit, EPA was working on developing regulations pertinent to it. Section 316(b) of the Clean Water Act required EPA to issue regulations on the design and operation of cooling water intake structures in order to minimize adverse environmental impacts. In April of 2011, EPA proposed the Clean Water Act §316(b) regulation, and EPA had committed to issuing the final version of this rule in 2012 due to settlement of a federal court case. Thus, while DNREC was working on the 2011 draft permit, amending it and addressing comments DNREC had received, EPA was working on a rule that would significantly impact the permit. As such, DNREC stopped pursuing the issuance of the permit in order to wait for the issuance of the rule. The §316(b) rule was not finalized until August 15, 2014. Thereafter, SWDS rededicated its efforts to complete a proposed renewal version of the NPDES permit consistent with the 2014 §316(b) regulation.

During this time period, DNREC and DCRC negotiated a settlement agreement to resolve past water quality violations, which was finalized on December 4, 2014. Mr. Ashby described the Settlement's terms, which he explained required the Refinery to undertake a supplemental environmental project to improve the cooling water intake's fish screens and to install a fish friendly return as an interim impingement BTA. The installation of these screens and fish return should already have been completed pursuant to the terms of the Settlement Agreement. In addition, the Settlement required that the wastewater treatment plant's treated effluent be re-used

as non-contact cooling water (reducing water withdrawals from the Delaware River). He further explained that the Settlement included terms that require the Refinery to update studies the Department needs to make a final BTA determination, because DNREC's information concerning BTA is over 10 years old. Finally, he noted that the Draft Permit includes the 303 million gallons of water average per day limit on the Refinery's intake from the Delaware River from the Settlement. Further, the Settlement clarified expectations regarding compliance with the final §316(b) rule and some other items DNREC intended to incorporate into the draft permit, such as selenium limits. Mr. Ashby explained that the Settlement did not supersede or circumvent the public participation process, and that it explicitly provided that the public notice process for the draft permit would be followed, public comments would be considered, and any necessary or advisable revisions resulting from the public hearing process would be made prior to finalization of any decision by the Secretary on the pending permit renewal. He further noted that the Settlement does not limit DNREC's discretion in making any final determinations regarding BTA under the rule.

Mr. Ashby also explained the difference between impingement and entrainment. Impingement, in this context, refers to the fish or other aquatic life that would be stuck onto the screens when water is filtered into the Refinery—the purpose of impingement BTA would be to enhance the design to reduce impingement and harm from impingement. Entrainment is what happens to the smaller eggs, larvae and juvenile fish that flow through the screens into the intake water—none of the entrained matter survives. BTA for impingement will not necessarily be the same as that for entrainment.

EPA's 2104 §316(b) Rule at 40 CRF 122.21(r) provides detailed NPDES permit application requirements for facilities with cooling water intake structures and applies to this permit. The §316(b) Rule lists 11 different studies that the Refinery will be required to perform. They include cooling water intake structure data, cooling water system data, existing entrainment performance studies, entrainment characterization studies, and benefit evaluation studies. The draft permit requires that these studies be done before the final BTA determination can be made and several of the studies are required to be peer reviewed—in addition to the review DNREC will complete before the final BTA determination is made.

Mr. Ashby further explained that DNREC could waive some of the federal requirements under the §316(b) Regulation if the permit process begins prior to the effective date of the §316(b) Rule (and this one does), and if the permitting authority believes that there is sufficient information to establish a final BTA. However, DNREC did not establish a final BTA pursuant to the Regulation because much of the information DNREC has is over 10 years old, is from studies performed by previous Refinery owners and fails to address several different areas that are required in the 11 studies.

Mr. Ashby said that the §316(b) rule also allows the application to have interim BTA requirements until the studies are completed and a final BTA determination can be made. The draft permit that is the subject of this hearing includes several different interim BTA requirements: modified traveling screens with a fish friendly fish return system, which is intended to significantly decrease impingement mortality; a requirement for entrainment studies that will provide information necessary to making the entrainment BTA determination; reduction

of the water intake from the Delaware River resulting from the effluent recycling project; and reduction in the flow to Outfall 001to 303 million gallons per day on a 12-month rolling average basis. This is a significant decrease in the flow from the previous permit, which will result in much less water being taken from the River and result in decreases in fish mortality. The permit requires that DNREC coordinate with the National Oceanic and Atmospheric Administration Fishery Section ("NOAA") regarding the federal Endangered Species Act. Finally, the draft permit includes a schedule of compliance to effectuate the interim BTA requirements set out above.

While the §316(b) BTA requirements are important, there are other changes to the proposed draft permit. The permit adds the 12-month average flow limit of 303 million gallons per day to Outfall 001, requires chronic bio-monitoring and removes the requirement for acute bio-monitoring. The draft permit continues the Delaware Estuary PCB TMDL (total maximum daily loads) which are implemented through a pollution minimization plan, and requires sensitive monitoring for dioxins and furans. The reason for this monitoring is that some EPA studies have shown that refineries like DCRC can inadvertently generate dioxins and furans. However, some of those dioxins and furans can be removed by the wastewater treatment process. Consequently, the proposed permit will require monitoring to look for dioxins and furans in the outfalls from the Refinery, and if they are found in significant quantities, the Refinery will be required to complete track back studies to identify them.

Mr. Ashby explained that the draft permit also adds specific requirements for operation and maintenance of the API separator 2 and guard basins 5 and 6. There will be correcting and

updating of outfall information, because some of the outfalls are duplicative, and this draft permit includes several storm water outfalls that are new to the permit. Flow will increase to Outfall 501, due to the modified traveling screens, which will move continuously and additional water will be required to move the aquatic life through the fish return. Outfall 601 is the outfall from the wastewater treatment plant, which had previously gone to guard basin 4. Guard basin 4 is being taken out of service and water that would have gone to that outfall is being directed into guard basins 5 and 6.

Mr. Ashby noted that that a requirement will be added to the storm water plan to require that all storm water discharges to the Red Lion Creek and Dragon Run Creek must comply with the respective TMDLs for the water monitoring, which will include nitrogen, phosphorous, and enterococcus.

DCRC's representatives at the public hearing were Tom Godlewski, Environmental Manager, and Rebecca Gudgeon. Mr. Godlewski provided the Refinery's written comments on the Draft Permit, which are identified as Applicant Exhibit 1. He also provided a historic overview of the §316(b) regulation and EPA's efforts to implement NPDES regulations and court decisions that remanded them back to EPA. He pointed to EPA's 2011 proposed regulation that eventually was issued as a final regulation on April 15, 2014 and went into effect on October 14, 2014. Numerous members of the public commented on this proceeding both at the hearing and in writing.

IV. TRM and Addendum

The TRM, dated June 22, 2018, responds to the substance of all of the public comment and is incorporated herein by reference. I believe that the summary of comments and responses in the TRM are reasonable and adequate, and there is no need to repeat them in this document.

The Addendum to the TRM explains proposed changes to the draft permit that was the subject of the public hearing. For the most part, the proposed changes are reasonable in that they correct errors, bring permit references up to date, and implement the discussion in the TRM. An example of correcting errors includes switching the headings "latitude" and "longitude" in the coordinates chart. Examples of bringing permit references up to date include 1) the rewording of the incidental take paragraph on paragraph 19 to reflect that DNREC had completed its consultation with the National Marine Fisheries Services and which clarified the permittee's duty to report incidental take of Atlantic or Shortnosed Sturgeon and 2) updating permit provisions to reflect that the modified traveling screens and fish return have already been installed. An example of implementing the discussion in the TRM concerns "trackback studies." On page 21 of the TRM, the Response indicates that the written trackback study condition in the draft permit was not actionable, and as such it removed. The Addendum explains where it was removed from the draft permit. Except as set out below, the Hearing Officer recommends that the proposed changes to the permit be incorporated into the version issued by the Secretary.

The Addendum refers to two proposed changes to the draft permit that, in my view, warrant particular notice: condition C.1.b.2) and a new subparagraph 8) relating to selenium limits.

Although the Addendum identifies Condition C.1.b.2) as the provision on page 29 concerning the requirement for Final BTA Requirements for Impingement, the Addendum appears to be referring to C.1.b.3) which in the public hearing draft of the permit read: "Final BTA Requirements for Impingement. No later than 54 months after the effective date of the permit, the permittee shall have achieved compliance with BTA Standards for Impingement Mortality as specified below." The Addendum refers to a comment in the Refinery's February 12, 2015, letter, which pointed out that required studies are due 54 months after permit effective date but compliance with the BTA standards for impingement are not required by the 316(b) Rule until after issuance of a final permit that establishes the entrainment requirements under 40 CRF §125.94(d). In response, SWDS proposed to remove the language and replace it with the following: "The permittee must comply with the impingement mortality standard specified below as soon as practicable following issuance of a final permit that establishes the entrainment requirements under 40 CFR § 125.94(d)." Since SWDS is justifying the use of this language based on the applicable 40 CFR §125.94(d) provision, I suggest including the following sentence which states: "The Director may establish interim compliance milestones in the permit." This addition would incorporate the remaining substance of the applicable federal regulation.

I am most troubled by the proposed new provision 8) concerning selenium as discussed in the Addendum. The TRM does not address selenium or this concern. The Addendum fails to point to any comments in the hearing record on which to base this provision. Nonetheless SWDS proposed to include the following condition:

"8) Compliance with Items 5-7 above are dependent upon the issuance of permits within 6 months of date of application (Item 4 above). If permits are not issued within 6 months of the date of application, the permittee will be granted an extension on the deadlines in Items 5-7 equal to the delay past 6 months of the issuance of the final permit necessary for construction and operation."

I find no reasonable basis in the record to make the above change to the draft permit.

Consequently, I recommend that this change be deleted from the permit.

IV. RECOMMENDATIONS

For the reasons set forth below, I recommend issuance of the permit renewal as presented by SWDS, but modified pursuant to the discussion above. These changes involve adding the language to the revised paragraph to more fully track the federal requirement for when Impingement BTA is required and removing the proposed subparagraph 8) concerning selenium.

A. Findings of Fact

I make the following findings of fact, which I recommend that the Secretary adopt in his Secretary's Order:

1. The Department provided legal notice of the public hearing and public comment was submitted into the record.
2. The Department summarized public comment from the record and responded to the technical issues in the TRM, prepared a modified proposed permit with suggested amendments and provided the Addendum to the TRM explaining the proposed changes.
3. The Department proposed to delete the language in the public hearing draft of the permit indicating that TRM for Final BTA Requirements for Impingement are due

54 months after the effective date of the permit. This change was made to respond to comments by DCRC that 40 CFR § 125.94 requires that studies to support the Final BTA Requirements are due 54 months after permit issuance and that implementation of the Final BTA for Impingement is not due until after issuance of the Final Permit establishing entrainment requirements. The Department proposed new language based on 40 CRF § 125.94 reading: "The permittee must comply with the impingement mortality standard specified below as soon as practicable following issuance of a final permit that establishes the entrainment requirements under 40 CFR § 125.94(d)." The permit should be modified to make that change, but to more fully incorporate the applicable provision the following sentence should follow that language: "The Director may establish interim compliance milestones in the permit."

4. SWDS proposed to add a provision related to selenium that was inadequately supported in the record. This paragraph will not be added to the renewed permit.

5. The Record supports adopting SWDS' recommendation that the Department issue the Applicant the renewed NPDES permit based upon the Revised Draft Permit prepared according to the TRM and its Addendum with the two changes discussed above.

B. Conclusions of Law

Based upon the above findings of fact, I recommend that the Secretary adopt the following conclusions of law in his Secretary's Order:

1. The Department has jurisdiction under its state and delegated federal authority pursuant to *7 Del. C. Chapter 60,* and the NPDES Regulations to make a determination regarding the draft NPDES Permit;
2. The Department provided adequate public notice of the Application and the public hearing pursuant to 7 *Del. C. §6004(b)*;
3. The Department considered all timely and relevant public comments and responded reasonably, which is established in the Hearing Officer's Report; and
4. The Hearing Record supports issuance of the modified Permit based upon SWDS' draft permit that was attached to the TRM, as modified based on the Hearing Officer's Report. That permit includes reasonable conditions intended to protect the environment and public health.

C. Reasons

According to the Addendum to the TRM, the Refinery has already installed the modified traveling screens and the improved fish return. Reissuance of the NPDES permit for the Refinery triggers a 54 month period for the Refinery to complete studies upon which to base a final determination for BTA for impingement and entrainment on the cooling water intake for the Refinery. These changes are intended to reduce harm to the Delaware River and the environment and to provide a basis for a final determination of BTA for impingement and entrainment from the cooling water intake at the Refinery. The permit as proposed to be modified herein meets state and federal requirements, the public has commented on it, the hearing record supports its issuance, and issuance of the permit will best further the purposes of 7 *Del. C.* Chapter 60.

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES &
ENVIRONMENTAL CONTROL
DIVISION OF WATER
89 KINGS HIGHWAY
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Surface Water Discharges Section

Telephone: (302) 739-9946
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TO: Lisa Vest, Hearing Officer

THROUGH: Virgil Holmes, Director, Division of Water

FROM: Bryan Ashby, Program Manager II, Surface Water Discharges Section

DATE: June 22, 2018

RE: Technical Response Memorandum addressing comments provided regarding the Delaware City Refinery NPDES permit, as public noticed in December 10, 2014, and as provided at a public hearing on March 24, 2015. Settlement Agreement – Delaware City Refining Company LLC

The Technical Response Memorandum (TRM) is organized in the following categories of issues shown in the following Table of Contents.

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I. Overview

This Technical Response Memorandum (TRM) was prepared at the request of the presiding hearing officer to assist in the completion of the Hearing Officer's Report to the Secretary of the Department of Natural Resources and Environmental Control (Department) and aid the Secretary in making the final decision on issuance of the draft Delaware City Refinery NPDES permit. This document represents the Department's response to comments made regarding the draft NPDES permit for the Delaware City Refinery and Power Plant (discussed together as "DCR"), as public noticed on December 14, 2014 and discussed in a public hearing on March 24, 2015.

The vast majority of comments regard various aspects of DCR's cooling water intake structures (CWIS), which have a daily average flow limit of 452 million gallons per day (mgd) and a 12 month moving average flow limit of 303 mgd. In general, non-CWIS comments are in regard to: thermal and chemical pollution from DCR's discharge (Outfall 001), permit requirements for PCBs, Subaqueous Lands regulatory issues, and "other pollution" from DCR.

The permit record, hearing transcript and comments often do not clearly distinguish between "BTA for Impingement" and "BTA for entrainment". For clarity to distinguish between BTA for impingement and BTA for entrainment, this TRM discusses "BTA for impingement" (BTAi) and "BTA for entrainment" (BTAe) under separate headings. In short, the permit requirements for DCR's cooling water intake structures (CWIS) are written to be in conformance with the August 15, 2014 Federal Rule[1] for CWIS (hereinafter "the Rule"). The permit acknowledges intake screens as a possible BTAi (i.e., BTA for impingement only) identified in the Rule. This would be finally determined in the next permit, conditioned upon performance optimization after the screens are installed. Per the Rule, determination of BTAe will be deferred until completion of studies of impingement and entrainment impacts at the facility; however, interim BTAe measures are addressed within the permit.

The NPDES program was established by the Federal Clean Water Act (CWA). Delaware administers its NPDES program under authority delegated by the U.S.E.P.A. Federal Regulations under 40 CFR §123.44 require that the EPA formally object to a NPDES permit if it does not adequately interpret and apply legal requirements. The EPA provided comments on the NPDES permit, as public noticed on Dec. 12, 2014, but did not object to any permit provisions.

DNREC received a multitude of comments through this hearing process. Many of these comments had similar points of concerns. This TRM groups those concerns into different topic areas. Although a specific quote is often used to identify a comment, the responses are intended to address the topic area as a whole.

II. Pre-Hearing and Procedural Comments

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[1] 40 CFR Parts 122 and 125, [Docket ID: EPA–HQ–OW–2008–0667, FRL–9817–3], RIN 2040–AE95, "National Pollutant Discharge Elimination System—Final Regulations To Establish Requirements for Cooling Water Intake Structures at Existing Facilities and Amend Requirements at Phase I Facilities", "AGENCY: Environmental Protection Agency (EPA). ACTION: Final rule"; "Federal Register / Vol. 79, No. 158 / Friday, August 15, 2014 / Rules and Regulations", pages 48300-48438; https://www.gpo.gov/fdsys/pkg/FR-2014-08-15/pdf/2014-12164.pdf

1. Freedom of Information Act (FOIA)

Comment – In response to FOIA requests, "DNREC has provided some documents, but has withheld 713 public records."

Response – FOIA requests received by the Department regarding this facility were reviewed within DNREC and after consultation with DOJ, an appropriate response was provided to the requestors. Any documents withheld were consistent with the provisions of Delaware's Freedom of Information Act[2] (FOIA) statute.

2. Settlement Agreements

a. Disagreement between Agreements

Comment – "Settlement Agreement and Draft Permit violate Restart Agreement (2010) conditions that required Best Technology Available."

Response – The December 4, 2014 Settlement Agreement does not violate the May 31, 2010 Agreement Governing the Acquisition and Operation of the Delaware City Refinery. It maintains a similar timeline while changing some elements of procedure to comply with the August 15, 2014 Federal Rule for CWIS. In the 2010 Agreement a preemptive BTA Determination was to be made, prior to needed studies being performed by the facility; which then had five years to refute this determination. In the 2014 Agreement, the facility is given five years to do needed studies, and then a determination is made once all necessary information is collected. In both cases, no BTA implementation would be required until after DNREC reviews all studies and makes a final BTA determination. Prior to the August 15, 2014 Federal Rule for CWIS (the Rule), a BTA determination was required at permit issuance, even if adequate information to make such a determination was not available. This is why a BTA determination was considered to be necessary at the time of the 2010 agreement. The updated Rule however allows facilities time to obtain needed information so that when a BTA determination is made it is more comprehensive. The Settlement Agreement allows for consistency with the updated Rule and contains language which clarifies that to the extent a conflict exists between prior agreements between the Parties and the Settlement Agreement, then the Settlement Agreement supersedes.

b. Settlement Agreement Violates Public Process Requirements

Comment – "This settlement agreement binds DNREC to a pre-determined outcome for the DCR NPDES Permit and prevents the public from effectively and realistically participating in commenting on the draft permit and ultimately helping to shape a better issued permit."

Response - The 2014 Settlement Agreement does not supersede or circumvent the public participation process. There are some permit conditions from the draft permit memorialized in the Settlement Agreement; however, it is explicitly stipulates in the Settlement Agreement that, "The final NPDES renewal discharge permit (the "New Discharge Permit") may vary from the Draft Renewal Permit based on consideration of relevant and applicable comments submitted during the public notice process such as comments from EPA, the Public or DCRC, or response to such comments by DNREC Staff, or as required by law." In the event the final NPDES Discharge Permit differs from the Draft Renewal Permit with respect to items that are contained in the Settlement Agreement, then the Settlement Agreement in its current form becomes null and void and the parties have to reconvene the settlement process. These provisions were explicitly stated in the Settlement Agreement to account for the public notice process and the potential that the final Discharge Permit may differ from the Draft Renewal Permit based on comments submitted from EPA, DCRC, and/or the public.

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[2] 7 Del. Code, Title 29, State Government, General Regulations for State Agencies, Chapter 100, Freedom of Information Act (FOIA), http://delcode.delaware.gov/title29/c100/index.shtml.

c. Violates Endangered Species Act and 40 CFR §125.98(h) with respect to consultation regarding endangered species before public notice

Comments – "The regulations under 40 CFR §125.98(h) state that the Director (USEPA Regional Administrator) or in this case DNREC Director, cannot propose or publish the draft permit, unless it has received the requisite responses from NMFS and USFWS. While this may have happened, the Delaware Riverkeeper Network cannot find any information in the record as constituted by the Draft Permit or the Draft Fact Sheet that indicates this process has been followed, or what changes have been made to the draft to reflect any of these comments.

"However, the Settlement Agreement and draft permit violate Section 9 of the Endangered Species Act (ESA)[3] by failing to follow the process outlined in the Federal Register for compliance with the ESA on the take of endangered species.

The Federal Register publication of the 316(b) Final Rule, EPA (2014: 48380) clarifies that the provisions for compliance with the ESA are unchanged by this regulation.

'Section 9 of the ESA specifically provides that it is unlawful for any person to "take" any endangered species of fish and wildlife except under defined circumstances. The Services (National Marine Fisheries Service or U.S. Fish and Wildlife Service) may provide an exemption to the prohibition on take in one of two ways. Take may be permitted under section 10 of the ESA (16 U.S.C. 1539) or the Services may provide an exemption for take that is incidental to otherwise legal activity through a statement that is included with the Service's' biological opinion developed during Federal agency consultation. (16 U.S.S. 1536(o)) The incidental take statement specifies the terms and conditions necessary to implement reasonable and prudent measures which minimize incidental take.

Nothing in today's rule changes the existing, independent obligations of the facilities subject to this rule under section 9 of the ESA. Unless exempted by an incidental take statement or section 10 permit, facilities have been prohibited from taking (for example, harming or killing) endangered species of fish or wildlife. In order to obtain a section 10 permit, the facility would be required to develop a Habitat Conservation Plan (HCP), which is a mandatory component of an incidental take permit application. The HCP must specify the anticipated effects of the proposed taking, how those impacts will be minimized or mitigated, the alternative actions to the taking that the applicant considered, the reasons for not utilizing those alternatives, and other necessary or appropriate measures that the Secretary may require.'"

Response – 40 CFR §125.98(h) states "The Director must transmit all permit applications for facilities subject to this subpart to the appropriate Field Office of the U.S. Fish and Wildlife Service and/or Regional Office of the National Marine Fisheries Service upon receipt for a 60 day reviews prior to public notice of the draft or proposed permit." The permit application was mailed to National Marine Fisheries Services on October 1, 2014 and the draft permit renewal was place on public notice on December 14, 2014 which would accommodate the 60 day review period accounted for in the Rule. Unfortunately comments were not received from the National Marine Fisheries Services (NMFS) until March 18, 2015 so they were not available to be considered and incorporated into the draft permit prior to notice of hearing. However, their comments are addressed later on in this TRM. As the Refinery's permit application predates the Rule, much of the information that the Rule envisions providing to the NMFS is not included in the application package and is instead required to be collected during the next permit cycle. This limited NMFS in their ability to make detailed site specific comments. Their March 18, 2015 comment letter does clearly lay out the paths to coverage under the Endangered Species Act. Should DNREC be able to effectively address their comments the Refinery would be covered by an incidental take exemption provided through an ESA Section 7 Biological Opinion/Incidental Take Statement. Should NMFS not be satisfied with how their comments are addressed the Refinery may be required to seek coverage for incidental take under an ESA Section 10 permit. This is NMFS's determination to make. Following submission of additional information to NMFS, they certified that they had no additional comment in their August 1, 2017 letter.

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[3] Endangered Species Act of 1973, As Amended through the 108th Congress, http://www.nmfs.noaa.gov/pr/laws/esa/text.htm

3. Public Comment period for NPDES permit

Comment – Various comments requested extension of the comment period, and that no comments are accepted after close of the comment period.

Response – The NPDES permit and Fact Sheet were public noticed on December 14, 2014. Normally, the public comment period would end on January 8, 2015. The Hearing was public noticed on February 18, 2015 and the Hearing was held on March 24, 2015, with attendant opportunities for further public comments.

In response to various requests, the Department did extend the comment period several times, but finally set June 9, 2015 as the date to close the public comment period.

4. DNREC should cede permit issuance to EPA.

Comment – "DNREC needs to step back and request that EPA take lead authority over this permit in order to remove both the actual, and the appearance of, bias and impropriety."

Response – DNREC is the permitting agency and has had full authority to issue NPDES permits since April 1, 1974. The permits that DNREC issues comply with all applicable state and federal regulations. DNREC consulted with EPA when working on the draft permit, particularly regarding parts of the draft permit affected by the Rule, to ensure all permit language was compliant with the new federal regulations. EPA also provided comments[4], but has not objected to any provisions of the draft permit or fact sheet. Absent an EPA objection to the permit that DNREC could not address, there is no reason to relinquish DNREC's NPDES delegation authority.

5. Expired Permit

Comment - Several comments note that the DCR permit is long-expired.

Response - 7 Del. Code, §7201- 6.21.2 Regulations Governing the Control of Water Pollution[5] (RGCWP) provide that a permit remains in effect after its expiration date if, "The permittee has submitted a timely and sufficient application for a new or reissued permit under §6.10 (at least 180 days prior to the permit expiration date); and The Department is unable, through no fault of the permittee, to issue a new permit before the expiration date of the previous permit." The Refinery's met these conditions and as such has been administratively extended. Similar conditions exist in Federal Regulation.

III. Best Technology Available (BTA) for Impingement (BTAi)

The permit requirements regarding both BTAi and BTAe are in compliance with and often direct quotations from federal regulation, accompanied by site specific context.

1. "Allowing the refinery to select the interim BTA option"

Comment – "DNREC erred by allowing the Refinery to select the interim BTA option for impingement and approving that option without following the procedure established by law.

...

'Under today's rule, the Director will review all materials submitted by an existing facility with its permit application to determine appropriate NPDES permit conditions and requirements to minimize impingement mortality and entrainment (EPA, 2014a: 48369).'"

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4 Email dated January 7, 2015 from Mark Smith of EPA Region III to John DeFriece of DNREC.

5 http://regulations.delaware.gov/AdminCode/title7/7000/7200/7201.pdf

Response – The Rule supports and allows for seven different readily available options for meeting BTAi. In Section 125.94 (c) of the Rule it state:

> "BTA Standards for Impingement Mortality. The owner or operator of an existing facility must comply with one of the alternatives in paragraphs (c)(1) through (7) of this section, except as provided in paragraphs (c)(11) or (12) of this section, when approved by the Director. In addition, a facility may also be subject to the requirements of paragraphs (c)(8), (c)(9), or (g) of this section if the Director requires such additional measures."

The permit is written in such a way as to support the use of the method specified in § 125.94 (c)(5) Modified traveling screens. Final selection of this as a BTAi alternative is dependent on the facility installing and operating the screens in compliance with the Rule, and on the results of an optimization study to be performed. Under the terms of the draft permit, installation of the modified traveling screens, design and installation of the fish friendly fish return system, and screen optimization studies are all considered interim BTA for impingement. Final BTAi will be designated in the next permit renewal.

As allowed for in § 125.95(a)(2) of the Rule DNREC is moving forward with allowing necessary data collection to take place during the term of the permit, and not delaying permit issuance until such time as the necessary data is collected.

2. Fish Return

Comment – "It is vital that the channel allows safe return of the fish to an area that will provide minimal opportunity for re-entrapment. This means that the fish must not be exposed to injury or predation in the return channel and that they are returned to a location from which they are not significantly more likely to return to the intake than they would be if they were returned to the Delaware River at some location at least a few hundred feet downstream of Cedar Creek.

Response – The permit requires that, "The Fish Return System will satisfy the provisions of Section 125.92(s) of the 316(b) Rule (as promulgated on August 15, 2014)". That includes "a fish handling and return system with sufficient water flow to return the fish directly to the source water in a manner that does not promote predation or reimpingement of the fish, or require a large vertical drop." On June 24, 2016 Cardno, on behalf of Delaware City Refining Company, LLC submitted a permit modification application to accommodate outfall changes necessary for the proposed fish return system. This application describes the proposed fish return system; their description includes in part: "The improved fish return system will include a fish-friendly Hidrostol pump that will move fish from a large sump into a pressurized pipe. This pipe will travel approximately 6,500 feet to a nearby tidal creek (Dragon Run)." The location of return is below the cooling water intake and a short distance from the Delaware River.

Comment – "DNREC erred by not defining the fish return system in the permit and by not requiring the fish return to the Delaware River."

Response - Section 125.92(s) of the Rule states "The Director may approve of fish being returned to water sources other than the original source water, taking into account any recommendations from the Services with respect to endangered or threatened species." Although design specifications for the fish return system were not detailed in the draft permit, the draft permit does provide that the fish return system must satisfy the provisions of Section 125.92(s) of the 316(b) Rule. Therefore, the fish return system must meet all Section 125.92(s) requirements for permit compliance to be achieved.

Since issuance of the draft Permit, on June 24, 2016 Cardno, on behalf of Delaware City Refining Company, LLC submitted a permit modification application to accommodate outfall changes necessary for the proposed fish return system. The application places the location of return in Dragon Run Creek, below the cooling water intake and a short distance from the Delaware River. This location will be a much safer point of return than other options previously considered and is allowable under the Rule.

3. Performance Standards

Comment – "DNREC erred in its failure to include performance targets for Modified Traveling Screens."

Response – Screens were well studied by EPA in the development of the Rule. In developing the permit DNREC followed the Rule in its requirement of the Modified Traveling Screens, and in many instances included direct language from the Rule in the permit. The Rule states:

> "A facility must operate a modified traveling screen that the Director determines meets the definition at § 125.92(s) and that, after review of the information required in the impingement technology performance optimization study at 40 CFR 122.21(r)(6)(i), the Director determines is the best technology available for impingement reduction at the site. As the basis for the Director's determination, the owner or operator of the facility must demonstrate the technology is or will be optimized to minimize impingement mortality of all non-fragile species. The Director must include verifiable and enforceable permit conditions that ensure the technology will perform as demonstrated;"

Subsequent to the installation of the modified traveling screens, the draft permit requires a two year optimization study in accordance with the Rule. The optimization study will reveal the conditions under which the screens must be operated and maintained to minimize impingement mortality at the facility. Once those optimization conditions are known, they will be incorporated into the NPDES permit renewal if it is established that modified traveling screens is the final BTA for impingement for this facility.

4. Construction Permit Required for New Screens

Comment – "Title 7 Delaware Code 6003(a)(4) states that "No person shall, without having first obtained a permit from the Secretary, undertake any activity in a way which may contribute to the collection, transportation, storage, processing or disposal of solid waste, regardless of the geographic origin or source of such solid wastes;" 7 Del. C. 6003(b) states that the need for a permit applies to the modification of any equipment, or device or other equipment. The installation of travelling screens at the intake structure at the Refinery constitutes modification of existing equipment used for the collection of solid waste which is defined as 'refuse' at Subparagraph 6002(23). Refuse is further defined as dead animals at 6002(19). Since no permit was issued by DNREC for the installation of the travelling screens, the Refinery is in violation of the Environmental Control Act for not obtaining a permit."

Response – DNREC does not find 7 Del. C. 6003(b) to be applicable to the modified traveling screens, as the screens do not "contribute to the collection, transportation, storage, processing or disposal of solid waste". The screens filter incoming water, and prevent impingement by relocating fish.

Comment – "Subaqueous Lands Permit: DNREC failed to acquire the necessary Subaqueous Lands permit for the installation of the Hydrolox screens and therefore violated Delaware's Subaqueous Lands Act in the installation of Hydrolox screens. In accordance with Title 7 Delaware Code § 7205(d), the Refinery should be required to get all the necessary permits."

Response – The modified traveling screens were installed in the same housing structure that previous screens occupied. There was no direct impact on subaqueous land by the installation of the screens, and no permit was required.

IV. Best Technology Available for Entrainment (BTAe)

1. DNREC should use existing information to determine BTAe

Comment – "Given the well-known devastating and continuing entrainment and impingement impacts on the Delaware River from the DCR's operations and the absence of a rational basis to deviate from DNREC's 2011 pre-notice draft BTA determination and accompanying economic achievability and viability reviews, DNREC must designate closed cycle cooling, or its functional equivalent, as BTA or, at minimum, as interim BTA for both entrainment and impingement at the facility."

Response – As part of the development of the Section 316(b) regulations, EPA did extensive research on intake protection technologies prior to establishing entrainment BTA. This analysis included an evaluation of technologies for the following categories: flow reduction technologies and control measures (including closed-cycle recirculating systems); screening technologies; barrier nets; aquatic filter barrier; offshore intakes; and other technologies and operational measures. Please refer to the "Technical Development Document for the Final Section 316(b) Existing Facilities Rule" (EPA-21-R-14-002), May 2014 available at http://www2.epa.gov/sites/production/files/2015-04/documents/cooling-water_phase-4_tdd_2014.pdf.

EPA did not mandate one specific technology for entrainment to be applied on a nationwide basis, rather allowing permittees to evaluate any technology for application at cooling water intake structures. The application of alternate intake protection technologies is highly dependent on site-specific factors. DNREC does not have all the information required under 40 CFR 122.21(r) that is necessary to make a site specific BTAe determination. 40CFR 125.95 (a)(2) allows for an alternate schedule to be established for collection of that data, if needed. It states: "The owner or operator of a facility subject to this subpart whose currently effective permit expires prior to or on July 14, 2018, may request the Director to establish an alternate schedule for the submission of the information required in 40 CFR 122.21(r) when applying for a subsequent permit (consistent with the owner or operator's duty to reapply pursuant to 40 CFR 122.21(d)). If the owner or operator of the facility demonstrates that it could not develop the required information by the applicable date for submission, the Director must establish an alternate schedule for submission of the required information." DNREC has drafted this permit with a compliance schedule for the facility to collect and submit all required information as allowed in the Rule as stated above.

2. "Transition Provision" in 40 CFR §125.98(g) of the Rule

Comment – "Draft permit ignores the Transition Provision in the 316(b) Final Rule and unnecessarily delays action on entrainment.

DNREC's extensive body of knowledge of the CWIS impacts and technological remedies has been needlessly ignored by the Settlement Agreement and draft NPDES permit, which create unnecessary delays in addressing fish mortality by the Refinery. In the 316(b) Final Rule the EPA provides states with the resources needed for these long-outstanding permits to prevent additional delays in addressing fish mortality by CWIS:

To clarify further, EPA has included a 'transition' provision at §125.98(g) of today's rule that makes it clear that for any facility that has submitted a permit application before the effective date of the regulation, the Director may select the best approach to development and implementation of the next permit. These provisions are intended to avoid any unnecessary delay in recently submitted permit applications or draft permits (EPA, 2014a: 48369)."

Response – The paragraph Rule prior to the one cited state: "If the Director has made a BTA determination for entrainment before the effective date of the rule, and substantially the same information was already submitted and considered by the Director in making that determination, under § 125.98(g) the Director may proceed with the Determination of BTA without requiring the owner to submit the information required in § 122.21(r)." DNREC does not find that it has substantially the same information already submitted. It would be premature and inappropriate to disregard components of the Section 316(b) regulations and render a BTA determination without following the process established by the federal regulations where DNREC has determined that all of the 122.21(r) requirements are necessary to evaluate entrainment controls, and has inadequate information to make to final determination. As provided for in §125.98(g), DNREC selected an approach which allows for collection of the most current, relevant, and applicable information prior to making a BTAe decision.

Comment – "The record before DNREC, including its own 2011 pre-notice draft BTA determination, the accompanying economic achievability and viability reviews, and the DCR's entrainment impacts on the Delaware River's aquatic lifeforms, overwhelmingly demonstrates that DNREC should act to make a sufficiency determination as allowed in 40 CFR 125.98(g) to set closed cycle cooling or its functional equivalent as the BTA standards for entrainment and impingement at the DCR." (17.12, page 5)

Response – In the 2011 draft permit a preemptive BTA Determination was to be made, prior to needed studies being performed by the facility; which then had five years to refute or confirm this determination through studies and the collection of data. In the 2014 draft permit, the facility is given five years to do needed studies, and then a determination is made once all necessary information is collected. In both cases, no BTA implementation would be required until after DNREC reviews all studies and makes a final BTA determination. Prior to the August 15, 2014 Federal Rule for CWIS (the Rule), a BTA determination was required at permit issuance, even if adequate information to make such a determination was not available; which is why one was required to accompany the 2011 draft permit. The Rule however allows facilities time to obtain needed information so that when a BTA determination is made it is more comprehensive.

3. Economic Impacts for the DCR and for the Community beyond DCR

a. Economic impacts to Community and River, beyond the DCR itself

Comment – "As I have stated, the resources of the Delaware Estuary are resources of the public and DNREC, pursuant to Subparagraph 6001(b)(1) of Delaware's Environmental Protection Act, is charged with protecting the water resources of the State so that they be directed to make the maximum contribution to the public."

Comment – "A DNREC consultant estimated in 2001 that the refinery killed vastly more fish than those taken by commercial and recreational fishing in state waters. Counting egg and larval losses, the Environmental Protection Agency estimated that Delaware City cost the river four times the number taken by rod and reel or net in 2003." (The News Journal, December 11, 2014) We must keep in mind that not only fish eggs, larvae and adults are drawn into the intake structure at the DCRC but all life stages of all aquatic life that live in the water column of the Delaware Estuary."

Comment – "The EPA estimated that the Refinery contributed to the annual loss of fish (age 1 equivalent, all species) by impingement as 1,674,345 and through entrainment to be 71,744,121 (EPA, 2002: B3-51). The annual economic value lost to the Delaware Estuary by the Delaware City Refinery was calculated to be between $81,976 (low estimate) and $169,971 (high estimate) for impingement and between $2,729,606 (low estimate) and $5,642,002 (high estimate) for entrainment (EPA, 2002: B4-13).

Comment – "Fishing and birdwatching are important activities in the Delaware River that provide tremendous enjoyment of our Bayshore, thousands of jobs, and millions of dollars of revenue. For example, University of Delaware study in 2012 found that recreational fishing contributes 3,327 jobs in Delaware at an annual value of $109.3 million. Fish in the Delaware River also support our shorebird population, which in this same study is shown to help support 4,501 additional jobs and add $147.8 million to our state economy for birding and wildlife viewing.

Response – Although estimates may vary, the Refinery and their intake of river water certainly has an impact on fish in the Delaware River. That impact on fish can have an impact on recreation, the fishing industry and other businesses that are tied to fish. This is why the permit includes studies to quantify that impact as well as technology studies to help in determining the best way to address that impact.

b. Hydrolox Screens and Entrainment

Comment – DCR states, "The Hydrolox screens will be approximately 112 inches wide with small mesh openings of 0.25 inches x 0.3 inches."

"Specifically, the Draft Permit establishes 'interim' BTA requirements for entrainment, including the deployment of the Hydrolox screens … ."

"Third, the Hydrolox screens are rotated continuously, moving any fish away from the screens after only very brief intervals. The design and operation of many existing screen systems require that screens will be stationary

for hours at a time, which means that fish can become trapped and subject to repeated impingement against the, screens."

Response – Modified traveling screens are not in and of themselves considered BTA for entrainment. However, modified traveling screens do have the potential to reduce entrainment and as such are considered one of the interim BTA measures for entrainment until a final BTAe decision is made. Any reduction in entrainment due to the modified traveling screens is dependent on numerous variables, including but not limited to screen size, bucket formation, water intake velocity, and rotation speed. The screen optimization study will work to optimize those factors within their control, and additional study will determine what if any entrainment reductions the screens provide.

c. BTA Is CCCS, Public Comments

Comment – "Other options are available. Less fisheries harmful cooling systems such as closed loop cooling should be implemented."

Comment – "It is time to reduce the fish kill to the least possible, which can be done by switching to 'The Best Technology Available' BTA, which is switching from a harmful outdated once through cooling system to a proven less harmful cooling system called a closed loop cooling. The fish kill can be reduced by 90% or better by using a closed loop system because the closed loop system require 90% less water intake which directly reduces the fish kill by 90%. It is a proven solution."

Comment – "The Proposed DCR Permit Obligations Do Not Achieve BTA."

Response - EPA has determined that there is no single technology that is BTA for entrainment at existing facilities. Rather, BTA for entrainment is comprised of a process for a site-specific determination of entrainment mitigation requirements at existing cooling water intake structures. The Rule establishes a detailed specific framework for determining BTA entrainment control requirements. It identifies "what information must be submitted in the permit application, prescribes procedures that the Director must follow in decision making and factors that must be considered in determining what entrainment controls and associated requirements are BTA on a site-specific basis." Installation of cooling towers was not adopted as a presumptive BTA for impingement or entrainment at existing facilities.

This is demonstrated in the Executive Summary of the Rule, which states:

> "With regard to entrainment, this rule contains a national BTA standard that is a process for a site-specific determination of entrainment mitigation requirements at existing CWIS. The entrainment provision reflects EPA's assessment that there is no single technology basis that is BTA for entrainment at existing facilities, but instead a number of factors that are best accounted for on a site-specific basis."

For existing facilities, the permitting authority is to establish BTA standards for entrainment for each intake on a site-specific basis. These standards will reflect the permitting authority's determination of the maximum reduction in entrainment warranted after consideration of the relevant factors as specified in 125.98(f). The application components at 40 CFR 122.21(r)(2) through (r)(13) provides the permitting authority with the necessary information to render a decision on impingement and entrainment. This final permit action contains a schedule for submission of all these application components that have not yet been addressed.

The Department agrees that closed-cycle cooling is a technology which minimizes the withdrawal of cooling water as compared to a once-through cooling system. However, supports the Rule requirements in 40 CFR 122.21(r)(2) through (r)(13), which requires a holistic analysis of many factors including non-water quality and other environmental impacts in order to determine the BTA. A final BTA will be determined in the next permit cycle after all the application components at 40 CFR 122.21(r)(2) through (r)(13) are submitted and reviewed.

d. "BTA is CCCS or equivalent 90% reduction", per DNREC in 2011 draft BTA Determination

Comment – "We ask for a minimum of 90% reduction in cooling water intake from the 303 MGD established in the 2010 Restart Agreement, or 90% reduction in fish impingement and entrainment, as per the 2011 draft permit and BTA determination."

Comment – "Given the well-known devastating and continuing entrainment and impingement impacts on the Delaware River from the DCR's operations and the absence of a rational basis to deviate from DNREC's 2011 pre-notice draft BTA determination and accompanying economic achievability and viability reviews, DNREC must designate closed cycle cooling, or its functional equivalent, as BTA or, at minimum, as interim BTA for both entrainment and impingement at the facility.

Comment – "The vast majority of fish killed at DCR are killed as the result of entrainment. The Draft NPDES permit issued by DNREC gives DCR 4 ½ years to study ways to reduce fish entrainment, only requiring action, maybe, in 5 years. But in June 2011, DNREC issued a pre-notice draft and BTA determination that already identified that the best technology available (BTA) for addressing entrainment at DCR is closed cycle cooling. DNREC's analysis included a determination that closed cycle cooling was both technically and economically feasible; 4 ½ years of additional study is not needed."

Response - In the 2011 draft permit a preemptive BTA Determination was to be made. This determination was prior to needed studies being performed by the facility and allowed the Refinery five years to gather additional data to assist in making a final BTA determination. In the 2014 draft permit, the facility is given five years to do needed studies, and then a determination is made once all necessary information is collected. In both cases, no BTA implementation would be required until after DNREC reviews all studies and makes a final BTA determination. Prior to the August 15, 2014 Federal Rule for CWIS (the Rule), a BTA determination was required at permit issuance, even if adequate information to make such a determination was not available; which is why one was required to accompany the 2011 draft permit. The Rule however now allows facilities time to obtain needed information so that when a BTA determination is made it was more comprehensive.

e. Heat Recovery

Comment – "Installing waste heat recovery systems will reduce the fish kill, convert waste heat to electricity or other use, create jobs, reduce the facility's carbon footprint and possibly earn carbon credits for the refinery, thereby benefiting all who live in Delaware. It would benefit the citizens of Delaware and the refinery in many ways. The refinery is in an ideal position to implement waste heat recovery technology because of the massive amount of heat created and wasted."

Response – A variety of factors are taken into consideration when determining the Best Technology Available. The studies required in the permit will take these and other factors into consideration, and the BTAe will be based on a comprehensive evaluation of that information.

4. Mitigation and Restoration

Comment – "Permit does not consider environmental impacts or mitigation."

Comment – "Any new permit ultimately issued for the Delaware City Refinery should not only reflect the best technology available, in this case closed cycle cooling, but should include mitigation and restoration obligations to make up for the years of illegally and needlessly inflicted harm."

Response – The draft permit recognizes additional information is required to fully assess environmental impacts and requires appropriates studies be done.

5. Disproportionate impacts for fragile species

Comment – "DNREC erred by allowing disproportionate impacts for fragile species.

"The 316(b) Final Rule for the selection of modified traveling screens as the interim BTA measure requires that

their use is optimized for non-fragile species (EPA, 2014a: 48433, 48434). Fragile species are defined in 40 CFR 125.92(m) as:

Fragile species means those species of fish and shellfish that are least likely to survive any form of impingement. For purposes of this subpart, *fragile species* are defined as those with an impingement survival rate of less than 30 percent, including but not limited to alewife, American shad, Atlantic herring, Atlantic long-finned squid, Atlantic menhaden, bay anchovy, blueback herring, bluefish, butterfish, gizzard shad, grey snapper, hickory shad, menhaden, rainbow smelt, round herring, and silver anchovy.

In addition, Section C.1.d.x of the draft permit allows the refinery to identify additional species that could be listed as fragile as part of Source Water Baseline Biological Characterization Data. This renders the purpose of an Impingement Optimization Study irrelevant, as the Refinery will be able to ignore any species that the Modified Traveling Screens kill in substantial amounts.

Many of the listed "fragile species" are known to be impinged at the Refinery and are important target species for protection due to their "depleted" status by the Atlantic States Marine Fisheries Commission (Berger 2015) and their value as forage fish that support the aquatic chain. Modified Traveling Screens as the Interim BTA for impingement in the draft permit disproportionately places fragile species at risk and is an inappropriate remedy for the Refinery CWIS"

Response – The Rule recognizes the impracticality of having standard for protection of fragile species on a national platform as site specific conditions and national occurrences can significantly impact these species. However they do allow for the Director to establish site specific controls. The preamble to the rule states:

> "EPA is aware of limited success in flow reduction and behavioral deterrent systems in protecting fragile species. However, there are no demonstrated and available technologies for industry as a whole to address fragile species. EPA has long recognized these species as having low survival rates under the best of conditions, and established different mechanisms to address these in today's final rule. Today's BTA for impingement mortality allows the Director to establish site-specific controls under § 125.94(c)(9) to address fragile species."

At this time we do not have sufficient information to establish site-specific criteria as provided for. The current Interim BTA of installing Modified Traveling Screens and a fish-friendly fish return is a step in the right direction. It is vastly more protective of fragile species than the current screen system which is infrequently rotated, uses a high powered spray to remove fish from the screens, and discharges fish to an open air, cement lined fish return. However, 40 CFR 122.21(r)(4)(xi) states in part: "For the owner or operator of an existing facility, a list of fragile species, as defined at 40 CFR 125.92(m), at the facility. The applicant need only identify those species not already identified as fragile at 40 CFR 125.92(m)." With the information provided in the studies required by the permit, and with further identification of fragile species as required by the Rule, the Department will have more information next permit cycle in order to determine what if any additional protections may be necessary for fragile species.

6. Implementation

a. Compliance schedule

Comment – "Permit should specify the projected schedule of milestones: Section C.1 of the draft permit also allows the Refinery to 'submit plans detailing a projected schedule of milestones and how it will effectuate the studies, reports, and monitoring requirements ... ' within six months of the permit effective date. Instead, we ask that these be incorporated into the permit as an enforceable permit condition and should be subjected to public notice and public comment on the permit."

Response – The permit clearly cites the data needs identified in the Rule, and required by the permit, and sets a deadline for a complete submission at 180 days prior to permit expiration. The permit has the requirement for a schedule to be submitted and the requirement for an annual report in the permit so that DNREC is able to track the facilities progress in collecting the necessary data. However, the timing of interim data collection steps is

largely immaterial as long as a complete, 316(b) compliant, permit renewal application can be submitted in a timely manner.

Comment – "All Interim Measures Should be Implemented Immediately.

The Draft Permit (Page 30) has provided three progressive dates of May 31, 2015, June 30, 2016 and June 30, 2017 to install Modified Traveling Screens on the three intake structures. The Delaware Riverkeeper Network cannot identify any legitimate basis for such an extended schedule, since this less than desirable approach is only classified as 'interim.'"

Response – The Modified Traveling Screens have been installed as a part of the interim BTAi. This schedule was negotiated as part of a Settlement Agreement between the Refinery and DNREC and it is far in advance of what would be required by the Rule alone. Under the Rule the Refinery could have pushed to wait until after the studies required under the rule were complete and BTA for entrainment was determined before even considering if these screens were even necessary to be installed. As such these screens are being installed at least 5 years prior to being required. The installation is spaced out as the Modified Traveling Screens to be installed are located at the cooling water intake. The facility relies on a steady stream of cooling water to for effective operation of the plant. Due to the temperature differential of the water, less cooling water is required in the cooler winter and early spring months. This lower volume need allows the facility to take one of its three cooling water intake bays out of service with minimal fear of negatively impacting cooling water supply to the facility in order to install the new modified traveling screens. Given the limited timeline available for installation and the possibility of unforeseen issues that may arise through procurement and installation of these screens, a schedule of one new bay installation per year was selected.

b. Implementation by DNREC

Comment – "DNREC has a poor track record for maintaining an up-to-date NPDES permit program. EPA described the extent of the problem:

As of the end of Fiscal Year 2013 (through September 30, 2012), 12 of DNREC's major permits were expired representing a 57% backlog of the major permits universe, and 23 minor permits were expired representing a 49% backlog of the minor permit universe (EPA, 2015a: 7).

With the substantial backlog in NPDES permits, how can the public have confidence in DNREC that the next NPDES permit will be promulgated in a timely manner? DNREC's track record in keeping to a reasonable time schedule in the execution of NPDES permits does not inspire confidence. Delays in setting targets are unnecessary, unreasonable, and result in 'kicking the can' to a future permit that may take an extremely long time for DNREC to produce."

Response – The Surface Water Discharges Section continues to work towards eliminating its NPDES permitting backlog, in spite of the limited funding and staffing available to this program. The detailed reports required by this permit will likely be beyond the scope of our Section's expertise. As such we will be coordinating with DNREC'S Fish and Wildlife and Watershed Assessment, the United States Environmental Protection Agency, National Marine Fisheries Services, and other cooperating agencies to ensure a timely and thorough review of the renewal application and associated studies. As previously referenced, both the draft 2011 BTA and permit and the current draft permit renewal allow for five years of studies prior to the final BTA determination being made. Therefore, either approach pushes a final BTA determination until the next permit renewal.

c. "Robust scientific rigor and peer review required"

Comment – "We thank DNREC for requiring peer review at numerous stages in the process, including changes to entrainment study protocol and annual reports in Section C.1.a.4 of the draft permit. While this does add an additional step for the Refinery, we see it as essential to guaranteeing the integrity of the consultant's work, particularly in study design and implementation."

Response – Regular peer review throughout the project is intended to help identify any issues that may arise and allow time to resolve those issues prior to final data submission. Through this requirement we anticipate the final product will be more thorough.

d. Interim study results should be publicly available.

Comment – "We support the provisions in Section C1 of the permit that require collected data to be turned over to DNREC upon request and annual reports submitted on March 1 of each calendar year. However, we feel such transparency does not go far enough and we ask that DNREC amend the permit to provide clear direction to the Refinery that all study results (preliminary or final) for impingement, entrainment and/or the fish return system be provided to the state and made available for public inspection on a quarterly basis."

Response – Review of raw data is imperative in a complete review of the reports as they are submitted. Likewise, review of raw data during a study can provide valuable insight into its progress. Due to the complexity and the timeliness needed in reviewing of an ongoing project DNREC has left the interim review of data to a third party to consolidate and provide to the Department as an Annual Report. Should further review be warranted, DNREC retains the option of require additional information be provided. Based on a comment from the Refinery, to be addressed later in this document, DNREC is amended this condition to allow for either submission of an Annual Report or submission of raw data on an annual basis. However, over-analysis and the drawing of conclusions based on a small subset of a study's data, can be misleading and promote bias. We do not find that submission of data on a more regular basis would provide any tangible benefit, it would be a drain on facility and Department resources, and could promote bias

e. Flow Reduction Claims

1) 33% Reduction

Comment – "The only BTA for entrainment included in this draft permit is a 33% reduction of flow to 303 million gallons per day calculated on a 12 month rolling average (which the December 5, 2014 letter from DCR to DNREC says will reduce entrainment and impingement rates by a similar amount) and 4½ years of analysis to determine other strategies that can/should be implemented at the facility in future years. But DNREC has already determined that BTA for entrainment at DCR is closed cycle cooling which will result in a 90% reduction of the fish kills at the facility - another 4½ years of study by DCR, and then follow up consideration of the data by DNREC, with still yet additional time for implementation, is not needed nor is it supported by the record."

Response – DNREC has made no final determination regarding the best technology available for this site. Prior to the new 316(b) rule, a BTA determination was required to accompany permit issuance regardless of the level of information available for making that determination. The previous draft permit had an accompanying draft BTA. The prior draft BTA, similar to the current permit, recognized the gaps in information available, and allowed the facility 4 ½ years to do studies to provide DNREC with all necessary information so that DNREC could then make a final BTA decision.

2) Effluent Recycle

Comment – "The design parameters of the Effluent Recycle Project should be clarified in the permit with sufficient detail to demonstrate that compliance with this component of the permit will reduce entrainment."

Response – The Effluent Recycling Project adds treated effluent from the wastewater treatment plant to the cooling water intake system. This will reduce the amount of river water intake needed to for cooling water purposes at the facility. As intake volume decreases there is less opportunity for impingement and entrainment.

f. Enforcement

Comment – "While we understand the Department's desire to obtain compliance with the NPDES permit voluntarily, as allowed under 7 Del. C. § 6019, the past five years have demonstrated that the Department's

pursuit of voluntary compliance has been unsuccessful. Pursuant to 7 Del. Amin. Code §7201-6.14.2, 'The violation of any effluent limitation or of any other condition specified in the permit is a violation of 7 Del. C. Ch. 60, and the Act and is grounds for enforcement as provided in 7 Del. C. §§ 6005 and 6013, for permit termination or loss of authorization to discharge pursuant to the permit, for permit revocation and reissuance, or permit modification, or denial of a permit renewal application.' (emphasis added).

Under 7 Del. Admin. Code § 7201-6.15, a NPDES permit 'shall provide for and ensure compliance.' Due to the facility's history of non-compliance the Center asks that the Department deny the renewal application of the Delaware City Refining Company's NPDES permit until the facility demonstrates how it will come into compliance with the terms of its NPDES permit.

If the Department chooses to renew the facility's permit application, a schedule of compliance, pursuant to 7 Del. Admin. Code § 7201-6.17, should be included in the new permit to ensure such compliance. In addition, the Center suggests that the Department include strong enforcement provisions in the permit that incorporate mandatory civil penalties if the Delaware City Refining Company violates the terms of its NPDES permit. This will ensure that the facility is held accountable for its non-compliance.

Under the Clean Water Act, 33 U.S.C. § 1342(a)(2), 'the Administrator shall prescribe conditions for such permits to assure compliance...including conditions on data and information collection, reporting and other such requirements as he deems appropriate.' It is our belief that additional conditions are needed to ensure that the Delaware City Refining Company complies with its NPDES permit.

Response – The Delaware City Refinery has had numerous incidents of non-compliance. The Department keeps close track of these incidents and takes enforcement action as necessary. The frequency, severity and environmental impact of the violations steering the level to which the enforcement action rises to, and what if any penalty is collected. Since the issuance of their current permit DNREC has taken enforcement against the Refinery for NPDES violations fifteen times. Those enforcement actions have included different mechanisms including Notice of Violations, Administrative Orders and Civil Judicial Actions and have included significant penalties.
However, the Refinery also has a history of identifying non-compliance at their facility and promptly reporting those issues to the Department as required in their permit. They have a history of resolving incidences of non-compliance and taking steps to prevent similar instances of non-compliance from occurring in the future. Outside of those incidents they have been cited for, the Refinery has a long history of being in compliance with their NPDES Permit. The Department cannot deny a NPDES permit without preparing a Notice of Intent to Deny and citing good cause for denial of the permit. The Refinery has demonstrated their ability to operate within the bounds of their permit the vast majority of the time; their incidents of non-compliance do not provide sufficient cause to deny their permit application.

V. Endangered Species – NOAA and References to Those Recommendations

1. NOAA Recommendations

Comment Synopsis – The National Ocean and Atmospheric Administration's (NOAA) National Marine Fisheries Service (NMFS; "NOAA" hereinafter) requested that the permit include several requirements to help reduce impacts on endangered species:

a. 2 mm Mesh Screens

Comment – Screen mesh size should be no greater than 2 mm to ensure that entrainment of most small organisms can be prevented, including benthic invertebrates that form the forage base for both Shortnose and Atlantic sturgeon

Response – The Refinery is required to perform an optimization study on their modified traveling screens, a mesh screen size will be one of the factors to be evaluated. If this study identifies that a 2mm mesh is found to be necessary then it would be utilized.

b. 3" Trash Rack Spacing.

Comment – Additionally, trash rack bars should be spaced approximately 3 inches apart.

Response – The Refinery's trash racks are intended to block large foreign object such as sticks or logs; the current design of the trash racks allows for fish to swim freely into and back out away from the racks. The trash bars currently transect Cedar Creek approximately 200 feet in front of the intake structure, with bars approximately 12 inches apart from each other. Modification of these trash racks to a 3" spacing would result in more debris being captured, possibly negatively impacting flow and causing greater opportunity to impingement.

c. Diversion structures placed near the intake canal mouth.

Comment – In conjunction with screens, diversion structures are recommended to keep juvenile, sub-adult and adult sturgeon from being impinged on the trash bars and Hydrolox screen. The diversion structures can be places near the intake canal to block sturgeon from entering the CWIS. Staff will need to clean and maintain diversion structures on a daily basis, and diversion structures should be designed so that entrapment of fish doesn't to occur.

Response – The Refinery's cooling water intake exists at the end of intake channel that is over 0.8 miles long. The channel is tidally influenced, and has differential settling of sediment. This leads to the development of shoals and other features which break up stream flow and aid in fish mobility out of the channel, effectively acting as a natural diversion structure. DNREC will explicitly add diversion structures as one of the technologies to be evaluated in order to determine their future utility at this site, but at this time do not have sufficient information to require these at this time.

d. Reduce the intake velocity to below 1 ft./sec at all times (0.5 to 0.7 ft./sec is preferred).

Comment – We also recommend reducing the intake velocity to below 1 ft./sec at all times (0.5 to 0.7 ft./sec is preferred).

Response – In a May 2001, Normandeau Associates calculated and average approach velocity to the screens of approximately 0.6 feet per second at full pumping rate, and at mean low tide. The approach velocities under normal operating conditions were therefore less than 0.6 feet per second. In addition, the Refinery has since reduced its average water intake volume. The Refinery dredges the channel on a regular basis to maintain such flow conditions. DNREC will be adding a condition to the permit requiring the Refinery to demonstration flow at the trash rakes, to be calculated using the HEC-RAS hydraulic model and reported monthly.

e. The Fish Return System

Comment – The fish return system should allow monitoring of and safe return of fish to the Delaware River away from the intake channel.

Response – The permit explicitly requires that "The Fish Return System will satisfy the provisions of Section 125.92(s) of the 316(b) Rule (as promulgated on August 15, 2014)." Additionally since the hearing the Refinery has submitted a NPDES Modification Application for the Fish Return Project. This application is being reviewed by DNREC NPDES and Fish and Wildlife staff to ensure that fish are returned safely. The plan calls for the fish to be returned to an area near the mouth of Dragon Run, an area where they will not be re-impinged. The plan describes the system as follows:

> "The system will include a fish-friendly Hidrostol pump that will move fish from a large sump into a pressurized pipe. This pipe will travel approximately 6,500 feet to a nearby tidal creek (Dragon Run). The pipe will be located aboveground and will be supported on saddles or by pipe hangers in the existing sleeper way for the majority of the pipe run. To ensure the fish will be returned to areas with deep enough water to

safely receive the fish, the improved outfall structure (Outfall "501B") will be supported at the end of the pipe run on piles across wetlands and sub-tidal lands."

f. Monitoring Plan

Comment – "The monitoring plan, specifically for ESA listed species, should address impingement at the trash bars, and impingement at the screens, collection in the travelling screens' bucket system, transport via fish return system, and whether they are returned to the river safely in order to accurately account for the level of take that is occurring at the facility. The facility should be required to report this information to us on a pre-determined regular basis (i.e., quarterly, semi-annually, etc.)

Response – The permit requires a two year optimization study be performed on the Modified Traveling Screens. Based on the results of that study, DCR will develop a long-term monitoring strategy.
In addition DCR will work with DNREC's Division of Fish and Wildlife to install a monitoring point near the top of the intake channel to identify tagged Sturgeon. DNREC has an ongoing program to tag and track sturgeon. Sturgeon are caught, measured, weighed, and tagged with an external dart tag and internal PIT tag (microchip) prior to release. Since 1991, nearly 1,900 Atlantic sturgeons have been tagged, ranging in size from 20 to 70 inches. Results of this program continue to provide important information on the Delaware River Atlantic sturgeon population. The installation of a monitoring point near the intake will identify if any tagged sturgeon that exist in the Delaware River actually make it up the 0.8 mile long Cedar Creek.

g. Thermal and chemical impacts of effluent

Comment – "Thermal and chemical impacts of effluent plumes will also need to be addressed, monitored and reported.[6]

Response – Thermal and chemical outputs from the Refinery have been evaluated in the development of the permit limits. All applicable standards have been reviewed and the strictest standard applied.

h. Adaptive Management

Comment – "According to the March 8, 2015 comment letter submitted to DNREC by the National Marine Fisheries Service (NMFS) of the National Oceanic and Atmospheric Administration (NOAA), the permit should include 'provisions that provide for adaptive management so that if critical habitat for Atlantic sturgeon is designated in the action area, recommended measures to reduce impacts to critical habitat can be implemented.' Delaware Nature Society encourages DNREC and the Delaware City Refinery to include a thorough, scientifically based adaptive management plan for the endangered Atlantic and shortnose sturgeon as well as addressing the other comments offered by NMFS.

Response – The designation of critical habitat does not affect land ownership or establish a refuge, wilderness reserve, preserve or other special conservation area. Critical habitat is the specific area on which are found physical or biological features essential to the conservation of the listed entity (e.g., species, subspecies, or DPS) and which may require special management or protection. After reviewing the physical features for successful reproduction and recruitment, identified in this critical habitat listing, DNREC finds it unlikely that this discharge would significantly impact those features. Additionally, DNREC has been in extended consultation with NMFS regarding this permit and they have not raised any concerns regarding the issues of critical habitat.

i. Recommend continued consideration of CCCS

Comment – "As discussed in 2011 in your discussions with DCR, a CCCS was proposed by you as the BTA for the site, and would provide the greatest reduction of volume intake, and thus impingement/entrainment. Less cooling water in the facility would also reduce the flow volume of cooling water out of the facility. Currently, the majority of discharges from the DCR are non-contact cooling water. We recommend the continued

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[6] Sturgeon are stressed at greater than 82°F.

consideration of this type of retrofit for this facility because of the location, overlap with ESA listed species habitat and usage areas, as well as because of the very large intake of water and aquatic life."

Response – The permit calls for the facility to obtain additional data to support the final BTA determination. A Closed Cycle Cooling System is one of the technologies to be studies and DNREC will certainly be considering it carefully as a potential BTA option for this facility.

VI. Other pollution and non-NPDES Permit Issues

1. Air pollution due to intake problems, and dredging

Comment – "(8) The present design of the Refinery cooling system is subject to disruption from weather conditions, tidal conditions, floating vegetation, and other factors. Such interruptions of cooling water supply have repeatedly caused upsets of refinery operations, leading to large releases of harmful regulated air pollutants. Continued operation of the present system requires continued dredging of the intake/fish trap channel ("Cedar Creek"). Such dredging has well-known negative impacts. These and other identifiable impacts should be fully considered in evaluating the present draft permit."

Response – A study of "Non-water Quality Environmental and Other Impacts" is required in the permit and shall look at other impacts including estimates of air pollutant emissions and of the human health and environmental impacts associated with such emissions.

VII. Delaware City Refining Company Comments

1. Part I Conditions C 1 and C.1.a.4 - Submission of Interim Entrainment Data

Comment – "Part I, Conditions C.1 and C.1.a.4 of the Draft Permit would appear to require the Refinery to submit preliminary entrainment data before that data is included in the analysis that forms the basis of the Entrainment Studies under the Section 316(b) Rule, and therefore necessarily before the overall analysis could be subjected to proper peer review. DCRC objects to the requirement to submit "interim" data because such a requirement is not authorized by, nor is it consistent with the structure of, EPA' s Section 316(b) Rule."

Response – Recognizing the administrative burden and other issues that DCRC points out regarding "interim" data, the Department did not include any requirements for submission of "interim" data in the permit. Instead the Annual Report and its established conditions are intended to be the main conduit for DNREC to remain engaged and up to date with the Refinery's activities during the next permit cycle. However, Part I, Condition C.1 does point to DNREC's authority to request and receive information required under the permit should circumstances warrant.

2. *Part I, Condition C.l.a.4 - Peer Reviewer Requirements in the Annual Report*

Comment – "DCRC objects to these proposed conditions because they are inconsistent with the framework imposed through the Section 316(b) Rule. Pursuant to the Section 316(b) Rule, the peer reviewer is engaged to review the compiled entrainment data, and is not involved in reviewing the "work" as it progresses. Further, the Section 316(b) Rule framework does not provide for the peer reviewer to play any role in the entrainment data collection process, including the establishment and review of protocols. Instead, the peer reviewer only becomes involved after the Entrainment Studies have been prepared."

Response – DNREC agrees that inclusion of a peer reviewer in the annual report is above and beyond what is required in the Rule. DCRC and DNREC came to agreement on the use of a peer reviewer being used in this manner as a method of keeping the Department informed while still having an outside party review of study practices and progress without a regularly mandated submission of "interim" data. To alleviate this objection while keeping the Department informed, the permit has been amended to provide DCRC with the option to either provide a peer reviewed annual report or to submit the previous years "interim" data.

3. Part I, Condition B.2 - Effluent Limitation and Monitoring Requirements for Stormwater Outfalls 043, 044, 045, 046, 053, 054, and 055

Comment – "DCRC objects to the Department's inclusion within the Draft Permit of seven new stormwater outfalls (043, 044, 045, 046, 053, 054 and 055) that have never previously been addressed in any NPDES permit issued to the Refinery. Inclusion of these stormwater outfalls in the Draft Permit is objectionable for multiple reasons, including the following: (a) stormwater "discharges" are not subject to regulation under a NPDES permit where stormwater is not discharged to a regulated receiving water from a point source; (b) there is no "industrial activity" occurring in the area that would trigger the NPDES permitting requirements for stormwater discharges; (c) the stormwater "outfalls" are not subject to sampling because there is no discharge from a discrete, discernible manner; and (d) with respect to stormwater generated in the area comprising the rail loop track and storage-in-transit yard, the stormwater is already subject to the regulatory oversight of New Castle County."

Response – The rail loop is an ancillary operation of the Refinery and subject to regulation as an industrial stormwater source. New Castle County does have a program that addresses post-construction operations at stormwater structures. However, they do not regulate industrial stormwater that authority rests with DNREC. Failure to effectively channelize stormwater does not alleviate the responsibility to maintain its quality and through good housekeeping practices prevent pollutants from discharging to surface water bodies. Likewise an infrequent occurrence of discharge does not alleviate a responsibility to monitor a discharge when it does occur.

4. Part III, Condition A.3. - Duplicative Data Submission Requirements

Comment - DCRC objects to the proposed provisions in Part III, Condition A.3 of the Draft Permit to submit NPDES permit application information in both a hardcopy and a spreadsheet format. The Department's regulations specifically require the submission of a NPDES permit application using a nationally recognized form, which is submitted to the Department in a hardcopy format. By requiring the Refinery to submit an additional copy of the same information, the Department necessarily places an additional burden on the Refinery, which distracts resources from more environmentally beneficial activities. In addition, there is a risk that the repackaging/transfer of the detailed information may result in inconsistent presentation of the original data, and cause or contribute to misinterpretation. Therefore the Refinery requests that the Department delete from the Draft Permit the requirement to submit NPDES permit application information in a spreadsheet format.

Response – In order to effectively review the NPDES permit application information must be submitted in a usable format. Submission in a spreadsheet format allows the Department to sort, categorize and analyze the data provided in order to effectively perform reasonable potential analysis and determine effluent limits for the facility.

5. Part III, Condition A.14 - Sampling and Reporting Sulfides Upstream of the Outfall 601 Wastewater Treatment Plant

Comment – "DCRC objects to the proposed provisions in Part III, Condition A.14 of the Draft Permit to conduct sampling for sulfides upstream of the wastewater treatment plant associated with Outfall 601 because there is no legal or practical justification for requiring such sampling. The Refinery already monitors sulfides at Outfall 601 as a means of demonstrating compliance with the effluent limitations applicable to Refinery operations. Monitoring upstream of the treatment process designed to treat sulfides present in the stream is completely irrelevant to the Refinery's compliance with the effluent limitations imposed at the point of compliance. Moreover, as the Department is aware, the Refinery has not experienced an exceedance of its sulfide limit in over ten years. This compliance record for sulfides has remained unblemished since the installation of wet gas scrubbers as air emission control devices for the FCC and FCU. Therefore, there is no basis for requiring the Refinery to evaluate upstream theoretical potential sources of exceedances that do not exist. Indeed, the Department could justifiably delete the sulfide monitoring requirement at Outfall 601 based on the compliance history."

Response – This condition was included in the Refinery's last permit due to the negative effects seen at the wastewater treatment plant and at the Outfall 601 due to extremely elevated levels of sulfides entering the plant from upstream. Slugs of wastewater from upstream operations have historically caused upsets of the WWTF, and resulting in NPDES permit violations. The intent of the requirement is to prevent discharges that will interfere with, upset or pass through the wastewater treatment facility. This sampling is seen as a necessary measure in ensuring proper operation and maintenance of the wastewater treatment facility, as required in the permit.

6. Part III, Condition A. 11.a - PCB Sampling for Outfall 001

Comment – "Part III, Condition A.11.a of the Draft Permit would require the Refinery to conduct PCB sampling at several outfalls, including Outfall 001, the discharge point for the Refinery's once- through cooling water system. DCRC objects to the Department's inclusion of a PCB sampling requirement for Outfall 001 because it is inconsistent with the requirements of the Delaware River Basin Commission ("DRBC"). The DRBC has concluded that once-through cooling water systems should not be included within a facility's pollutant minimization plan. Indeed, DRBC approved the Refinery's pollutant minimization plan, which did not include a sampling requirement for Outfall 00I in reliance on the DRBC's recognition that the cooling water system would not contribute PCBs to the discharge. DRBC's conclusion and approval of the pollutant minimization plan confirms DRBC's technical assessment that once-through cooling water systems do not contribute PCBs to the effluent; any PCBs that may be identified in the effluent are attributable to ambient conditions in the intake water. Therefore, sampling results for a once- through cooling water system do not provide useful data on reducing PCB loadings to the Delaware River, and instead may provide misleading information. To avoid inconsistency with the DRBC's approach toward identifying and ultimately addressing sources of PCBs to the Delaware River, DCRC requests that the Department delete from the Draft Permit the PCB sampling requirement for Outfall 001."

Response – Outfall 001 is described in the permit to be the "Combined total discharge to the Delaware River. Consists of discharge 101 (which is out of service, as of the permit effective date); discharge 201 (including the discharge from Outfall 601); discharge 301; and discharge 401". It does not consist solely of non-contact cooling water as one might infer from the comment. Additionally the permit requires that samples be taken both at Outfall 001 and the Intake to account for PCBs in river water. Outfall 001 is the confluence of the vast majority of the Refinery's process, storm and cooling water. Sampling at this location is probative. Rather than instituting a more expansive PCB sampling program, PCB sampling was limited to known area of previous PCB contamination on that basis that Outfall 001 would sampled. Identifying a level of PCBs greater than background, plus known contributing sources, at this location does not lead us to any particular source, but it does demonstrate that there is a source present at the Refinery not currently being monitored.

7. Part III, Conditions A.11.a. and A.12.a - Track Back Studies for PCBs and Dioxin/Furans

Comment – "DCRC objects to Part III, Conditions A.11.a and A.12.a of the Draft Permit to the extent that the conditions would require the Refinery to conduct trackdown sampling for all congeners of PCBs and dioxins and furans ("D/F") in the event of an exceedance of water quality standards. The NPDES Permit otherwise requires the Refinery to collect samples for each congener of PCB and D/F at Outfall 601. In the event the Refinery measures an exceedance of PCB or D/F standards, the congener sampling data would allow the Refinery to pinpoint the congener responsible for the exceedance."

Response – As written the trackback study condition in the draft permit was not actionable, and as such it was removed. DNREC retains the authority to require trackback studies as needed and will make that evaluation on a case-by-case basis.

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES &
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DIVISION OF WATER
89 KINGS HIGHWAY
DOVER, DELAWARE 19901

Surface Water Discharges Section

Telephone: (302) 739-9946
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TO:	Valerie Edge, Hearing Officer
THROUGH:	Virgil Holmes, Director, Division of Water
FROM:	Bryan Ashby, Program Manager II, Surface Water Discharges Section
DATE:	July 10, 2018
RE:	Addendum to Technical Response Memorandum addressing comments provided regarding the Delaware City Refinery NPDES permit, as public noticed in December 10, 2014, and as provided at a public hearing on March 24, 2015. Settlement Agreement – Delaware City Refining Company LLC

In an email on July 10, 2018, the Hearing Officer identified that the submitted Technical Response Memorandum (TRM) did not explicitly address all the changes made to the public noticed draft permit. This addendum will go through the draft permit page by page and address all changes, referencing the TRM where applicable.

Throughout:

- In several locations throughout the current draft permit references to other page numbers in the permit and references to special condition numbers in the permit have been updated to reflect the correct number in the current draft permit.
- Throughout the draft permit Outfall "501" has been segregated into two different outfalls "501a" and "501b". 501a is the outfall previously known as 501. 501b is the location of the new fish return. Though a new outfall was anticipated in the previous draft permit the location had not been identified so the new outfall had not yet been included in the draft permit.

Page 1:

- The anticipated Effective and Expiration dates were added. These were left blank in the initial draft. They have been added in based on the currently anticipated schedule, but may be revised in the future if that schedule is altered.
- Previous omission of Outfall 55 as a discharge to Dragon Run Creek was a typographical error.

Page 2:

- Changing the status of the Industrial Landfill and Fly Ash Pond to closed was an update based on the current conditions of the units.

Page 4:

- Switching Latitude for Longitude in the coordinates chart was the correction of a typographical error.

Page 5:

- An updated General Description of Water Flow was provided by the permittee to reflect current conditions at the facility.

Page 7:

- The permittee provided additional information demonstrating the Outfalls 53, 54, and 55 do not regularly discharge to surface water, but instead primarily discharge to on-site storage. Absent discharge to surface water, sampling is not required of these outfalls. To clarify that point additional language was added.

Page 18:

- The requirement to report on the installation status of the Modified Traveling Screens was removed as the screens have already been installed.

Page 19:

- The incidental take paragraph was reworded to reflect that DNREC had completed our consultation with the National Marine Fisheries Service, and to clarify the permittees duty to report incidental take of Atlantic or Shortnosed Sturgeon.

Page 24:

- Paragraph C.1.b.1.f.iii was added to address NOAA concerns regarding monitoring plans (TRM page 18). It provides for optimization and monitoring of the fish return system following the Impingement Technology Performance Optimization Study, but prior to any study results being memorialized in the permit during the next permit renewal.

Page 28:

- C.1.b.2.a,b, and c - The Modified Traveling Screens have been fully installed following the initial public noticing of the permit. These changes update the draft permit to represent current conditions.
- C.1.b.2.d – The fish return paragraph has been updated to reflect current conditions. The requirement to meet the 316(b) Rule and the 18 month timeline remain the same. However, more specifics have been added regarding how the permittee intends to meet the 316(b) performance standard. This addresses NOAA's concern regarding the fish return (TRM page 17).
- C.1.b.2.e – The installation of acoustic monitoring stations helps to identify if endangered sturgeon are present in the permittees intake channel. This addresses NOAA's concern regarding monitoring (TRM page 18).
- C.1.b.2.f – This provides for a velocity calculation to be performed near the permittees cooling water intake. This addresses NOAA's concern regarding intake velocity (TRM page 17).

Page 29:

- C.1.b.2 – Through not noted in the TRM, the requirement for Final BTA Requirements for Impingement was adjusted to address a comment from the Delaware City Refining Company's February 12, 2015 letter regarding the compliance schedule for Impingement BTA. Required studies are meant to be due 54 months after permit effective date. Whereas compliance with BTA Standards for Impingement is not required by the 316(b) Rule until following issuance of a final permit that establishes the entrainment requirements under 40 CFR § 125.94(d).

Page 30:

- The Effluent Recycling Project has been constructed and is in operation presently. The current state of the project was updated in the permit.

Page 31:

- An allowance for state and local permitting was added to the selenium compliance schedule in response to concerns raised by the permittee about the timeline of external entities preventing the permittee from complying with the compliance schedule as previously written.

Page 32:

- Per the NPDES Electronic Reporting Rule, electronic reporting of discharge monitoring reports has been a federal requirement since December 21, 2016. DNREC currently requiring all of our NPDES wastewater treatment plant permittees, including this permittee, to submit discharge monitoring reports electronically.

Page 39:

- Notifications Specific to Manufacturing, Commercial, Mining, and Silvicultural Dischargers is a standard condition that is federally required to be included in our NPDES permits. EPA identified our failure to regularly include these conditions in your last Permit Quality Review, and DNREC has been required to add these conditions into every permit we issue.

Page 50:

- The permittee requested the removal of PCB sampling at Outfall 001 (TRM Page 21). DNREC did not find merit in that request, and retain the sampling. In evaluating that request it was noted that DRBC required PCB sampling and DNREC required PCB sampling were lumped into the same special condition titled "Delaware River Basin PCB Requirements". To clarify the source of the sampling requirement DNREC separated out DNREC required PCB sampling into a new special condition with all the same requirements.
- In response to a comment by the permittee (TRM page 21) DNREC did remove the requirement for Track Back Studies for PCBs and Dioxin/Furans. As written the trackback study condition in the draft permit was not actionable, and as such it was removed. DNREC retains the authority to require trackback studies as needed and will make that evaluation on a case-by-case basis.

Page 54:

- The permittee requested the removal of sulfide sampling in the process area (TRM page 21). DNREC did not find merit in the request. However, DNREC did concede that sampling of an upstream unit would only be required if that unit is discharging to the refinery Wastewater Collection System and made said change.