



# ***Minnesota Pollution Control Agency Regulation and Oversight of Water Gremlin***

February 2021

# Conclusion

- MPCA did not regulate Water Gremlin as effectively as it should have
- Effective permitting and enforcement might have enabled MPCA to prevent pollution problems or intervene sooner at Water Gremlin, although we cannot be certain

# What is a “special review?”

- Not a financial audit or a program evaluation
- OLA may undertake special reviews in response to complaints/allegations or legislative requests
- Often focus on issues related to compliance with the law

# Water Gremlin Company

- Incorporated in 1949
- Manufacturing plant in White Bear Township
- Initially produced fishing sinkers
- In recent years, the company has described itself as “the world’s technological and market leader in lead battery terminals”

# Until 2019, Water Gremlin used a hazardous chemical called trichloroethylene (TCE)

- EPA says TCE can be carcinogenic to humans “by all means of exposure”
- TCE is federally classified as a “hazardous air pollutant” and a volatile organic compound
- Minnesota Department of Health has issued guidance on safe levels of exposure to TCE
- 2020 legislative ban on TCE

# Summary: Findings regarding air quality permitting

- MPCA did not issue initial permit in a timely manner
- MPCA's 2002 permit amendment did not adequately control TCE
- MPCA did not require tests of the pollution control equipment's efficiency after 2002
- Some longstanding permitting problems may have contributed to weaknesses in MPCA's oversight

# MPCA did not issue initial air quality permit to Water Gremlin in timely manner

- Water Gremlin applied for permit in 1995; no MPCA response
- Water Gremlin reapplied in 1999; MPCA issued permit in 2000
- Between 1995 and 2000, Water Gremlin—a “major source” of TCE—was unregulated
- MPCA said it gave priority to other permit applications

# MPCA's 2002 permit amendment did not adequately control TCE

- Company applied for permit amendment in 2001 because its pollution control equipment was not working properly
- Company told MPCA its new equipment would recapture and re-use TCE
- But the 2002 amendment—like the 2000 permit—only limited the amount of TCE purchased by the company



# MPCA did not require periodic re-testing of Water Gremlin's equipment

- Water Gremlin's equipment passed an initial test in 2002
- MPCA did not require subsequent re-tests
- Company rebuilt and repaired equipment in 2003 and 2005
- 2019 stipulation agreement said Water Gremlin's equipment did not meet efficiency requirement for at least a decade

# Broader and longstanding permitting issues may have affected MPCA's oversight

- No MPCA rules for regulating “air toxics” (such as TCE)
- Persistent air quality permitting backlogs

# Summary: Findings regarding enforcement

- MPCA did not inspect Water Gremlin as frequently as required
- MPCA did not sufficiently review Water Gremlin's self-reports on its emissions
- Public data showed excess Water Gremlin emissions in 2000-2002, but there were no penalties
- Unclear division of responsibilities for hazardous waste enforcement may have contributed to noncompliance

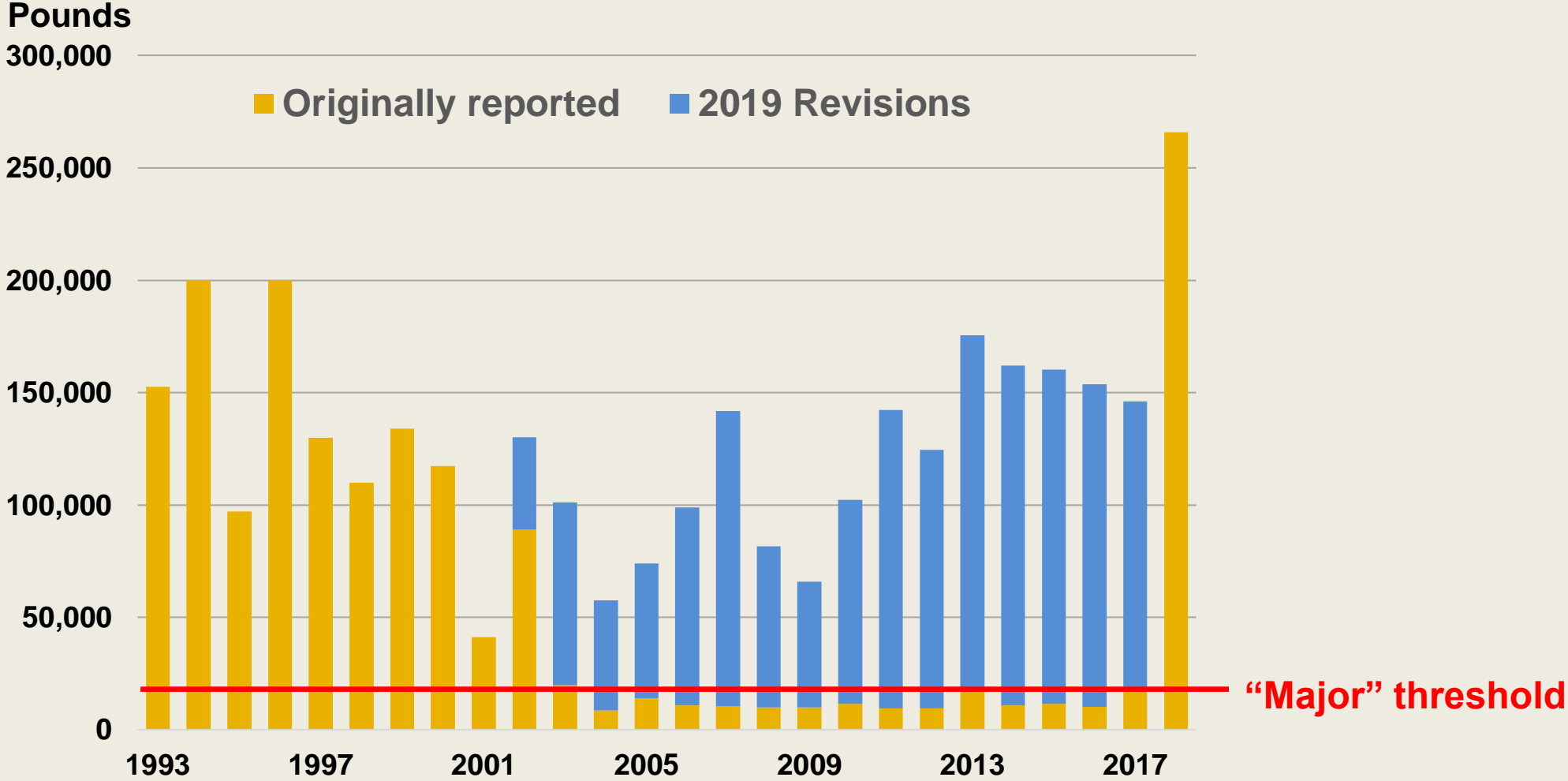
# MPCA did not inspect Water Gremlin as often as required

- After Water Gremlin received its 2000 permit, MPCA did air quality inspections in 2004, 2012, and 2017
- Facilities with Water Gremlin's potential emissions must be inspected at least every five years
- There was an eight-year gap between inspections, during a period when MPCA now says the company was out of compliance

# MPCA did not sufficiently review Water Gremlin's self-reports on emissions

- There are federal and state requirements for companies to report on their actual emissions
- MPCA staff have not necessarily reviewed the contents of these reports prior to inspections
- MPCA inspectors said they were unaware that Water Gremlin was re-using TCE, but the emission reports showed the company's re-use in many years

# Water Gremlin has been a “major” pollution source, but this was disclosed in many years only in its revised reports



# MPCA did not penalize Water Gremlin for excess emissions in 2000 to 2002

- Water Gremlin's public self-reports disclosed excessive emissions for 2000 to 2002
- Around that time, MPCA focused on getting Water Gremlin to install new equipment
- MPCA did not issue penalties at that time for the company's violations of emission limits

# Hazardous waste compliance responsibilities have been unclear

- In the Twin Cities area, MPCA shares hazardous waste enforcement duties with counties
- Due to different interpretations of hazardous waste regulations, MPCA and Ramsey County sent conflicting messages to Water Gremlin
- MPCA has a hazardous waste joint powers agreement with only one of the seven metro counties (Hennepin)



# Recommendations

- MPCA should comply with inspection requirements
- For compliance purposes, MPCA should make full use of state and federal emission inventories
- MPCA should take additional steps to ensure that it has a common understanding with metro counties of hazardous waste regulatory requirements
- The Legislature should consider requiring joint powers agreements related to hazardous waste regulation

# Summary

- Water Gremlin underreported its emissions for many years
- But prior to 2019, there were missed opportunities for MPCA to intervene more effectively with the company
- Just as the company must be accountable for its violations, MPCA should be accountable for its permitting and enforcement activities

*The report is available at:*

<https://www.auditor.leg.state.mn.us/>