

DEPARTMENT: POLLUTION CONTROL AGENCY

STATE OF MINNESOTA
Office Memorandum

DATE: February 10, 2017

TO: MPCA Advisory Committee Members

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Metallic Mining Sector

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MEETING DATE: February 21, 2017

SUBJECT: MPCA permitting for PolyMet's NorthMet project**I. Status**

Poly Met Mining, Inc. (PolyMet) is proposing to develop a mine and processing plant to extract copper, nickel, and precious metals from the NorthMet Deposit in northeastern Minnesota. The mine would be the first of its kind in the state. Before proceeding, PolyMet must obtain a number of required permits and approvals, including several from the MPCA.

The Advisory Committee will be provided with information about the project and the MPCA's role in permitting, permitting processes, and public engagement efforts. Due to time limitations, it will not be possible to hear public testimony during the Advisory Committee meeting.

II. Background

PolyMet's proposed NorthMet project would be located in the St. Louis River watershed on the eastern end of the Mesabi Iron Range. Processing of the ore would take place at the former LTV taconite plant near Hoyt Lakes. The proposed NorthMet project includes:

- An open pit copper, nickel, cobalt and precious metals mine with adjacent temporary and permanent storage/stockpiles with containment systems, rail transfer hopper, and a wastewater treatment facility
- A refurbished portion of the former LTV Steel Mining Company processing plant and construction of a new hydrometallurgical plant
- An upgraded tailings basin and water containment system on the site of the existing LTV tailings basin, and a wastewater treatment plant
- Both additional and refurbished utility infrastructure and rail lines

A. Environmental Review

Prior to the current permitting phase, the proposed NorthMet project went through an extensive environmental review process. PolyMet submitted its initial project proposal to the Department of Natural Resources (DNR) in February 2005. In accordance with state and federal laws, an Environmental Impact Statement (EIS) was prepared under the leadership of the DNR, U.S. Army Corps of Engineers (USACE), and the U.S. Forest Service (USFS). MPCA assisted in the development and review of the EIS. The Final EIS was deemed adequate by the DNR in March 2016, marking the end of the state's environmental review process.

The USFS signed the Final Record of Decision (ROD) authorizing a land exchange with PolyMet Mining, Inc. on January 9, 2017. The USACE's ROD is still pending.

Attachment 1, the Final EIS Executive Summary, contains an overview of the environmental review process, a description of the proposed project, and a summary of the results of the analyses conducted.

A number of issues were raised during the EIS process that will be considered in the MPCA's permitting processes. A list of these issues will be provided during the MPCA staff presentation.

For more information about the state and federal environmental review of the proposed PolyMet Mining Inc. project, see:

- DNR's environmental review website:
<http://www.dnr.state.mn.us/input/environmentalreview/polymet/index.html>
- USFS's environmental review website: <https://www.fs.usda.gov/project/?project=33908>
- USACE's environmental review website:
<http://www.mvp.usace.army.mil/Missions/Regulatory/PolyMet.aspx>

B. Permitting

PolyMet would need multiple approvals from federal, state, and local agencies, including the MPCA, in order to proceed. The MPCA's role is to protect water, air, and land, which it does, in part, through the issuance of environmental permits. The major permits the company would need from the MPCA include:

- Individual Wastewater National Pollutant Discharge Elimination System/State Disposal System (NPDES/SDS) Permit to authorize any discharge of industrial process wastewater.
- Air quality permit which identifies the units that generate air pollutants, details the conditions under which the facility must operate to comply with rules and regulations and, where applicable, sets limits on those emissions.
- Clean Water Act Section 401 water quality certification (401 certification). MPCA reviews the proposed activity in order to determine if it will comply with applicable water quality standards, and identify any conditions needed to ensure compliance. If the review finds that water quality will be protected, the 401 certification is issued and the certification and conditions become part of the associated U.S. Army Corps of Engineers' 404 permit.

When any facility submits an application to the MPCA, technical staff review the application and evaluate whether the facility can meet applicable environmental regulations and standards. The MPCA then develops facility-specific permit conditions. Permit conditions ensure that all standards are met by specifying how the facility must be operated, describing monitoring that must be conducted, and limiting the type and amount of water discharges or air emissions. The public has the opportunity to provide feedback or challenge the MPCA's decision to approve or deny a permit.

Attachment 2 depicts the steps in the MPCA's permitting processes.

C. Public Engagement

In response to the public interest in this project, the MPCA has made an extra effort to engage the public. MPCA's efforts include a web portal, a project website that is regularly updated, an email subscription list, public comment periods, and public meetings during the public comment periods.

i. PolyMet permitting portal

The State of Minnesota has launched a web portal dedicated to Minnesota's permitting process for PolyMet. The web portal provides basic permitting information and directs users to agency websites (currently DNR and MPCA) with more detail.

The PolyMet permitting portal can be found at: www.mn.gov/polymet.

ii. MPCA project website

The MPCA has created a project website to keep the public informed about the status of air quality and water quality permitting as well as the 401 certification. The website includes descriptions of the permitting processes, contains links to the permit applications, and any relevant submittals or correspondence.

The MPCA project website can be found at: <https://www.pca.state.mn.us/northmet>

iii. Email subscription list

Together with the DNR, the MPCA maintains an email subscription list for the project. The list is used to inform the public with regular updates and share information about key steps in the permitting/certification processes, including opportunities for public comment. As of January 2017 there were 7,472 subscribers. Messages are archived on the PolyMet permitting portal.

Attachment 3 is the MPCA's first quarterly email update sent to the subscription list on January 11, 2017.

iv. Public comment period

Once drafted, most permits require a formal public notice where the draft permits are made available for public review and comment. The public is encouraged to provide comments on draft permits during the formal public comment periods. The MPCA considers all written comments received during the comment periods. Comments can and often do result in changes to the final permit. After public notice, the MPCA revises permits to reflect any changes that may result from public comments. To issue the permit, the MPCA must be satisfied that the permit ensures all applicable rules and regulations will be met and that the agency anticipates the applicant will comply with all conditions of the permit.

v. Public meeting

The MPCA has committed to hosting a public meeting during the public comment period for the air quality and water quality permits and the 401 certification.

III. Advice

The commissioner is seeking advice from the Advisory Committee on the following:

- A. Does the MPCA's approach adequately engage the public?
- B. Are there other important issues that the MPCA should consider while processing applications for an air permit, water permit, and 401 certification?

SB:ml

Attachments

- Attachment 1, EIS Executive Summary (see link for electronic access):
http://files.dnr.state.mn.us/input/environmentalreview/polymet/feis/004_executive_summary.pdf
- Attachment 2, MPCA Permitting Processes
- Attachment 3, MPCA's first quarterly email update sent to the email subscription list on January 11, 2017



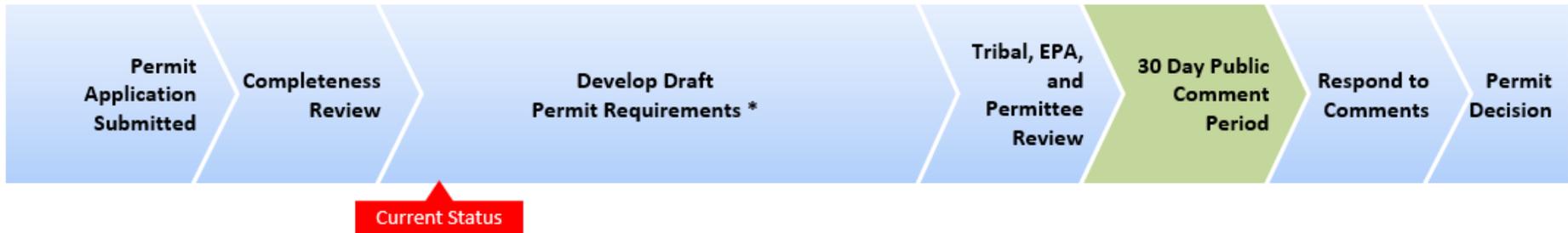
MPCA permitting processes

Not to scale

Air Permitting Process



Water Permitting Process



401 Certification Process



*Includes coordination with EPA

MPCA – Quarterly PolyMet permitting update

MPCA Quarterly Update

The following is a summary of the Minnesota Pollution Control Agency's (MPCA) activities through December 2016 regarding applications submitted by Poly Met Mining, Inc. (PolyMet) for its proposed NorthMet mine and processing plant.

The MPCA and DNR will send out quarterly messages summarizing activities and documents added to the project website in the previous quarter. It is also the MPCA's goal to notify the public in advance of any permit comment period or other opportunity for public participation.

Air quality permit

On August 24, 2016, PolyMet submitted an air permit application to the MPCA. MPCA determined the application was complete for processing and has been reviewing the air modeling reports and other elements of the permit application. The air modeling protocols, permit application, and MPCA's "completeness letter" are posted online: <https://www.pca.state.mn.us/quick-links/air-quality-permit-northmet>

Individual wastewater NPDES/SDS water quality permit

On July 11, 2016, PolyMet submitted an application for an NPDES/SDS water quality permit. MPCA determined the application was complete for processing and has been reviewing the application. MPCA has added the following to the project website: the permit application, a number of related reference and correspondence documents, the MPCA's "completeness letter," and an update to the permit application submitted by PolyMet. For more information, see <https://www.pca.state.mn.us/quick-links/water-quality-permit-northmet>

401 water quality certification

On August 2, 2016, PolyMet submitted a 401 certification request to the MPCA. Since that time, MPCA has been coordinating with DNR and US Army Corps of Engineers in reviewing the request. The request and related application materials are available here: <https://www.pca.state.mn.us/quick-links/401-certification-northmet>

You can find the most current information about other permits and approvals at the state's PolyMet web portal: www.mn.gov/polymet

You are receiving this message as a subscriber to the PolyMet email notification list. This list is hosted by the Department of Natural Resources (DNR). It is used jointly by MPCA and DNR to provide regular updates and share information about key steps in the permitting/certification processes, including opportunities for public comment.