

1 BEFORE THE DEPARTMENT OF ENVIRONMENTAL QUALITY
2 OF THE STATE OF OREGON
3

4 IN THE MATTER OF)
5 Cascade Pacific Pulp, LLC)
6 Halsey Pulp Mill)
7 Permittee.)
8 ORDER NO. 22-3501
9 AMENDMENT NO. 22-3501-A2

10 Permittee, Cascade Pacific Pulp, LLC, and the Department of Environmental
11 Quality (DEQ) (together, the parties) hereby amend the stipulated agreement and final order and
12 amendment No. 22-3501-A1. Amendment No 22-3501-A1 is replaced in its entirety with this
13 Amendment No. 22-3501-A2. Permittee and DEQ agree that:

14 WHEREAS:

- 15 1. Permittee, Cascade Pacific Pulp, LLC, operates a pulp mill located at 30480
16 American Drive in Halsey, Oregon (the Facility).
17 2. On March 2, 1998, DEQ issued Title V Operating Permit No. 22-3501-TV-01 (the
18 Permit) to Permittee.
19 3. On June 30, 2020, DEQ renewed the Permit.
20 4. The Permit authorizes Permittee to discharge air contaminants associated with its
21 operation of the Facility in conformance with the requirements, limitations, and conditions set forth
22 in the Permit.
23 5. As of December 31, 2017, the Permit had the following plant site emissions limit
24 (PSEL) for sulfur dioxide (SO₂), particulate matter of ten microns or less (PM₁₀), and nitrogen
25 oxides (NO_x), which constitute round II regional haze pollutants, *see* OAR 340-223-0020(2) at the
26 Facility: 851 tons per year for SO₂, 366 tons per year for PM₁₀ and 687 tons per year for NO_x.
27 6. The Facility is located 80.4 kilometers from Three Sisters Wilderness, which is the
nearest Class I Area, *see* OAR 340-200-0020(25), measured in a straight line from the Facility to
the Class I Area.

1 7. Based on the definitions and the formula in OAR 340-223-0100(2) the Facility's Q
2 value is 1,904; d value is 80.4, and ratio of Q divided by d is 23.7.

3 8. Because the Facility has a Title V operating permit and because the Facility has a
4 Q/d value greater than 5.00, the Facility is subject to the requirements of round II of regional haze.
5 *See* OAR 340-223-0100(1).

6 9. Rather than complying with OAR 340-223-0110(1), the Facility entered into a
7 Stipulated Agreement with DEQ for alternative compliance with round II of regional haze. The
8 Facility agreed to accept federally enforceable reductions of combined plant site emission limits of
9 round II regional haze pollutants.

10 10. DEQ received comments from the U.S. Environmental Protection Agency on the
11 Regional Haze State Implementation Plan, requiring amendments to the SAFO. DEQ and Permittee
12 agreed to the Amended Stipulated Agreement and Final Order No. 22-3501-A1 on February 1,
13 2022. Permittee then sought to make additional changes to the Amended Stipulated Agreement and
14 Final Order No. 22-3501-A1 through this Amended Stipulated Agreement and Final Order No. 22-
15 3501-A2.

16 11. Permittee agrees to replace PB2EU with a new boiler for the primary steam
17 production at the Facility. The PB2EU operates as the Facility's back up boiler providing steam
18 when additional steam is required during such events as starting up the Facility, upset conditions,
19 operating outages of steam generating devices, or cold weather. Upon replacement of PB2EU, the
20 Permittee will operate PB1EU as the backup boiler. The permittee agrees to ensure that exchange
21 of these emission units will achieve an equivalent or greater reduction of round II regional haze
22 pollutants than would have been achieved under Amendment No 22-3501-A1. As stated in
23 Amendment No. 22-3501-A1, Permittee agrees to discontinue the use of fuel oil #6 as a fuel for any
24 emission unit at the Facility by June 30, 2024.

25 12. DEQ shall incorporate this Amendment No. 22-3501-A2 into a Final Order. *See*
26 OAR 340-223-0110(2)(b)(C).
27

I. AGREEMENT

1. DEQ issues this amendment to the Stipulated Agreement and Final Order (SAFO) pursuant to OAR 340-223-0110(2)(b)(C), and it shall be effective upon the date fully executed.

2. The Facility is subject to round II of regional haze, according to OAR 340-223-0100(1).

3. The Permittee agrees to and will ensure compliance with the PSEL reductions, replace PB2EU with a new boiler, and fuel limitations in Section II of this SAFO.

4. The PSEL reductions required by this SAFO shall not be banked, credited, or otherwise accessed by Permittee for use in future permitting actions, except Permittee may retain unassigned emissions not subject to reduction pursuant to OAR 340-222-0055(3)(c).

5. PSELs for this Facility shall not be increased above those established in this SAFO except as approved in accordance with applicable state and federal permitting regulations.

6. The Permittee shall calculate compliance with the PSELs in Section II of this SAFO according to the requirements of the Permit.

7. DEQ shall incorporate this SAFO and the conditions in Section II below into the Permit pursuant to OAR 340-218-0200(1)(a)(A), if applicable, or upon permit renewal.

8. DEQ may submit this SAFO to the Environmental Protection Agency as part of the State Implementation Plan under the federal Clean Air Act.

9. Permittee waives any and all rights and objections Permittee may have to the form, content, manner of service, and timeliness of this SAFO and to a contested case hearing and judicial review of the SAFO.

10. In the event EPA does not accept DEQ's Round II Regional Haze State Implementation Plan (SIP) in any manner that impacts the final order, implementation of the Final Order shall be stayed until DEQ, and the Permittee modify the Final Order in such a manner as to ensure compliance with the Round II Regional Haze SIP.

11. This SAFO shall be binding on Permittee and its respective successors, agents, and assigns. The undersigned representative of Permittee certifies that he, she, or they are fully

1 authorized to execute and bind Permittee to this SAFO. No change in ownership, corporate, or
2 partnership status of Permittee, or change in the ownership of the properties or businesses affected
3 by this SAFO shall in any way alter Permittee's obligation under this SAFO, unless otherwise
4 approved in writing by DEQ through an amendment to this SAFO.

5 12. If any event occurs that is beyond Permittee's reasonable control and that causes or
6 may cause a delay or deviation in performance of the requirements of this SAFO, Permittee must
7 immediately notify DEQ verbally of the cause of delay or deviation and its anticipated duration, the
8 measures that Permittee has or will take to prevent or minimize the delay or deviation, and the
9 timetable by which Permittee proposes to carry out such measures. Permittee shall confirm in
10 writing this information within five (5) business days of the onset of the event. It is Permittee's
11 responsibility in the written notification to demonstrate to DEQ's satisfaction that the delay or
12 deviation has been or will be caused by circumstances beyond the control and despite due diligence
13 of Permittee. If Permittee so demonstrates, DEQ may extend times of performance of related
14 activities under this SAFO as appropriate. Circumstances or events beyond Permittee's control
15 include, but are not limited to, extreme and unforeseen acts of nature, unforeseen strikes, work
16 stoppages, work interference caused by pandemic, fires, explosion, riot, sabotage, or war. Increased
17 cost of performance or a consultant's failure to provide timely reports are not considered
18 circumstances beyond Permittee's control.

19 13. Facsimile or scanned signatures on this SAFO shall be treated the same as original
20 signatures.

21 II. FINAL ORDER

22 The DEQ hereby enters a final order requiring Permittee to comply with the following
23 schedule and conditions:

- 24 1. Permittee agrees to not combust fuel oil #6 at any emission unit in the Facility by
25 June 30, 2024.
- 26 2. Permittee shall replace PB2EU at the Facility to reduce round II regional haze
27 pollutants.

- 1 a. DEQ and Permittee shall meet no later than January 1, 2028, to discuss the
2 project and determine what permitting is needed to approve the proposed
3 replacement and a permit application schedule.
- 4 i. The boiler proposed by Permittee to replace PB2EU shall have an
5 emission limit of 0.036 lbs. of NOx/MMBtu as a 30 day rolling average
6 and meet the emission limits and requirements of the most recent New
7 Source Performance Standard in place at the time of the Permittee
8 submitting a permit application for the project.
- 9 ii. NOx emissions from the proposed replacement meets the emission limits
10 and requirements of the most recent applicable standard in place at the
11 time of the permitting of the new emissions unit pursuant to 340-223-
12 0110(2)(b)(E).
- 13 iii. Permittee shall meet all permitting deadlines and provide a complete
14 permit application to DEQ, including any required permitting fees. The
15 parties will agree to a schedule for permitting of the construction project
16 during this meeting.
- 17 b. Permittee shall submit an application for a construction replacement project in
18 accordance with, and by the deadline established under, Section II.2.a.
- 19 c. Within 180 days of the completion and reaching a maximum operating rate of
20 the new boiler, the Permittee shall:
- 21 i. Cease to operate PB2EU.
- 22 ii. Limit PB1EU to emit no more than 27 tons of NOx per year.
- 23 d. Permittee shall complete the replacement no later than July 31, 2031.
- 24 3. DEQ and Permittee agree to this Amended Stipulated Agreement and Final Order
25 No. 22-3501-A2, as indicated by the parties' signatures, below and agree that this
26 Amended Stipulated Agreement and Final Order No. 22-3501-A2 replaces the prior
27 agreements on this subject matter between the parties.

Cascade Pacific Pulp, LLC (PERMITTEE)

Lisa Scott

Date 08/25/2023

Signature Lisa Scott (Aug 25, 2023 15:12 PDT)

Name (print) Lisa Scott

Title (print) Technical Manager

DEPARTMENT OF ENVIRONMENTAL QUALITY and
ENVIRONMENTAL QUALITY COMMISSION

Ali Mirzakhali

Date 8/25/2023

Ali Mirzakhali, Administrator
Air Quality Division
on behalf of DEQ pursuant to OAR 340-223-0110(2)