

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

4 IN THE MATTER OF) STIPULATED AGREEMENT AND
5 Cascade Pacific Pulp, LLC) FINAL ORDER
6 Halsey Pulp Mill)
7) ORDER NO. 22-3501
8 Permittee.) AMENDMENT NO. 22-3501-A1

9 Permittee, Cascade Pacific Pulp, LLC, and the Department of Environmental
10 Quality (DEQ) hereby agree that:

11 WHEREAS:

- 12 1. Permittee, Cascade Pacific Pulp, LLC, operates a pulp mill located at 30480
13 American Drive in Halsey, Oregon (the Facility).
14 2. On March 2, 1998, DEQ issued Title V Operating Permit No. 22-3501-TV-01 (the
15 Permit) to Permittee.
16 3. On June 30, 2020, DEQ renewed the Permit.
17 4. The Permit authorizes Permittee to discharge air contaminants associated with its
18 operation of the Facility in conformance with the requirements, limitations, and conditions set forth
19 in the Permit.
20 5. As of December 31, 2017, the Permit had the following plant site emissions limit
21 (PSEL) for sulfur dioxide (SO₂), particulate matter of ten microns or less (PM₁₀), and nitrogen
22 oxides (NO_x), which constitute round II regional haze pollutants, *see* OAR 340-223-0020(2) at the
23 Facility: 851 tons per year for SO₂, 366 tons per year for PM₁₀ and 687 tons per year for NO_x.
24 6. The Facility is located 80.4 kilometers from Three Sisters Wilderness, which is the
25 nearest Class I Area, *see* OAR 340-200-0020(25), measured in a straight line from the Facility to
26 the Class I Area.
27 7. Based on the definitions and the formula in OAR 340-223-0100(2) the Facility's Q
value is 1,904; d value is 80.4, and ratio of Q divided by d is 23.7.

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

4 9. Rather than complying with OAR 340-223-0110(1), the Facility would like to enter
5 into a Stipulated Agreement with DEQ for alternative compliance with round II of regional haze
6 and would like to accept federally enforceable reductions of combined plant site emission limits of
7 round II regional haze pollutants, remove fuel oil #6 as a fuel for Power Boiler #1 (PB1EU), either
8 ~~and~~ install a low NOx burner or commit to replace PB1EU, which DEQ shall incorporate into a
9 Final Order. See OAR 340-223-0110(2)(b)(C).

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. Additional
12 language is represented in underlined text. Deleted language is represented in strikethrough text.

13 11. DEQ and Permittee agree to the Amended Stipulated Agreement and Final Order
14 Number 22-3501-A1 (the SAFO Amendment), as indicated by the parties' signatures, below.

15 I. AGREEMENT

16 1. DEQ issues this Stipulated Agreement and Final Order (SAFO) pursuant to OAR
17 340-223-0110(2)(b)(C), and it shall be effective upon the date fully executed.

18 2. The Facility is subject to round II of regional haze, according to OAR 340-223-
19 0100(1).

20 3. The Permittee agrees to and will ensure compliance with the PSEL reductions,
21 control install, and fuel limitations in Section II of this SAFO.

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

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

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

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

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

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

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

14 11. This SAFO shall be binding on Permittee and its respective successors, agents, and
15 assigns. The undersigned representative of Permittee certifies that he, she, or they are fully
16 authorized to execute and bind Permittee to this SAFO. No change in ownership, corporate, or
17 partnership status of Permittee, or change in the ownership of the properties or businesses affected
18 by this SAFO shall in any way alter Permittee's obligation under this SAFO, unless otherwise
19 approved in writing by DEQ through an amendment to this SAFO.

20 12. If any event occurs that is beyond Permittee's reasonable control and that causes or
21 may cause a delay or deviation in performance of the requirements of this SAFO, Permittee must
22 immediately notify DEQ verbally of the cause of delay or deviation and its anticipated duration, the
23 measures that Permittee has or will take to prevent or minimize the delay or deviation, and the
24 timetable by which Permittee proposes to carry out such measures. Permittee shall confirm in
25 writing this information within five (5) business days of the onset of the event. It is Permittee's
26 responsibility in the written notification to demonstrate to DEQ's satisfaction that the delay or
27 deviation has been or will be caused by circumstances beyond the control and despite due diligence

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1 of Permittee. If Permittee so demonstrates, DEQ may extend times of performance of related
2 activities under this SAFO as appropriate. Circumstances or events beyond Permittee's control
3 include, but are not limited to, extreme and unforeseen acts of nature, unforeseen strikes, work
4 stoppages, work interference caused by pandemic, fires, explosion, riot, sabotage, or war. Increased
5 cost of performance or a consultant's failure to provide timely reports are not considered
6 circumstances beyond Permittee's control.

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

9 II. FINAL ORDER

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

- 12 1. Permittee agrees to not combust fuel oil #6 at any emission unit in the facility by
13 June 30, 2024.
- 14 2. By January 31, 2022, Permittee shall conduct source testing for NOx at Power
15 Boiler #1 (PB1EU).
 - 16 a. The source test shall be conducted with a steam loading of 80% to 90% designed
17 steam load and the nominal steam load.
 - 18 b. Source testing shall adhere to DEQ Source Sampling Manual, Rev. 2018.
- 19 3. By March 31, 2024~~December 31, 2022~~, the Permittee shall finalize the design of the
20 low NOx burner to be installed on Power Boiler # 1 (PB1EU).
 - 21 a. Permittee shall design the low NOx burner with an objective of achieving a 33%
22 reduction in NOx emissions from Power Boiler #1 (PB1EU). ~~The overall~~
23 ~~emission reduction with a low NOx burner and the elimination of burning #6~~
24 ~~Fuel Oil is anticipated to be up to or greater than 39%, which will be determined~~
25 ~~by source testing as described in paragraph II.5 and II.6.~~
26 b. By March 31, 2025~~December 31, 2023~~, Permittee shall construct and install the
27 low NOx Burner in Power Boiler #1 (PB1EU). Beginning on April 1, 2025,

1 Permittee's emissions of NOx from PB1EU shall be at least 20% less than the
2 current emission factor of 282 lb NOx per MM ft3 natural gas and shall be
3 demonstrated to meet this emission reduction through source testing conducted
4 as described in Section II.3.c.

5 c. By June 30, 2025, Permittee shall conduct source testing for NOx at Power
6 Boiler #1 (PB1EU).

7 i. The source test shall be conducted with a steam loading of 80% to 90%
8 designed steam load and the nominal steam load.

9 ii. Source testing shall adhere to DEQ Source Sampling Manual, Rev. 2018.

10 d. By September 30, 2025, Permittee shall submit to DEQ a report that analyzes the
11 data and information collected in source testing from Section II.3.c of this
12 agreement. The report shall include a proposal from Permittee on a revised
13 emission limit in lb NOx per MM ft3 natural gas for PB1EU. If DEQ
14 determines the testing followed the DEQ Source Sampling Manual, Rev. 2018
15 requirements, DEQ will use the proposal to establish final emission limit for
16 incorporation into the Permit pursuant to 340-218-0200(1)(a)(A), if applicable,
17 or upon permit renewal.

18 4. By March 31, 2023, in lieu of complying with the requirements in Section II.3,
19 Permittee may request in writing to instead commit to replace PB1EU at the Facility
20 with new technology to reduce round II regional haze pollutants. If Permittee makes
21 such request to DEQ then:

22 a. DEQ and Permittee shall meet no later than January 1, 2025, to discuss the
23 project and determine what permitting is needed to approve the proposed
24 replacement and a permit application schedule.

25 i. The technology proposed by Permittee for replacement shall meet the
26 emission limits and requirements of the most recent New Source
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1 Performance Standard in place at the time of the Permittee submitting a
2 permit application for the project.

3 ii. NOx emissions from the proposed replacement meets the emission limits
4 and requirements of the most recent applicable standard in place at the
5 time of the permitting of the new emissions unit pursuant to 340-223-
6 0110(2)(b)(E).

7 iii. Permittee shall meet all permitting deadlines and provide a complete
8 permit application to DEQ, including any required permitting fees. Both
9 parties will agree to a schedule for permitting of the construction project
10 during this meeting.

11 b. Permittee shall submit an application for a construction for replacement project
12 in accordance with, and by the deadline established under, Section II.4.a.

13 c. Upon completion of the replacement, Permittee shall not operate PB1EU.

14 d. Permittee shall complete the replacement no later than July 31, 2031.

15 4. ~~By December 31, 2023, Permittee shall construct and install the low NOx Burner in~~
16 ~~Power Boiler #1 (PB1EU).~~

17 5. ~~By March 31, 2024, Permittee shall conduct source testing for NOx at Power Boiler~~
18 ~~#1 (PB1EU).~~

19 a. ~~The source test shall be conducted with a steam loading of 80% to 90% designed~~
20 ~~steam load and the nominal steam load.~~

21 b. ~~Source testing shall adhere to DEQ Source Sampling Manual, Rev. 2018.~~

22 6. ~~By June 30, 2024, Permittee shall submit to DEQ a report that analyzes the data and~~
23 ~~information collected in source testing from Section II.5 of this agreement. The~~
24 ~~report shall include a proposal from Permittee on revised PSELs. Results from the~~
25 ~~post installation source test will be used to develop the Plant Site Emission Limit for~~
26 ~~#1 Power Boiler, which DEQ shall incorporate into the Permit pursuant to 340-218-~~
27 ~~0200(1)(a)(A), if applicable, or upon permit renewal.~~

Cascade Pacific Pulp, LLC (PERMITTEE)

1st day of Feb., 2022

Date

Patrick R Rank

Signature

Patrick R. Rank

Name (print)

VP and GM

Title (print)

DEPARTMENT OF ENVIRONMENTAL QUALITY and
ENVIRONMENTAL QUALITY COMMISSION

2/1/2022

Date

Ali Mirzakhali

Ali Mirzakhali, Administrator

Air Quality Division

on behalf of DEQ pursuant to OAR 340-223-0110(2)