

BEFORE THE DEPARTMENT OF ENVIRONMENTAL QUALITY  
OF THE STATE OF OREGON

IN THE MATTER OF ) STIPULATED AGREEMENT AND  
Cascade Pacific Pulp, LLC ) FINAL ORDER  
Halsey Pulp Mill )  
Permittee. ) ORDER NO. 22-3501  
 ) AMENDMENT NO. 22-3501-A2

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

WHEREAS:

1. Permittee, Cascade Pacific Pulp, LLC, operates a pulp mill located at 30480 American Drive in Halsey, Oregon (the Facility).

2. On March 2, 1998, DEQ issued Title V Operating Permit No. 22-3501-TV-01 (the Permit) to Permittee.

3. On June 30, 2020, DEO renewed the Permit.

4. The Permit authorizes Permittee to discharge air contaminants associated with its operation of the Facility in conformance with the requirements, limitations, and conditions set forth in the Permit.

5. As of December 31, 2017, the Permit had the following plant site emissions limit (PSEL) for sulfur dioxide (SO<sub>2</sub>), particulate matter of ten microns or less (PM10), and nitrogen oxides (NO<sub>x</sub>), which constitute round II regional haze pollutants, *see* OAR 340-223-0020(2) at the Facility: 851 tons per year for SO<sub>2</sub>, 366 tons per year for PM10 and 687 tons per year for NO<sub>x</sub>.

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).

## 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

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

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

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

## II. FINAL ORDER

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

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

1 Cascade Pacific Pulp, LLC (PERMITTEE)  
2

3 Date 08/25/2023

4 Signature Lisa Scott  
5

6 Name (print) Lisa Scott  
7

8 Title (print) Technical Manager  
9

10 DEPARTMENT OF ENVIRONMENTAL QUALITY and  
11 ENVIRONMENTAL QUALITY COMMISSION  
12

13 Date 8/25/2023

14   
15 Ali Mirzakhalili, Administrator  
16 Air Quality Division  
17 on behalf of DEQ pursuant to OAR 340-223-0110(2)  
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