

Michigan Department of Natural Resources and Environment
Air Quality Division

State Registration Number
B1534

**RENEWABLE OPERATING PERMIT
STAFF REPORT**

ROP Number
MI-ROP-B1534-2011

Grapic Packaging International, Inc.

SRN: B1534

Located at

79 East Fountain Street, Battle Creek, Calhoun, Michigan 49016

Permit Number: MI-ROP-B1534-2011

Staff Report Date: January 18, 2011

This Staff Report is published in accordance with Sections 5506 and 5511 of Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (Act 451). Specifically, Rule 214(1) requires that the Michigan Department of Natural Resources and Environment (MDNRE), Air Quality Division (AQD), prepare a report that sets forth the factual basis for the terms and conditions of the Renewable Operating Permit (ROP).

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Purpose

Major stationary sources of air pollutants, and some non-major sources, are required to obtain and operate in compliance with a ROP pursuant to Title V of the federal Clean Air Act of 1990 and Michigan's Administrative Rules for air pollution control pursuant to Section 5506(1) of Act 451. Sources subject to the ROP program are defined by criteria in Rule 211(1). The ROP is intended to simplify and clarify a stationary source's applicable requirements and compliance with them by consolidating all state and federal air quality requirements into one document.

This report, as required by Rule 214(1), sets forth the applicable requirements and factual basis for the draft permit terms and conditions, including citations of the underlying applicable requirements, an explanation of any equivalent requirements included in the draft permit pursuant to Rule 212(5), and any determination made pursuant to Rule 213(6)(a)(ii) regarding requirements that are not applicable to the stationary source.

General Information

Stationary Source Mailing Address:	Graphic Packaging International, Inc. 79 East Fountain Street Battle Creek, Michigan 49016
Source Registration Number (SRN):	B1534
North American Industry Classification System (NAICS) Code:	322130
Number of Stationary Source Sections:	1
Is Application for a Renewal or Initial Issuance?	Renewal
Application Number:	201000011
Responsible Official:	Mark Reed, General Manager 269-963-4004
AQD Contact:	Kirsten S. Clemens, P.E., Environmental Engineer 269-567-3548
Date Permit Application Received:	January 19, 2010
Date Application Was Administratively Complete:	January 25, 2010
Is Application Shield In Effect?	Yes
Date Public Comment Begins:	October 25, 2010
Deadline for Public Comment:	November 24, 2010

Source Description

Graphic Packaging International, Inc. operates two paperboard machines. Each of the paperboard machines were installed prior to August 15, 1967. Paperboard Machine No. 1 was modified in March 1998 to increase productivity. As a result, Paperboard Machine No. 1 was subject to minor New Source Review (NSR) permitting and best available control technology for toxics (T-BACT) requirements. Paperboard Machine No. 2 has not been modified since construction. Graphic Packaging International, Inc. also operates two paper coaters that are operated in conjunction with the paperboard machines.

Graphic Packaging International, Inc. currently has one industrial boiler (EUBLR001) that is permitted for operation. EUBLR001 currently fires natural gas as a primary fuel, but has the ability to also fire fuel oil.

The following table lists stationary source emission information as reported to the Michigan Air Emissions Reporting System in the **2008** submittal.

TOTAL STATIONARY SOURCE EMISSIONS

Pollutant	Tons per Year
Carbon Monoxide (CO)	35.0
Nitrogen Oxides (NO _x)	148.2
Particulate Matter (PM)	16.2
Sulfur Dioxide (SO ₂)	250.7
Volatile Organic Compounds (VOCs)	8.3

**As listed pursuant to Section 112(b) of the federal Clean Air Act.

See Parts C and D in the draft ROP for summary tables of all processes at the stationary source that are subject to process-specific emission limits or standards.

Regulatory Analysis

The following is a general description and history of the source. Any determinations of regulatory non-applicability for this source are explained below in the Non-Applicable Requirement part of the Staff Report and identified in Part E of the ROP.

The stationary source is located in Calhoun County, which is currently designated by the U.S. Environmental Protection Agency (USEPA) as attainment/unclassified for all criteria pollutants.

The stationary source is subject to Title 40 of the Code of Federal Regulations (CFR), Part 70, because the potential to emit nitrogen oxides and sulfur dioxides exceeds 100 tons per year.

No emissions units at the stationary source are currently subject to the Prevention of Significant Deterioration (PSD) regulations of Part 18, PSD of Air Quality of Act 451; or 40 CFR, Part 52.21; because the process equipment was constructed/installed prior to the promulgation of the PSD regulations.

EUPAPERMACH1 was installed prior to August 15, 1967. In March 1998, Graphic Packaging International, Inc. modified EUPAPERMACH1 in order to increase productivity. As a result, EUPAPERMACH1 became subject to the requirements of Rules 336.1201, 336.1225, and 336.1702.

EUPAPERMACH2 was installed prior to August 15, 1967. As a result, this equipment is considered "grandfathered" and is not subject to NSR permitting requirements. Two additional vacuum pumps have been added to the wet end and are exempt from Rule 336.1201. However, future modifications of this equipment may be subject to NSR.

The stationary source is not subject to the New Source Performance Standards for Industrial-Commercial-Institutional Steam Generating Units promulgated in 40 CFR, Part 60, Subparts A and Db.

The stationary source is not subject to the Maximum Achievable Control Technology Standards for Industrial, Commercial, Institutional Boilers, and Process Heaters promulgated in 40 CFR, Part 63, Subparts A and DDDDD.

The monitoring conditions contained in the ROP are necessary to demonstrate compliance with all applicable requirements and are consistent with the MDNRE "Procedure for Evaluating Periodic Monitoring Submittals."

No emission units are subject to the federal Compliance Assurance Monitoring rule under 40 CFR, Part 64, because all emission units at the stationary source either do not have a control device or those with a control device do not have potential pre-control emissions over the major source thresholds.

Please refer to Parts B, C, and D in the draft ROP for detailed regulatory citations for the stationary source. Part A contains regulatory citations for general conditions.

Source-wide Permit to Install (PTI)

Rule 214a requires the issuance of a Source-wide PTI within the ROP for conditions established pursuant to Rule 201. All terms and conditions that were initially established in a PTI are identified with a footnote designation in the integrated ROP/PTI document.

The following table lists all individual PTIs that were incorporated into previous ROPs. PTIs issued after the effective date of ROP No. MI-ROP-B1534-2006a are identified in Appendix 6 of the ROP.

PTI Number			
148-91A	62-98B	288-03	

Equivalent Requirements

The following table lists explanations of any equivalent requirements included in the draft permit pursuant to Rule 213(2)(c). Equivalent requirements are enforceable applicable requirements that are equivalent to the applicable requirements contained in the original PTI, a Consent Order/Judgment, and/or the State Implementation Plan.

Emission Unit/Flexible Group ID	Equivalent Requirement Discussion
EUPAPERMACH2	The facility currently uses coatings with a volatile organic compounds (VOC) content less than 2.9 pounds per gallon, minus water, as applied. As a result, AQD added recordkeeping requirements to the ROP that are consistent with the recordkeeping requirements of R 336.1610. However, AQD will not require daily volume-weighted averages to be calculated since all coatings used are in compliance with the average VOC content limit. In the event that coatings with a VOC content greater than 2.9 pounds per gallon are used, the permittee will be required to calculate the volume-weighted average VOC content of all

Emission Unit/Flexible Group ID	Equivalent Requirement Discussion
	coatings used for each calendar day that a coating with a VOC content greater than 2.9 pounds per gallon is used.
EUBLR001	The facility operates a boiler that has the capability to dual fire natural gas and No. 6 fuel oil. PTI No. 288-03 was approved to increase the allowable hours of operating the boiler using No. 6 fuel oil in the dual fired mode. To demonstrate compliance with R 336.1401(1), Table 41 allows the facility to average the sulfur content of all fuels fired.

Non-applicable Requirements

Part E of the draft ROP lists requirements that are not applicable to this source as determined by the AQD, if any were proposed in the application. These determinations are incorporated into the permit shield provision set forth in Part A (General Conditions 26 through 29) of the draft ROP pursuant to Rule 213(6)(a)(ii).

Processes in Application Not Identified in Draft ROP

The following table lists processes that were included in the ROP application as exempt devices under Rule 212(4). These processes are not subject to any process-specific emission limits or standards in any applicable requirement.

Exempt Emission Unit ID	Description of Exempt Emission Unit	ROP Exemption	PTI Permit Exemption
EUHEATER1	Natural gas fired dry end process heater. Maximum rated design capacity of 5.0 million BTUs per hour.	R 336.1212(4)(b)	R 336.1282(b)(i)
EUHEATER2	Natural gas fired wet end process heater. Maximum rated design capacity of 3.0 million BTUs per hour.	R 336.1212(4)(b)	R 336.1282(b)(i)
EUHEATER4	Natural gas fired beater room process heater. Maximum rated design capacity of 5.0 million BTUs per hour.	R 336.1212(4)(b)	R 336.1282(b)(i)
EUHEATER5	Natural gas fired filler side process heater. Maximum rated design capacity of 5.0 million BTUs per hour.	R 336.1212(4)(b)	R 336.1282(b)(i)
EUOVEN1	Natural gas fired coating drying oven. Maximum rated design capacity of 6.0 million BTUs per hour.	R 336.1212(4)(b)	R 336.1282(b)(i)
EUOVEN2	Natural gas fired coating drying oven. Maximum rated design capacity of 5.0 million BTUs per hour.	R 336.1212(4)(b)	R 336.1282(b)(i)

Draft ROP Terms/Conditions Not Agreed to by Applicant

The following table lists terms and/or conditions of the draft ROP that the AQD and the applicant did not agree upon and outlines the applicant's objections pursuant to Rule 214(2). The terms and conditions that the AQD believes are necessary to comply with the requirements of Rule 213 shall be incorporated into the ROP.

Emission Unit/ Flexible Group ID	Permit Term(s) and/or Condition(s) in Dispute	Applicant's Objection
EUBLR001: Condition V.3.	The permittee shall test EUBLR001 for nitrogen oxides during the term of this permit if the facility returns to dual fuel fired operation of EUBLR001. The testing shall be performed under dual fuel operation at maximum fuel oil usage (R 336.1213(3)).	<p>The permittee commented via e-mail on September 30, 2010, about the proposed NOx testing requirement being unnecessary for reasons including added cost and burden. The permittee believes that the AP-42 factors are suitable for determining compliance with the NOx emission rates.</p> <p>The permittee is also concerned that additional or different testing may be required by the pending National Emission Standards for Hazardous Air Pollutants Subpart JJJJJ (Industrial, Commercial, and Institutional Boilers at Area Sources).</p>

Compliance Status

The AQD finds that the stationary source is expected to be in compliance with all applicable requirements as of the effective date of this ROP.

Action Taken by the MDNRE

The AQD proposes to approve this permit. A final decision on the ROP will not be made until the public and affected states have had an opportunity to comment on the AQD's proposed action and draft permit. In addition, the USEPA is allowed up to 45 days to review the draft permit and related material. The AQD is not required to accept recommendations that are not based on applicable requirements. The delegated decision maker for the AQD is Ms. Mary Douglas, Kalamazoo District Supervisor. The final determination for ROP approval/disapproval will be based on the contents of the permit application, a judgment that the stationary source will be able to comply with applicable emission limits and other terms and conditions, and resolution of any objections by the USEPA.

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**November 29, 2010 STAFF REPORT
ADDENDUM**

Purpose

A Staff Report dated February 11, 2010, was developed in order to set forth the applicable requirements and factual basis for the draft ROP terms and conditions as required by R 336.1214(1). The purpose of this Staff Report Addendum is to summarize any significant comments received on the draft ROP during the 30-day public comment period as described in R 336.1214(3). In addition, this addendum describes any changes to the draft ROP resulting from these pertinent comments.

General Information

Responsible Official:	Mark Reed, General Manager 269-963-4004
AQD Contact:	Kirsten S. Clemens, P.E., Environmental Engineer 269-567-3548

Summary of Pertinent Comments

No pertinent comments were received during the 30-day public comment period.

Changes to the October 25, 2010 Draft ROP

No changes were made to the draft ROP.