

Michigan Department of Environmental Quality
Air Quality Division

State Registration Number
B6420

**RENEWABLE OPERATING PERMIT
STAFF REPORT**

ROP Number
MI-ROP-B6420-2011

E.B. Eddy Paper, Inc.
(d/b/a Domtar Industries Inc.)

SRN: B6420

Located at

1700 Washington Avenue, Port Huron, St. Clair County, Michigan 48061

Permit Number: MI-ROP-B6420-2011

Staff Report Date: May 9, 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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May 9, 2011 STAFF REPORT

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:	E.B. Eddy Paper, Inc. (d/b/a Domtar Industries, Inc.) 1700 Washington Avenue Port Huron, Michigan 48061
Source Registration Number (SRN):	B6420
North American Industry Classification System (NAICS) Code:	322121
Number of Stationary Source Sections:	1
Is Application for a Renewal or Initial Issuance?	Renewal
Application Number:	201000086
Responsible Official:	Mark Bessette, General Manager (810) 984-9536
AQD Contact:	Krista Reed, Environmental Quality Analyst (586) 753-3764
Date Permit Application Received:	September 23, 2010
Date Application Was Administratively Complete:	October 23, 2010
Is Application Shield In Effect?	Yes
Date Public Comment Begins:	May 9, 2011
Deadline for Public Comment:	June 8, 2011

Source Description

E.B. Eddy Paper, Inc. (d/b/a Domtar Industries, Inc.) operates a paper mill at 1700 Washington Avenue, Port Huron, St. Clair County, Michigan. The paper mill produces lightweight, fine and specialty packaging papers.

Three flexible groups are included within the ROP to establish applicable requirements associated with Title V regulated emission units at the facility. These flexible groups include FGBOILER5, FGPAPERMACHINES, and FGDIESELS.

FGBOILER5 includes three emission units: EUBOILER5, EUASHHANDLING and EUASHSILO. EUBOILER5 is a pulverized coal-fired boiler that was included within the initial ROP (Permit No. 199600354) as EGBOILER5. EUASHHANDLING includes equipment to transfer bottom ash and fly ash from EUBOILER5 to EUASHSILO, and includes primary and secondary cyclone material transfer units and an air washer. EUASHSILO refers to a fly ash silo, which is equipped with a 6-bag vent filter. EUASHHANDLING and EUASHSILO operate in conjunction with EUBOILER5 and are thereby included within the flexible group FGBOILER5.

FGPAPERMACHINES includes emission units EU#7PM and EU#8PM (Paper Machine Nos. 7 and 8). This flexible group also includes two (2) grandfathered paper machines, EU#5PM and EU#6PM (Paper Machine Nos. 5 and 6) that are otherwise exempted from air use permitting requirements.

FGDIESELS includes emission units EUDIESEL1 and EUDIESEL2, two diesel-fired emergency generators rated at 9.8 MMBTU/hr each.

The following table lists stationary source emission information as reported to the Michigan Air Emissions Reporting System in the **2010** submittal.

TOTAL STATIONARY SOURCE EMISSIONS

Pollutant	Tons per Year
Carbon Monoxide (CO)	16
Lead (Pb)	0
Nitrogen Oxides (NO _x)	342
Particulate Matter <10 microns (PM 10)	14
Particulate Matter <2.5 microns (PM 2.5)	6
Sulfur Dioxide (SO ₂)	982
Volatile Organic Compounds (VOCs)	24
Individual Hazardous Air Pollutants (HAPs) **	
Hydrochloric Acid (HCL)	55***
Total Hazardous Air Pollutants (HAPs)	55***

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

*** Based on 2011 Annual Air Quality Fee data for HCL

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 St. Clair County, which is currently designated by the U.S. Environmental Protection Agency (USEPA) as attainment for all criteria pollutants.

St. Clair County is currently designated by the U.S. Environmental Protection Agency (USEPA) as a non-attainment area with respect to the PM 2.5 standard.

The stationary source is subject to Title 40 of the Code of Federal Regulations (CFR), Part 70, because the potential to emit certain criteria pollutants exceeds 100 tons per year.

The stationary source is considered a major source of Hazardous Air Pollutant (HAP) emissions because the potential to emit of any single HAP regulated by the Clean Air Act, Section 112 is greater than 10 tons per year and the potential to emit of all HAPs combined is greater than 25 tons per year.

Boilers EUBOILER2 and EUBOILER4 were installed prior to August 15, 1967. As a result, this equipment is considered "grandfathered" and is not subject to New Source Review (NSR) permitting requirements. However, future modifications of this equipment may be subject to NSR permitting requirements.

Although EUBOILER5 and EUBOILER6 were installed after August 15, 1967, this equipment was exempt from New Source Review (NSR) permitting requirements at the time it was installed. And the subsequent modification of EUBOILER5 was exempt from NSR permitting requirements at the time of modification. As a result, this equipment is considered "grandfathered" and is not subject to NSR permitting requirements. However, future modifications of this equipment may be subject to NSR permitting requirements.

The stationary source is subject to Title 40 Part 63 Subpart ZZZZ- National Emission Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines (RICE), because they operate two RICE (EUDIESEL1 & EUDIESEL2) with a rating of greater than 500 brake horsepower each. They are subject to NESHAP ZZZZ, however, according to 63.6590(b)(3)(iii), existing emergency stationary RICE with a site rating of more than 500 brake horsepower located at a major source of HAP emissions do not have to meet the requirements of the subpart, including initial notification requirements.

No emissions units at the stationary source are currently subject to the Prevention of Significant Deterioration (PSD) regulations of Part 18, Prevention of Significant Deterioration of Air Quality of Act 451 or 40 CFR, Part 52.21 because the process equipment was constructed/installed prior to June 19, 1978, the promulgation date of the PSD regulations.

The stationary source is subject to the federal Compliance Assurance Monitoring (CAM) rule (40 CFR 64) because EUBOILER5 has both a control device and potential pre-control emissions of particulate greater than the major source threshold level. In addition, post-control emissions of particulate from EUBOILER5 are over the major source threshold level. CAM requirements are included in this ROP. Please refer to Parts B, C and D in the enclosed draft permit for detailed regulatory citations for the stationary source. Part A contains regulatory citations for General Conditions.

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

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-B6240-2006a are identified in Appendix 6 of the ROP.

PTI Number	Emission Unit	ROP/Source-wide PTI	Void Date
106-77	Boiler No. 5	199600354	11/10/1997
106-77A	Boiler No. 5	NA	11/10/1997
257-88	Sulfuric Acid Boiler Feedwater	NA	3/11/1998
358-89	Sulfur Dioxide Vaporization System	NA	3/11/1998
524-81	Lime Silo Bag House	NA	3/11/1998
525-81	Starch Silo Bag House	NA	3/11/1998
852-77	Oil Storage Tanks	NA	3/11/1998
690-88	No. 8 Paper Machine Modifications	NA	4/9/1998
308-95	Anhydrous Ammonia Tank	NA	6/30/1999
106-77B	Boiler No. 5	199600354	3/9/2000
690-88A	No. 8 Paper Machine	199600354	3/9/2000
87-98	No. 7 Paper Machine	199600354	3/9/2000

Equivalent Requirements

This permit does not include any equivalent requirements pursuant to Rule 212(5). 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.

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
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Exempt Emission Unit ID	Description of Exempt Emission Unit	ROP Exemption	PTI Permit Exemption
EUBOILER2	Natural Gas Boiler No. 2; 69 MMBtu per Hour; Installed 1966	Not exempt by R212, but no applicable requirements	Grandfathered
EUBOILER4	Natural Gas Boiler No. 4; 91 MMBtu per Hour; Installed 1937	Not exempt by R212, but no applicable requirements	Grandfathered
EUBOILER6	Natural Gas Boiler No. 6; 25 MMBtu per Hour; Installed 2002	R212(4)	R282(b)(i)
DVOILTANKS	Two 30,000 gallons #2 fuel storage tanks	R212(3)	R284(d)
EULPTANK 1	Propane tanks in storeroom	R212(4)	R284(b)
EUSTARCHSILO	Silo to store starch equipped with fabric filter on vent	R212(3)	R284(k)
EUSPACEHEAT1	Space heater located in main primary room, #8 paper machine area	R212(4)	R282(b)(i)
EUSPACEHEAT2	Natural gas fired space heater located in #8 paper machine area, in the primary room basement.	R212(4)	R282(b)(i)
EUSPACEHEAT3	Natural gas fired space heater in engineering office	R212(4)	R282(b)(i)

Draft ROP Terms/Conditions Not Agreed to by Applicant

This permit does not contain any terms and/or conditions that the AQD and the applicant did not agree upon pursuant to Rule 214(2).

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 DNRE

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 U.S. Environmental Protection Agency (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 Mr. Christopher Ethridge, Acting Southeast Michigan 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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June 22, 2011 STAFF REPORT ADDENDUM

Purpose

A Staff Report dated May 9, 2011, was developed in order to set forth the applicable requirements and factual basis for the draft Renewable Operating Permit (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 Bessette, General Manager (810) 984-9536
AQD Contact:	Krista Reed, Environmental Quality Analyst (586)753-3764

Summary of Pertinent Comments

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

Changes to the May 9, 2011, Draft ROP

No changes were made to the draft ROP.

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**August 22, 2011 STAFF REPORT
ADDENDUM**

Purpose

A Staff Report dated May 9, 2011, was developed in order to set forth the applicable requirements and factual basis for the draft Renewable Operating Permit (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 45-day EPA comment period as described in R 336.1214(6). In addition, this addendum describes any changes to the proposed ROP resulting from these pertinent comments.

General Information

Responsible Official:	Tim Wright, Interim General Manager (810)984-9562
AQD Contact:	Krista Reed, Environmental Quality Analyst (586)753-3764

Summary of Pertinent Comments

No pertinent comments were received during the 45-day EPA comment period.

Changes to the May 9, 2011 Proposed ROP

On July 15, 2011, the AQD received official notice from EB Eddy Paper, Inc. that an interim responsible official was assigned to the facility on July 7, 2011 (during the EPA 45-day review period). The Interim General Manager is Tim Wright. His phone number is (810) 984-9562.