

State Registration Number

A0023

**RENEWABLE OPERATING PERMIT  
STAFF REPORT**

ROP Number

MI-ROP-A0023-2019b

**Otsego Paper, Inc**

State Registration Number (SRN): A0023

Located at

320 North Farmer Street, Otsego, Allegan County, Michigan 49078

Permit Number: MI-ROP-A0023-2019b

Staff Report Date: February 4, 2019

Amended Dates: March 8, 2019  
August 31, 2021  
March 24, 2022

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) of the administrative rules promulgated under Act 451, requires that the Michigan Department of Environment, Great Lakes, and Energy (EGLE), Air Quality Division (AQD), prepare a report that sets forth the factual basis for the terms and conditions of the Renewable Operating Permit (ROP).

## TABLE OF CONTENTS

<b>February 4, 2019 STAFF REPORT</b>	<b>3</b>
<b>March 8, 2019 - STAFF REPORT ADDENDUM</b>	<b>8</b>
<b>August 31, 2021 - STAFF REPORT FOR RULE 216(2) MINOR MODIFICATION</b>	<b>9</b>
<b>March 24, 2022 - STAFF REPORT FOR RULE 216(4)</b>	<b>11</b>
<b>STATE-ONLY MODIFICATION</b>	<b>11</b>

**RENEWABLE OPERATING PERMIT**

**February 4, 2019 STAFF REPORT**

**Purpose**

Major stationary sources of air pollutants, and some non-major sources, are required to obtain and operate in compliance with an ROP pursuant to Title V of the federal Clean Air Act; and Michigan's Administrative Rules for Air Pollution Control promulgated under 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 Staff Report, as required by Rule 214(1), sets forth the applicable requirements and factual basis for the draft ROP terms and conditions including citations of the underlying applicable requirements, an explanation of any equivalent requirements included in the draft ROP 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:	Otsego Paper, Inc 320 North Farmer Street Otsego, Michigan 49078
Source Registration Number (SRN):	A0023
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:	201800050
Responsible Official:	Henry Krell, Director of Manufacturing, Paper 269-384-6301
AQD Contact:	Cody Yazzie, Environmental Engineer 269-567-3554
Date Application Received:	April 16, 2018
Date Application Was Administratively Complete:	April 16, 2018
Is Application Shield in Effect?	Yes
Date Public Comment Begins:	February 4, 2019
Deadline for Public Comment:	March 6, 2019

## Source Description

Otsego Paper, Inc. (Facility), is a subsidiary of the United States Gypsum Company. The Facility manufactures gypsum paper. The Facility has one paper machine, two gas fired combustion turbines with duct burners and heat recovery steam generators (HRSG), and one gas/oil fired package boiler. The furnish used in the Facility consists of 100 percent recycled paper and corrugated materials. The paper machine has three fourdriniers and is capable of producing a triple ply sheet. The two turbines and the HRSG trains are capable of producing both power and steam. The package boiler produces steam only and is intended to be used in a backup role to the turbines.

The following table lists stationary source emission information as reported to the Michigan Air Emissions Reporting System (MAERS) for the year 2017.

### TOTAL STATIONARY SOURCE EMISSIONS

Pollutant	Tons per Year
Carbon Monoxide (CO)	10.26
Lead (Pb)	0.05
Nitrogen Oxides (NO <sub>x</sub> )	81.44
Particulate Matter (PM)	11.05
Sulfur Dioxide (SO <sub>2</sub> )	1.68
Volatile Organic Compounds (VOC)	39.90

The following table lists Hazardous Air Pollutant emissions as calculated for the year 2017 by the AQD:

Individual Hazardous Air Pollutants (HAP) **	Tons per Year
Formaldehyde	0.550
Acetaldehyde	0.031
Acrolein	0.005
Benzene	0.009
Hexane	0.148
<b>Total HAPs</b>	<b>0.744</b>

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

See Parts C and D in the 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 section of the Staff Report and identified in Part E of the ROP.

The stationary source is in Allegan County, which is currently partially designated by the United States Environmental Protection Agency (USEPA) as attainment/unclassified for all criteria pollutants. The Facility is in the portion of Allegan County that is designated 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 of NO<sub>x</sub>, CO, and VOC exceeds 100 tons per year.

The stationary source is a minor source of HAP emissions because the potential to emit of any single HAP regulated by the federal Clean Air Act, Section 112, is less than 10 tons per year and the potential to emit of all HAPs combined are less than 25 tons per year.

All of the emission units that are part of FGCOGEN at the stationary source were not subject to review under the Prevention of Significant Deterioration regulations of Part 52.21 because at the time of New Source Review permitting, the Facility was able to demonstrate that they net-out of further review.

EUPAPERMACHINE1 at the stationary source was subject to toxics review under Rules 224 and 225.

EUTURBINE1 and EUTURBINE2 at the stationary source are subject to the Standards of Performance for Stationary Gas Turbines promulgated in 40 CFR Part 60, Subparts A and GG. The turbines are also subject to Section 126 of the Clean Air Act. The facility indicated that the turbines are not subject to CSAPR in the application, even though they were previously subject to CAIR. The facility is not subject to CSAPR because the serving generator has a nameplate capacity of 10 MW, which is less than the required 25 MW. The facility also does not produce the electricity for sale.

EUPACKAGEBOIL, EUDUCTBURNER1, and EUDUCTBURNER2 at the stationary source are subject to the Standards of Performance for Industrial Steam Generating Units promulgated in 40 CFR Part 60, Subparts A and Db.

EUFIREPUMPEAST at the stationary source is subject to the Standards of Performance for Stationary Gas Turbines promulgated in 40 CFR Part 60, Subparts A and IIII.

EUFIREPUMPWEST and EUBLACKSTART at the stationary source are subject to the National Emission Standard for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines promulgated in 40 CFR Part 63, Subparts A and ZZZZ.

FGRICEMACT at the stationary source is subject to the National Emissions Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines promulgated in 40 CFR Part 63, Subparts A and ZZZZ (HAPs Area Source maximum achievable control technology (MACT)). The ROP contains special conditions provided by the Facility in their application for applicable requirements from 40 CFR Part 63, Subparts A and ZZZZ. The AQD is not delegated the regulatory authority for this area source MACT.

The AQD's Rules 287 and 290 were revised on December 20, 2016. FGRULE287(2)(c) and FGRULE290 are flexible group tables created for emission units subject to these rules. Emission units installed before December 20, 2016, can comply with the requirements of Rule 287 and Rule 290 in effect at the time of installation or modification as identified in the tables. However, emission units installed or modified on or after December 20, 2016, must comply with the requirements of the current rules as outlined in the tables.

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-A0023-2013 are identified in Appendix 6 of the ROP.

PTI Number			
60-03A	152-96B	222-94A	152-90
151-90	193-80	170-72	121-71

### **Streamlined/Subsumed Requirements**

This ROP does not include any streamlined/subsumed requirements pursuant to Rules 213(2) and 213(6).

### **Non-applicable Requirements**

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

PTI Exempt Emission Unit ID	Description of PTI Exempt Emission Unit	Rule 212(4) Citation	PTI Exemption Rule Citation
EUSPACEHEATERS	Twelve space heaters and water heaters (less than 0.4 MMBTU/hr) fired with natural gas. Six space heaters (rated between 1.0 and 4.0 MMBTU/hr) fired with natural gas.	R 336.1212(4)(c)	R 336.1282(2)(b)(i)
EUTANKVENT1	Pressure relief vent	R 336.1212(4)(i)	R 336.1291
EUTANKVENT2	Pressure gas relief vent	R 336.1212(4)(i)	R 336.1291

### **Draft ROP Terms/Conditions Not Agreed to by Applicant**

This Draft ROP 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 MDEQ, AQD**

The AQD proposes to approve this ROP. 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 ROP 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 Rex Lane, Kalamazoo District Supervisor. The final determination for ROP approval/disapproval will be based on the contents of the ROP 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.

State Registration Number

A0023

**RENEWABLE OPERATING PERMIT**

ROP Number

MI-ROP-A0023-20XX

**March 8, 2019 - STAFF REPORT ADDENDUM**

**Purpose**

A Staff Report dated February 4, 2019, was developed to set forth the applicable requirements and factual basis for the draft Renewable Operating Permit (ROP) terms and conditions as required by Rule 214(1) of the administrative rules promulgated under Act 451. 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 Rule 214(3). In addition, this addendum describes any changes to the draft ROP resulting from these pertinent comments.

**General Information**

Responsible Official:	Henry Krell, Director of Manufacturing, Paper 269-384-6301
AQD Contact:	Cody Yazzie, Environmental Engineer 269-567-3554

**Summary of Pertinent Comments**

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

**Changes to the February 4, 2019 Draft ROP**

No changes were made to the draft ROP.

State Registration Number  
A0023

**RENEWABLE OPERATING PERMIT**  
**August 31, 2021 - STAFF REPORT FOR RULE 216(2)**  
**MINOR MODIFICATION**

ROP Number  
MI-ROP-A0023-2019a

**Purpose**

On April 26, 2019, the Department of Environment, Great Lakes, and Energy (EGLE), Air Quality Division (AQD), approved and issued Renewable Operating Permit (ROP) No. MI-ROP-A0023-2019 to Otsego Paper, Inc. pursuant to Rule 214 of the administrative rules promulgated under Act 451. Once issued, a company is required to submit an application for changes to the ROP as described in Rule 216. The purpose of this Staff Report is to describe the changes that were made to the ROP pursuant to Rule 216(2).

**General Information**

Responsible Official:	Henry Krell, V.P. of Manufacturing, Paper 269-384-6301
AQD Contact:	Caryn Owens, Senior Environmental Engineer 231-878-6688
Application Number:	202100098
Date Application for Minor Modification was Submitted:	June 24, 2021

**Regulatory Analysis**

The AQD has determined that the change requested by the stationary source meets the qualifications for a Minor Modification pursuant to Rule 216(2).

**Description of Changes to the ROP**

Minor Modification Application No. 202100098 is to incorporate PTI 193-19A, which modifies EUTURBINE2 to increase the heat input to 150.8 MMBTU/hr from 141.5 MMBTU/hr. The modification of EUTURBINE2 makes the turbine subject to NSPS Subpart KKKK and therefore the associated duct burner is also subject to NSPS Subpart KKKK. A flexible group has been added to the permit for this regulation. After the modification to EUTURBINE2 has been complete, EUTURBINE2 and EUDUCTBURNER2 are no longer subject to provisions of 40 CFR Part 60, Subparts Db and GG. After the modification, the permittee shall comply with all provisions of the federal Standards of Performance for New Stationary Sources as specified in 40 CFR Part 60, Subparts A and KKKK, as they apply to EUTURBINE2 and EUDUCTBURNER2.

Additionally, EUPACKAGEBOIL has been rendered inoperable, so the references to this emission unit have been removed from the ROP.

**Compliance Status**

The AQD finds that the stationary source is expected to be in compliance with all applicable requirements associated with the emission unit(s) involved with the change as of the date of approval of the Minor Modification to the ROP.

## **Action Taken by EGLE**

The AQD proposes to approve a Minor Modification to ROP No. MI-ROP-A0023-2019, as requested by the stationary source. A final decision on the Minor Modification to the ROP will not be made until any affected states and the United States Environmental Protection Agency (USEPA) has been allowed 45 days to review the proposed changes to the ROP. The delegated decision maker for the AQD is the District Supervisor. The final determination for approval of the Minor Modification 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 requirements, and resolution of any objections by any affected states or the USEPA.

State Registration Number  
A0023

**RENEWABLE OPERATING PERMIT**  
**March 24, 2022 - STAFF REPORT FOR RULE 216(4)**  
**STATE-ONLY MODIFICATION**

ROP Number  
MI-ROP-A0023-2019b

**Purpose**

On October 18, 2021, the Department of Environment, Great Lakes, and Energy (EGLE), Air Quality Division (AQD), approved and issued Renewable Operating Permit (ROP) No. MI-ROP-A0023-2019a to Otsego Paper, Inc. pursuant to Rule 214 of the administrative rules promulgated under Act 451. Once issued, a company is required to submit an application for changes to the ROP as described in Rule 216. The purpose of this Staff Report is to describe the changes that were made to the ROP pursuant to Rule 216(4).

**General Information**

Responsible Official:	Henry Krell, V.P. of Manufacturing, Paper 269-384-6301
AQD Contact:	Caryn Owens, Senior Environmental Engineer 231-878-6688
Application Number:	202200047
Date Application for State-Only Modification was Submitted:	February 15, 2022

**Regulatory Analysis**

The AQD has determined that the change requested by the stationary source meets the qualifications for a State-Only Modification pursuant to Rule 216(4).

The only changes made to the ROP are subject to Rules 336.1224 and 336.1225 only, which are State-Only enforceable Rules.

**Description of Changes to the ROP**

The State-Only Modification Number 202200047 was to incorporate PTI No. 11-22, which was to update stacks for paper machine No. 1 (EUPAPERMACHINE1), due to upgrading of the wet end/forming section and the dryer section of the paper machine.

**Compliance Status**

The AQD finds that the stationary source is expected to be in compliance with all applicable requirements associated with the emission unit(s) involved with the change as of the date of approval of the State-Only Modification to the ROP.

**Action Taken by EGLE**

The AQD approved a State-Only Modification to ROP No. MI-ROP-A0023-2019a, as requested by the stationary source. The delegated decision maker for the AQD is Rex Lane, Kalamazoo District Supervisor.