



Air Quality Permitting Response to Public Comments

February 19, 2016

**Tier I Operating Permit No. T1-2014.0022 &
Tier I Operating Permit No. T1-2014.0023**

**Clearwater Paper Corp. – PPD & CPD
Lewiston, Idaho**

Facility ID No. 069-00001

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Final

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BACKGROUND

The Idaho Department of Environmental Quality (DEQ) provided for public comment on the draft Tier I operating permits for Clearwater Paper Corporation from November 16, 2015 through December 16, 2015, in accordance with IDAPA 58.01.01.364.05. During this period, comments were submitted in response to DEQ's proposed action. Each comment and DEQ's response is provided in the following section. All comments submitted in response to DEQ's proposed action are included in the appendix of this document.

PUBLIC COMMENTS AND RESPONSES

Public comments regarding the technical and regulatory analyses and the air quality aspects of the draft permits are summarized below. Questions, comments, and/or suggestions received during the comment period that did not relate to the air quality aspects of the permit application, the Department's technical analysis, or the draft permits are not addressed. For reference purposes, a copy of the Rules for the Control of Air Pollution in Idaho can be found at:

<http://adm.idaho.gov/adminrules/rules/idapa58/0101.pdf>.

Comment 1: Comments were received regarding the applicability of 40 CFR 61 Subpart E, National Emission Standards for Mercury. A commenter stated they interpret the mercury emission standard to apply to all emissions units at the facility.

Response 1: Following is a quote of the applicability of the standard provided at §61.50:

“The provisions of this subpart are applicable to those stationary sources which process mercury ore to recover mercury, use mercury chlor-alkali cells to produce chlorine gas and alkali metal hydroxide, and incinerate or dry wastewater treatment plant sludge.”

In order to be affected by the standard the source must process mercury ore to recovery mercury, use mercury chlor-alkali cells, or incinerate/dry wastewater treatment plant sludge. Clearwater incinerates wastewater sludge in the No. 4 Power Boiler and is an affected source. Sludge is not incinerated in any other combustion device.

Following is a quote of the relevant emission standard (40 CFR 61.52(b)):

“Emissions to the atmosphere from sludge incineration plants, sludge drying plants, or a combination of these that process wastewater treatment plant sludges shall not exceed 3.2 kg (7.1 lb) of mercury per 24-hour period.”

The only emission unit at the facility that this standard applies to is the No. 4 Power Boiler which incinerates wastewater treatment sludge. There are no other affected emission units at the facility to which the standard applies (the entire facility is not a sludge incineration plant).

Comment 2: Comments were received regarding ongoing compliance with the 7.1 pound per day mercury emission limit of 40 CFR 61 Subpart E.

Response 2: This subpart required the source to collect sludge samples within 90 days of startup (40 CFR 61.54(a)(2)) which for the No. 4 Power Boiler was several decades ago. Additional sludge testing is required by this subpart only if the initial sample demonstrated emissions exceed 3.5 pounds per day (40 CFR 61.559a)). Clearwater certified in the application that they have

analyzed sludge and emissions were determined to be less than 3.5 pounds per day, therefore no additional sampling is required by this subpart.

Even though the requirements of 40 CFR 61 Subpart E have been met, in accordance with IDAPA 58.01.01.322.09 the Tier I permit shall contain terms and conditions requiring sufficient testing to assure compliance. Ongoing compliance assurance is provided through the new boiler MACT emission standards for mercury. The No. 4 Power Boiler is subject to the industrial boiler MACT, 40 CFR 63 subpart DDDDD with a compliance date of 1/31/2017. The applicable mercury limit under the boiler MACT is 5.7E-6 lb/MMBtu. The 40 CFR 61 Subpart E mercury limit converted to the same units is 2.8 E-4 lb/MMBtu (nearly 50 times higher than the 40 CFR 61 Subpart E standard). The Boiler MACT requirements for mercury include monitoring and annual testing that are sufficient for assuring compliance with the 7.1 pound per day emission limit of 40 CFR 61 subpart E.

Comment 3: A commenter stated that it is unclear whether the MACT provisions for the No. 4 Power Boiler apply to mercury emissions related to the incineration of waste water sludge.

Response 3: The No. 4 Power Boiler is subject to the industrial boiler MACT (40 CFR 63 Subpart DDDDD), including mercury emission limits and testing requirements that apply at all times (including when combusting wastewater sludge).

Comment 4: Comments were received regarding the applicability of the requirements of Acid Rain Permit requirements. Concerns were raised that the source may have lost the exception to applicability provided for solid waste incinerators.

Response 4: This facility is not an affected facility as defined in 40 CFR 72; therefore, acid rain permit requirements do not apply.

Applicability of the Acid Rain Permit requirements are specified at 40 CFR 72.6(a). The criteria for applicability are listed below:

a) Each of the following units shall be an affected unit, and any source that includes such a unit shall be an affected source, subject to the requirements of the Acid Rain Program:

(1) A unit listed in table 1 of §73.10(a) of this chapter.

(2) A unit that is listed in table 2 or 3 of §73.10 of this chapter and any other existing utility unit, except a unit under paragraph (b) of this section.

(3) A utility unit, except a unit under paragraph (b) of this section, that: ...

Clearwater Paper Corporation is not listed in Table 1, 2, or 3 of §73.10. Therefore, in order for Clearwater Paper Corporation to be an affected source it would have to be a “utility unit” and not qualify for the exception to applicability provided at 40 CFR 72.6(b).

All electrical generation units at Clearwater qualify as cogeneration units at 40 CFR 72.6(b)(4) (i) and therefore qualify for the exception to applicability to the Acid Rain Program as described in following citations.

40 CFR 72.6(b) - The following types of units are not affected units subject to the requirements of the Acid Rain Program:

40 CFR 72.6(b)(4) – A cogeneration facility which:

40 CFR 72.6(b)(4) (i) - *For a unit that commenced construction on or prior to November 15, 1990, was constructed for the purpose of supplying equal to or less than one-third its potential electrical output capacity or equal to or less than 219,000 MWe-hrs actual electric output on an annual basis to any utility power distribution system for sale (on a gross basis). If the purpose of construction is not known, the Administrator will presume that actual operation from 1985 through 1987 is consistent with such purpose. However, if in any three calendar year period after November 15, 1990, such unit sells to a utility power distribution system an annual average of more than one-third of its potential electrical output capacity and more than 219,000 MWe-hrs actual electric output (on a gross basis), that unit shall be an affected unit, subject to the requirements of the Acid Rain Program;*

All of the units that produce electricity at Clearwater Paper Corporation were constructed prior to November 15, 1990 and none were constructed for the purpose of supplying, nor do they supply, more than one-third of the units electrical output capacity to a “power distribution system” for sale. All of the electricity generated on-site is used at the Clearwater mill.

The exception to applicability is based on 40 CFR 72.6(b)(4) (i) (cogeneration facility) as described above, not on 40 CFR 76.6(b)(7) (solid waste incinerator) as the commenter suggests.

Two units generate steam for electrical generation at the Clearwater mill, the No. 4 Power Boiler and No. 5 Recovery Furnace. These units feed a common 1250 psi steam header and two (2) turbine generators (TG), No. 3 TG and No. 4 TG -- rated at 37 MW and 65 MW, respectively. The No. 4 Power Boiler was installed in September 1980 and the No. 5 Recovery Furnace was installed in June 1987. The electrical transactions with Avista are contractual only. At no time does Clearwater physically export power to the utility power distribution system or grid. As an example of electrical power generation rate and usage, the 2014 average generation rate for the site was approximately 45 MWs and the average plant demand was approximately 100 MWs resulting in Avista providing an average net of approximately 55 MWs to meet the site’s electrical needs.

As described in the letter¹ from EPA’s Acid Rain Program Applicability Determinations archive, not all electricity that is sold is automatically considered sales to a utility power distribution system. Rather, electricity used at the host facility or directly sold to another facility for industrial use does not qualify as sales to a “utility power distribution system.” It is emphasized that all of the electricity generated on-site is used at the Clearwater mill.

DEQ has updated the Statement of Basis which supports the issuance of the permit to include the preceding discussion. The EPA letter noted in this response (Footnote 1) is included as an appendix to the Statement of Basis.

Comment 5: Clearwater requested that the following text and table be added to Section 4 of the permit for the Package Boilers.

“For the initial Package Boiler installation project to replace Power Boilers No. 2 and No. 3, the information in Table 4.4 shall be used for purposes of complying with this requirement:”

¹ August 8, 2003 EPA Letter from Sam Napolitano, Clean Markets Division to James T. Stewart, Chief Executive Officer, Mobile Energy Services Company – LLC

TABLE 4.4, 40 CFR 52.21(r)(6)(v) INFORMATION FOR THE INITIAL PACKAGE BOILER PROJECT

<i>TYPE OF EMISSIONS</i>	<i>NO₂ (T/yr)</i>	<i>CO (T/yr)</i>
<i>Baseline Actual Emissions (BAE)</i>	<i>446</i>	<i>93.6</i>
<i>Significant defined by 52.21(b)(23)</i>	<i>40</i>	<i>100</i>
<i>Annual emission rate that would exceed BAE by a significant amount</i>	<i>486</i>	<i>194</i>
<i>Preconstruction Projection</i>	<i>132</i>	<i>96.7</i>

Response 5: This language has not been added to the permit. The underlying Permit to Construct P-2008.0008, issued April 24, 2008 for the Package Boilers does not include this language, nor does this language occur in any Rule or Regulation. Therefore, the suggested language is not an applicable requirement to be included in the Tier I operating permit. Additionally, depending on when the Package Boilers are installed, baseline actual emissions and projected actual emissions may change from what is included in the proposed table.

Comment 6: Permit Condition 5.12 and 5.13 -Clearwater requested that permit require only one RATA for NO_x and one for SO₂ on the No. 4 Power Boiler during the 5 year permit term because a RATA for SO₂ and NO_x were performed in October 2015.

Response 6: The draft permit required performing two RATAs for SO₂ and two RATAs for NO_x. The initial RATA for each pollutant was to occur during the 1st year of the permit term and then the second during the last year of the permit term. The permit has been modified to allow the RATAs conducted in October 2015 to replace the requirement to conduct RATAs during the 1st year of the permit term provided those tests satisfy the same requirements that the initial RATA must satisfy.

Comment 7: Permit Condition 9.11 – Clearwater requested that both NO_x and PM performance testing be conducted once during the permit term on the No. 5 Recovery Furnace.

Response 7: The draft permit remains unchanged. A PM test is required once during the permit term and NO_x testing shall occur once during the first 12 months of the permit term and once during the last 12 months of the permit term.

This source was tested for PM once during the previous permit term. On 11/10/10 PM emissions were measured at 0.004 gr/dscf, which is 11 times less than the standard. Testing once during the permit term and the CAM requirements are sufficient to assure compliance.

The source was tested twice during the previous permit term for NO_x. Test results for NO_x are: 94 lb/hr & 51ppm (3/15/12), and 107 lb/hr & 60 ppm (9/3/13). Test results are between 50% & 80% of the standard. Testing twice during the permit term is warranted and is consistent with DEQ’s guidance on source testing frequencies. Additionally, as the test results indicate NO_x emissions can fluctuate depending on how the source is operated and testing twice during the permit is reasonable to assure compliance.

Comment 8: Permit Condition 14.7 – Clearwater requests that SO₂ testing on the non-condensable gas incinerator be once per permit term.

Response 8: Permit Condition 14.7 remains unchanged. If the SO₂ measured during the most recent performance test is less than or equal to 50% of any respective SO₂ standard listed in Permit

Condition 14.5, then the permittee shall conduct a performance test within five years from the most recent test date. If the SO₂ measured in the most recent performance test is between 50% and 80% of any respective SO₂ standard listed in Permit Condition 14.5, then the permittee shall conduct a performance test within three years from the most recent test date. If the most recent test exceeds 80% of the standard, a test shall be conducted with one year. This testing frequency remains unchanged from the previous Tier I operating permit. This source has the potential to emit large quantities of SO₂ and periodic testing is warranted.

Additionally, testing as required by this permit condition is warranted to assure that the scrubber controlling emission continues to operate in an efficient manner. Also, DEQ notes that this testing frequency is consistent with DEQ's guidance on source testing. If historical testing results are indicative of future emissions then testing will only be required by this permit condition once during the permit term; the initial test was conducted on September 25, 2007. Sulfur dioxide emissions were measured at 39% of the standard.

Comment 9: Permit Condition 16.2 – Requiring the Lurgi scrubber to operate when the chlorine dioxide plant is not operating is an unreasonable permit condition. Either keep this condition the same as it is with the existing Tier 1 permit or change it to state the following: “The Lurgi scrubber shall operate a minimum of 95% of the Lurgi operating time on a calendar year basis.”

Response 9: The underlying permit to construct specifies that the scrubber shall operate 347 days per year. The Tier I permit simply reflects that requirement. Even if DEQ were to change the Tier I permit as suggested the underlying permit would still require operating 347 days per year. The underlying permit would need to be modified prior to making the suggested change to the Tier I permit.

Comment 10: Section 21 of the permit – Clearwater requested many changes to this section of the permit to be consistent with changes to the Boiler MACT Regulation signed by EPA on November 5, 2015.

Response 10: DEQ made all suggested changes. The sole purpose of Section 21 of the permit is to include the requirements of 40 CFR 63 Subpart DDDDD and the requested changes were necessary to be consistent with recent change to the regulation.

Comment 11: Clearwater requested changes to the 40 CFR 60 Subpart BBa references in Section 24 of the permit.

Response 11: DEQ made the suggested changes. DEQ had omitted that digester gases may be combusted in a recovery boiler subject to the provisions of §60.283(a)(2) as an alternative to combusting them in the non-condensable gas incinerator.

Appendix

Public Comments Submitted for

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