



STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION



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ACTING COMMISSIONER

**Bucksport Mill LLC
Hancock County
Bucksport, Maine
A-22-77-17-O**

**Departmental
Findings of Fact and Order
Certification of Offset Credits**

FINDINGS OF FACT

After review of the application submitted by Bucksport Mill LLC (Bucksport Mill), pursuant to 06-096 CMR 113, *Growth Offset Regulation*, the Department finds the following facts:

I. Introduction

Bucksport Mill has submitted an application to certify Volatile Organic Compound (VOC) offset credits resulting from the permanent shutdown of Paper Machines 1, 2, 4, and 5, the Greenwood Mill, and the Thermo-mechanical Pulping (TMP) Plant previously operated at the mill in Bucksport, Maine.

The facility is located at 2 River Road, Bucksport, Maine.

II. Facility Background

Prior to AIM Development USA, LLC purchasing the facility and operating it as the Bucksport Mill, the facility was previously operated as a pulp and paper mill. The mill consisted of a wood processing operation; a steam and power plant with boilers, steam turbines, and a gas turbine; a thermomechanical pulping operation; a groundwood pulping operation; a paper machine complex with four paper machines; and various ancillary operations. The facility was issued a Part 70 air emission license (A-22-70-A-I) on December 30, 2004 which included the equipment required to operate the pulp and paper mill. Due to a decline in the paper market, the facility shut down the paper making operations in December 2014.

AIM Development USA, LLC purchased the facility and continues to operate the power plant, but the pulp production and paper manufacturing portion of the facility has been permanently shut down and the associated equipment and most of the buildings associated with these processes are being removed from the site.

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III. Offset Generation Details

The Bucksport Mill is proposing to certify the VOC offset credits produced due to the operation cessation and subsequent permanent decommissioning of the pulp and paper making portion of the facility.

The Department's regulation 06-096 CMR 113, *Growth Offset Regulation* currently sets forth the requirements for obtaining and generating offset credits. Offset credits are regulatory allowances and do not constitute property rights or an investment security or commodity. Offset credits generated in Maine may not be used unless certified by the Department through the procedures found in 06-096 CMR 113.

The following addresses the requirements for credit generation and certification under Section 4 of 06-096 CMR 113:

A. Base Case Quantification: 06-096 CMR 113, Section (4)(A)

The offset credits must be based on actual emissions occurring in a consecutive 24-month period after May 31, 1995 and must be quantifiable and calculated according to the same method and averaging time for the base case and future case. The Bucksport Mill has requested offset credits based on actual VOC emissions emitted during the 24-month period from October 1, 2009 through September 1, 2011. This timeframe was selected because it is the most recent 24-month consecutive period which represents normal operation. Paper Machine #2 was shut down in October 2011 and continuing through 2014, the facility experienced weeks of paper machine downtime and curtailments due to market conditions.

The proposed base case VOC emissions are summarized in the table below:

VOC Offset Generating Unit	24-month time period	Base Case VOCs (TPY)	Method of Measurement
Paper Machines (1, 2, 4, and 5 total)	10/1/2009- 9/30/2011	133.0	Monthly production and emission factor
Groundwood Mill	10/1/2009- 9/30/2011	130.0	Monthly production and emission factor
Thermo-mechanical Pulping Plant	10/1/2009- 9/30/2011	23.2	Monthly production and emission factor
Total (prior to compliance assurance multiplier):		286.2	

The information used to calculate the actual VOC emissions in the table above can be found in the submitted offset certification application, including the monthly

production rates from October 2009 to September 2011 and the emission factors used.

B. Allowable Emissions Compliance: 06-096 CMR 113, Section (4)(B)

Only those emission reductions below the licensed or otherwise allowable emissions for the existing source are credible as offset credits. VOC emissions from the Paper Machines, Groundwood Mill, and TMP Plant remained in compliance with all federal and state VOC emission requirements and license limits during baseline operations. Therefore, all VOC emission reductions from the Paper Machines, Groundwood Mill, and TMP Plant qualify for certification as offset credits.

C. Required Reductions: 06-096 CMR 113, Section (4)(C)

Offset credits are not allowed for reductions in emissions that were required by any federally enforceable license conditions, requirements of the Clean Air Act, or other applicable federal or state law or requirement. The emission reductions from the Paper Machines, Groundwood Mill, and TMP Plant are due to the voluntary decommissioning of the manufacturing process and did not occur for compliance purposes. Therefore, the VOC reductions resulting from the shutdown are eligible for certification as offset credits.

D. Existing or Reasonably Foreseeable Reduction Requirements: 06-096 CMR 113, Section (4)(F)

Emission reductions are eligible as offset credits only if they are in excess of any existing or foreseeable federal or state law reduction requirements. For the Bucksport Mill's Paper Machines, Groundwood Mill, and TMP Plant, there are no:

1. emission reductions required by then existing or reasonably foreseeable federal law and requirements for VOCs from these sources, including without limitation proposed rules and rules promulgated with future or no established compliance dates, proposed MACT (Maximum Achievable Control Technology) standards, proposed rules or standards, programs included in an attainment demonstration, and Control Technology Guidelines;
2. emission reductions of VOCs from these sources that are required by then existing or reasonably foreseeable state laws and requirements, including without limitation proposed rules, legislation pending before the Maine Legislature, and proposed license limits;

3. emission reductions from these sources required by state laws specifically identified in the SIP as being necessary for the State to meet Clean Air Act requirements;
4. emission reductions from these sources already relied on for SIP planning purposes; and
5. emission reductions from these sources used by, or that will be required for, the Bucksport Mill to meet any other federal or state regulatory requirement.

E. Federally Enforceable Conditions: 06-096 CMR 113, Section (4)(G)

Emission reductions may qualify as offset credits only if they are made federally enforceable. The permanent shutdown of the Paper Machines, Groundwood Mill, and TMP Plant shall be considered federally enforceable through conditions included in this Certification of Offset Credit license requiring that the units shall no longer operate.

F. Licensed and Actually Operated: 06-096 CMR 113, Section (4)(H)

To qualify as offset credits, emission reductions must be generated by a source that has been licensed or otherwise allowed to emit and has been actually operating and emitting the pollutant for at least 2 years.

The Paper Machines 1, 2 and the Groundwood Mill began operations in 1930, Paper Machine 4 came on-line in 1966, and Paper Machine 5 and the TMP Plant began operations in 1976. Except for Paper Machine 2 shutting down in 2011, the process sources operated continuously until the production portion of the facility ceased operation in December 2014. Thus, the emission reductions from this equipment qualify as offset credits.

G. Shutdown Conditions: 06-096 CMR 113, Section (4)(I)

To qualify as offset credits, shutdowns or curtailments of plant production resulting in reduced emissions must demonstrate that the demand for the services or products will not shift to other similar sources in the state causing a failure of the expected decrease in emissions to occur. The removal of the Paper Machines, Groundwood Mill, and TMP Plant will not cause an emissions increase of VOC due to other sources compensating for the permanent shutdown. One of the primary reasons for the shutdown of the pulp and papermaking process at the facility is the continued decline of the market for the type of papers made at the mill. Other paper mills in the state have curtailed or shutdown similar paper making machines and market conditions are not predicted to improve.

H. Ozone Season: 06-096 CMR 113, Section (4)(J)

The portion of the credits to be used during the ozone season must be generated primarily during the ozone season. Operations of the Paper Machines, Groundwood Mill, and TMP Plant did not vary seasonally; therefore there were no major fluctuations in VOC emissions that need to be accounted for based on the time of year.

I. Quantification: 06-096 CMR 113, Section (5)(A-D)

Quantification of offset credits for credit generators includes quantification of the base credit and adjustment of the base credit for compliance assurance. The compliance assurance multiplier for stack tests is 0.85.

The certified offset VOC credits from the shutdown of the Paper Machines 1, 2, 4, and 5, the Groundwood Mill, and the TMP Plant were calculated to be the following:

VOC Offset Generating Unit	Basis of Calculations: Emission Factors (along with monthly production totals from 10/1/2009-9/30/2011)	Pre- multiplier TPY	Compliance Assurance Multiplier	VOC Certified Offset TPY
Paper Machines (1, 2, 4, and 5)	0.50 lb/MF	133.0	0.85	113
Groundwood Mill	2.03 lb/ADTP	130.0	0.85	110
TMP Plant	0.52 lb/ADTP	23.2	0.85	20
Total VOC credits				243

The compliance assurance multiplier of 0.85 was utilized since the emission factors were based on stack testing performed in the mid 1990's by NCASI (National Council on Air and Stream Improvement) and the Champion Technology Group at the Bucksport Mill. These stack test-based VOC emission factors were also used in the licensing process for the Groundwood Mill and TMP Plant.

06-096 CMR 113 requires that the offset credits shall be quantified in an average hourly or daily emission rate expressed in pounds. On a daily basis, taking into account the compliance assurance multiplier, the VOC offset credits are: Paper Machines 1, 2, 4, and 5 (total) 620 lb/day; Groundwood Mill 605 lb/day; and TMP Plant 108 lb/day.

IV. Regulatory Summary

State and federal regulations address the processing of offsets, including Maine's 06-096 CMR 113 rule and the federal rule 40 CFR Part 51, Appendix S, *Emission Offset Interpretive Ruling*. Maine's current rule, 06-096 CMR 113, became effective April 18, 1999 and its requirements were followed as part of this licensing action to certify Bucksport Mill's offset credits. In addition to the 1999 06-096 CMR 113 regulation, a previous version of the regulation was approved by EPA as part of Maine's State Implementation Plan (SIP). The effective date of the SIP version of 06-096 CMR 113 is July 11, 1994. The 1999 version has not been SIP approved.

The Department has determined that the process utilized by Bucksport Mill to calculate baseline emissions and certify the offset credits meets the requirements of the current Maine rule, the SIP approved state regulation (06-096 CMR 115, 1994 version), and the federal rule. The 24 month baseline dates (October 2009- September 2011) are within the 5 year period of the certification date, as interpreted from the 1994 version of 06-096 CMR 113. Note that the 1999 version of 06-096 CMR 113 allows a baseline of actual emissions in any consecutive 24-month period after May 31, 1995. The federal rule allows for a representative 24-month period to be utilized, as found in 40 CFR Part 51, Appendix S, Section II(A)(13)(ii) and Section IV(C).

Section II(A)(13)(ii) definition of actual emissions: "In general, actual emissions as of a particular date shall equal the average rate, in tons per year, at which the unit actually emitted the pollutant during a consecutive 24-month period which precedes the particular date and which is representative of normal source operation. The reviewing authority shall allow the use of a different time period upon a determination that it is more representative of normal source operation.

Section IV(C): "...When offsets are calculated on a ton per year basis, the baseline emissions for existing sources providing the offsets should be calculated using the actual annual operating hours for the previous one or two year period (or other appropriate period if warranted by cyclical business conditions)."

Based on the above, the offsets certified for the Bucksport Mill meet the requirements of Maine's current regulation as well as the federal requirements.

V. Outstanding Air Emission Fees

The Bucksport Mill is in good financial standing with the Bureau of Air Quality.

**Bucksport Mill LLC
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Bucksport, Maine
A-22-77-17-O**

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ORDER

Pursuant to the requirements in 06-096 CMR 113 and based on the above Findings, the Department hereby grants air emission license A-22-77-17-O subject to the following:

- (1) The Bucksport Mill is granted certification of 243.0 tons of VOC Offset Credits under 06-096 CMR 113.
 - A. The credits generated are a direct result of the shutdown of the Paper Machines, Groundwood Mill, and TMP Plant at the facility in Bucksport, Maine.
 - B. The Paper Machines (numbers 1, 2, 4, and 5), Groundwood Mill, and TMP Plant shall not be operated at the Bucksport site.
- (2) The Bucksport Mill shall notify the Department in writing of any sale or other transfer of these credits within 30 days of such sale or transfer.

DONE AND DATED IN AUGUSTA, MAINE THIS *11* DAY OF *January*, 2016.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

BY: *Marc Allen Robert Cone for*
AVERY T. DAY, ACTING COMMISSIONER

PLEASE NOTE ATTACHED SHEET FOR GUIDANCE ON APPEAL PROCEDURES

Date of initial receipt of application: October 13, 2015

Date of application acceptance: October 14, 2015

Date filed with the Board of Environmental Protection:

This order prepared by Kathleen E. Tarbuck, Bureau of Air Quality.

