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May 29, 2014

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NORTHWEST FLORIDA
DEP

Mr. Charles Harp
Waste Management/Air Resources Program Director
Florida Department of Environmental Protection
Northwest District Office
160 Government Center
Pensacola, FL 32502-5794

Re: Extension Request - 40 CFR 63 Subpart DDDDD (Boiler MACT Rule)
International Paper – Pensacola Mill
Title V Permit No. 0330042-019-AV

Dear Mr. Harp:

The purpose of this letter is to request a one (1) year extension from 40 CFR Subpart DDDDD (Boiler MACT) as provided by 40 CFR 63.6(i). Under 63.6(i)(4)(i)(A):

*“The owner or operator of an existing source who is **unable to comply with a relevant standard** established under this part pursuant to section 112(d) of the Act may request that the Administrator (or a State, when the State has an approved part 70 permit program and the source is required to obtain a part 70 permit under that program, or a State, when the State has been delegated the authority to implement and enforce the emission standard for that source) grant an extension allowing the source up to 1 additional year to comply with the standard, if such additional period is necessary for the installation of controls..”*

Table 10 to Subpart DDDDD of Part 63 notes that “facilities may also request extensions of compliance for the installation of combined heat and power, waste heat recovery, or gas pipeline or fuel feeding infrastructure as a means of complying with this subpart.”

As noted at 63.6(i)(4)(i)(B), the request must be made in writing at least 120 days prior to the compliance date. The request for the extension must include all the information required at 63.6(i)(6)(i).

The purpose of this correspondence is to submit a one year compliance extension for sources at International Paper’s Pensacola Mill subject to the Boiler MACT rule (40 CFR 63, Subparts A & DDDDD). The final Boiler MACT regulations were posted in the Federal Register on January 31, 2013. The mill has four (4) boilers that are affected by the rule. The compliance strategy for

Power Boiler No. 3, Power Boiler No. 4, Power Boiler No. 5, and Power Boiler No. 6 cannot be finalized until the issues surrounding rule reconsideration and litigation are resolved. The one year extension is needed so the issues surrounding rule uncertainty can be resolved and the facility can finalize their compliance approach.

Although it appears that Florida has not yet specifically adopted by reference the final Boiler MACT regulation or promulgated comparable state regulations, as Florida has been delegated air regulatory authority from EPA, we consider the Department of Environmental Protection is the appropriate agency to which our compliance extension request is to be submitted. If we are in error, please advise us as soon as possible and we will submit this request directly to US EPA.

Background

The final Boiler MACT regulations were posted in the Federal Register on January 31, 2013. On April 1, 2013, several parties filed an administrative reconsideration petition with EPA. On August 5, 2013, the EPA identified several Boiler MACT issues it will reconsider in the rulemaking and asked the court on August 6 to order parties to submit a briefing schedule. To date, EPA has not taken action or published potential rule changes that address the issues identified for reconsideration.

On February 28, 2014, to address issues raised in the remand of the August 2013 Sewage Sludge Incinerator (SSI) MACT case, the EPA asked the court to remand the record for certain standards in the rule and for a severance and full remand of other standards but did not propose a stay of the standards. Several issues raised in this case could carry over and impact the Boiler MACT rule. Specifically, the challenges to how EPA developed subcategories and the statistical basis for setting the standards.

On February 28, 2014, the EPA filed a motion with the court regarding the Boiler MACT rules for (1) a remand of the record for 60 days and (2) a voluntary remand without vacature of certain of the numeric standards in the rule. On the same day, EPA filed a motion to suspend the briefing schedule pending the court's resolution of the remand motion. On March 21, the court suspended the briefing schedule until further notice.

On May 15, 2014, the court granted EPA's motions and issued a new briefing schedule with final legal briefs on the issues (except those related to the fully remanded standards and the reconsideration issues) due on January 21, 2015. Oral argument will likely come no sooner than fall 2015 and a final ruling by the court could very well be issued after the compliance date of January 31, 2016. Notwithstanding the uncertainties caused by the extensive and prolonged litigation, EPA has stated they have no intention of extending the compliance deadline.

Rule Uncertainty

As noted, there are still issues under reconsideration and litigation that will have an impact on the Boiler MACT rule and its standards and regulatory requirements. This state-of-flux creates uncertainty in the rule and impacts the ability for facilities with affected units to develop and implement a compliance approach. This uncertainty is untenable for the regulated community, and International Paper cannot afford to gamble significant capital on the wrong compliance investments. This would require International Paper to invest millions of dollars on technologies and compliance approaches that may not be appropriate when the issues surrounding the rule are resolved. In 2007, the court struck down the 2004 rules just three months before the

compliance deadline. International Paper had already spent a significant amount of money on major investments to comply with these standards – that were ultimately changed – resulting in investments that are not appropriate with the current January 31, 2013 rule. In order to be competitive in a global market, International Paper cannot afford to make the wrong investments while the Boiler MACT rule is still changing.

Representatives for the trade groups involved in the reconsideration of the rule approached EPA OAQPS regarding the timing of these issues and, specifically, the fact that EPA is not asking to delay the compliance date for Boiler MACT. The response from EPA OAQPS is that the facilities have the ability to ask for a one year extension.

The MACT General Provisions, under 40 CFR 63.6(i), allow the facility to request an extension for the installation of controls, gas pipeline, or fuel feeding infrastructure to comply with a relevant standard. As the relevant standards are still subject to change, it is not possible for a facility to finalize their compliance approach and thus know if these installations are necessary.

Affected Units

This extension request applies to the following affected units:

Boiler ID	Boiler Classification	Heat Input Rating (MMBtu/hr)	Permitted Fuels	Current Control Device(s)
Power Boiler No. 3	Pulverized Coal	347	Coal, natural gas	Wet scrubber
Power Boiler No. 4	Hybrid Suspension Grate	666	Coal, bark, natural gas	Wet scrubber
Power Boiler No. 6	Gas 1	533	Natural gas	N/A
Power Boiler No. 5 (Package Boiler)	Gas 1	195	Natural gas	N/A

These units were identified as being subject to Boiler MACT in the initial notification submitted to your office on April 26, 2013. This extension request applies to all emission limits, work practice standards, initial performance testing, site-specific monitoring plans, recordkeeping and reporting and all other requirements specified by 40 CFR 63, Subpart DDDDD.

Description of Controls to be Installed §63.6(i)(6)(i)(A)

Due to uncertainty in the rule, it is unknown at this time if upgrades to existing controls, new controls, or new fuel feed systems will be necessary to comply with Boiler MACT. Once a compliance alternative is selected, it takes at least one year for the engineering, procurement/delivery, construction and commissioning of new equipment. The requested one year extension is necessary for the facility to develop the correct compliance approach for the affected units based on the requirements and standards of the Boiler MACT rule following rule reconsideration and litigation.

In order to comply with the January 31, 2013 Boiler MACT Rule, the Pensacola Mill would need to undergo a fuel switch on No. 3 Power Boiler to meet the HCl emission limit. In an August 5, 2013 letter, EPA stated it is granting the petitions for reconsideration on certain requirements of the rule. In addition, litigation on another rule (SSI MACT) may call into question how the upper predictive limits were set for other MACT rules including Boiler MACT. This could affect the

current Boiler MACT HCl limits. Since the current Boiler MACT standards requiring capital expenditure are still in question, it is unreasonable for the Pensacola Mill to develop a scope and install equipment that may not meet the requirements of the rule once all litigation has been resolved and the EPA has published its Administrative Reconsideration of the rule. Therefore, the Mill respectfully requests that FDEP grant a one year compliance extension to the Mill to allow EPA the time to resolve these issues and make final decisions on the rule requirements.

Compliance Schedule §63.6(i)(6)(i)(A)

The following is a summary of the proposed compliance schedule for the project based on the mill receiving the one year extension. These milestone durations are based on the scope of the project to comply with the January 31, 2013 finalized rule. Changes to the rule may cause a change in project scope, and thus, the compliance schedule milestones and durations may need to be adjusted.

Project Milestone	Target Date
EPA updates/clarifies BMACT Regulation in response to litigation and reconsideration	TBD (X) ¹
Commit to equipment and project engineering for compliance option and submit construction permit application	X + 3 months
Commit to equipment material procurement and fabrication for compliance option	X + 5 months
Initiate construction for compliance option	X + 10 months
Construction complete, startup and commissioning	X + 16 months
The date by which final compliance is to be achieved	January 31, 2017

Summary

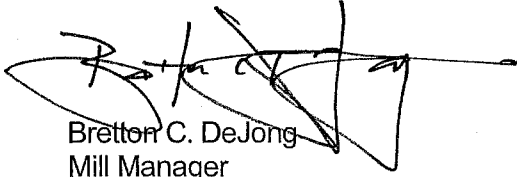
This request is based on the current promulgated compliance date of January 31, 2016 for existing units [40 CFR 63.7495(b)]. If this date changes due to remand or reconsideration of the rule by EPA or the courts, this request and compliance schedule will very likely need revision or be invalidated.

Your written response on the requested extension is respectfully requested. If you have any questions or need additional information, please contact Laurie McLain, Environmental Engineer, at 850-968-4287 or by email at laurie.mclain@ipaper.com.

¹ Given the numerous uncertainties in the litigation timeline, the date by which a final resolution of the legal challenges will be reached is unknown. A conservative best guess for the resolution of these issues is mid-2015; however, it is certainly possible that the lawsuits might not be resolved until sometime in 2016.

Based on information and belief formed after reasonable inquiry, I, as the responsible official of International Paper Pensacola Mill, certify, to the best of my knowledge, the statements and information in this submission are true and accurate.

Sincerely,

A handwritten signature in black ink, appearing to read "Bretton C. DeJong", written over a large, stylized scribble or signature.

Bretton C. DeJong
Mill Manager

cc:
Matt Giffin (IP)
Rick Prior (IP)
Allyson Bristow (IP)