

**MINUTES  
STATE AIR POLLUTION CONTROL BOARD MEETING  
WEDNESDAY, JUNE 22, 2005**

**DEPARTMENT OF ENVIRONMENTAL QUALITY  
PIEDMONT REGIONAL OFFICE  
4949-A COX ROAD  
GLEN ALLEN, VA**

**Board Members Present:**

Richard D. Langford, Chairman  
John N. Hanson

Karlynn W. Bucher, Vice-Chairman

**Board Members Absent:**

Vivian E. Thomson

Smita Siddhanti

**Department of Environmental Quality:**

Robert G. Burnley, Director

Cindy M. Berndt

**Attorney General's Office:**

Carl Josephson, Assistant Attorney General

- 1) The following minutes summarize activities, which took place at this Board meeting.
- 2) The meeting was convened at 9:35 a.m. and adjourned at 11:00 a.m.

---

**Minute No. 1 - NO<sub>x</sub> and VOC Emissions Control Areas (9 VAC 5 Chapter 20, Rev. D04)** – Mr. Gary Graham, Office of Air Regulatory Development presented amendments to the regulations for the control and abatement of air pollution concerning VOC and NO<sub>x</sub> emissions control areas. Mr. Graham explained that as a result of the recent promulgation of the new 8-hour ozone nonattainment areas, changes to the VOC and NO<sub>x</sub> emissions control areas designated in 9 VAC 5-20-206 were necessary so that regulations that are designed to attain ozone air quality standards are implemented within the new and revised ozone nonattainment areas. He advised the Board that a new Fredericksburg VOC and NO<sub>x</sub> Emissions Control Area is created and the Richmond and Hampton Roads VOC and NO<sub>x</sub> Emissions Control Areas are expanded to include all of the counties and cities in the corresponding 8-hour ozone nonattainment areas. Most of the emission standards that are designed to attain and maintain ozone air quality standards are extended to the new areas automatically by reference. Other regulations refer to individual VOC emissions control areas and must be amended in order to be properly implemented within the appropriate VOC emissions control areas.

Based on the Board book material, staff presentation and Board discussion, the Board, on a motion made by Mr. Hanson, authorized the Department to promulgate the proposal for public comment.

**Minute No. 2 - Variance for International Paper (9 VAC 5 Chapter 230)** – Mr. Robert A. Mann, Office of Air Regulatory Development presented a proposed variance for International Paper Company (IP), Inc. Franklin Paper Mill. Mr. Mann advised the Board that International Paper Company (IP) Franklin Paper Mill has entered into a partnership with the U.S. Environmental Protection Agency

(EPA) and the Virginia Department of Environmental Quality (DEQ) to initiate an innovative approach for meeting environmental regulations in a cost-effective manner. This partnership has identified a way to exceed the requirements of environmental regulations in order to provide the greatest benefit to the environment, IP's Franklin mill, and the local community.

He explained that a variance would allow IP to implement the environmental innovations project. While the precedent exists in Virginia for sitewide caps, IP must agree to accept the sitewide caps in order to obtain a variance from existing state regulations. The final result will be an IP site-specific regulation specifying the air pollutant caps. He advised the Board that the site-specific variance was needed for the IP Franklin Paper Mill in order to provide relief from the state regulations governing new source review and to establish sitewide emission caps for particulate matter (PM and PM<sub>10</sub>), sulfur dioxide, oxides of nitrogen, carbon monoxide, volatile organic compounds, total reduced sulfur, lead, sulfuric acid mist and fluorides. The sitewide emission caps would be used as alternative means of compliance with state regulations governing new source review (Article 4 of Chapter 50, and Articles 6, 8 and 9 of Chapter 80).

Mr. Mann summarized the provisions of the variance, the public comments received, and changes being recommended by the staff in response to the comments.

Based on the Board book material, staff presentation and Board discussion, the Board, on a motion made by Ms. Bucher, issued the order granting the variance, adopted the variance, with amendments presented at the meeting, to become effective on September 1, 2005 or later if necessary to comply with the Administrative Process Act. Further, the Board directed that the variance be submitted to the U.S. Environmental Protection Agency as a state implementation plan revision. In addition, the Board requested that the documents be amended to reflect that not all pollutant emissions would be limited or reduced from past actual emissions.

**Minute No. 3 – Public Forum:** No one appeared during the public forum.

**Minute No. 4 – Division's Director Report:** The Board received a report on air quality program activities as contained in the Board book. In addition, Mr. Daniel provided additional information on the Clean Air Mercury Rule and the Clean Air Interstate Rule.

**Minute No. 5 - Emissions Inventory:** Mr. Tom Ballou of the Office of Air Data Analysis presented a status of the emissions inventory, including comparisons to other states, Virginia emissions profiles, future emissions predictions, and a discussion of data sources.

**Minute No. 6 – Minutes:** The Board, on a motion of Ms. Bucher, approved the minutes with an amendment changing Mr. Langford's conflict of interest declaration from Minute Number 7 to Minute Number 5.

**Minute No. 7 - High Priority Violators (HPVs) for the First Quarter, 2005:** Mr. Michael G. Dowd of the Division of Enforcement Coordination presented a report on high priority violators for the first quarter of 2005.

**Minute No. 8 – State Advisory Board Membership:** Mr. John M. Daniel, Jr., Director of Air Programs, presented the Department's recommendations for appointments to the State Advisory Board on Air Pollution.

Based on the material provided at the meeting and the staff presentation, the Board, on a motion by Ms. Bucher, (1) appointed Brock Herzberg, Joe G. Loschiavo, Doug Feuerbach, John Holloway/Angela

Jenkins, Dan Demers, Lowell Smith, Susan Wood Gay, Mitchell Scott and John Roland with terms ending on December 31, 2006; (2) approved the appointment of Jean-Marc Kien as an alternate for Sheryl Raulston; and (3) approved reappointment of Daniel R. Holmes, Cathy Taylor, Tedd Jett and Ted Handle with terms ending on December 31, 2005.

*Cindy M. Berndt*  
\_\_\_\_\_  
Cindy M. Berndt

Approved Minute No. 6  
Sept. 26, 2005

**STATE AIR POLLUTION CONTROL BOARD**

**AN ORDER**

**GRANTING A VARIANCE TO**

International Paper Company  
34040 Union Camp Drive  
Franklin, Virginia 23851

Registration No. 60214

**SECTION A: PURPOSE**

This Order of the State Air Pollution Control Board (SAPCB) is issued for the purpose of granting a site-specific variance to International Paper Company (International Paper) for the operation of its Franklin Paper Mill in Franklin, Virginia, under a federally enforceable state operating permit (FESOP) permit in lieu of SAPCB Regulations pertaining to new source review (NSR) permitting and International Paper's existing permits. The variance is being granted in consideration of the proposed Innovations Project Final Project Agreement (FPA) addressing the International Paper Franklin Paper Mill. The goal of this project is to develop a regulatory structure for the International Paper Franklin Paper Mill that both facilitates flexible manufacturing operations and achieves superior environmental performance while simplifying compliance with regulations.

**SECTION B: REFERENCES**

All terms not defined here shall have the meaning given them in the variance, unless otherwise required by context. The following words and terms have the meanings assigned to them below:

"Code" means the Code of Virginia.

"Department" means the Department of Environmental Quality, an agency of the Commonwealth described in § 10.1-1183 of the Code.

"EPA" means The United States Environmental Protection Agency.

"FPA" means the Final Project Agreement which sets forth the concept of the planned International Paper Innovations Project and incorporates a FESOP permit.

"International Paper" refers to International Paper Company, a New York corporation authorized to conduct business in Virginia and the owner/operator of a plant (the Franklin Paper Mill), located at 34040 Union Camp Drive, in Franklin, Virginia.

*Attachment to 6/22/2005  
Minutes - Minute No 2*

"Order" means this order granting the variance.

"FESOP" means the federally enforceable state operating permit issued under the provisions of Article 5 (9 VAC 5-80-800 et seq.) of Part II of 9 VAC 5 Chapter 80 to International Paper, Franklin Paper Mill, pursuant to this order.

"SAPCB Regulations" means 9 VAC 5 Chapters 10 through 80.

"Site" and "Facility" mean the Kraft paper mill located on the contiguous property at 34040 Union Camp Drive, Franklin, Virginia, under common control by International Paper, and its successors in ownership, known as the Franklin Paper Mill.

"VAC" or "9 VAC" means Title 9 of the Virginia Administrative Code. This title comprises the environmental regulations for the Commonwealth of Virginia, including the regulations of the State Air Pollution Control Board.

"Variance" means 9 VAC 5 Chapter 230 (9 VAC 5-230).

### **SECTION C: AUTHORITY**

1. Chapter 13 of Title 10.1 of the Code creates the Board and vests in it the authority to supervise and control various aspects of air pollution in the Commonwealth. Among the Board's powers is the authority to promulgate regulations "abating, controlling and prohibiting" air pollution, found in § 10.1-1308 of the Code.

2. Pursuant to its authority, the Board has promulgated the SAPCB Regulations, which first took effect March 17, 1972, and have been amended.

3. Pursuant to §§ 10.1-1307 C and 10.1-1307 E of the Virginia Air Pollution Control Law and as set forth in 9 VAC 5-170-140 and 9 VAC 5-170-170, the Board may in its discretion grant local variances to any provisions of SAPCB regulations after an investigation and public hearing and shall grant the variance by issuing an order.

4. Pursuant to § 10.1-1307 D and § 10.1-1309 of the Code, the Board has the authority to issue orders to diminish or abate the causes of air pollution and to enforce its rules and regulations. Orders of the Board are enforceable pursuant to §§ 10.1-1316 and 10.1-1320 of the Code.

### **SECTION D: VARIANCE**

The Board has carefully reviewed all of the relevant materials in this matter, including the department's report of its investigation conducted on behalf of the Board, the information provided by the public through oral and written comments, and the presentation of the department staff at the June 22, 2005 meeting of the Board, including the information related to the special considerations as reflected in Enclosure 1.

In consideration of all of the above and pursuant to § 10.1-1307 C of the Code and 9 VAC 5-170-140, the Board finds that the granting of a variance to International Paper Company is appropriate and warranted by local conditions. In support of this finding, the Board accepts and adopts the department's report as a basis for its decision. Accordingly, the Board grants International Paper a variance from the SAPCB Regulations under the following terms and conditions:

1. This order shall become effective on the date on which it is signed by the chairman of the State Air Pollution Control Board.
2. This variance shall become effective September 1, 2005.
3. The department may issue the FESOP permit under the terms of this order and the variance but not prior to the effective date of this order.
4. International Paper may operate under the provisions of the variance and the FESOP:
  - a. Provided International Paper has not administratively appealed the FESOP or filed a notice of appeal for judicial review during the period within which such appeals must be filed, and
  - b. International Paper has (i) provided written notification to the department that it accepts and will operate under the provisions of the variance and the FESOP and (ii) received written confirmation of receipt by the department.
5. In no case may International Paper operate under the provisions of the variance and the FESOP prior to the effective date of the variance.
6. International Paper shall comply with the terms and conditions of the variance and the FESOP.
7. The provisions of this order and of the variance shall not become applicable federal requirements as defined in 9 VAC 5-80-60 unless approved by EPA as part of the implementation plan.
8. The board may modify, rewrite, or amend this order or the variance with the consent of International Paper, for good cause shown by International Paper, or on its own motion after notice and a public comment period and hearing in accordance with § 10.1-1307 C of the Virginia Air Pollution Control Law and 9 VAC 5-170-140 provided approval of the changes is accomplished in accordance with the regulations of the board, the Administrative Process Act (§ 2.2-4000 et seq.), and 40 CFR Part 51 (Requirements for Preparation, Adoption, and Submittal of Implementation Plans).
9. The board may revoke this order or the variance in accordance with § 10.1-1307 C of the Virginia Air Pollution Control Law and 9 VAC 5-170-140 for any reason



permitted under its statutory authority.

**SECTION E: TRANSFER OF OWNERSHIP**

1. The terms of this order are transferable to a new owner upon sale of the site in accordance with provisions specified by the variance.

2. In the case of a transfer of ownership of the site, the new owner shall comply with this order. The new owner shall notify the department of the change in ownership within 30 days of the transfer and shall request an administrative amendment to the FESOP as provided in 9 VAC 5-230-80 E.

3. In the case of a name change of the site, the owner shall comply with this order. The owner shall notify the department of the change in source name within 30 days of the name change and shall request an administrative amendment to the FESOP as provided in 9 VAC 5-230-80 E.

**SECTION F: APPEALS**

This order is being executed to establish the variance, which is a regulation under the Administrative Process Act; therefore, all appeals of this order or the variance must be under the provisions of Article 5 (§ 2.2-4025 et seq.) of the Administrative Process Act.

**SECTION G: FAILURE TO COMPLY**

Failure by International Paper to comply with any of the terms of the variance shall constitute a violation of an order of the board. Nothing herein shall waive the initiation of appropriate enforcement actions or the issuance of additional orders as appropriate by the board as a result of such violations. Nothing herein shall affect appropriate enforcement actions by any other federal, state, or local regulatory authority.

It is so ordered:

**STATE AIR POLLUTION CONTROL BOARD  
OF THE COMMONWEALTH OF VIRGINIA**

June 22, 2005  
(date)

BY: Richard D. Langford  
Chairman

**COMMONWEALTH OF VIRGINIA  
STATE AIR POLLUTION CONTROL BOARD  
SPECIAL CONSIDERATIONS FOR  
REGULATION REVISION DV  
CONCERNING**

**VARIANCE FOR INTERNATIONAL PAPER FRANKLIN PAPER MILL  
(9 VAC 5 CHAPTER 230)**

Pursuant to the provisions of § 10.1-1307 E of the Virginia Air Pollution Control Law, the Board, in approving the variance for International Paper, considered facts and circumstances relevant to the reasonableness of the activity involved and the regulations proposed to control it, including the following:

**1. The character and degree of injury to, or interference with, safety, health, or the reasonable use of property which is caused or threatened to be caused:**

No adverse impact to the safety, health, or reasonable use of property is envisioned with this action. Through the use of site-wide emission caps, the variance restricts actual air emissions from the International Paper Franklin mill to levels that are lower, in most cases substantially so, than International Paper's current allowable levels. The site-wide caps were established based on historical emissions, adjusted due to reductions reflected in existing permit requirements and compliance with federal MACT requirements and adjusted for increases based on the PSD significance levels.

The variance has been endorsed by the Environmental Innovation Project Stakeholders (including non-governmental, local, and community representatives, EPA, and the DEQ) as the preferred regulatory mechanism to facilitate the implementation of the "plus projects" aspect of International Paper's Environmental Innovations Project. This group of voluntary projects collectively will reduce air, water, and solid waste impacts from the mill. As such, approving the variance will provide a greater degree of environmental benefit to the surrounding community and the Commonwealth of Virginia than would be realized by International Paper complying with the pulp and paper MACT rules as written.

Consequently, there is no anticipated injury to or interference with safety, health, or reasonable use of property associated with approval of the variance.

**2. The social and economic value of the activity involved:**

The Franklin Mill is a key economic contributor to the economy in southeastern Virginia. With approximately 1300 employees, the mill is the second-largest employer in Isle of Wight County. Specifically, the Franklin Mill provides



economic support to the City of Franklin, Isle of Wight County and Southampton County.

The domestic pulp and paper industry has undergone significant consolidation in recent years and is under increasing economic pressure from overseas competitors. The variance will help maintain the competitiveness of the Franklin mill and strengthen its long-term economic viability. It provides a means for International Paper to flexibly respond to market demands through equipment or operational changes, while at the same time meeting its environmental compliance commitments. Consequently, the variance represents substantial social and economic value to the community and the Commonwealth.

**3. The suitability of the activity to the area in which it is located:**

The Franklin Mill is one of the oldest continuously operated manufacturing sites in the Commonwealth of Virginia. Sawmill operations at the site date back prior to 1850. Chesapeake-Camp Corporation, which began papermaking operations on the site in 1937, merged with Union Bag and Paper Company in 1956 to form what would later be known as Union Camp. Union Camp was acquired by International Paper in 1999.

International Paper Franklin has a long history of environmental stewardship, exemplified by the mill's commitment to implementing environmental programs which go beyond compliance with regulatory requirements. The mill has been recognized by the DEQ for its outstanding environmental record as an Exemplary Environmental Excellence (E3) site, one of only 33 companies in the Commonwealth to be so recognized. In 2003 the mill was accepted into EPA's Performance Track Program for environmental excellence. International Paper is one of only 10 sites in Virginia and the only paper mill in all of EPA Region III, to receive this recognition. In 2005 the Franklin mill was further recognized by the EPA with the Performance Track Outreach Award.

International Paper operates the Franklin mill in strict compliance with all federal, state, and local permits, approvals, and applicable ordinances. The variance will not change the company's commitment to environmental stewardship, and thus will have no impact on the suitability of the Franklin mill for the area in which it is located.

**4. The scientific and economic practicality of reducing or eliminating the discharge resulting from such activity:**

Through the use of site-wide emission caps, the variance restricts annual pollutant emissions from International Paper's Franklin Mill to levels below current allowable emissions. It obligates International Paper to maintain actual emissions at or below cap levels, regardless of equipment or production changes

that may occur at the mill. International Paper will also be required to continue to operate their existing air emissions control equipment.

In addition to the over \$7 million cost of the voluntary plus projects, International Paper is proposing to spend \$3.2 million prior to acquiring the authority to operate under the emission caps in the variance to install voluntary NO<sub>x</sub> and SO<sub>2</sub> controls in order to insure that actual emissions meet the cap levels. As required by the variance, further expenditures for emission controls may be needed in the future if International Paper adds new emission units to the mill.

The variance will replace existing terms and conditions of permits issued under the Virginia's major and minor source NSR program. International Paper's compliance with the emission caps will constitute both current and ongoing compliance with these programs. Furthermore, International Paper's emissions are limited by federal New Source Performance Standards, federal Maximum Achievable Control Technology (MACT) standards, and Virginia state existing source emission standards. The process of setting these standards, which will continue to remain in effect after the emission caps authorized by the variance are implemented, weighs the benefit of lower emissions against their technical feasibility and the economic impact that achieving them would have on the regulated community.

REG\VAR-FIN\DV-IP\DV-SPEC-CONSIDER

COMMONWEALTH OF VIRGINIA  
STATE AIR POLLUTION CONTROL BOARD

AMENDMENTS TO DRAFT FINAL REGULATIONS  
CONCERNING  
INTERNATIONAL PAPER VARIANCE (REV. DV)

AS PRESENTED AT THE  
JUNE 2005 BOARD MEETING

Replace 9 VAC 5-230-40 A (pages 4 & 5) with the following:

A. Except as provided in subsection B of this section, on or after the date that International Paper is granted authority to operate under the provisions of this chapter and the FESOP, no owner or other person shall cause or permit to be discharged into the atmosphere from the affected facility any emissions in excess of the sitewide emissions caps set forth in subdivisions 1 through 10 of this subsection.

1. For particulate matter (PM), the emissions cap shall be 1166 tpy.
2. For particulate matter (PM<sub>10</sub>), the emissions cap shall be 804 tpy.
3. For sulfur dioxide (SO<sub>2</sub>), the emissions cap shall be ~~7900~~ ~~7890~~ tpy.
4. For oxides of nitrogen (NO<sub>x</sub>), the emissions cap shall be 3000 tpy.
5. For carbon monoxide (CO), the emissions cap shall be ~~2574~~ ~~2568~~ tpy.
6. For volatile organic compounds (VOCs), the emissions cap shall be ~~694~~ 1209 tpy.
7. For total reduced sulfur (TRS), the emissions cap shall be ~~223~~ ~~278~~ tpy.
8. For lead, the emissions cap shall be 0.135 tpy.
9. For sulfuric acid mist (H<sub>2</sub>SO<sub>4</sub>), the emissions cap shall be 100 tpy.
10. For fluorides, the emissions cap shall be 20.4 tpy.

Replace 9 VAC 5-230-50 F (page 7) with the following:

F. All new source review permit program permits that have been issued to the affected facility prior to the effective date of this chapter are rescinded. All terms and

Attachment to 6/22/2005  
Minutes - Minute No. 2

conditions not related to the unit-specific emission limitations that were established to limit the potential to emit for the affected units in order to avoid otherwise applicable requirements are included in the FESOP. The permits that are rescinded include, but are not limited to, the following:

1. Power boilers permit dated [~~8/3/2003~~ 4/8/2003] and amended on 7/6/2004;
2. Digesters, Evaporators, Bleach Plant and Recovery Boiler permit dated 5/11/2004;
3. Lime Kiln permit dated 3/16/2004;
4. Paper Machine permit dated 7/5/2001; and
5. Starch Silo permit dated [~~5/11/1993~~ 5/21/1993].

REG\VAR-FIN\DV-07BF-C