cellulose material solutions,llc

August 19, 2022

Mr. Christopher Robinson, Environmental Quality Analyst
EGLE-AQD, Grand Rapids District Office
State Office Building
350 Ottawa NW, Unit 10
Grand Rapids, Michigan 49503-2341

Re: Violation Notice (SRN: N7756)
Cellulose Material Solutions, Inc (CMS, Inc.)

Dear Mr. Robinson,

This letter is in response to the violation notice (VN) written by you, dated August 2, 2022. The referenced VN, cited the company with being in violation of four (4) permit conditions associated with PTI #27-07 and one violation associated with Michigan Air Pollution Control Rule 201.

- Failure to implement requirements of the Preventative Maintenance Plan (S.C. 1.3a and 1.3b)
- Failure to provide records demonstrating compliance with SC 1.3a and 1.3b (S.C. 1.5)
- Improper operation and maintenance of control device (1.4)
- Improper collection and disposal of collected air contaminant (G.C. 12)
- Installation without an air permit (Rule 201)

Accompanying this letter was an EGLE staff activity report, which provided EGLE's understanding of the issues and observations during the June 22, 2022 inspection. The violations identified in the VN and described in the staff activity report involve the dust collection operations associated with EUInsPanels (Panel Line #1), the installation of Panel Line #2, and the source designation performed by the then MDEQ-AQD during the application of Panel Line #1 in 2007.

The Panel Line process, as described in the staff activity report, consist of blending both cellulose and synthetic fibers into a batting which is laid onto a conveyorized batt forming machine where the continuous web is heated and compressed to form a continuous panel. It is then cut into specific lengths, stacked and shipped as the end product. The opening of fiber bales, mixing and blending operations, generate airborne dust in the form of shredded cellulose and synthetic fibers. This dust, on Panel Line #1, is controlled by one of two dust collection units. The Pneumafill baghouse dust collection unit is located in the boiler area and controls the dust from much of the mixing, blending, and material transfers. The MAC dust collection unit, located outside the boiler room building is used to control small amounts of fibers that are generated within the cure oven, while the web is being compressed and heated. Collected fibers from the baghouse are returned to bale opening area of the process to be reprocessed.

tf 888 968 9877 p +616 669 2990 f +616 669 2370 info@cmsgreen.com 2472 port sheldon st. jenison, mi 49428

Special Condition 1.3 – Preventative Maintenance Plan (PMP)

The dust collection units are maintained by the maintenance staff based on a written Preventative Maintenance Plan. Upon review of the air permit, we have apparently failed to conduct daily observations and documentation of differential pressure readings from each dust collector and to perform daily visual observations of the stack discharges from both dust collectors. The plan has been updated to include these requirements and data sheets and their instructions have been implemented. We have reviewed these requirements with the maintenance staff to ensure future compliance.

Special Condition 1.5 – Recordkeeping

As noted above, forms have been developed and implemented for both the Pneumafill and MAC baghouse units.

Special Condition 1.4 Proper Operation & Maintenance

The staff activity report states that based on EGLE observation of cellulose material covered equipment and ductwork inside the boiler room and a small amount outside of the building, "it appears that this baghouse is not being operated and/or maintained properly."

The dust collector is on a weekly maintenance schedule, whereby the unit is shut down, opened, inspected, and cleaned out, to ensure that collected fibers are not forming a bridge within the bottom collection hopper. This process of removing accumulated material involves blowers and physical implements to break loose bridged material. This process generates dust consisting of cellulose and synthetic fibers but is necessary to ensure that the unit continues to operate properly. The dust accumulated on the floor is typically vacuumed and placed in a waste tote for reuse or disposal.

We disagree with your assessment that the dust collector is not being operated and/or maintained properly. The accumulated debris observed during the visit was not generated by the operation of the dust collector but while the process and collectors were shut down during the weekly routine maintenance and cleaning activities. This is a housekeeping issue, which is addressed under General Condition 12.

General Condition 12 – Collection of Air Contaminants

Airborne fibers from the process and collected by the dust collector are not a waste but airborne materials, removed from the process, and sent to a collection system to be reused later. At this point, we believe we have satisfied General Condition 12. However, the accumulation of cellulose and synthetic materials observed on equipment and on the floor is part of housekeeping where we recognize that must be improved to minimize material from accumulating and being carried (not blown) out by forklift equipment. We are looking to update our procedures to better address this issue.

Rule 201 – Installation of Panel Line #2

As we have discussed, Panel Line #2 was installed based on our determination that the potential of uncontrolled emissions would be less than the limits specified in Rule 291. This determination was based on the measured collection of material from Panel Line #1 during a full day of operation and extrapolated to represent a full hourly loading rate operated 8,760 hours per year. This was done based on the October 1998 EPA guidance on Potential to Emit, stating specific emission factors based on your business can be used instead of EPA factors.

We understand your assertion of "not federally enforceable" but neither is a factor listed in AP-42, which averages a handful of similar operations from twenty years ago. Instead, it was based on actual measured pounds of total material collected per ton of material processed, without controls, over a completed non-interrupted year of operation. The EPA guidance goes on to state that when determining the potential emission you must use the best available data. We don't believe a generalized rule limitation of 0.1 lbs PM per 1,000 lbs of exhaust gas, for material handling equipment not otherwise listed and developed in 1979, represents the "BEST" available data for the manufacturing of non-woven fiber batting in a panel line. Whereas, we do believe actual process data, on a representative line does provide this information. Further, extrapolation of typical rates to 8,760 hours is in keeping with EPA guidance on PTE determinations.

We do regret not sharing this determination with the Department before moving forward with the installation. Therefore, and despite the points made above, we will comply with your request to submit a permit application for Panel Line #2. We commit to having an application on file with the Permit Section of the AQD by September 30, 2022.

Facility Description and Source Designation

The staff activity report identifies the production complex as two (2) separate companies located in the same building under common ownership, with one company receiving raw material from the other. However, we disagree with your determination that "they are considered one stationary source… " and "…the two facilities were incorrectly given their own separate SRNs".

In addition to spatial proximity and the organizational relationship, there are two (2) final steps in the process for a Stationary Source Determination (AQD-011). Steps 3a and 3b include the review of the Standard Industrial Classification (SIC) codes associated with the primary activities and a review of the support offered to each other's primary activity.

AQD-011 policy states that when determining the industrial grouping relationship, the first two digits (Major Group) of the SIC code for each source's primary activity must match. Even if the first two digits match, there must be a determination as to the extent of support each source provides to the other's primary activity.

3a. Nu-Wool operates under SIC code 2679 for Converted Paper and Paperboard Products no Elsewhere Classified, while the CMS primary activity falls under SIC code 2299 for non-woven fabrics. The two (2) digit major group codes **do not** match.

3b. The panel lines for CMS utilize cellulose fibers manufactured by Nu-Wool. However, the dependency does not meet those specified in AQD-011. The following table provides a demonstration of the level of support offered to each organization.

Company	2021 Total Fiber Production (lbs)	2021 Cellulose Fibers to CMS (lbs)	2021 Total Fibers Purchased (lbs)	2022 Total Fiber Production Through May (lbs)	2022 Cellulose Fibers to CMS (lbs)	2022 Total Fibers Purchased through May (lbs)
Nu-Wool	50,820,650	2,279,931		21,796,825	958,093	
		(4.5%)			(4.4%)	
CMS		2,279,931	9,218,613		958,093	3,686,245
		(24.7%)			(26.0%)	

The transfer of cellulose fibers amounts to 4.5% of the business associated with Nu-Wool and 26% of the material needs for CMS. While they are contained under a single building structure, the leases are separate, as are the utilities. Therefore, the only measure of support would be the material transfer of cellulose fibers. AQD-011 states that buildings, structures, facilities or installations are considered to support the primary activity if at least 50% of their output is dedicated to the primary activity. The policy also states if any of the above criteria do not apply, the entities should be treated as separate stationary sources.

The 2007 air permit application for CMS Panel Line #1, clearly identified the two companies as sister organizations, to be located within the same building and that Nu-Wool would be providing some of the required materials to CMS. So, there was no failure on the part of CMS to fully disclose its relationship with Nu-Wool. However, it was the Grand Rapids District Office of then MDEQ-AQD, in coordination with the Permit Section that made the determination of separate companies requiring separate Source Registration Numbers. We believe that their determination was based on the full use of AQD-011 and was not an error.

Site-Wide Emission Limit

We recognize that we have added a second production line (Panel Line #2). We have agreed to submit an air permit application to accommodate this process, which we believe will limit our facility-wide potential below major source thresholds. However, if during the review process for Panel Line #2, it is the guidance of the Permit Section, that we should incorporate a facility-wide cap, we will be open to adding a site-wide limit for PM_{10} to limit our potential-to-emit below major source threshold for the CMS facility.

We believe that we have addressed all of your concerns in the violation notice. Should you have any questions, please feel free to contact me either by phone at 616-669-2990 or by e-mail at mphenderson@cmsgreen.com.

Sincerely,
Cellulose Material Solutions, LLC.

Matt Henderson
Vice President

cc: Ms. Mary Ann Dolehanty, EGLE-AQD
Dr. Eduardo Olaguer, EGLE-AQD
Mr. Chris Ethridge, EGLE-AQD
Ms. Jenine Camilleri, EGLE-AQD
Ms. Heidi Hollenbach, EGLE-AQD