



PERMIT
Under the Environmental Conservation Law (ECL)

IDENTIFICATION INFORMATION

Permit Type: Air State Facility
Permit ID: 5-4144-00132/00001
Effective Date: 01/05/2009 Expiration Date: No expiration date

Permit Issued To: WOODSTONE NY LLC
350 LINCOLN ST STE 2260
HINGHAM, MA 02043

Contact: DENNIS S MCLISTER
WOODSTONE NY LLC
350 LINCOLN ST
HINGHAM, MA 02043
(781) 741-8092

Facility: WOODSTONE WOOD PELLET MANUFACTURING FACILITY
MOREAU INDUSTRIAL PARK - W SIDE OF FARNAN RD
SOUTH GLENS FALLS, NY 12803

Description:
Facility is a wood pellet manufacturing plant designed to produce 96,000 metric tons per year of wood pellets.

By acceptance of this permit, the permittee agrees that the permit is contingent upon strict compliance with the ECL, all applicable regulations, the General Conditions specified and any Special Conditions included as part of this permit.

Permit Administrator: MICHAEL J MCMURRAY
NYSDEC
PO BOX 296
RAY BROOK, NY 12977-0296

Authorized Signature: _____ Date: ____ / ____ / ____



Notification of Other State Permittee Obligations

Item A: Permittee Accepts Legal Responsibility and Agrees to Indemnification

The permittee expressly agrees to indemnify and hold harmless the Department of Environmental Conservation of the State of New York, its representatives, employees and agents ("DEC") for all claims, suits, actions, and damages, to the extent attributable to the permittee's acts or omissions in connection with the compliance permittee's undertaking of activities in connection with, or operation and maintenance of, the facility or facilities authorized by the permit whether in compliance or not in any compliance with the terms and conditions of the permit. This indemnification does not extend to any claims, suits, actions, or damages to the extent attributable to DEC's own negligent or intentional acts or omissions, or to any claims, suits, or actions naming the DEC and arising under article 78 of the New York Civil Practice Laws and Rules or any citizen suit or civil rights provision under federal or state laws.

Item B: Permittee's Contractors to Comply with Permit

The permittee is responsible for informing its independent contractors, employees, agents and assigns of their responsibility to comply with this permit, including all special conditions while acting as the permittee's agent with respect to the permitted activities, and such persons shall be subject to the same sanctions for violations of the Environmental Conservation Law as those prescribed for the permittee.

Item C: Permittee Responsible for Obtaining Other Required Permits

The permittee is responsible for obtaining any other permits, approvals, lands, easements and rights-of-way that may be required to carry out the activities that are authorized by this permit.

Item D: No Right to Trespass or Interfere with Riparian Rights

This permit does not convey to the permittee any right to trespass upon the lands or interfere with the riparian rights of others in order to perform the permitted work nor does it authorize the impairment of any rights, title, or interest in real or personal property held or vested in a person not a party to the permit.



LIST OF CONDITIONS

DEC GENERAL CONDITIONS

General Provisions

- Facility Inspection by the Department
- Relationship of this Permit to Other Department Orders and Determinations
- Applications for permit renewals, modifications and transfers
- Permit modifications, suspensions or revocations by the Department

Facility Level

- Submission of application for permit modification or renewal-REGION 5
SUBOFFICE - WARRENSBURG



DEC GENERAL CONDITIONS
****** General Provisions ******
GENERAL CONDITIONS - Apply to ALL Authorized Permits.

Condition 1: Facility Inspection by the Department
Applicable State Requirement: ECL 19-0305

Item 1.1:

The permitted site or facility, including relevant records, is subject to inspection at reasonable hours and intervals by an authorized representative of the Department of Environmental Conservation (the Department) to determine whether the permittee is complying with this permit and the ECL. Such representative may order the work suspended pursuant to ECL 71-0301 and SAPA 401(3).

Item 1.2:

The permittee shall provide a person to accompany the Department's representative during an inspection to the permit area when requested by the Department.

Item 1.3:

A copy of this permit, including all referenced maps, drawings and special conditions, must be available for inspection by the Department at all times at the project site or facility. Failure to produce a copy of the permit upon request by a Department representative is a violation of this permit.

Condition 2: Relationship of this Permit to Other Department Orders and Determinations
Applicable State Requirement: ECL 3-0301.2(m)

Item 2.1:

Unless expressly provided for by the Department, issuance of this permit does not modify, supersede or rescind any order or determination previously issued by the Department or any of the terms, conditions or requirements contained in such order or determination.

Condition 3: Applications for permit renewals, modifications and transfers
Applicable State Requirement: 6NYCRR 621.11

Item 3.1:

The permittee must submit a separate written application to the Department for renewal, modification or transfer of this permit. Such application must include any forms or supplemental information the Department requires. Any renewal, modification or transfer granted by the Department must be in writing.

Item 3.2:

The permittee must submit a renewal application at least 180 days before expiration of permits for Title V Facility Permits, or at least 30 days before expiration of permits for State Facility Permits.

Item 3.3:

Permits are transferrable with the approval of the department unless specifically prohibited by the statute, regulation or another permit condition. Applications for permit transfer should be



submitted prior to actual transfer of ownership.

Condition 4: Permit modifications, suspensions or revocations by the Department
Applicable State Requirement: 6NYCRR 621.13

Item 4.1:

The Department reserves the right to modify, suspend, or revoke this permit in accordance with 6NYCRR Part 621. The grounds for modification, suspension or revocation include:

- a) materially false or inaccurate statements in the permit application or supporting papers;
- b) failure by the permittee to comply with any terms or conditions of the permit;
- c) exceeding the scope of the project as described in the permit application;
- d) newly discovered material information or a material change in environmental conditions, relevant technology or applicable law or regulations since the issuance of the existing permit;
- e) noncompliance with previously issued permit conditions, orders of the commissioner, any provisions of the Environmental Conservation Law or regulations of the Department related to the permitted activity.

****** Facility Level ******

Condition 5: Submission of application for permit modification or renewal-REGION 5
SUBOFFICE - WARRENSBURG
Applicable State Requirement: 6NYCRR 621.6(a)

Item 5.1:

Submission of applications for permit modification or renewal are to be submitted to:

NYSDEC Regional Permit Administrator
Region 5 Sub-office
Division of Environmental Permits
232 Golf Course Road, PO Box 220
Warrensburg, NY 12885-0220
(518) 623-1281



Permit Under the Environmental Conservation Law (ECL)

**ARTICLE 19: AIR POLLUTION CONTROL - AIR STATE FACILITY
PERMIT**

IDENTIFICATION INFORMATION

Permit Issued To: WOODSTONE NY LLC
350 LINCOLN ST STE 2260
HINGHAM, MA 02043

Facility: WOODSTONE WOOD PELLET MANUFACTURING FACILITY
MOREAU INDUSTRIAL PARK - W SIDE OF FARNAN RD
SOUTH GLENS FALLS, NY 12803

Authorized Activity By Standard Industrial Classification Code:
2411 - LOGGING
2499 - WOOD PRODUCTS, NEC

Permit Effective Date: 01/05/2009
date.

Permit Expiration Date: No expiration
date.



LIST OF CONDITIONS

DEC GENERAL CONDITIONS

General Provisions

Facility Inspection by the Department
Relationship of this Permit to Other Department Orders and
Determinations
Applications for permit renewals, modifications and transfers
Permit modifications, suspensions or revocations by the Department

Facility Level

Submission of application for permit modification or renewal-REGION 5
SUBOFFICE - WARRENSBURG

FEDERALLY ENFORCEABLE CONDITIONS

Facility Level

- 1 6NYCRR 202-1.1: Required Emissions Tests
- 2 6NYCRR 201-7.2: Facility Permissible Emissions
- *3 6NYCRR 201-7.2: Capping Monitoring Condition
- 4 6NYCRR 202-1.1: Compliance Demonstration
- 5 6NYCRR 202-1.1: Compliance Demonstration
- 6 6NYCRR 202-1.1: Compliance Demonstration
- 7 6NYCRR 212.4(a): Emissions from new emission sources and/or
modifications
- 8 6NYCRR 212.4(c): Compliance Demonstration
- 9 6NYCRR 212.4(c): Compliance Demonstration
- 10 6NYCRR 212.6(a): Compliance Demonstration

STATE ONLY ENFORCEABLE CONDITIONS

Facility Level

- 11 ECL 19-0301: Contaminant List
- 12 6NYCRR 201-1.4: Unavoidable noncompliance and violations
- 13 6NYCRR 201-5: Emission Unit Definition
- 14 6NYCRR 211.2: Air pollution prohibited

Emission Unit Level

- 15 6NYCRR 201-5: Emission Point Definition By Emission Unit
- 16 6NYCRR 201-5: Process Definition By Emission Unit

NOTE: * preceding the condition number indicates capping.



FEDERALLY ENFORCEABLE CONDITIONS

****** Facility Level ******

NOTIFICATION OF GENERAL PERMITTEE OBLIGATIONS

This section contains terms and conditions which are federally enforceable. Permittees may also have other obligations under regulations of general applicability

Item A: Sealing - 6NYCRR Part 200.5

The Commissioner may seal an air contamination source to prevent its operation if compliance with 6 NYCRR Chapter III is not met within the time provided by an order of the Commissioner issued in the case of the violation. Sealing means labeling or tagging a source to notify any person that operation of the source is prohibited, and also includes physical means of preventing the operation of an air contamination source without resulting in destruction of any equipment associated with such source, and includes, but is not limited to, bolting, chaining or wiring shut control panels, apertures or conduits associated with such source.

No person shall operate any air contamination source sealed by the Commissioner in accordance with this section unless a modification has been made which enables such source to comply with all requirements applicable to such modification.

Unless authorized by the Commissioner, no person shall remove or alter any seal affixed to any contamination source in accordance with this section.

Item B: Acceptable Ambient Air Quality - 6NYCRR Part 200.6

Notwithstanding the provisions of 6 NYCRR Chapter III, Subchapter A, no person shall allow or permit any air contamination source to emit air contaminants in quantities which alone or in combination with emissions from other air contamination sources would contravene any applicable ambient air quality standard and/or cause air pollution. In such cases where contravention occurs or may occur, the Commissioner shall specify the degree and/or method of emission control required.

Item C: Maintenance of Equipment - 6NYCRR Part 200.7

Any person who owns or operates an air contamination source which is equipped with an emission control device shall operate such device and keep it in a satisfactory state of maintenance and repair in accordance with ordinary and necessary practices, standards and procedures, inclusive of manufacturer's specifications, required to operate such device effectively.



Item D: Unpermitted Emission Sources - 6NYCRR Part 201-1.2

If an existing emission source was subject to the permitting requirements of 6NYCRR Part 201 at the time of construction or modification, and the owner and/or operator failed to apply for a permit for such emission source then the following provisions apply:

(a) The owner and/or operator must apply for a permit for such emission source or register the facility in accordance with the provisions of Part 201.

(b) The emission source or facility is subject to all regulations that were applicable to it at the time of construction or modification and any subsequent requirements applicable to existing sources or facilities.

Item E: Emergency Defense - 6NYCRR Part 201-1.5

An emergency constitutes an affirmative defense to an action brought for noncompliance with emissions limitations or permit conditions for all facilities in New York State.

(a) The affirmative defense of emergency shall be demonstrated through properly signed, contemporaneous operating logs, or other relevant evidence that:

(1) An emergency occurred and that the facility owner and/or operator can identify the cause(s) of the emergency;

(2) The equipment at the permitted facility causing the emergency was at the time being properly operated;

(3) During the period of the emergency the facility owner and/or operator took all reasonable steps to minimize levels of emissions that exceeded the emission standards, or other requirements in the permit; and

(4) The facility owner and/or operator notified the Department within two working days after the event occurred. This notice must contain a description of the emergency, any steps taken to mitigate emissions, and corrective actions taken.

(b) In any enforcement proceeding, the facility owner and/or operator seeking to establish the occurrence of an emergency has the burden of proof.

(c) This provision is in addition to any emergency or upset provision contained in any applicable requirement.



Item F: Recycling and Salvage - 6NYCRR Part 201-1.7

Where practical, any person who owns or operates an air contamination source shall recycle or salvage air contaminants collected in an air cleaning device according to the requirements of 6 NYCRR.

Item G: Prohibition of Reintroduction of Collected Contaminants to the Air - 6NYCRR Part 201-1.8

No person shall unnecessarily remove, handle, or cause to be handled, collected air contaminants from an air cleaning device for recycling, salvage or disposal in a manner that would reintroduce them to the outdoor atmosphere.

Item H: Proof of Eligibility for Sources Defined as Exempt Activities - 6 NYCRR Part 201-3.2(a)

The owner and/or operator of an emission source or unit that is eligible to be exempt, may be required to certify that it operates within the specific criteria described in 6 NYCRR Subpart 201-3. The owner or operator of any such emission source must maintain all required records on-site for a period of five years and make them available to representatives of the Department upon request. Department representatives must be granted access to any facility which contains emission sources or units subject to 6 NYCRR Subpart 201-3, during normal operating hours, for the purpose of determining compliance with this and any other state and federal air pollution control requirements, regulations, or law.

Item I: Proof of Eligibility for Sources Defined as Trivial Activities - 6 NYCRR Part 201-3.3(a)

The owner and/or operator of an emission source or unit that is listed as being trivial in 6 NYCRR Part 201 may be required to certify that it operates within the specific criteria described in 6 NYCRR Subpart 201-3. The owner or operator of any such emission source must maintain all required records on-site for a period of five years and make them available to representatives of the Department upon request. Department representatives must be granted access to any facility which contains emission sources or units subject to 6 NYCRR Subpart 201-3, during normal operating hours, for the purpose of determining compliance with this and any other state and federal air pollution control requirements, regulations, or law.

Item J: Required Emission Tests - 6 NYCRR Part 202-1.1

An acceptable report of measured emissions shall be submitted, as may be required by the Commissioner, to ascertain compliance or noncompliance with any air



pollution code, rule, or regulation. Failure to submit a report acceptable to the Commissioner within the time stated shall be sufficient reason for the Commissioner to suspend or deny an operating permit. Notification and acceptable procedures are specified in 6NYCRR Part 202-1.

Item K: Visible Emissions Limited - 6 NYCRR Part 211.3

Except as permitted by a specific part of this Subchapter and for open fires for which a restricted burning permit has been issued, no person shall cause or allow any air contamination source to emit any material having an opacity equal to or greater than 20 percent (six minute average) except for one continuous six-minute period per hour of not more than 57 percent opacity.

Item L: Open Fires - 6 NYCRR Part 215

No person shall burn, cause, suffer, allow or permit the burning in an open fire of garbage, rubbish for salvage, or rubbish generated by industrial or commercial activities.

Item M: Permit Exclusion - ECL 19-0305

The issuance of this permit by the Department and the receipt thereof by the Applicant does not and shall not be construed as barring, diminishing, adjudicating or in any way affecting any legal, administrative or equitable rights or claims, actions, suits, causes of action or demands whatsoever that the Department may have against the Applicant for violations based on facts and circumstances alleged to have occurred or existed prior to the effective date of this permit, including, but not limited to, any enforcement action authorized pursuant to the provisions of applicable federal law, the Environmental Conservation Law of the State of New York (ECL) and Chapter III of the Official Compilation of the Codes, Rules and Regulations of the State of New York (NYCRR). The issuance of this permit also shall not in any way affect pending or future enforcement actions under the Clean Air Act brought by the United States or any person.

Item N: Federally Enforceable Requirements - 40 CFR 70.6(b)

All terms and conditions in this permit required by the Act or any applicable requirement, including any provisions designed to limit a facility's potential to emit, are enforceable by the Administrator and citizens under the Act. The Department has, in this permit, specifically designated any terms and conditions that are not required under the Act or under any of its applicable requirements as being enforceable under only state regulations.

FEDERAL APPLICABLE REQUIREMENTS



The following conditions are federally enforceable.

Condition 1: Required Emissions Tests
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable Federal Requirement:6NYCRR 202-1.1

Item 1.1:

For the purpose of ascertaining compliance or non-compliance with any air pollution control code, rule or regulation, the commissioner may require the person who owns such air contamination source to submit an acceptable report of measured emissions within a stated time. Such person shall bear the cost of measurement and preparing the report of measured emissions. Failure of such person to submit a report acceptable to the commissioner within the time stated shall be sufficient reason for the commissioner to suspend or deny a certificate to operate.

Condition 2: Facility Permissible Emissions
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable Federal Requirement:6NYCRR 201-7.2

Item 2.1:

The sum of emissions from the emission units specified in this permit shall not equal or exceed the following
Potential To Emit (PTE) rate for each regulated contaminant:

CAS No: 0NY210-00-0

PTE: 180,000 pounds per year

Name: OXIDES OF NITROGEN

Condition 3: Capping Monitoring Condition
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable Federal Requirement:6NYCRR 201-7.2

Item 3.1:

Under the authority of 6 NYCRR Part 201-7, this condition contains an emission cap for the purpose of limiting emissions from the facility, emission unit or process to avoid being subject to the following applicable requirement(s) that the facility, emission unit or process would otherwise be subject to:

6NYCRR 201-6

6NYCRR 227-2

Item 3.2:

Operation of this facility shall take place in accordance with the approved criteria, emission limits, terms, conditions and standards in this permit.

Item 3.3:

The owner or operator of the permitted facility must maintain all required records on-site for a period of five years and make them available to representatives of the Department upon request. Department representatives must be granted access to any facility regulated by this Subpart,



during normal operating hours, for the purpose of determining compliance with this and any other state and federal air pollution control requirements, regulations or law.

Item 3.4:

On an annual basis, unless otherwise specified below, beginning one year after the granting of an emissions cap, the responsible official shall provide a certification to the Department that the facility has operated all emission units within the limits imposed by the emission cap. This certification shall include a brief summary of the emissions subject to the cap for that time period and a comparison to the threshold levels that would require compliance with an applicable requirement.

Item 3.5:

The emission of pollutants that exceed the applicability thresholds for an applicable requirement, for which the facility has obtained an emissions cap, constitutes a violation of Part 201 and of the Act.

Item 3.6:

The Compliance Demonstration activity will be performed for the facility:
The Compliance Demonstration applies to:

Emission Unit: 0-00002

Emission Point: 00002

Regulated Contaminant(s):

CAS No: 0NY210-00-0 OXIDES OF NITROGEN

Item 3.7:

Compliance Demonstration shall include the following monitoring:

Capping: Yes

Monitoring Type: WORK PRACTICE INVOLVING SPECIFIC OPERATIONS

Monitoring Description:

Facility-wide NOx emissions are limited to no more than 90 tons (180,000 pounds) during any consecutive 12 month period. This caps NOx emission sources out of Reasonably Available Control Technology (RACT) requirements and Title V requirements contained in Subpart 227-2 and Subpart 201-6 of 6 NYCRR.

To meet the emissions limit operation of the rotary single pass dryer will be restricted to a maximum of 8,000 hours per year during any consecutive 12 month period. Hours of operation of the dryer shall be recorded. The dryer shall be operated and maintained according to manufacturers specifications. The 8,000 hours is based on a maximum emission rate of 22.5 lbs per hour.

All records required to document compliance with the facility-wide NOx emissions cap shall be maintained on-site for a period of at least five (5) years and made available to NYSDEC representatives upon request.



Work Practice Type: HOURS PER YEAR OPERATION

Upper Permit Limit: 8000 hours

Monitoring Frequency: MONTHLY

Averaging Method: 12-month total, rolled monthly

Reporting Requirements: ANNUALLY (CALENDAR)

Reports due 30 days after the reporting period.

The initial report is due 1/30/2010.

Subsequent reports are due every 12 calendar month(s).

Condition 4: Compliance Demonstration
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable Federal Requirement: 6NYCRR 202-1.1

Item 4.1:

The Compliance Demonstration activity will be performed for the facility:

The Compliance Demonstration applies to:

Emission Unit: 0-00002

Emission Point: 00002

Regulated Contaminant(s):

CAS No: 0NY998-00-0 VOC

Item 4.2:

Compliance Demonstration shall include the following monitoring:

Monitoring Type: INTERMITTENT EMISSION TESTING

Monitoring Description:

Within 180 days of the start of production, the owner or operator must test for Volatile Organic Compounds emissions. This testing is to establish the emission rate that will be used to calculate annual emissions to ensure that emissions are below the major source threshold. If the measured VOC emission rate is greater than 11.25 lbs per hr, further steps must be taken to ensure that emission are below the major source threshold for this facility. If necessary the owner or operator shall submit a report identifying steps and a schedule for their completion within 60 days of performance of the stack test.

Further testing will be conducted upon request of the Department. All records required to document compliance with the facility-wide VOC emissions cap shall be maintained on-site for a period of at least five (5) years and made available to NYSDEC representatives upon request.

Parameter Monitored: VOC

Upper Permit Limit: 11.25 pounds per hour



Reference Test Method: EPA Method 25A

Monitoring Frequency: AS REQUIRED - SEE PERMIT MONITORING DESCRIPTION

Averaging Method: AVERAGING METHOD AS PER REFERENCE TEST METHOD INDICATED

Reporting Requirements: AS REQUIRED - SEE MONITORING DESCRIPTION

Condition 5: Compliance Demonstration
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable Federal Requirement:6NYCRR 202-1.1

Item 5.1:

The Compliance Demonstration activity will be performed for the facility:
The Compliance Demonstration applies to:

Emission Unit: 0-00002

Emission Point: 00002

Regulated Contaminant(s):

CAS No: 000630-08-0 CARBON MONOXIDE

Item 5.2:

Compliance Demonstration shall include the following monitoring:

Monitoring Type: INTERMITTENT EMISSION TESTING

Monitoring Description:

Within 180 days of the start of production, the owner or operator must test for Carbon Monoxide emissions. This testing is to establish the emission rate that will be used to calculate annual emissions to ensure that emissions are below the major source threshold. If the measured CO emission rate is greater than 22.50 lbs per hr, further steps must be taken to ensure that emissions are below the major source threshold for this facility. If necessary the owner or operator shall submit a report identifying steps and a schedule for their completion within 60 days of performance of the stack test.

Further testing will be conducted upon request of the Department. All records required to document compliance with the facility-wide CO emissions cap shall be maintained on-site for a period of at least five (5) years and made available to NYSDEC representatives upon request.

Parameter Monitored: CARBON MONOXIDE

Upper Permit Limit: 22.50 pounds per hour

Reference Test Method: EPA Method 10

Monitoring Frequency: AS REQUIRED - SEE PERMIT MONITORING DESCRIPTION

Averaging Method: AVERAGING METHOD AS PER REFERENCE TEST



METHOD INDICATED
Reporting Requirements: AS REQUIRED - SEE MONITORING DESCRIPTION

Condition 6: Compliance Demonstration
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable Federal Requirement:6NYCRR 202-1.1

Item 6.1:

The Compliance Demonstration activity will be performed for the facility:
The Compliance Demonstration applies to:

Emission Unit: 0-00002 Emission Point: 00002

Regulated Contaminant(s):
CAS No: 0NY210-00-0 OXIDES OF NITROGEN

Item 6.2:

Compliance Demonstration shall include the following monitoring:

Monitoring Type: INTERMITTENT EMISSION TESTING

Monitoring Description:

Within 180 days of the start of production, the owner or operator must test for Oxides of Nitrogen emissions. This testing is to establish the emission rate that will be used to calculate annual emissions to ensure that emissions are below the major source threshold. If the measured NOx emission rate is greater than 22.50 lbs per hr, further steps must be taken to ensure compliance with the 90 tons per year NOx emissions cap for this facility. If necessary the owner or operator shall submit a report identifying steps and a schedule for their completion within 60 days of performance of the stack test.

Further testing will be conducted upon request of the Department.

All records required to document compliance with the facility-wide NOx emissions cap shall be maintained on-site for a period of at least five (5) years and made available to NYSDEC representatives upon request.

Parameter Monitored: OXIDES OF NITROGEN

Upper Permit Limit: 22.50 pounds per hour

Reference Test Method: EPA Method 7E

Monitoring Frequency: AS REQUIRED - SEE PERMIT MONITORING DESCRIPTION

Averaging Method: AVERAGING METHOD AS PER REFERENCE TEST METHOD INDICATED

Reporting Requirements: AS REQUIRED - SEE MONITORING DESCRIPTION

Condition 7: Emissions from new emission sources and/or modifications



Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable Federal Requirement:6NYCRR 212.4(a)

Item 7.1:

No person shall cause or allow emissions that exceed the applicable permissible emission rate as determined from Table 2, Table 3, or Table 4 of 6 NYCRR Part 212 for the environmental rating issued by the commissioner.

Condition 8: Compliance Demonstration
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable Federal Requirement:6NYCRR 212.4(c)

Item 8.1:

The Compliance Demonstration activity will be performed for the facility:
The Compliance Demonstration applies to:

Emission Unit: 0-00002 Emission Point: 00002

Regulated Contaminant(s):
CAS No: 0NY075-00-0 PARTICULATES

Item 8.2:

Compliance Demonstration shall include the following monitoring:

Monitoring Type: INTERMITTENT EMISSION TESTING

Monitoring Description:

Emissions of solid particulates are limited to less than 0.050 grains of particulates per cubic foot of exhaust gas, expressed at standard conditions on a dry gas basis. The stack test shall be completed within 180 days of start-up. Further, Compliance testing will be conducted at the discretion of the Department.

All records required to document compliance with the grain loading standard shall be maintained on-site for a period of at least five (5) years and made available to NYSDEC representatives upon request.

Parameter Monitored: PARTICULATES

Upper Permit Limit: 0.050 grains per dscf

Reference Test Method: EPA Method 5

Monitoring Frequency: AS REQUIRED - SEE PERMIT MONITORING DESCRIPTION

Averaging Method: AVERAGING METHOD AS PER REFERENCE TEST METHOD INDICATED

Reporting Requirements: AS REQUIRED - SEE MONITORING DESCRIPTION

Condition 9: Compliance Demonstration
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable Federal Requirement:6NYCRR 212.4(c)



Item 9.1:

The Compliance Demonstration activity will be performed for the Facility.

Regulated Contaminant(s):

CAS No: 0NY075-00-5 PM-10

Item 9.2:

Compliance Demonstration shall include the following monitoring:

Monitoring Type: MONITORING OF PROCESS OR CONTROL
DEVICE PARAMETERS AS SURROGATE

Monitoring Description:

The owner or operator of the permitted facility must operate and maintain equipment according to manufacturers specifications. Monitoring and recording of pressure drop for individual bag houses and cyclones. Normal operating pressure drop will be maintained between 1 and 5 inches water column(The range may vary according to manufactures.

Work Practice Type: PARAMETER OF PROCESS MATERIAL

Parameter Monitored: PRESSURE DROP

Lower Permit Limit: 1 inches of water

Upper Permit Limit: 5 inches of water

Monitoring Frequency: DAILY

Averaging Method: RANGE - NOT TO FALL OUTSIDE OF STATED
RANGE AT ANY TIME

Reporting Requirements: UPON REQUEST BY REGULATORY AGENCY

Condition 10: Compliance Demonstration

Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable Federal Requirement:6NYCRR 212.6(a)

Item 10.1:

The Compliance Demonstration activity will be performed for the facility:

The Compliance Demonstration applies to:

Emission Unit: 0-00001

Emission Point: 00001

Emission Unit: 0-00001

Emission Point: 00003

Emission Unit: 0-00001

Emission Point: 00005

Emission Unit: 0-00001

Emission Point: 00006

Emission Unit: 0-00001

Emission Point: 00007

Emission Unit: 0-00002

Emission Point: 00002

Emission Unit: 0-00002

Emission Point: 00004



Regulated Contaminant(s):

CAS No: 0NY075-00-0 PARTICULATES

Item 10.2:

Compliance Demonstration shall include the following monitoring:

Monitoring Type: MONITORING OF PROCESS OR CONTROL
DEVICE PARAMETERS AS SURROGATE

Monitoring Description:

No person shall cause or allow emissions having an average opacity during any six consecutive minutes of 20 percent or greater from any process emission source, except only the emission of uncombined water. The Department reserves the right to perform or require the performance of a Method 9 opacity evaluation at any time during facility operation.

The permittee will conduct observations of visible emissions from the emission unit, process, etc. to which this condition applies at the monitoring frequency stated below while the process is in operation. The permittee will immediately investigate any instance where there is cause to believe that visible emissions above those that are normal and in compliance are occurring or have occurred from a process source.

If visible emissions above those that are normal (this may be zero percent opacity for many or all emission sources) and in compliance with section 212.6(a) are detected, the permittee shall determine the cause, make the necessary correction, and verify that the excess visible emissions problem has been corrected.

If visible emissions above those that are normal and in compliance continue to be present after corrections are made, the permittee will immediately notify The Department and conduct a Method 9 assessment within 24 hours to determine the degree of opacity.

Records of these observations, investigations and corrective actions will be kept on-site in a format acceptable to the Department.

Parameter Monitored: OPACITY

Upper Permit Limit: 20 percent

Reference Test Method: EPA Method 9

Monitoring Frequency: DAILY

Averaging Method: MAXIMUM - NOT TO EXCEED STATED VALUE -
SEE MONITORING DESCRIPTION

Reporting Requirements: ANNUALLY (CALENDAR)

Reports due 30 days after the reporting period.

The initial report is due 1/30/2010.

Subsequent reports are due every 12 calendar month(s).



STATE ONLY ENFORCEABLE CONDITIONS

****** Facility Level ******

NOTIFICATION OF GENERAL PERMITTEE OBLIGATIONS

This section contains terms and conditions which are not federally enforceable. Permittees may also have other obligations under regulations of general applicability

Item A: Public Access to Recordkeeping for Facilities With State Facility Permits - 6NYCRR Part 201-1.10(a)

Where emission source owners and/or operators keep records pursuant to compliance with the operational flexibility requirements of 6 NYCRR Subpart 201-5.4(b)(1), and/or the emission capping requirements of 6 NYCRR Subparts 201-7.2(d), 201-7.3(f), 201-7.3(g), 201-7.3(h)(5), 201-7.3(i) and 201-7.3(j), the Department will make such records available to the public upon request in accordance with 6 NYCRR Part 616 - Public Access to Records. Emission source owners and/or operators must submit the records required to comply with the request within sixty working days of written notification by the Department of receipt of the request.

Item B: General Provisions for State Enforceable Permit Terms and Condition - 6 NYCRR Part 201-5

Any person who owns and/or operates stationary sources shall operate and maintain all emission units and any required emission control devices in compliance with all applicable Parts of this Chapter and existing laws, and shall operate the facility in accordance with all criteria, emission limits, terms, conditions, and standards in this permit. Failure of such person to properly operate and maintain the effectiveness of such emission units and emission control devices may be sufficient reason for the Department to revoke or deny a permit.

The owner or operator of the permitted facility must maintain all required records on-site for a period of five years and make them available to representatives of the Department upon request. Department representatives must be granted access to any facility regulated by this Subpart, during normal operating hours, for the purpose of determining compliance with this and any other state and federal air pollution control requirements, regulations or law.

STATE ONLY APPLICABLE REQUIREMENTS

The following conditions are state only enforceable.



Condition 11: Contaminant List

Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable State Requirement:ECL 19-0301

Item 11.1:

Emissions of the following contaminants are subject to contaminant specific requirements in this permit(emission limits, control requirements or compliance monitoring conditions).

CAS No: 000630-08-0
Name: CARBON MONOXIDE

CAS No: 0NY075-00-0
Name: PARTICULATES

CAS No: 0NY075-00-5
Name: PM-10

CAS No: 0NY210-00-0
Name: OXIDES OF NITROGEN

CAS No: 0NY998-00-0
Name: VOC

Condition 12: Unavoidable noncompliance and violations

Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable State Requirement:6NYCRR 201-1.4

Item 12.1:

At the discretion of the commissioner a violation of any applicable emission standard for necessary scheduled equipment maintenance, start-up/shutdown conditions and malfunctions or upsets may be excused if such violations are unavoidable. The following actions and recordkeeping and reporting requirements must be adhered to in such circumstances.

(a) The facility owner and/or operator shall compile and maintain records of all equipment maintenance or start-up/shutdown activities when they can be expected to result in an exceedance of any applicable emission standard, and shall submit a report of such activities to the commissioner's representative when requested to do so in writing or when so required by a condition of a permit issued for the corresponding air contamination source except where conditions elsewhere in this permit which contain more stringent reporting and notification provisions for an applicable requirement, in which case they supercede those stated here. Such reports shall describe why the violation was unavoidable and shall include the time, frequency and duration of the maintenance and/or start-up/shutdown activities and the identification of air contaminants, and the estimated emission rates. If a facility owner and/or operator is subject to continuous stack monitoring and quarterly reporting requirements, he need not submit reports for equipment maintenance or start-up/shutdown for the facility to the commissioner's representative.

(b) In the event that emissions of air contaminants in excess of any emission standard



in 6 NYCRR Chapter III Subchapter A occur due to a malfunction, the facility owner and/or operator shall report such malfunction by telephone to the commissioner's representative as soon as possible during normal working hours, but in any event not later than two working days after becoming aware that the malfunction occurred. Within 30 days thereafter, when requested in writing by the commissioner's representative, the facility owner and/or operator shall submit a written report to the commissioner's representative describing the malfunction, the corrective action taken, identification of air contaminants, and an estimate of the emission rates. These reporting requirements are superceded by conditions elsewhere in this permit which contain reporting and notification provisions for applicable requirements more stringent than those above.

(c) The Department may also require the owner and/or operator to include in reports described under (a) and (b) above an estimate of the maximum ground level concentration of each air contaminant emitted and the effect of such emissions depending on the deviation of the malfunction and the air contaminants emitted.

(d) In the event of maintenance, start-up/shutdown or malfunction conditions which result in emissions exceeding any applicable emission standard, the facility owner and/or operator shall take appropriate action to prevent emissions which will result in contravention of any applicable ambient air quality standard. Reasonably available control technology, as determined by the commissioner, shall be applied during any maintenance, start-up/shutdown or malfunction condition subject to this paragraph.

(e) In order to have a violation of a federal regulation (such as a new source performance standard or national emissions standard for hazardous air pollutants) excused, the specific federal regulation must provide for an affirmative defense during start-up, shutdowns, malfunctions or upsets.

Condition 13: Emission Unit Definition
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable State Requirement:6NYCRR 201-5

Item 13.1:

The facility is authorized to perform regulated processes under this permit for:

Emission Unit: 0-00001

Emission Unit Description:

This emission unit includes all non combustion related processes of the emission sources (Drum Debarker, Disc Chipper, Chip Storage Pneumatic Convey System, Chip Storage, Secondary Hammermill, Pellet Mill Pneumatic Convey System, Pellet Mill Storage Bin, Pellet Mills, Pellet Cooler, Pellet Fines Screen and Pellet Packaging) at the facility associated with the manufacture of wood pellets. The facility is designed to produce 96,000 metric tons of packaged wood-pellets.

Item 13.2:

The facility is authorized to perform regulated processes under this permit for:

Emission Unit: 0-00002

Emission Unit Description:

This emission unit includes all of the Combustion sources



(Rotary Single Pass Dryer, Dryer Fuel Pneumatic Conveyor System, & Dryer Fuel Storage) at the facility associated with the manufacture of wood pellets. The facility is designed to produce 96,000 tons of wood pellets per year.

Condition 14: Air pollution prohibited
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable State Requirement:6NYCRR 211.2

Item 14.1:

No person shall cause or allow emissions of air contaminants to the outdoor atmosphere of such quantity, characteristic or duration which are injurious to human, plant or animal life or to property, or which unreasonably interfere with the comfortable enjoyment of life or property. Notwithstanding the existence of specific air quality standards or emission limits, this prohibition applies, but is not limited to, any particulate, fume, gas, mist, odor, smoke, vapor, pollen, toxic or deleterious emission, either alone or in combination with others.

****** Emission Unit Level ******

Condition 15: Emission Point Definition By Emission Unit
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable State Requirement:6NYCRR 201-5

Item 15.1:

The following emission points are included in this permit for the cited Emission Unit:

Emission Unit: 0-00001

Emission Point: 00001

Height (ft.): 70	Length (in.): 12	Width (in.): 24
NYTMN (km.): 4793.089	NYTME (km.): 613.208	

Emission Point: 00003

Height (ft.): 70	Length (in.): 14	Width (in.): 14
NYTMN (km.): 4793.089	NYTME (km.): 613.208	

Emission Point: 00005

Height (ft.): 70	Length (in.): 12	Width (in.): 24
NYTMN (km.): 4793.089	NYTME (km.): 613.208	

Emission Point: 00006

Height (ft.): 55	Diameter (in.): 16
NYTMN (km.): 4793.089	NYTME (km.): 613.208

Emission Point: 00007

Height (ft.): 70	Length (in.): 12	Width (in.): 24
NYTMN (km.): 4793.089	NYTME (km.): 613.208	



Item 15.2:

The following emission points are included in this permit for the cited Emission Unit:

Emission Unit: 0-00002

Emission Point: 00002

Height (ft.): 70

Diameter (in.): 50

NYTMN (km.): 4793.089 NYTME (km.): 613.208

Emission Point: 00004

Height (ft.): 20

Diameter (in.): 16

NYTMN (km.): 4793.089 NYTME (km.): 613.208

Condition 16: Process Definition By Emission Unit
Effective between the dates of 01/05/2009 and Permit Expiration Date

Applicable State Requirement:6NYCRR 201-5

Item 16.1:

This permit authorizes the following regulated processes for the cited Emission Unit:

Emission Unit: 0-00001

Process: 001

Process Description:

WOOD RECEIVING AND SIZING: Logs are delivered to the site via truck and unloaded by mobile cranes onto log storage piles. The logs are then moved by crane to a debarking drum which removes bark from the logs. The logs are then conveyed into a log chipper which produces chips suitable for the drying process. The chips are placed in a silo, and then conveyed from the hopper to the dryer.

Emission Source/Control: 00021 - Control

Control Type: FABRIC FILTER

Emission Source/Control: 00001 - Process

Design Capacity: 12 tons per hour

Emission Source/Control: 00002 - Process

Design Capacity: 12 tons per hour

Emission Source/Control: 00003 - Process

Design Capacity: 13.2 tons per hour

Emission Source/Control: 00004 - Process

Design Capacity: 13.2 tons per hour

Item 16.2:

This permit authorizes the following regulated processes for the cited Emission Unit:

Emission Unit: 0-00001

Process: 003



Process Description:

PELLETING FORMING: Dried wood chips from the drier discharge enter the secondary hammer mill to be ground into the size suitable for use in pellet presses. The secondary hammer mill has an induced draft fan and bag-house. The air flow provided by the fan pulls the ground wood down through the secondary hammer mill discharge gratings, and through a duct into the pelleting building. Wood particles are removed from the air flow before the air enters the fan by bag-house filter system located on the upper floor of the pelleting building.

The secondary hammer mill discharge bag-house drops the ground wood into a dry material storage vessel. The dry material storage vessel is located above the pellet presses. In this vessel the dry ground wood is stirred to create a more homogeneous mixture to be fed into the pellet presses. This vessel also provides a process flow buffer to maintain consistent process flow rates through the wood drying process phase and through the pellet forming phase. These consistent process flow rates promote high product quality and optimum process efficiency by allowing system components to operate at their design-point flow rates.

The storage vessel feeds material down into the three pellet press conditioning cylinders via a set of discharge screws. Each conditioning cylinder feeds its dedicated pellet press. The conditioning cylinder is integral to the pellet press. Pellets from the three pellet presses are discharged from the pellet cooler feed conveyor. The pellets leaving the pellet presses are hot, and must be immediately cooled. The pellet cooler operates by counter-flow air flow passing over the hot pellets. The pellet cooler discharge air is discharged through a separator cyclone, and the cooled pellets are conveyed to the pellet bagging line or to the bulk-storage A-frame structure.

Emission Source/Control: 00022 - Control
Control Type: FABRIC FILTER

Emission Source/Control: 00024 - Control
Control Type: FABRIC FILTER

Emission Source/Control: 00008 - Process
Design Capacity: 13.2 tons per hour

Emission Source/Control: 00009 - Process
Design Capacity: 13.2 tons per hour

Emission Source/Control: 00010 - Process
Design Capacity: 13.2 tons per hour



Emission Source/Control: 00011 - Process
Design Capacity: 13.2 tons per hour

Emission Source/Control: 00012 - Process
Design Capacity: 4.4 tons per hour

Emission Source/Control: 00013 - Process
Design Capacity: 4.4 tons per hour

Emission Source/Control: 00014 - Process
Design Capacity: 4.4 tons per hour

Emission Source/Control: 00015 - Process
Design Capacity: 13.2 tons per hour

Emission Source/Control: 00016 - Process
Design Capacity: 13.2 tons per hour

Emission Source/Control: 00017 - Process
Design Capacity: 13.2 tons per hour

Item 16.3:

This permit authorizes the following regulated processes for the cited Emission Unit:

Emission Unit: 0-00001

Process: 004

Process Description:

PACKAGING SHIPPING: Pellets are shipped out of the facility by truck. The trucks are loaded with bulk shipments or bagged shipments. The bulk loading system conveys loose pellets into trucks for shipment to a port, or other bulk consumer. The bagging system is an automatic integrated process consisting of the following stages: weighing, bagging, and palletizing. Fine particles created while handling the pellets in the weighing and bagging process are captured by a vacuum and baghouse system. This material is discharged from the baghouse to be fed back into the process feedstock.

Emission Source/Control: 00019 - Control
Control Type: FABRIC FILTER

Emission Source/Control: 00018 - Process
Design Capacity: 13.2 tons per hour

Item 16.4:

This permit authorizes the following regulated processes for the cited Emission Unit:

Emission Unit: 0-00002

Process: 002

Process Description:

WOOD CHIP DRYING: The wood chips are dried in a rotary kiln dryer which reduces chip moisture content to the



correct level required to produce high quality pellets. The major equipment in this phase include the dry wood fired heat generator, the rotary dryer, the drop-out box, the multiple cyclone (multi-clone), and the stack. Wet chips with a moisture content of approximately 50% enter one end of the dryer (dryer inlet), and are discharged from the other end of the dryer (dryer discharge) at approximately 10% moisture. Hot air for the drying process is produced in a dry wood fired heat generator. The hot air enters the dryer inlet, moves through the dryer conveying wood-chips through the rotating drier to the dryer discharge. Moisture is transferred from the wood chips to the hot air stream in the dryer. At the drier discharge, the gas flow carries the dried wood chips into a low-velocity duct called a drop-out box where the wood chips are separated from the discharge gas stream. The hot dryer discharge gases then flow into the multi-clone which controls particulate air emissions. The multi-clone removes particulate from the discharge gas stream. The dryer discharge gasses are then passed through an ID fan and out through the exhaust stack.

Emission Source/Control: 00005 - Combustion

Design Capacity: 38 million Btu per hour

Emission Source/Control: 00023 - Control

Control Type: FABRIC FILTER

Emission Source/Control: 00025 - Control

Control Type: MULTIPLE CYCLONE W/O FLY ASH INJECTION

Emission Source/Control: 00006 - Process

Design Capacity: 13.2 tons per hour

Emission Source/Control: 00007 - Process

Design Capacity: 13.2 tons per hour

New York State Department of Environmental Conservation

Permit ID: 5-4144-00132/00001

Facility DEC ID: 5414400132

