STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION

In the matter of	)	
	)	Trading Agreement
The State of Connecticut and	)	and Order No. 8269
	)	
Cascades Boxboard Group	)	
Connecticut LLC	)	

Whereas, the Commissioner of Environmental Protection ("Commissioner") and Cascades Boxboard Group Connecticut LLC ("Cascades") agree that it is in the public interest that they work cooperatively to improve the air quality within the State of Connecticut and that the use of discrete emission reduction credit ("DERC") trading to reduce nitrogen oxide ("NOx") emissions will achieve this result in a timely and cost-effective manner.

A. At the request and with the agreement of Cascades, the Commissioner finds the following:

1. Cascades is a corporation that on or about July 17, 2006, will purchase from Sprague Paperboard, Inc., and will own and operate the manufacturing facility at 130 Inland Road, Versailles, Connecticut ("facility").

2. At the facility, Cascades will operate fuel-burning equipment that consist of a Budget Source Babcock and Wilcox natural gas and/or No. 6 fuel oil fired PFI steam boiler ("PFI boiler") and a Non-budget Source Babcock and Wilcox natural gas fired FM steam boiler ("FM boiler"), which are subject to Section 22a-174-22 of the Regulations of Connecticut State Agencies ("Regulations").

3. Cascades monitors NOx emissions from the PFI boiler using a continuous emissions monitoring system ("CEM"), certified in accordance with 40 Code of Federal Regulations ("CFR") Part 75.

4. When burning natural gas or No. 6 fuel oil in the PFI boiler, Cascades exceeds the allowable NOx emissions limits specified in Section 22a-174-22 (e) of the Regulations.

5. Pursuant to Section 22a-174-22(j) of the Regulations, during the non-ozone season, Cascades intends to acquire and use approved DERCs until May 1, 2009 for the PFI boiler at the facility. Pursuant to Section 22a-174-22(j) of the Regulations, during the ozone season, Cascades intends to acquire and use approved discrete emission reduction credits ("DERCs") and/or Budget discrete emission reduction credit ("BDERCs") until May 1, 2009 for the PFI boiler at the facility in accordance with this Trading Agreement and Order.

6. Official U.S. Environmental Protection Agency ("EPA") Method 7E emission tests performed on the FM boiler showed that NOx emissions rates were as follows:

Table 1
Cascades- FM and PFI Boiler
NOx Emission Rates and Allowable Limits in pounds per million British thermal units ("lbs/MMBtu")

Unit: DEP Permit/ Registration #	Fuel	Heat Input	Emission Rate	Generation FLER	Allowable Limits	Date of Emission Test	Next Emission Test Due
FM Boiler P-170-001	Nat. Gas	70	0.11	0.13	0.20	5/10/01	7/17/06
PFI Boiler R-170-003	No. 6 Oil Nat. Gas	275 288	CEM CEM	N/A N/A	0.25 0.20*	N/A N/A	N/A N/A

*Or the proportioned allowable limit, pursuant to Section 22a-174-22(f)(2)(A) of the Regulations when burning both natural gas and No. 6 fuel oil simultaneously.

8. Pursuant to Section 22a-174-22(j) of the Regulations, Cascades intends to generate approved DERCs from the FM boiler until May 1, 2009 using a full load emission rate ("FLER") of 0.13 lbs/MMBtu as shown in Table 1 of this Trading Agreement and Order.

9. When properly documented by Cascades, and approved by the Commissioner, the emission reductions from the FM boiler identified above, and as computed in accordance with the terms of this Trading Agreement and Order, will conform to the requirements of Section 22a-174-22(j)(3) of the Regulations. Specifically, the reductions will be:

Real because they will result in a reduction of actual emissions released into the air, net of any consequential increase in actual emission resulting from shifting demand. The emission reductions will be properly measured, recorded, and reported.

Quantifiable because they are based on Department witnessed emission testing as applied in an appropriate reliable and replicable protocol and periodic re-testing.

Surplus because they are not required by any Connecticut statute or regulation mandated by a current State Implementation Plan ("SIP"), and are not currently relied upon in any applicable attainment plan, any reasonable further progress plan or milestone demonstration.

Permanent because the low-NOx burners will be in place and operating, and an appropriate tracking system is in place to monitor all data required to verify and quantify the creation of DERCs.

Enforceable because the DERCs are approved by the Commissioner retrospectively after the submission by Cascades of a report that documents their creation.

B.1. The Commissioner, in accordance with the provisions of this Trading Agreement and Order, pursuant to Section 22a-174-22(d)(3) of the Regulations, hereby allows Cascades and approved sources within Connecticut to use NOx DERCs generated by Cascades which have been approved by the Commissioner. These DERCs may be used for the purposes of compliance under Section 22a-174-22(j) of the Regulations, to achieve a portion of the nitrogen oxide emission reductions required.

B.2. The Commissioner, in accordance with the provisions of this Trading Agreement and Order, pursuant to Section 22a-174-22(j) of the Regulations, hereby allows Cascades to:

a. Comply with Section 22a-174-22(d) of the Regulations through use of DERCs, BDERCs and/or allowance trading;

b. Use ozone season BDERCs in accordance with this Trading Agreement and Order; and

c. Upon sufficient documentation as prescribed in this Trading Agreement and Order, generate additional DERCs. Upon issuance of an addendum to this Trading Agreement and Order the Commissioner may approve the generation of additional DERCs by Cascades retrospectively. Approved DERCs generated by Cascades may be held by Cascades or transferred to other persons in accordance with this Trading Agreement and Order.

C. With the agreement of Cascades, the Commissioner, acting under Sections 22a-6, 22a-171, 22a-174, 22a-176, and 22a-177 of the Connecticut General Statutes, hereby orders Cascades as follows:

1. Upon issuance of this Trading Agreement and Order, Cascades may generate approved DERCs from the FM boiler as allowed under this Trading Agreement and Order until May 1, 2009.

2. Upon issuance of this Trading Agreement and Order until Cascades achieves permanent compliance with the emission standard in Section 22a-174-22(e) of the Regulations or by May 1, 2009 for the PFI boiler and FM boiler, whichever occurs earlier, Cascades shall comply with Section 22a-174-22 of the Regulations through emission reduction trading in accordance with the following:

a. Cascades shall use approved DERCs as required under this Trading Agreement and Order;

b. Cascades shall have in its possession sufficient approved DERCs, BDERCs, or allowances to meet applicable NOx emission limits as allowed under this Trading Agreement and Order;

c. Cascades shall comply during the operation of the FM boiler with the FLER shown in Table 1 in accordance with this Trading Agreement and Order; and

d. Cascades shall not burn No. 6 fuel oil in the FM boiler.

3. FM Boiler DERC Generation. Until May 1, 2009, when burning natural gas in the FM boiler at the facility, Cascades shall calculate the amount of DERCs generated as follows:

DERCs (tons) Generated = {[(FM boiler natural gas heat input in MMBtu) x (allowable limit in lbs/MMBtu – FLER limit in lbs/MMBtu)] ÷ 2000 lbs/ton} x (0.90) x (0.90)

Where:

- FLER for the FM boiler = generation FLER shown in Table 1.
- Allowable limit = allowable limit rate for natural gas shown in Table 1 of this Trading Agreement and Order.
- Discount (0.90) (0.90) = A discount factor of ten (10) percent for the benefit of the environment and another ten (10) percent for the uncertainty of using one emission test every five years in lieu of CEMs, shall be applied to all DERCs (tons) as calculated on a monthly basis.
- Fuel heating value = 1050 Btu/cf for natural gas.

a) In requesting DERC approval for credits generated, Cascades shall provide documentation containing a sample spreadsheet with calculation formulas used to determine reported numbers, monthly operating reports of daily actual fuel usage including the BTU content and the number of cubic feet used based on heat input, daily actual NOx mass emissions and NOx emission rates (24-hour average), number of operating hours per day, and DERCs generated using the allowable emission rate(s) in accordance with this Trading Agreement and Order, net of the applicable environmental and potential uncertainty discounts.

b) Requests for approval of all DERCs generated by Cascades under this Trading Agreement and Order shall be submitted in writing to the Commissioner. Such requests shall be compiled on a monthly or seasonal basis and shall be submitted at least on an annual basis. Approved DERCs generated by Cascades under this Trading Agreement and Order may be held or transferred to other persons and shall remain valid until they are used or until their vintage expiration date, whichever occurs first. Should Cascades choose to generate additional DERCs, reports documenting these DERCs shall be submitted to the Commissioner on an ozone season, non-ozone season (January through April

and/or October through December), or annual basis. Such reports shall be compiled on a monthly basis and shall be submitted at least on an annual basis.

4. If at any time during the period while this Trading Agreement and Order remains in effect, Cascades has reason to believe it may be exceeding the FLER limit shown in Table 1 of this Trading Agreement and Order, Cascades shall conduct NOx emissions testing of the FM Boiler within sixty (60) days after the discovery of the potential exceedance in accordance with the following:

   Cascades shall submit to the Commissioner for his review and written approval an Intent-To-Test ("ITT") protocol not less than thirty (30) days prior to the emissions testing required pursuant to this paragraph of this Trading Agreement and Order. The ITT protocol shall include at least:

   i. The Department of Environmental Protection's Bureau of Air Management Test Form No. 1, "Intent to Test";

   ii. System operating parameters indicative of the highest operating rate since the previous emissions test, including, but not limited to: steam output rate, temperature and pressure, fuel firing rate, and NOx emissions rate.

   iii. The ITT protocol shall provide that Cascades shall perform testing as specified in Sections 22a-174-5 and 22a-174-22 of the Regulations, including operating the FM boiler at not less than ninety percent (90%) of its maximum rated capacity limit or highest operating rate since its last/previous emissions test, whichever is higher.

   iv. Cascades shall perform all testing required by paragraph C.4. in accordance with the approved ITT protocol.

   v. In conducting and performing the testing required by paragraph C.4. and in analyzing the results of such testing, Cascades shall adhere to methods specified in Sections 22a-174-5 and 22a-174-22 of the Regulations and as approved by the United States Environmental Protection Agency ("EPA") and the Commissioner.

   vi. Cascades shall schedule all emissions testing so as to allow the Commissioner to be present during such testing and to independently verify facility operations, air pollution control equipment parameters, and testing procedures.

   vii. Within 30 days after completing any emissions testing required by this Trading Agreement and Order, Cascades shall submit to the Commissioner a written report providing the results of such testing; within 15 days of a notice from the Commissioner indicating any deficiencies in such report, Cascades shall submit a revised report.

5. PFI Boiler DERCs and BDERCs Use. Until May 1, 2009, before the first day of each month, and beginning on October 1, 2006, also before the first day of each non-ozone season, Cascades shall have in its possession sufficient approved DERCs for the PFI boiler based on the following:

a. At all times:
Before the first day of each month, calculate projected DERCs required for that calendar month as follows:

Estimated DERCs (tons) = {[estimated 24-hour NOx emission rate in lbs/MMBtu - ((0.95) x (24-hour NOx allowable emission limit in Table 1 or proportioned emission rate calculated pursuant to Section 22a-174-22(f)(2)(A) of the Regulations in lbs/MMBtu))] x (Estimated fuel use in MMBtu)} ÷ 2000 pounds/ton.

No later than the twentieth day of each month, Cascades shall calculate and permanently retire DERCs used in the preceding calendar month, as follows:

i. For the PFI boiler on each day, determine whether the 24-hour average actual NOx emission rate* is greater than the NOx allowable limit in Table 1 above.

ii. When the PFI boiler has a 24-hour actual NOx emission rate exceeding the NOx allowable limit, calculate and permanently retire the amount of DERCs used, as follows:

Actual DERCs (tons) = {[(24-hour average actual CEM-recorded NOx emission rate in lbs/MMBtu*) - ((0.95) x (NOx allowable emission limit in lbs/MMBtu in Table 1 or proportioned emission rate calculated pursuant to Section 22a-174-22(f)(2)(A) of the Regulations in lbs/MMBtu))] x (actual fuel use in MMBtu)} ÷ 2000 pounds/ton.

*This rate shall be calculated pursuant to the methodology described in 40 CFR Part 75.

iii. With the exception of BDERCs, excess DERCs from previous months can be applied to subsequent months. BDERCs are subject to the limitations set forth in paragraph C.6 of this Trading Agreement and Order.

b. During the non-ozone season:
In addition to meeting the 24-hour emission limit in Table 22-1 of Section 22a-174-22 of the Regulations, Cascades shall meet a non-ozone season emission limit of 0.15 lbs/MMBtu. Prior to October 1, 2006, October 1, 2007 and October 1, 2008, Cascades shall estimate and acquire the amount of DERCs or allowances required for such non-ozone season needed to comply with Section 22a-174-22(e)(3) of the

Regulations as follows:

Estimated DERCs (tons) = [Estimated maximum fuel use in MMBtu from October 1 through April 30 x (lower of the estimated seasonal average NOx emission rate or the proportioned 24-hour allowable emission limit calculated pursuant to Section 22a-174-22(f)(2)(A) of the Regulations in lbs/MMBtu during October 1 through April 30 – (0.95 x 0.15 lbs/MMBtu))] ÷ 2000 pounds/ton.

No later than May 31, 2007, May 31, 2008, and May 31, 2009, in addition to the DERCs retired pursuant to paragraph C.5.a. of this Trading Agreement and Order, Cascades shall calculate and permanently retire DERCs used in the preceding non-ozone season as follows:

Actual DERCs (tons) = [Actual fuel use in MMBtu from October 1 through April 30 x (lower of the actual seasonal average CEM-recorded NOx emission rate or the proportioned 24-hour allowable emission limit calculated pursuant to Section 22a-174-22(f)(2)(A) of the Regulations in lbs/MMBtu during October 1 through April 30 – (0.95 x 0.15 lbs/MMBtu))] ÷ 2000 pounds/ton.

c. When the daily or non-ozone season CEM-recorded NOx emission rate is used to calculate DERCs used by the boiler, Cascades shall include missing data calculated in accordance with missing data substitution procedures under 40 CFR Part 75.

6. BDERCs shall only be used by other NOx Budget Program sources located in Connecticut. BDERCs shall only be used to offset ozone season excess emissions, and shall not be used for compliance during the non-ozone season. BDERCs generated during a given year shall only be used through the following ozone season. BDERCs are subject to all DERC requirements set forth in this Trading Agreement and Order except for those requirements pertaining solely to non-ozone season DERCs and as otherwise may be provided.

7. Cascades shall make and keep records of: daily fuel use and fuel type; the 24-hour actual NOx emission rate; starting on October 1, 2006 non-ozone season average NOx emission rates; the number of operating hours per day; the number of invalid data hours of the total operating hours per day; the number of DERCs created and used each day in accordance with the appropriate emission rates and limits in this Trading Agreement and Order; the number of DERCs in its possession and purchased (by serial number if assigned) each month; the number of DERCs used during the ozone and non-ozone season (by serial number if assigned); as well as

documentation attesting to the fact that approved DERCs used during the ozone season were generated during the ozone season. Generator certification of this fact shall be sufficient. Cascades shall maintain and submit such records to the Commissioner in accordance with Section 22a-174-22 of the Regulations.

8. Record Keeping. Cascades shall retain records and supporting documentation as described in this Trading Agreement and Order for a minimum of five years, commencing on the date such records were created. Cascades shall provide the records specified above to the Commissioner within thirty (30) days of receipt of a written request from the Commissioner.

9. Reporting

   a. Annual DERC Report. No later than March 1 of every year after issuance of this Trading Agreement and Order, Cascades shall submit in writing to the Commissioner, a record of each sale or other transfer of DERCs generated pursuant to this Trading Agreement and Order for the previous calendar year. Cascades shall also include actual NOx emissions from each boiler and the amount of all DERCs used (including serial numbers (if assigned) and approved DERCs generated and/or purchased from other facilities), generated and/or approved for the previous calendar year. These reports shall be on a form prescribed by the Commissioner and shall be in monthly increments, and for each boiler by ozone and non-ozone seasons.

   b. Starting on October 1, 2006: No later than July 30 of every year after issuance of the Trading Agreement and Order, Cascades shall submit in writing to the Commissioner the non-ozone season fuel consumption and amount of all DERCs used (including serial numbers (if assigned) and approved DERCs purchased from other facilities for the PFI boiler during the previous October through April time period. These reports shall be on forms prescribed by the Commissioner.

10. Allowance Use. Pursuant to Section 22a-174-22(d)(3) of the Regulations, Cascades may use NOx allowances, pursuant to Section 22a-174-22(j) of the Regulations to achieve all or a portion of the reductions required by Section 22a-174-22 of the Regulations. Any NOx allowance used for compliance with Section 22a-174-22(e) of the Regulations shall be subject to all restrictions and/or requirements applicable to DERCs contained in this Trading Agreement and Order. Each allowance used for compliance with Section 22a-174-22 of the Regulations shall be equivalent to one DERC and shall be deducted from Cascades's NOx Budget Program compliance account upon such use. Allowances shall be considered used for compliance with Section 22a-174-22 of the Regulations when they are transferred from the facility's compliance account or overdraft account to a State of Connecticut NOx allowance retirement account, account ID CT0000000300 in the NOx Allowance Tracking System (NATS).

11. DERC Shortfall. At a minimum, DERCs required shall be adjusted upwards by 100% if DERCs are not in Cascades's possession for use prior to the first day of each month or applicable season. However, nothing in this Trading Agreement and Order shall affect the Commissioner's authority to institute any proceeding or take any other action to require additional upward adjustment, based on the gravity of any alleged noncompliance or violation of law. Cascades shall permanently retire the quantity of DERCs equivalent to the excess emissions plus a 100% premium within sixty (60) days of Cascades's discovery of the DERC shortfall. Cascades shall certify and report any such DERC retirement to the Commissioner in accordance with paragraph C.33 of this Trading Agreement and Order.

12. Vintage Restriction. For the purposes of compliance with Section 22a-174-22 of the Regulations, DERCs/allowances shall only remain valid for five (5) calendar years from the year of the generation/allocation of such DERCs/allowances. DERCs/allowances generated/allocated more than five (5) calendar years ago are not valid for use for compliance with Section 22a-174-22 of the Regulations. Notwithstanding the above the DERCs/allowances shall no longer be valid for the purposes of compliance with Section 22a-174-22 of the Regulations on or after May 1, 2009.

13. FLER Exceedance. Noncompliance with an established FLER shall subject Cascades to make restitution by matching the quantity of emissions ("true up") caused by the exceedance plus a 100% premium. The true up in tons of DERCs shall be equal to the FLER exceedance in lbs/MMBtu, multiplied by the total heat input during the period of noncompliance divided by 2000 lbs/ton. If the period of noncompliance is not known, the time period from the completion of the last/previous Commissioner witnessed emission test through the date the FLER compliance is achieved as approved by the Commissioner shall be used. However, nothing in this Trading Agreement and Order shall affect the Commissioner's authority to institute any proceeding or take any other action to require additional upward adjustment, based on the gravity of any alleged noncompliance or violation of law. Cascades shall permanently retire DERCs calculated in accordance with the above plus a 100% premium within sixty (60) days of Cascades's discovery of the FLER exceedance. Cascades shall report any FLER exceedance to the Commissioner in accordance with paragraph C.33 of this Trading Agreement and Order.

14. FLER Modification. The FLER set forth in Table 1 of this Trading Agreement and Order may be modified only after the consent of the Commissioner by written modification of this Trading Agreement and Order.

15. Emissions Testing. Pursuant to Section 22a-174-22(k) of the Regulations Cascades shall conduct NOx emission tests of the FM boiler at least once every five years commencing from the next emission test due date as provided in Table 1 of this Trading Agreement and Order.

16. Extension. No later than May 1, 2009 with respect to the PFI boiler, Cascades shall comply with the requirements of Sections 22a-174-22(d)(1) and 22a-174-22(d)(2)(A) of the Regulations. No later than May 1, 2009, with respect to the FM boiler, Cascades shall comply with the requirements of Section 22a-174-22(d)(1) of the Regulations. There is no assurance that after full program review of this and other Trading Agreements and Orders that the Commissioner will grant a written extension of this Trading Agreement and Order.

17. Future Compliance Report. On or before September 1, 2008, Cascades shall submit a report in writing to the Commissioner, as directed in paragraph C.34. of this Trading Agreement and Order, indicating how the facility shall comply with Section 22a-174-22 of the Regulations with respect to the PFI and FM boilers on and after May 1, 2009.

18. Full compliance. Cascades shall not be considered in full compliance with this Trading Agreement and Order until all actions required by this Trading Agreement and Order have been completed as approved and to the Commissioner's satisfaction.

19. Approvals. Cascades shall use best efforts to submit to the Commissioner all documents required by this Trading Agreement and Order in a complete and approvable form. If the Commissioner notifies Cascades that any document or other action is deficient, and does not approve it with conditions or modifications, it is deemed disapproved, and Cascades shall correct the deficiencies and resubmit it within the time specified by the Commissioner or, if no time is specified by the Commissioner, within 30 days of the Commissioner's notice of deficiencies. In approving any document or other action under this Trading Agreement and Order, the Commissioner may approve the document or other action as submitted or performed or with such conditions or modifications as the Commissioner deems necessary to carry out the purposes of this Trading Agreement and Order. Nothing in this paragraph shall excuse noncompliance or delay.

20. Definitions. As used in this Trading Agreement and Order, "Approved DERCs" are those for which the Commissioner has provided written authorization for use in compliance with Section 22a-174-22 of the Regulations; "Commissioner" means the Commissioner or a representative of the Commissioner; "Ozone season" means the period from May 1 through September 30 in any given calendar year; "Non-ozone season" means the period from October 1 through April 30 in any given calendar year.

21. Dates. The date of "issuance" of this Trading Agreement and Order is the date the Trading Agreement and Order is deposited in the U.S. mail or personally delivered, whichever is earlier. The date of submission to the Commissioner of any document required by this Trading Agreement and Order shall be the

date such document is received by the Commissioner. The date of any notice by the Commissioner under this Trading Agreement and Order, including but not limited to notice of approval or disapproval of any document or other action, shall be the date such notice is deposited in the U.S. mail or is personally delivered, whichever is earlier. Except as otherwise specified in this Trading Agreement and Order, the word "day" as used in this Trading Agreement and Order means calendar day. Any document or action which is required by this Trading Agreement and Order to be submitted or performed by a date which falls on a Saturday, Sunday or a Connecticut or federal holiday shall be submitted or performed by the next day which is not a Saturday, Sunday or Connecticut or federal holiday.

22. Certification of documents. Any document, including but not limited to any notice, which is required to be submitted to the Commissioner under this Trading Agreement and Order shall be signed by Cascades or, if Cascades is not an individual, by an individual who is an authorized representative of Cascades, in accordance with Section 22a-174-2a(a) of the Regulations of Connecticut State Agencies, and by the individual(s) responsible for actually preparing such document, and each such individual shall certify in writing as follows:

    "I have personally examined and am familiar with the information submitted in this document and all attachments thereto, and I certify, based on reasonable investigation, including my inquiry of those individuals responsible for obtaining the information, that the submitted information is true, accurate and complete to the best of my knowledge and belief. I understand that any false statement made in the submitted information is punishable as a criminal offense under §53a-157b of the Connecticut General Statutes and any other applicable law."

23. Noncompliance. This Trading Agreement and Order is a final order of the Commissioner with respect to the matters addressed herein, and is nonappealable and immediately enforceable. Failure to comply with this Trading Agreement and Order may subject Cascades to an injunction and penalties.

24. False statements. Any false statement in any information submitted pursuant to this Trading Agreement and Order is punishable as a criminal offense under §53a-157b of the Connecticut General Statutes and any other applicable law.

25. Notice of transfer; liability of Cascades. Until Cascades has fully complied with this Trading Agreement and Order, Cascades shall notify the Commissioner in writing no later than 15 days after transferring all or any portion of the facility, the operations, the site or the business which is the subject of this Trading Agreement and Order or after obtaining a new mailing or location address. Cascades's obligations under this Trading Agreement and Order shall not be affected by the passage of title to any property to any other person or municipality.

26. Commissioner's powers. Nothing in this Trading Agreement and Order shall affect the Commissioner's authority to institute any proceeding or take any other action to prevent or abate violations of law, prevent or abate pollution, recover costs and natural resource damages, and to impose penalties for past, present, or future violations of law. If at any time the Commissioner determines that the actions taken by Cascades pursuant to this Trading Agreement and Order have not successfully corrected all violations, fully characterized the extent or degree of any pollution, or successfully abated or prevented pollution, the Commissioner may institute any proceeding to require Cascades to undertake further investigation or further action to prevent or abate violations or pollution.

27. Cascades obligations under law. Nothing in this Trading Agreement and Order shall relieve Cascades of other obligations under applicable federal, state and local law.

28. No assurance by Commissioner. No provision of this Trading Agreement and Order and no action or inaction by the Commissioner shall be construed to constitute an assurance by the Commissioner that the actions taken by Cascades pursuant to this Trading Agreement and Order will result in compliance or prevent or abate pollution.

29. Access to facility. Any representative of the Department of Environmental Protection may enter the facility without prior notice for the purposes of monitoring and enforcing the actions required or allowed by this Trading Agreement and Order.

30. No effect on rights of other persons. This Trading Agreement and Order neither creates nor affects any rights of persons or municipalities that are not parties to this Trading Agreement and Order.

31. No Creation of Property Rights. This Trading Agreement and Order does not create any property rights with respect to those DERCs.

32. Notice to Commissioner of changes. Within 15 days of the date Cascades becomes aware of a change in any information submitted to the Commissioner under this Trading Agreement and Order, or that any such information was inaccurate or misleading or that any relevant information was omitted, Cascades shall submit the correct or omitted information to the Commissioner.

33. Notification of noncompliance. In the event that Cascades becomes aware that it did not or may not comply, or did not or may not comply on time, with any requirement of this Trading Agreement and Order or of any document required hereunder, Cascades shall immediately notify by telephone the Unit identified in the next paragraph and shall take all reasonable steps to ensure that any

noncompliance or delay is avoided or, if unavoidable, is minimized to the greatest extent possible. Within five (5) days of the initial notice, Cascades shall submit in writing the date, time, and duration of the noncompliance and the reasons for the noncompliance or delay and propose, for the review and written approval of the Commissioner, dates by which compliance will be achieved, and Cascades shall comply with any dates which may be approved in writing by the Commissioner. Notification by Cascades shall not excuse noncompliance or delay, and the Commissioner's approval of any compliance dates proposed shall not excuse noncompliance or delay unless specifically so stated by the Commissioner in writing.

34. Submission of documents. Any document required to be submitted to the Commissioner under this Trading Agreement and Order shall, unless otherwise specified in this Trading Agreement and Order or in writing by the Commissioner, be directed to:

Department of Environmental Protection
Bureau of Air Management
Emissions Trading Unit
79 Elm Street
Hartford, Connecticut 06106-5127

Cascades consents to the issuance of this Trading Agreement and Order without further notice. The undersigned certifies that he/she is fully authorized to enter into this Trading Agreement and Order and to legally bind Cascades to the terms and conditions of the Trading Agreement and Order.

Cascades Boxboard Group
Connecticut LLC.

Signature: _____

Name: Eric Laflamme

Title: President

Date: July 13, 2006

Issued as a final order of the Commissioner of Environmental Protection.

_____
Gina McCarthy
Commissioner

7/14/06
Date

MAILED CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

Certified Document No. 7002 2030 0006 5680 7222

CONFIDENTIAL: ENFORCEMENT STRATEGY

This document contains tentative conclusions and recommendations and does not create any defenses or rights, substantive or procedural.

To: Robert Girard, Assistant Director of Compliance and Field Operations Division

From: Michael LaFleur, APCE III

Subj: Proposed Trading Agreement and Order No. 8269

Date: 7/5/06

Source: Cascades Boxboard Group Connecticut LLC

Nature of Problem or Violation: Not a violation. Cascades Boxboard Group Connecticut LLC recently purchased the Sprague Paperboard facility in Versailles. Trading Agreement and Order 8269 is being issued to allow Cascades to use NOx Trading as a compliance option for the existing PFI and FM boilers until May 1, 2009.

Date of Discovery: NA

Action Proposed: Issue Order.

Justification for Proposed Action: Section 22a-174-22 of the Regulations of Connecticut State Agencies (RCSA) allows a source to use NOx DERCs and BDERCs for purposes of compliance with section 22a-174-22 of the RSCA.

Relief Sought: N/A

Consultation with Water and Waste Bureaus: There have been several meetings with the Waste and Water bureaus regarding the property transfer.

Anticipated Controversy: None