



Canfor Pulp and Paper Green Transformation Projects Information Brief November 2009



Canfor Pulp Limited Partnership (Canfor Pulp) is committed to a program of continuous improvement on environmental performance. The environment is a key focus because of the impacts on the community and our employees who live and work in Prince George.

Canfor Pulp is actively pursuing a number of projects that will improve the environmental performance and/or energy efficiency of its operations in Prince George. These projects are eligible under the terms of the Federal Government *Pulp and Paper Green Transformation Program*. Engineering for two projects has progressed sufficiently to enable submission of these projects to Natural Resources Canada (NRCan) for funding through the Green Transformation Program. These projects are the Prince George Pulp Mill Odor Reduction Project and Increased Biofuel Power Production Project. Details of these projects are provided below.

Other projects being actively considered involve replacing fossil fuel with biofuels and fitting environmental controls to existing equipment that will result in improved air quality. However, technical feasibility studies of these projects need to be completed before environmental assessments can be undertaken and submitted to NRCan. Details of these projects will be communicated as more information becomes available.

Proposed Projects

Prince George Pulp Mill Odor Reduction Project

In the late 1980's, odor reduction technologies implemented at pulp mills in the Prince George air shed decreased total reduced sulfur (TRS) levels by 80%. In 2008, the Pulp & Paper Research Institute of Canada (PAPRICAN) conducted an intensive sampling and modeling study at the three Prince George mills to identify the emission sources that contribute to the local odour. The study identified the key emission points at the Prince George Pulp and Paper Mill and estimated the opportunity to reduce pulp mill odour levels in the community. The Pulp & Paper Green Transformation will help to expedite completion of this important project.

The current Odor Reduction Project at the Prince George Pulp Mill is predicted to reduce the remaining TRS levels by half, resulting in a total decrease in TRS levels of 90% in the air shed relative to the late 1980's. The proposed project cost estimate is approximately \$8-10 million with a target completion by June-2011. The odor reduction project will involve:

- Installation of ducting and fans to collect vapors from existing brown stock and recovery area vents (Photo 1);
- Installation of a condenser to strip moisture from the vapor;
- A re-heater to heat gases after moisture removal and before injection into the recovery boiler;
- Incineration of the gas in the recovery boiler with a power boiler as a backup; and
- A new building approximately 12.5 m x 16 m by 13 m high to house the fans, condenser and re-heater.

The project will be located and operate within the existing footprint of the Prince George Pulp Mill. The new building will be adjacent to the existing buildings. The condenser will require 3020 litres of cooling water per minute that will be sourced from the Nechako River within the terms of an existing water license. Condensate will be stripped of TRS and sent back into the process. The stripped TRS will be incinerated. The cooling water will be managed as part of the existing effluent system that discharges to the Fraser River within terms of an existing permit.

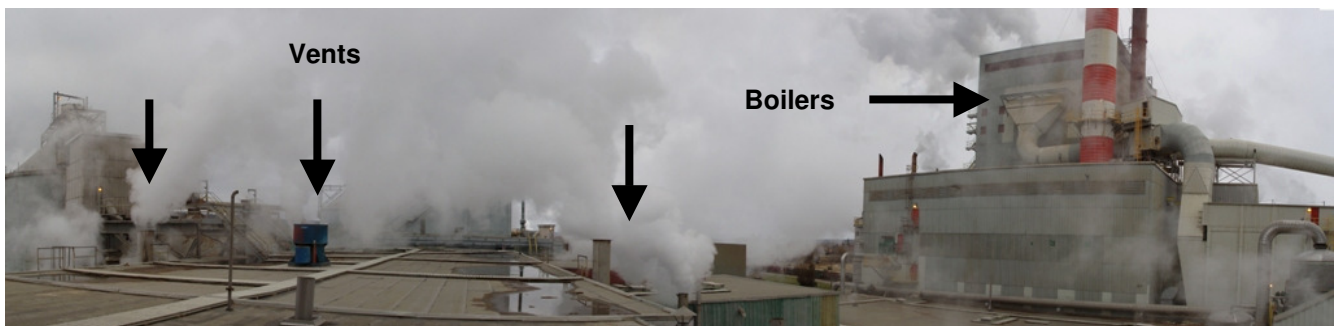


Photo 1: General location of Odor Reduction Project

Increased Biofuel Power Generation Project

The Prince George Pulp Mill digester is currently under utilized by about 4%. By better balancing brown stock production between the Prince George and Intercontinental Pulp Mills, this capacity could be utilized to produce more pulp and an additional 25,600 tonnes of black liquor per year. As a biofuel in the recovery boilers, this black liquor could generate an additional 11,000 MWh of electrical power per year through the existing steam driven turbine generator, thus increasing green power generation from the site. The increased pulp production will be transferred to the Intercontinental Mill for further processing. The proposed project cost estimate is approximately \$4-5 million with a target completion by December-2010.

Physical works for this project will include the installation of a 12" brown stock transfer pipeline and a 10" filtrate return pipeline on an existing pipe bridge (Photo 2) between the Prince George and Intercontinental Pulp Mills, and an upgrade to the Intercontinental Pulp Mill pulp machine feed pump. Emissions from the higher consumption of black liquor in the recovery boiler will be addressed by the existing emission control equipment. Wood chip consumption at the Prince George Pulp Mill will increase by about 4% and chemical use and pulp production at the Intercontinental Mill will increase by about 4%. Additional wood chip consumption, emissions, water use and effluent will be permissible within the constraints of existing supply agreements, permits and licenses.

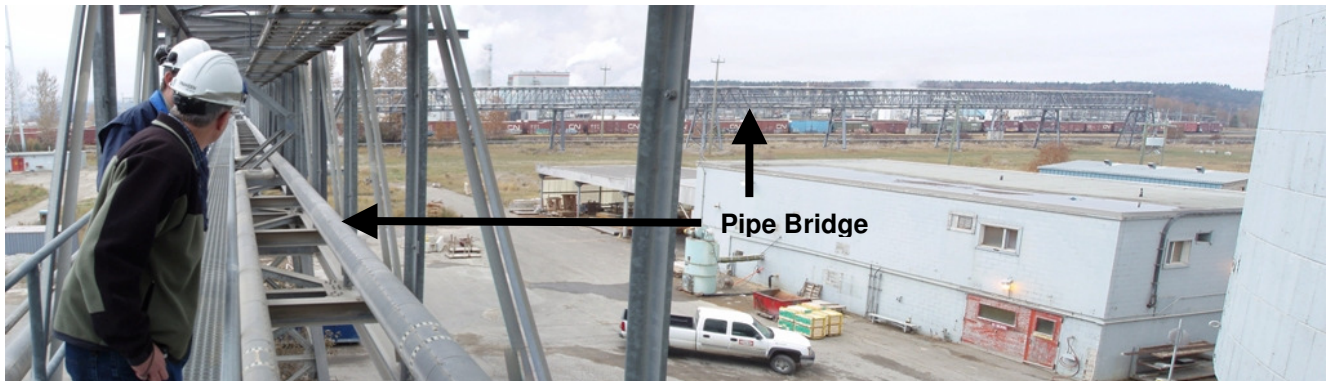


Photo 2: Pipe Bridge between Prince George and Intercontinental Pulp Mills.

Invitation to Comment

Canfor Pulp and Paper is inviting Interested and Affected Parties to contribute to the scope of the Screening Level Assessments by reviewing the project information and submitting comments or issues to the Environment Manager, Canfor Pulp and Paper by email Glenda.Waddell@canforpulp.com or by fax 250-962-3472 before **December 11, 2009**. These submissions and responses will be included in the Environmental Impact Statement prepared for each project.

The final Environmental Impact Statements will be available for review and comment on the Canfor Pulp and Paper website and on the Canadian Environmental Assessment Registry (CEAR) website. Interested and Affected Parties will receive notification of their availability on the Canfor Pulp and Paper website by email. NRCan will be responsible for posting notifications on the CEAR website once the documents are submitted to the agency. The reports are expected to be available for comment in early January-2010. All comments on the final Environmental Impact Statements must be directed to NRCan.

Background

The *Pulp and Paper Green Transformation Program* of Natural Resources Canada seeks to improve the environmental performance of Canada's pulp and paper industry. Program funding was allocated to operations through credits assigned on the basis of the amount of black liquor processed beginning January 1, 2009. Canfor Pulp has been allocated credits of \$122.2 million. These credits may be used to finance approved capital projects with environmental benefits, such as investments in energy efficiency, or the production of renewable energy from biomass. All projects must be implemented by March 31, 2012 to benefit from the program.

Federally funded projects trigger a Screening Level Assessment in terms of the Canadian Environmental Assessment Act (1992, c. 37). In terms of the Act, NRCan will be the Responsible Authority for environmental assessments of Green Transformation Program projects. The projects will not trigger review under the BC Environmental Assessment Act (SBC 2002, c. 43) and will be implemented within the constraints of existing environmental permits. Canfor Pulp and Paper has contracted Rescan Environmental Services Ltd. to assist the company with preparation of the Environmental Impact Statements for its Green Transformation Program projects.

Canfor Pulp Limited Partnership

Contact: Glenda Waddell – Environment Manager
Prince George, British Columbia
Telephone: 250-962-3396
Fax 250-962-3472
E-Mail: Glenda.Waddell@canforpulp.com
www.canforpulp.com