

TABLE 5.—SUMMARY OF PRIMARY AIR IMPACTS BY SUBCATEGORY OR COATING SEGMENT FOR EXISTING SOURCES—Continued

Subcategory or or coating segment	Emissions before NESHAP, Mg/ yr (tpy)	Emissions after NESHAP, Mg/yr (tpy)	Emissions reduction, Mg/ yr (tpy)	Percent reduction
Two-piece D&I food can body coatings .....	765 (843)	139 (153)	626 (690)	82
One-piece D&I aerosol can body coatings .....	16 (18)	16 (18)	0 (0)	0
Sheetcoatings .....	2,289 (2,522)	404 (445)	1,885 (2,077)	82
Three-piece food can assembly coatings .....	370 (408)	285 (314)	85 (94)	23
Three-piece non-food can assembly coatings .....	45 (50)	38 (42)	6 (7)	14
End lining coatings .....	763 (841)	34 (38)	729 (803)	95
Total .....	8,718 (9,603)	2,560 (2,820)	6,158 (6,783)	71

### B. What Are the Cost Impacts?

Cost impacts include the costs of recordkeeping and reporting, capital equipment costs, performance testing costs, and material costs as facilities comply with the proposed rule. Recordkeeping and reporting includes all labor hours related to the tracking of coating usage, the cost of purchasing computer equipment, the labor hours required to write and submit reports, and the labor hours required to train coating personnel. Capital equipment costs for the facilities that choose to use capture equipment and add-on control devices to comply with the proposed rule include the purchase, installation, and operation of the equipment. Performance testing costs for the facilities that choose to use add-on control devices to comply with the standards include the labor hours required for a contractor to conduct performance testing on each control device used and to develop the associated reports for recordkeeping and reporting purposes.

Material costs include the cost of switching to low- or no-HAP coatings. For facilities that choose to use low- or no-HAP coatings to comply with the standards, coatings with lower HAP content are considered more expensive than higher HAP content coatings.

The total annualized costs for the 142 existing major sources are estimated at \$56.2 million. Those estimates are broken down as follows; monitoring, recordkeeping, and reporting costs would contribute \$7.3 million to the overall cost of the NESHAP, material costs would contribute \$4.1 million, and capital equipment costs would contribute \$44.8 million annually.

### C. What Are the Economic Impacts?

We performed an EIA to provide an estimate of the facility and market impacts of the proposed standards as well as the social costs. The goal of the EIA is to estimate the market response of the metal can coating and production facilities to the proposed regulation and to determine the economic effects that may result due to this NESHAP. The metal can source category contains 189 potentially affected facilities that may be affected by the proposed rule. The potentially affected companies are owned by 30 companies. The NAICS code that describes the metal can manufacturing industry is 332431, Metal Can Manufacturing.

Metal can production leads to potential HAP emissions during the can coating process when high concentrations of organic HAP solvents are used and dispersed. Emissions are generated during coating application, during transportation to the oven (evaporation), and during curing. The compliance costs are associated with chemical substitution during the coating process, the installation of pollution control equipment, and recordkeeping and reporting activities. The estimated total annualized costs for the NESHAP are \$56.2 million per year divided across 142 major source facilities.

In terms of industry impacts, metal can producers experience a total projected decrease of \$16 million in pre-tax earnings which reflects the compliance costs associated with the production of metal cans and the resulting reductions in revenues due to the increase in the prices of the directly affected product markets and reduced quantities purchased. Through the market impacts described above, the

proposed rule will create both gainers and losers within the metal can industry. Approximately one-third of the modeled facilities experience an increase in pre-tax earnings as a result of increases in price that exceed their compliance costs per unit. In contrast, the remaining two-thirds of metal can facilities experience losses in pre-tax earnings. In addition, the EIA indicates that none of the facilities within the metal can market (not including small businesses) are at risk of closure because of the proposed standards. Overall employment is projected to decrease by 176 employees, which represents a decrease of  $\frac{8}{10}$ th of one percent as a result of the proposed rule.

Based on the market analysis, the total social cost of the proposed rule is projected to be \$53.5 million. The estimated social costs differ slightly from the projected engineering costs because social costs account for producer and consumer behavior. Consumers are projected to lose \$33.3 million or 60 percent of the total social costs of the proposed rule. Producers will lose \$20.2 million, or 40 percent of the total social costs. For more information, consult the EIA report supporting the proposed rule, "Economic Impact Analysis of Metal Can MACT Standards" (EPA-452/R-02-005).

### D. What Are the Non-Air Health, Environmental, and Energy Impacts?

Based on information from the industry survey responses, we found no indication that the use of low or no-organic HAP content coatings and thinners at existing sources would result in any increase or decrease in non-air health, environmental, and energy