

facility would incur, rather than the total material investment.

We estimate the total annualized costs for compliance with the final rule to be \$58.7 million. Those estimates include \$8.4 million for MRR requirements, \$4.1 million for coating material costs, and \$46.2 million for capital equipment.

#### *C. What Are the Economic Impacts?*

We prepared an economic impact analysis (EIA) to provide an estimate of the facility and market impacts of the final rule, as well as the social costs. The goal of the EIA was to estimate the market response of the metal can coating and production facilities to the final rule and to determine the economic impacts. Compliance costs are associated with chemical substitution during the coating process, the installation of pollution control equipment, and recordkeeping and reporting activities. We estimate the total annualized compliance costs to be \$58.7 million per year divided across 142 major source facilities (owned by 30 companies).

In terms of industry impacts, metal can producers could experience a total projected decrease of \$16.4 million in pretax 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 final rule is expected to create both gainers and losers within the metal can industry. Approximately one-third of the modeled facilities may experience an increase in pretax earnings as a result of price increases that exceed their compliance costs per unit. In contrast, the remaining two-thirds of metal can facilities may experience losses in pretax earnings. In addition, the EIA indicates that none of the facilities within the metal can market are at risk of closure because of the final rule. We project overall employment to decrease by 242 employees, or 1.0 percent, as a result of the final rule.

Based on the market analysis, we project the total social cost of the final rule to be \$55.7 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 bear \$34.6 million or 60 percent of the total social costs of the final rule. Producers could bear \$21.6 million, or 40 percent of the total social costs. For more information, consult the EIA report supporting the final rule.

#### *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 impacts. There will be no change in utility requirements associated with the use of these materials, so there will be no change in the amount of energy consumed as a result of the material conversion. Also, there will be no significant change in the amount of materials used or the amount of waste produced.

Many facilities in the draw and iron (D&I) can body coating and sheetcoating subcategories currently use add-on emission control devices to meet existing requirements; consequently, we anticipate that facilities in those subcategories will use add-on controls to comply with the final rule. Secondary air and energy impacts will result from fuel combustion needed to operate these control devices, which are expected to be RTO.

The RTO require electricity and the combustion of natural gas to operate and maintain operating temperatures. The electricity costs of using RTO are included in the capital expenditures. By-products of fuel combustion required to generate electricity and maintain RTO operating temperature include emission of carbon monoxide, nitrogen oxides, sulfur dioxide, and particulate matter less than 10 microns in diameter. Assuming the electricity required for RTO operation is generated at coal-fired plants built since 1978 and using air pollution emissions factors, we estimate that generation of electricity required to operate RTO at all affected D&I can body coating and sheetcoating facilities will result in increases in the following air pollutants: carbon monoxide, 35 tpy; nitrogen oxides, 156 tpy; sulfur dioxide, 775 tpy; and particulate matter, 70 tpy.

Energy impacts include the consumption of electricity and natural gas needed to operate RTO. We estimate that electricity consumption from the operation of RTO at all D&I can body coating and sheetcoating facilities will increase by 34,500,000 kilowatt hours per year, and fuel energy consumption resulting from burning natural gas will increase by 672,300 million British thermal units per year. We estimate that no significant secondary water or solid waste impacts will result from the operation of emission control devices.

#### *E. Potential Changes to the Impacts*

The outcome of two delisting petitions that have been submitted to EPA could significantly affect the estimated impacts of the final rule. These petitions are the petition to delist EGBE from the HAP list and the petition to delist the two-piece beverage can segment from the source category list. Both petitions are being reviewed by EPA. If granted, the delisting of either EGBE or the two-piece beverage can segment could significantly decrease the number of sources affected by the final rule and could affect the final emission limits. Thus, the estimated impacts could change. Once decisions on the petitions are made, we will expeditiously determine whether changes to the final rule are warranted. If changes are appropriate, EPA will take prompt action to issue such changes and to ensure that facilities do not incur unnecessary compliance expenses. The EPA will also work with affected facilities to ensure that they are not subject to inappropriate sanctions.

#### **V. Statutory and Executive Order Reviews**

##### *A. Executive Order 12866: Regulatory Planning and Review*

Under Executive Order 12866 (58 FR 51735, October 4, 1993), EPA must determine whether the regulatory action is "significant" and, therefore subject to Office of Management and Budget (OMB) review and the requirements of the Executive Order. The Executive Order defines "significant regulatory action" as one that is likely to result in a rule that may:

- (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;
- (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs, or the rights and obligation of recipients thereof; or
- (4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive Order.

It has been determined that the final rule is not a "significant regulatory action" under the terms of Executive Order 12866 and is, therefore, not subject to OMB review.