

We estimate that in the first 3 years after the effective date of 40 CFR part 63, subpart HHHHH, that the annual cost burden will average \$3,500/yr per respondent for recordkeeping and reporting requirements for an estimated 129 sources. Most of these costs are for new and reconstructed sources that must be in compliance upon startup; other costs are for existing sources to prepare initial notifications and plans. In the fourth year after the effective date, existing facilities must begin to monitor and record operating parameters to comply with operating limits and prepare compliance reports. These activities will significantly increase the nationwide annual burden.

We expect that the actual compliance cost impacts of the NESHAP will be less than described above because of the potential to use common control devices, upgrade existing control devices, implement emissions averaging, or comply with the preset temperature limits for condensers. Because the effect of such practices is highly site-specific and data were unavailable to estimate how often the lower cost compliance practices could be utilized, we could not quantify the amount by which actual compliance costs will be reduced.

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

The economic impact analysis shows that the expected price increase for affected output would be 0.3 percent as a result of the NESHAP for miscellaneous coating manufacturers. The expected change in production of affected output is a reduction of 0.1 percent as a result of the final rule. One plant closure is expected out of the 127 facilities affected by the final rule. It should be noted that the baseline economic conditions of the facility predicted to close affect the closure estimate provided by the economic model, and that the facility predicted to close appears to have low profitability levels currently. Therefore, no adverse impact is expected to occur for those industries that produce output affected by the NESHAP, such as paints, inks, and adhesives.

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

We do not expect wastewater, solid waste, or hazardous waste to be generated from controlling HAP emissions from miscellaneous coating manufacturing facilities. Thus, we expect no non-air quality health impacts from controlling HAP emissions from miscellaneous coating manufacturing facilities. We expect the overall energy

demand (*i.e.*, for electricity generation and steam production) to increase by an estimated 32,000 gigajoules per year (30.0 billion British thermal units per year (Btu/yr)).

### **IV. Summary of Responses to Major Comments**

#### *A. What Changes to Applicability Did the Commenters Suggest?*

*Comment:* A number of commenters opposed regulation of activities such as mixing additives and other ingredients, thinning, and adjusting tint by facilities that are the end-users of coatings and are subject to any of the surface coating NESHAP; several of the commenters described these activities as “affiliated operations,” and they concurred with the definition and draft preamble language for the Paper and Other Web Coating (POWC) NESHAP that were discussed during POWC stakeholder meetings on May 22 and June 26, 2002.<sup>1</sup> For example, several of the commenters requested specific exemptions for affiliated operations at facilities subject to surface coating rules in subpart GG (National Emission Standards for Aerospace Manufacturing and Rework Facilities), subpart KK of 40 CFR part 63 (NESHAP for the Printing and Publishing Industry), and/or subpart JJJJ of 40 CFR part 63 (NESHAP: Paper and Other Web Coating). Another commenter requested an exemption for the onsite formulation and mixing of specialty, ablative coatings that are applied to space vehicles at a National Aeronautics and Space Administration (NASA) site and are exempt from control under subpart GG of 40 CFR part 63. Two commenters requested specific language in either the preamble or final rule to clarify that operations at facilities subject to subpart DDDD of 40 CFR part 63 (the plywood and composite wood products NESHAP) are not subject to subpart HHHHH of 40 CFR part 63. Another commenter also suggested extending the provision to all equipment associated with a process for which another 40 CFR part 63 standard has been promulgated. One commenter stated that end users, particularly those at facilities subject to subpart MMMM of 40 CFR part 63 (NESHAP: Surface Coating of Miscellaneous Metal Parts and Products), should be exempt because subpart MMMM already addresses emissions associated with the use of diluents at such facilities. Another commenter noted that the exemption in § 63.7985(a)(4) of operations that are part of an affected

source under another subpart of 40 CFR part 63 should apply to end-users subject to subparts MMMM, IIII (auto surface), and PPPP (plastic parts and products) because affiliated operations are part of the affected sources under those rules. One commenter requested clarification that the exemption in § 63.7985(a)(4) is not limited only to operations that are required to implement controls under other standards.

Two commenters requested exemptions for affiliated operations at facilities subject to any of the surface coating NESHAP. According to the commenters, the exemption is necessary because we obtained no information on end-users while developing subpart HHHHH, some of the regulated community would not have an opportunity to comment on the proposal because some of the surface coating rules will not be published until after subpart HHHHH is finalized, and we considered emissions from affiliated operations in some surface coating source categories to be insignificant when we were developing the surface coating NESHAP. To exclude end users in general, one commenter recommended more clearly defining “coatings manufacturing” with a definition similar to that for “batch process” in subpart GGG of 40 CFR part 63, using a more narrow listing of Standard Industrial Classification (SIC) and North American Industrial Classification System (NAICS) codes, and adding specific exemptions for temporary activities such as mixing prior to painting a tank or structure at a major source.

*Response:* The final rule does not apply to activities conducted by end users of coating products in preparation for application. As noted by some of the commenters, we have decided to exempt affiliated operations at POWC facilities from subpart HHHHH. In the preamble to the final POWC surface coating MACT rule (67 FR 72330, December 4, 2002), we define affiliated operations at POWC facilities and indicate that they are part of the POWC source category, but they are not part of the POWC affected source for a variety of reasons. We also examined other surface coating rules, and determined that the exemption for affiliated operations should also be applied to sources that are subject to the printing and publishing rule (subpart KK), the aerospace manufacturing rule (subpart GG), the metal coil coating rule (subpart SSSS of 40 CFR part 63), and the miscellaneous metal parts and products rule (subpart MMMM). These five rules lack requirements for affiliated

<sup>1</sup> The final POWC NESHAP was published on December 4, 2002 (67 FR 72330).