September 2010

Economic Impact Analysis for Corporate Parent and NAICS Reporting Amendment to MRR

Report for Final Rule

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Section 1

INTRODUCTION AND BACKGROUND

EPA has finalized a rule that amends the Final Mandatory Reporting of Greenhouse Gases Rule (40 CFR part 98) to require reporters subject to the rule to provide: (1) the name, address, and percentage ownership of their U.S. parent company(s); (2) their primary North American Industry Classification System (NAICS) code(s) as well as all additional applicable NAICS code(s); and (3) an indication of whether or not any of their reported emissions are from one or more cogeneration units.

The Final Mandatory Reporting of Greenhouse Gases Rule, hereafter 40 CFR part 98, requires reporting of GHG emissions from large sources and suppliers in the United States. Under Part 98, suppliers of fossil fuels or industrial greenhouse gases, and facilities that emit 25,000 metric tons or more per year of GHG emissions are required to submit annual reports to EPA.[1] A list of the information that all reporters must submit in their annual reports is included in the general provisions of the rule (see 40 CFR 98.3(c)). This list includes owner/operator identification information, but does not currently require reporters to provide information on their U.S. parent company(s), on their primary and other applicable NAICS code(s), or on whether any of their reported emissions are from one or more cogeneration units. Today's final rule amends 40 CFR part 98 to require facilities and suppliers subject to the rule to provide this additional information in their annual reports.

The balance of this report provides a summary of the final rule's requirements; definition of the affected entities; a rationale for additional information requirements; a summary of the compliance burden; the economic impact analysis; and a summary of EPA's compliance with relevant rulemaking Executive Orders and statutes.

[1] Because they are not covered under 40 CFR part 98, this rule does not apply to mobile sources.

Section 2

SUMMARY OF THE FINAL AMMENDMENT

EPA has added reporting elements to the list of items included in annual GHG reports submitted by facilities and suppliers subject to 40 CFR part 98. This final amendment requires facilities to report the following additional data fields: (1) the legal names and physical addresses of all U.S. parent companies and the percent of ownership held by each; (2) all applicable NAICS codes, one of which must be designated, and a second that may be designated, as primary; and (3) an indication of whether or not the reported emissions include those from one or more cogeneration units. The collection of information regarding facilities' and suppliers' U.S. parent companies and NAICS codes will assist in aggregation of facility-based GHG emissions data to the corporate level and the industrial sector level. Identifying cogeneration facilities will provide EPA with additional information regarding facility emissions and will assist in understanding what emissions are being released onsite versus offsite.

2.1 Definition of Affected Entities

The final amendment applies universally to all subparts of 40 CFR part 98. Therefore, facilities and suppliers that meet the applicability criteria for any of the subparts of 40 CFR Part 98 are required to report the additional data elements included in this final amendment.[2] Regulated categories and entities subject to this amendment are listed in Table 2-1.

[2] EPA will not be implementing subpart JJ of the 40 CFR part 98 using funds provided in its FY2010 appropriations due to a Congressional restriction prohibiting the expenditure of funds for this purpose. In addition, today's proposed amendment does not apply to mobile sources because they are not covered under 40 CFR Part 98.

Table 2-1. Examples of Regulated Entities by Category

Category	NAICS Codes	Examples of Regulated Entities
General Stationary Fuel Combustion Sources	211	Extractors of crude petroleum and natural gas.
	321	Manufacturers of lumber and wood products.
	322	Pulp and paper mills.
	325	Chemical manufacturers.
	324	Petroleum refineries, and manufacturers of coal products.
	316, 326, 339	Manufacturers of rubber and miscellaneous plastic products.
	331	Steel works, blast furnaces.
	332	Electroplating, plating, polishing, anodizing, and coloring.
	336	Manufacturers of motor vehicle parts and accessories.
	221	Electric, gas, and sanitary services.
	622	Health services.
	611	Educational services.
Electricity Generation	221112	Fossil-fuel fired electric generating units, including units owned by Federal and municipal governments and units located in Indian Country.
Adipic Acid Production	325199	Adipic acid manufacturing facilities.
Aluminum Production	331312	Primary Aluminum production facilities.
Ammonia Manufacturing	325311	Anhydrous and aqueous ammonia manufacturing facilities.
Cement Production	327310	Portland Cement manufacturing plants.
Ferroalloy Production	331112	Ferroalloys manufacturing facilities.
Glass Production	327211	Flat glass manufacturing facilities.
	327213	Glass container manufacturing facilities.
	327212	Other pressed and blown glass and glassware manufacturing facilities.
HCFC-22 Production and HFC-23 Destruction	325120	Chlorodifluoromethane manufacturing facilities.
Hydrogen Production	325120	Hydrogen manufacturing facilities.
Industrial Waste Landfills	322110	Pulp mills.
	322121	Paper mills.
	322122	Newsprint mills.
	322130	Paperboard mills.
	311611	Meat processing facilities.
	311411	Frozen fruit, juice, and vegetable manufacturing facilities.

Category	NAICS Codes	Examples of Regulated Entities
	311421	Fruit and vegetable canning facilities.
	325193	Ethanol manufacturing facilities.
	324110	Petroleum refineries.
Industrial Wastewater Treatment	562212	Solid waste landfills.
	322110	Pulp mills.
	322122	Newsprint mills.
	322130	Paperboard mills.
	311611	Meat processing facilities.
	311411	Frozen fruit, juice, and vegetable manufacturing facilities.
	311421	Fruit and vegetable canning facilities.
	221320	Sewage treatment facilities.
Iron and Steel Production	331111	Integrated iron and steel mills, steel companies, sinter plants, blast furnaces, basic oxygen process furnace shops.
Lead Production	331419	Primary lead smelting and refining facilities.
	331492	Secondary lead smelting and refining facilities.
Lime Production	327410	Calcium oxide, calcium hydroxide, dolomitic hydrates manufacturing facilities.
Magnesium Production	331419	Primary refiners of nonferrous metals by electrolytic methods.
	331492	Secondary magnesium processing plants.
Municipal Solid Waste Landfills	562212	Solid waste landfills.
	221320	Sewage treatment facilities.
Nitric Acid Production	325311	Nitric acid manufacturing facilities.
Petrochemical Production	32511	Ethylene dichloride manufacturing facilities.
	325199	Acrylonitrile, ethylene oxide, methanol manufacturing facilities.
	325110	Ethylene manufacturing facilities.
	325182	Carbon black manufacturing facilities.
Petroleum Refineries	324110	Petroleum refineries.
Phosphoric Acid Production	325312	Phosphoric acid manufacturing facilities.
Pulp and Paper Manufacturing	322110	Pulp mills.
	322121	Paper mills.
	322130	Paperboard mills.
Silicon Carbide Production	327910	Silicon carbide abrasives manufacturing facilities.
Soda Ash Manufacturing	325181	Alkalies and chlorine manufacturing facilities.
	212391	Soda ash, natural, mining and/or beneficiation.

Category	NAICS Codes	Examples of Regulated Entities
Titanium Dioxide Production	325188	Titanium dioxide manufacturing facilities.
Underground Coal Mines	212113	Underground anthracite coal mining operations.
	212112	Underground bituminous coal mining operations.
Zinc Production	331419	Primary zinc refining facilities.
	331492	Zinc dust reclaiming facilities, recovering from scrap and/or alloying purchased metals.
Suppliers of Coal Based Liquids Fuels	211111	Coal liquefaction at mine sites.
Suppliers of Petroleum Products	324110	Petroleum refineries.
Suppliers of Natural Gas and NGLs	221210	Natural gas distribution facilities.
	211112	Natural gas liquid extraction facilities.
Suppliers of Industrial GHGs	325120	Industrial gas manufacturing facilities.
Suppliers of Carbon Dioxide (CO_2)	325120	Industrial gas manufacturing facilities.

The list of regulated entities presented in Table 2-1 is not intended to be exhaustive, but rather provides a guide for readers regarding entities likely to be regulated by this action. Table 2-1 lists the types of entities that EPA currently is aware of that could be potentially affected by this action. Other types of entities not listed in the table could also be subject to reporting requirements. To determine whether an entity is affected by this action, you should carefully examine the applicability criteria found in 40 CFR part 98, subpart A.

Summary of Reporting Requirements

In this final rulemaking, EPA is requiring reporting of data elements related to information on a reporter's U.S. parent company(s). Under this amendment, facilities and suppliers will provide the legal name(s) and address(es) of all U.S. parent company(s) and their respective percentages of ownership.

Reporting Requirements

Under this amendment, the following data elements would be reported:

- All U.S. Parent Company Legal Name(s);
- All U.S. Parent Company Physical Address(es);
- Percent of Ownership by each U.S. Parent Company;
- Primary NAICS Code(s);
- All additional applicable NAICS Code(s); and
- Whether or not the reported emissions include emissions from one or more cogeneration units.

EPA defines U.S. parent company(s) as the highest-level United States company(s) with an ownership interest in the reporting entity as of December 31 of the year for which data are being reported. The U.S. parent company's physical address is defined as the street, city, state and zip code of the U.S. parent company's physical location.

For this amendment, EPA defines a North American Industry Classification System (NAICS) code as the six-digit code that represents the product(s)/activity(s)/service(s) at the facility or supplier as listed in the Federal Register and defined in "North American Industrial Classification System Manual 2007," available from the U.S. Department of Commerce, National Technical Information Service. The final amendment requires reporters to provide the primary NAICS code that most accurately describes the primary product/activity/service at the facility, based on revenue. The primary product/activity/service is the principal source of revenue for the facility or supplier. If necessary, reporters may provide up to two primary NAICS codes. Reporters must also provide all additional NAICS codes that correspond to the product(s)/activity(s)/service(s) at the facility that are not related to the principal source of revenue for the facility or supplier.

In addition, EPA is requiring all reporters subject to 40 CFR part 98 to indicate (by checking yes or no) whether some or all of the GHG emissions they report are from one or more cogeneration (also known as combined heat and power) units located at the facility. For the purposes of this proposal, a cogeneration unit is defined as "a unit that produces electrical energy and useful thermal energy for industrial, commercial, or heating or cooling purposes, through the sequential or simultaneous use of the original fuel energy."[3]

2.2 Rationale for Collecting Information on Parent Company(s), NAICS code(s) and Cogeneration

The purpose of collecting the name and physical address of the U.S. parent company(s) in the annual reports for 40 CFR part 98 is to assist in aggregating facility-based GHG emissions data to the corporate level. This additional data element allows EPA to compile more comprehensive information on corporate GHG emissions and conduct a variety of analyses.

The data collected through this final rule would be immediately available to EPA and could be used for the purposes of providing additional information to support more effective research and develop actions to address GHG emissions. For example, corporate parent and NAICS data would assist EPA in developing and improving emission inventories, as well as characterize emissions data in several different ways. A more detailed understanding of the sources and operational categories of GHG emissions could lead to improvements in air pollution emissions information that is relied upon to develop effective control strategies. For example, EPA could use the NAICS code information gathered by this rule to compare results both within industries and across industry sectors.

[3] 40 CFR 72.2

In addition, the information gathered through this rule will be immediately available to enhance EPA's implementation of various nonregulatory programs aimed at encouraging voluntary reductions of GHG emissions. Under the authority of CAA section 103, EPA has launched a variety of nonregulatory programs aimed at reducing emissions of GHGs. The additional data will assist EPA by providing more detailed information on possible sources, and facility operations within industrial sectors for EPA to work with in the context of these programs.

Section 3

FACILITY- AND SUPPLIER-LEVEL COST ANALYSIS

EPA estimated the costs of complying with this final rule. The cost analysis estimates the incremental contributions to total reporting burden expected under 40 CFR part 98 and compliance costs associated with reporting the data elements described above. EPA estimated compliance costs based on the time facilities and suppliers spend meeting the final rule requirements and the associated labor wage rates. The cost analysis is based on industries currently subject to 40 CFR part 98 and does not account for facilities expected to be added to the program through upcoming actions.

3.1 Estimating the Loaded Hourly Wage Rates

The personnel responsible for reporting the required information are likely to vary by industry sector and/or by facility. Table 3-1 provides estimates of the expected personnel titles, labor categories, and loaded hourly wage rates used in the *Mandatory Reporting of Greenhouse Gas Emissions Final Rule* Regulatory Impact Analysis.[4]

Table 3-1. Loaded Hourly Wage Rates by Labor Category

Personnel Type	Hourly Wage Rate
Management	
electricity manager	$88.79
refinery manager	$101.31
industrial manager	$71.03
Lawyer	$101.00
Average Management	**$90.53**
Technical	
electricity engineer/technician	$60.84
refinery engineer/technician	$63.89
industrial engineer/technician	$55.20
Average Technical	**$59.98**
Blended Wage Rate	**$60.22**

To reflect that both management and technical staff will be involved in reporting the above data elements, an overall blended wage rate was developed based on estimates from the Toxic Release Inventory (TRI) program for similar data element reporting. Management staff is

[4] U.S. EPA, 2009. Regulatory Impact Analysis for the Mandatory Reporting of Greenhouse Gas Emissions Final Rule (GHG Reporting). September.

estimated to be involved in approximately 0.8 percent of the reporting, while technical staff is likely to be needed for the remaining 99.2 percent. Thus, the blended wage rate used in this analysis is $60.22 per hour.

3.2 Estimating Facility and Supplier Reporting Burden

The burden estimates presented below are primarily based on EPA's professional judgment. Under the final rule, affected facilities and suppliers ("reporters") would report U.S. parent company information in their annual GHG emissions reports. It is assumed that more time will be required in the first year of reporting as each reporter becomes familiar with the requirement and locates and enters the relevant information. In subsequent years, it is assumed that the information is pre-populated in a web application. Reporters will still need to spend time to review the information and in some cases may need to revise it. Therefore, staff will continue to spend time on the required data elements, but not as much as in the first year.

3.2.1 U.S. Parent Company Name, Address, and Percent Ownership

Under the final rule, reporters will provide the legal names and physical addresses of all their U.S. parent companies together with each U.S. parent company's percentage of ownership. Reporting entities will need to determine their ownership structure in order to identify and determine the percent ownership of all of their U.S. parent companies. EPA assumes that each reporter's staff will obtain this information from elsewhere in the company by requesting the information via email, in-person request or a telephone call, or by checking files. Once obtained, the information will be entered into the electronic reporting form and then reviewed as part of an overall review of the submission.

The burden associated with reporting parent company name(s), address(es) and percent ownership is summarized in Table 3-2. For reporters with one owner, the amount of time required to identify the single U.S. parent company and to determine and provide its name, address, and percent ownership is estimated to be 40 minutes per reporting entity in the first year (20 minutes to identify/report name, 20 minutes to identify/report address) and 30 minutes per reporting entity (20 minutes to identify/report name, 20 minutes to identify/report address) in subsequent years.

Reporters with multiple owners would require additional time to determine and report the names and addresses of all parent companies. EPA estimates an additional burden of 20 minutes associated with identifying each parent company. EPA determined the incidence of reporters with multiple parents in order to estimate the total industry burden for the final rule and, as discussed in Section 4.1.1, has assumed that reporters with multiple parent companies would have, on average, three owners. Thus, in Table 3-2, EPA presents a burden estimate of 80 minutes to identify/report three parent company names and addresses in the first reporting year (60 minutes to identify/report names, 20 minutes to identify/report addresses) and 70 minutes in subsequent years (60 minutes to identify/report names, 10 minutes to identify/report addresses).

The final rule also requires reporters to specify the percent ownership of each owner in addition to the legal name(s) and physical address(es). To obtain this information, EPA assumes that each reporter's staff will consult with internal sources (e.g., legal or financial staff) or call outside information sources, such as Dun and Bradstreet.[5] While EPA anticipates that reporters with one owner will not require additional time to determine and report percent ownership (as it will equal 100%), the Agency estimates that reporters with multiple owners will require an additional 5 minutes in all reporting years to determine and report this information. EPA expects reporters with multiple owners to obtain information about various owners simultaneously, rather than sequentially and therefore require minimal additional time. For example, a reporter may obtain information about several owners via one consultation with legal or financial staff.

To summarize, the time burden for those reporting one U.S. parent company is 40 minutes per reporter in the first year and 30 minutes in subsequent years, and the time burden for those reporting multiple U.S. parent companies is 85 minutes per reporter in the first year and 75 minutes in subsequent years. Thus, EPA anticipates that reporters with multiple U.S. parent companies will incur an additional time burden of 45 minutes per facility per year as compared to reporters with one parent company.

Reporting costs are calculated by multiplying the average hourly wage rate ($60.22/hr) by the fraction of one hour (burden reported in minutes) in each year. Based on the information available for this analysis, the reporting cost a reporter with one owner is $40.15 in the first year and $30.11 in subsequent years. For a reporter with multiple owners, cost is estimated at $85.31 in the first year and $75.28 in subsequent years. Table 3-2 summarizes the time and financial burden estimates per reporter.

[5] Note that electric utilities are required to report this information to the Energy Information Administration, so facility staff should already possess information on percent ownership. This information is reported on EIA Form 860, Schedule 4, and made publically available in the Annual Electric Generator Report database. http://www.eia.doe.gov/cneaf/electricity/page/eia860.html

Table 3-2. Summary of Burden Estimate Per Reporter For Parent Company Name(s), Address(es), and Percent Ownership.

Data Element	Blended Hourly Wage Rate ($2006)	Year 1 (minutes)	Year 1 Cost ($2006/facility)	Subsequent Years (minutes)	Subsequent Year Cost ($2006/facility)
Facilities with One Owner[a]					
U.S. Parent Company Name	$60.22	20	$20.07	20	$20.07
U.S. Parent Company Address	$60.22	20	$20.07	10	$10.04
Percent Ownership[b]	$60.22	0	$0	0	$0
Total	**$60.22**	**40**	**$40.15**	**30**	**$30.11**
Facilities with Multiple Owners[a]					
U.S. Parent Company Names	$60.22	60	$60.22	60	$60.22
U.S. Parent Company Addresses	$60.22	20	$20.07	10	$10.04
Percent Ownership[b]	$60.22	5	$5.02	5	$5.02
Total	**$60.22**	**85**	**$85.31**	**75**	**$75.28**

[a]Numbers may not add due to rounding.

[b]For facilities with one owner, EPA assumed time spent obtaining U.S. parent company name and address would be sufficient to determine the percent ownership (100%). For facilities with more than one owner, EPA assumed an additional 5 minutes would be necessary to determine and report percent ownership for each owner.

3.2.2 North American Industry Classification System (NAICS) Code(s) and Cogeneration

EPA requires reporters to also provide all North American Industry Classification System (NAICS) code(s) associated with their operations, as well as an indication of whether or reported emissions include those from one or more cogeneration units. It is assumed that the reporting entity's staff will obtain their NAICS code(s) from elsewhere in the company by in-person request, email, a telephone call, or by checking files available to the staff elsewhere in the company. Staff will also determine whether the facility's energy consumption includes energy derived from cogeneration by making a phone call, checking files, or making an in-person information request. Once obtained, the information will be entered into the electronic reporting form and then reviewed as part of an overall review of the submission. All facilities and suppliers are required to report the primary NAICS code that most accurately describes the primary product/activity/service at the facility, based on revenue. The primary product/activity/service is the principal source of revenue for the facility or supplier. If necessary, reporters may provide up to two primary NAICS codes. Reporters will also provide all additional NAICS codes that correspond to the product(s)/activity(s)/service(s) at the facility that are not related to the principal source of revenue for the facility or supplier.

From an analysis of NAICS code reporting to EPA's Toxics Release Inventory (TRI) program, over 99 percent of reporters listed three or fewer NAICS codes.[6] Therefore, for the purposes of estimating the potential costs of this rulemaking, it is assumed that each reporter will report three NAICS codes. The amount of time required for a reporter to provide information for additional NAICS codes is proportional to the number of NAICS codes: each additional code is assumed to require the same reporting time as the primary NAICS code.

As shown in Table 3-3, the amount of time required at each facility to provide primary and other applicable NAICS codes is estimated to be 10 minutes per NAICS code in the first year and 2.5 minutes per NAICS code in subsequent years. In addition, the amount of time required to determine whether a facility derives energy from cogeneration is estimated to be 10 minutes per facility in the first year and 2.5 minutes per facility in subsequent years. In total, the amount of time to report these data elements (three NAICS codes plus cogeneration) is expected to be 40 minutes in the first year and 10 minutes in subsequent years. Reporting costs are calculated in the same way as discussed in section 3.2.1: by multiplying the average hourly wage rate ($60.22/hr) by the burden estimate (time for labor expressed in minutes and converted to hours) for each year. The resulting reporting cost per facility is $40.15 in the first year and $10.04 in subsequent years.

Table 3-3. Summary of Burden Estimate for NAICS and Cogeneration Per Facility

Data Element	Blended Hourly Wage Rate ($2006)	First Year (minutes)	Year 1 Cost ($2006/facility)	Subsequent Years (minutes)	Subsequent Year Cost ($2006/facility)
Primary Facility NAICS Code	$60.22	10	$10.04	2.5	$2.51
Two Additional NAICS Codes	$60.22	20	$20.07	5	$5.02
Facility Cogeneration	$60.22	10	$10.04	2.5	$2.51
Total Burden	$60.22	**40**	**$40.15**	**10**	**$10.04**

6 99.5% of TRI reporters in all reporting years (RY) provided three or fewer NAICS codes. In RY2008, 98.9% of TRI reporters provided three or fewer NAICS codes. Source: TRI Public Data Releases. http://www.epa.gov/TRI/tridata/index.htm#pdr

3.2.3 Summary of Burden Esitmate Per Facility

In summary, the estimated total cost under this final rule is approximately $80 in the first year and $40 in subsequent years for each reporter with one parent company and about $125 in the first year and $85 in subsequent years for each reporter with more than one parent company. As a result, this rule would only have a significant economic impact on facilities with annual revenues of less than eight thousand ($8,000) dollars a year. Table 3-4 summarizes the burden estimates on a per-reporter basis.

Table 3-4. Summary of Burden Estimate Per Reporter

Data Element	Blended Hourly Wage Rate ($2006)	First Year (minutes)	Year 1 Cost ($2006/facility)	Subsequent Years (minutes)	Subsequent Year Cost ($2006/facility)
Facilities with One Parent Company					
U.S. Parent Company Name	$60.22	20	$20.07	20	$20.07
U.S. Parent Company Address		20	$20.07	10	$10.04
Percent ownership		0	$0	0	$0
NAICS Code(s) and Cogeneration		40	$40.15	10	$10.04
Totals	**$60.22**	**80**	**$80.29**	**40**	**$40.15**
Facilities with More Than One Parent Company[a]					
U.S. Parent Company Names	$60.22	60	$60.22	60	$60.22
U.S. Parent Company Addresses		20	$20.07	10	$10.04
Percent ownership		5	$5.02	5	$5.02
NAICS Code(s) and Cogeneration		40	$40.15	10	$10.04
Totals	**$60.22**	**125**	**$125.46**	**85**	**$85.32**

[a]Estimates assume reporters have three U.S. parent companies.

Section 4

ECONOMIC ANALYSIS

EPA has prepared this EIA to provide decision makers with a measure of the incremental costs of using industry resources to comply with the final rule. As noted in EPA's (2000) *Guidelines for Preparing Economic Analyses*, several tools are available to estimate costs, ranging from simple direct compliance cost options to the development of more complex market analyses that estimate market changes (e.g., price and consumption) and economic welfare changes (e.g., changes in consumer and producer surplus). This EIA estimates the direct compliance costs per facility and supplier delineated by industry sectors and sources.

In addition, the cost analysis is based on facilities and suppliers currently subject to 40 CFR part 98, including subparts that were finalized after EPA proposed the Corporate Parent and NAICS Reporting amendment.[7] Specifically, the finalization of subparts T (Magnesium Production), FF (Underground Coal Mines), TT (Industrial Waste Landfills), and II (Industrial Wastewater Treatment) resulted in a higher number of facilities and suppliers subject to the final Corporate Parent and NAICS Reporting amendment. This analysis does not account for facilities and suppliers expected to be added to 40 CFR part 98 through upcoming actions. The methods and assumptions used to estimate the compliance costs for facilities and suppliers currently subject to the rule would likewise apply to industries that may be added to 40 CFR part 98 in the future. Therefore, the addition of new facilities and suppliers would increase the total compliance costs in proportion to the increase of the reporting universe. Accordingly, EPA does not expect the burden for newly added industries to change the conclusions of this economic analysis.

4.1 National Cost Estimates

The total national cost under this final rule is $944,000 in the first year and $470,000 in subsequent years ($2006). These costs include a public sector burden estimate of $90,000 in the first year and $40,000 in subsequent years for program implementation and verification activities. A private sector burden estimate accounts for the remaining $854,000 in the first year and about $430,000 in subsequent years.

Calculating the national compliance cost involves two steps. First, estimates of the reporting cost per facility are calculated as weighted averages of cost for facilities with one

[7] See *Mandatory Reporting of Greenhouse Gases from Magnesium Production, Underground Coal Mines, Industrial Wastewater Treatment, and Industrial Waste Landfills; Final Rule* (75 FR 39736; July 12, 2010).

parent company (99 percent) and cost for facilities with more than one parent company (1 percent). Second, the weighted average per-reporter reporting costs ($81 in first year and $41 in subsequent years, see Table 4-3) are multiplied by the number of entities subject to the reporting requirements (10,551 facilities, see Table 4-1) to generate the total industry compliance costs.

EPA has estimated reporting costs for the initial and subsequent reporting years, which are summarized in Table 4-3. The estimates of the number of reporters and total costs are conservative because some reporters are subject to more than one subpart. Given data limitations, EPA could not accurately estimate the number of reporters likely to be subject to more than one subpart and therefore likely overestimated the number of individual reporters. As a result, the national cost estimate may exceed the actual costs.

Table 4-1. Number of Facilities and Suppliers Required to Report GHG Emissions by Industry Sector

Industry	Number of Facilities	Other Industries	Number of Facilities
Stationary Combustion	3,000	**Glass**	55
Landfills	2,751	**Nitric Acid**	45
Natural Gas Suppliers	1,502	**Hydrogen**	41
Electricity Generation	1,108	**Ammonia**	23
Pulp and Paper	566	**Phosphoric Acid**	14
Petroleum Product Suppliers	315	**Aluminum**	14
GHG Suppliers	167	**CO_2 Suppliers**	13
Petroleum Refineries	300	**Lead**	13
Iron and Steel	121	**Magnesium Production**	11
Underground Coal Mines	114	**Ferroalloy**	9
Cement	107	**Titanium oxide**	8
Lime	89	**Zinc**	5
Petrochemical	80	**Soda Ash**	5
Food Processing	63	**Adipic Acid**	4
Other	268	**Ethanol Production**	4
Total	**10,551**	**HCFC-22**	3
		Silicon Carbide	**1**

4.1.1 National Cost Estimate

For this rule making, EPA considered how reporting costs might vary for industries with multiple U.S. parent companies. For example, the electric utility sector commonly includes facilities with multiple owners. Table 4-2 shows the distribution of the number of owners for reported electric generators in 2007.

Table 4-2. Facility Ownership in the Electric Utility Sector

Number of Owners	Number of Generators	Percent of Total Generators	Percent of Facilities with Multiple Owners
1	1,280	86.96%	-
2	121	8.22%	63.02%
3	29	1.97%	15.10%
4	15	1.02%	7.81%
5	8	0.54%	4.17%
6	7	0.48%	3.65%
7	2	0.14%	1.04%
8	3	0.20%	1.56%
9	1	0.07%	0.52%
10	0	0.00%	0.00%
11	0	0.00%	0.00%
12	2	0.14%	1.04%
13	1	0.07%	0.52%
14	1	0.07%	0.52%
15	0	0.00%	0.00%
16	2	0.14%	1.04%

Source: Energy Information Administration (EIA), *Annual Electric Generator Report 2007*. Form EIA-860 Database Annual Electric Generator Report. Available at: http://www.eia.doe.gov/cneaf/electricity/page/eia860.html.

Based on an analysis of the EIA data, approximately 13 percent of the utilities reported multiple owners in 2007. Across this subset of electric utilities the average number of owners was three.

In the other industry sectors subject to 40 CFR part 98, data are not readily available to estimate the number of facilities with more than one corporate owner. While multiple ownership is not uncommon in other sectors, no evidence has been found to quantify the frequency of multiple ownership in other sectors subject to the rule. Facilities and suppliers in other industries are still assumed to have only one U.S. parent company. Summing the total industry cost for all industries and for each data element yields the national compliance cost estimate. Table 4-3 provides the national burden (i.e., estimate of labor hours) and compliance cost estimates for this final rule.

Table 4-3. National Burden and Costs to Reporters by Data Element and Reporting Year

Data Element (by year)	Reporting Burden (Hrs)	Reporting Cost ($2006)	Reporting Cost per Facility[a]
U.S. Parent Company Name, Address, and Percent Ownership			
First Year	7,142	$430,109	$40.77
Subsequent Years	5,384	$324,214	$30.73
Primary NAICS Code and Cogeneration			
First Year	7,034	$423,582	$40.15
Subsequent Years	1,759	$105,895	$10.04
National Totals[b]			
First Year	**14,176**	**$853,691**	**$80.91**
Subsequent Years	**7,142**	**$430,109**	**$40.77**

[a] Reporting cost per facility values (see Table 3-4) are weighted averages of cost for facilities with one parent company (99 percent) and cost for facilities with more than one parent company (1 percent).
[b] Numbers may not add due to rounding.

A total of 10,551 facilities will incur roughly 14,000 hours and $850,000 in overall costs to comply with the final rule in the first year and about 7,100 hours and $430,000 overall to comply in subsequent years. Per facility, the average cost amounts to approximately $81 in the first year and $41 in subsequent years.

4.2 Small Entity Analysis

EPA assessed the potential impacts of the final rule on small entities (small businesses, governments, and non-profit organizations). The average ratio of annualized reporting program costs to revenues would be less than 0.01 percent. As a result, EPA has concluded that this action will not have a significant economic impact on a substantial number of small entities.

4.3 Synopsis of Benefits

EPA has supplemented its analysis the potential benefits of GHG reporting with an assessment of the benefits of corporate parent and NAICS reporting. The benefits of a reporting system are based on their relevance to policy making, transparency issues, and market efficiency. In developing the GHG reporting program, EPA conducted a systematic literature review of existing studies about the benefits. The greatest benefit of mandatory reporting of industry GHG emissions to government will be realized in developing future GHG policies. Accurate and transparent information is necessary for the implementation of efficient approaches that meet environmental goals with the lowest cost to the economy. In addition, the GHG reporting program will benefit the public by increased transparency of facility emissions data. See the final rule that promulgated 40 CFR part 98 for additional discussion about the benefits of GHG reporting (74 FR 56368; October 30, 2009).

The additional data collected under today's final rule contributes to these benefits. As discussed in Section 2.2 of this document, the data collected through this final rule would be immediately available to EPA and could be used for the purposes of providing additional information to support more effective research and develop actions to address GHG emissions. For example, corporate parent and NAICS data would assist EPA in developing and improving emission inventories, as well as characterize emissions data in several different ways. A more detailed understanding of the sources and operational categories of GHG emissions could lead to improvements in air pollution emissions information that is relied upon to develop effective control strategies. For example, EPA could use the NAICS code information gathered by this rule to compare results both within industries and across industry sectors. See Section 2.2 for additional details regarding the use and benefits of the data collected under the program.

Section 5

STATUTORY AND EXECUTIVE ORDER REVIEWS

5.1 Executive Order 12866: Regulatory Planning and Review

This action is not a "significant regulatory action" under the terms of Executive Order (EO) 12866 (58 FR 51735, October 4, 1993) and is therefore not subject to review under the EO.

Although this is not a significant economic rule, EPA prepared an analysis of the potential costs and benefits associated with the final amendment to provide insights on the potential effects. This analysis is contained in the Economic Impact Analysis for this rule [EPA-HQ-OAR-2009-0925]. A copy of the analysis is available in the docket for this action and is briefly summarized here. In the economic analysis, EPA has summarized the final rule and presented a summary of the compliance burden and costs. The cost analysis, presented in Section 3, estimates the total annualized burden as follows:

Table 5-1. Cost Summary for Final Rulemaking

Cost	Year 1 ($1,000s)	Subsequent years ($1,000s)
National compliance	$854	$430
Public	$90	$40
Total	**$944**	**$470**

Overall, EPA has concluded that the costs of the proposal to collect information on U.S. parent company(s), NAICS, and co-generation information as part of 40 CFR part 98 are outweighed by the potential benefits of more comprehensive information about GHG emissions.

5.2 Paperwork Reduction Act

The information collection requirements for the final amendments have been submitted for approval to the Office of Management and Budget (OMB) under the Paperwork Reduction Act, 44 U.S.C. 3501 et seq. An Information Collection Request (ICR) document was previously prepared for the Final Mandatory Reporting of Greenhouse Gases Rule (40 CFR part 98) and was assigned EPA ICR number 2300.03. The information collection requirements of the final Corporate Parent, NAICS and Cogeneration Reporting amendment to 40 CFR part 98 are documented in an additional ICR document, which was assigned EPA ICR number 2374.02.

The data collected through this final rule would be immediately available to EPA and could be used for the purposes of providing additional information to support more effective research and develop actions to address GHG emissions. For example, corporate parent and NAICS data would assist EPA researchers in developing and improving emission inventories, as well as characterize emissions data in several different ways. A more detailed understanding of the sources and operational categories of GHG emissions could lead to improvements in air pollution emissions information that is relied upon to develop effective control strategies. For example, EPA could use the NAICS code information gathered by this rule to compare results both within industries and across industry sectors.

In addition, the information gathered through this rule will be immediately available to enhance EPA's implementation of various nonregulatory programs aimed at encouraging voluntary reductions of GHG emissions. Under the authority of CAA section 103, EPA has launched a variety of nonregulatory programs aimed at reducing emissions of GHGs, including Climate Leaders, Combined Heat and Power Partnership, and Energy Star. The additional data will assist EPA by providing more detailed information on possible sources, and facility operations within industrial sectors for EPA to work with in the context of these programs.

This information collection is mandatory and will be carried out under CAA section 114. EPA published a proposed confidentiality determination on July 7, 2010 (75 FR 39094) that specified which data reporting elements in 40 CFR part 98 would be treated as confidential business information (CBI) and which data elements must be available to the public under section 114 of the CAA. A final determination will be issued before any part 98 data is released.

As outlined in the ICR for this final rule, the projected average annual cost and hour burden for non-federal respondents is about $571,000 and 9,500 hours. The estimated average annual burden per response is 0.15 hour; the proposed frequency of response is annual for all respondents that must comply with the proposed amendments; and the estimated average number of likely respondents per year is 10,551. The cost burden to respondents resulting from the collection of information includes the total capital cost annualized over the equipment's expected useful life (averaging $0), a total operation and maintenance component (averaging $0 per year), and a labor cost component ($571,000 per year). Burden is defined at 5 CFR 1320.3(b). These cost numbers differ from those shown elsewhere in this Economic Impact Analysis (EIA) because ICR costs represent the average cost over the first three years of the rule whereas the EIA reports costs separately for the first and subsequent years of the rule. Also, the total cost estimate of the rule in the EIA includes the cost to the Agency to administer the program. The ICR differentiates between respondent burden and cost to the Agency.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control numbers for EPA's regulations in 40 CFR are listed in 40 CFR part 9.

5.3 Regulatory Flexibility Act (RFA)

The Regulatory Flexibility Act (RFA) generally requires an agency to prepare a regulatory flexibility analysis of any rule subject to notice and comment requirements under the Administrative Procedure Act or any other statute, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. Small entities include small businesses, small organizations, and small governmental jurisdictions.

For purposes of assessing the impacts of the final rule on small entities, small entity is defined as: (1) A small business as defined by the Small Business Administration's regulations at 13 CFR 121.201; (2) a small governmental jurisdiction that is a government of a city, county, town, school district or special district with a population of less than 50,000; and (3) a small organization that is any not-for-profit enterprise which is independently owned and operated and is not dominant in its field.

After considering the economic impacts of the final amendments on small entities, I certify that this action will not have a significant economic impact on a substantial number of small entities. The additional per-entity costs are small enough (less than $81 in year 1 and $41 in subsequent years) that the burden for the overall rule is not enough to constitute a significant economic impact on a substantial number of small entities. The small entities directly regulated by the final amendments include small businesses across all sectors encompassed by the rule, small governmental jurisdictions and small non-profits. We have determined that some small businesses will be affected because their production processes emit GHGs that must be reported, or because they have stationary combustion units on site that emit GHGs that must be reported. Small governments and small non-profits are generally affected because they have regulated landfills or stationary combustion units on site, or because they own a local distribution company subject to 40 CFR part 98, subpart NN (natural gas suppliers).

At promulgation of 40 CFR part 98, EPA examined the impact on small entities (74 FR 56369). In addition, EPA described the steps the EPA took to reduce the impact of 40 CFR part 98 on small entities (74 FR 56369).

5.4 Unfunded Mandates Reform Act (UMRA)

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), 2 U.S.C. 1531-1538, requires Federal agencies, unless otherwise prohibited by law, to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. Federal agencies must also develop a plan to provide notice to small governments that might be significantly or uniquely affected by any regulatory requirements. The plan must enable officials of affected small governments to have meaningful and timely input in the development of EPA regulatory proposals with significant Federal intergovernmental mandates and must inform, educate, and advise small governments on compliance with the regulatory requirements.

The final rule does not contain a Federal mandate that may result in expenditures of $100 million or more for State, local, and tribal governments, in the aggregate, or the private sector in any one year. As shown in the Section 4, EPA estimated the several national cost estimates and found annual expenditures were below $100 million threshold. Thus, the final rule is not subject to the requirements of sections 202 or 205 of UMRA.

The final rule is also not subject to the requirements of section 203 of UMRA because it contains no regulatory requirements that might significantly or uniquely affect small governments. The rule requires facilities already subject to 40 CFR part 98 to provide additional data in each annual GHG report and the additional data elements required are the same for all facilities and suppliers (private and public).

Nonetheless, EPA assessed the potential impacts of the final rule on small entities (small businesses, governments, and non-profit organizations). The average ratio of annualized reporting program costs to revenues would be less than 0.01 percent. As a result, EPA has concluded that this action will not have a significant economic impact on a substantial number of small entities.

This final rule applies to sources covered by 40 CFR part 98, which include facilities that supply fuel or chemicals that when used emit greenhouse gases, and facilities that directly emit greenhouses gases. The final amendments do not apply to governmental entities unless the government entity owns a facility that directly emits greenhouse gases above threshold levels such as a landfill or large stationary combustion source. In addition, this final rule does not impose any implementation responsibilities on State, local, or Tribal governments and it is not expected to increase the cost of existing regulatory programs managed by those governments. Thus, the impacts on governments affected by this final rule are expected to be minimal.

5.5 Executive Order 13132: Federalism

EO 13132, entitled “Federalism” (64 FR 43255, August 10, 1999), requires EPA to develop an accountable process to ensure “meaningful and timely input by State and local officials in the development of regulatory policies that have Federalism implications.” “Policies that have Federalism implications” is defined in the EO to include regulations that have “substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.”

The final amendments do not have Federalism implications. They will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government, as specified in EO 13132. However, for a more detailed discussion about how 40 CFR part 98 relates to existing State programs, please see Section II of the preamble to the Mandatory Reporting of Greenhouse Gas Emissions Final Rule (74 FR 56266).

This final rule amendment applies directly to facilities that supply fuel or chemicals that when used emit greenhouse gases or facilities that directly emit greenhouses gases. They do not apply to governmental entities unless the government entity owns a facility that directly emits greenhouse gases above threshold levels such as a landfill or large stationary combustion source, so relatively few government facilities would be affected. This regulation also does not limit the power of States or localities to collect GHG data and/or regulate GHG emissions. Thus, EO 13132 does not apply to the final amendments.

5.6 Executive Order 13175: Consultation and Coordination with Indian Tribal Governments

The final amendments are not expected to have Tribal implications, as specified in EO 13175 (65 FR 67249, November 9, 2000). The final rule amendment applies directly to facilities that supply fuel or chemicals that when used emit greenhouse gases or facilities that directly emit greenhouses gases. The final amendments do not pose significant costs on either a per entity or national basis; few, if any, facilities expected to be affected by the final amendments are anticipated to be owned by Tribal governments. Thus, Executive Order 13175 does not apply to the final amendments.

However, EPA sought opportunities to provide information to Tribal governments and representatives during development of 40 CFR part 98, as documented in the preamble to the final GHG Reporting Rule (74 FR 56371).

5.7 Executive Order 13045: Protection of Children from Environmental Health Risks and Safety Risks

EPA interprets EO 13045 (62 FR 19885, April 23, 1997) as applying only to those regulatory actions that concern health or safety risks, such that the analysis required under section 5-501 of the EO has the potential to influence the regulation. This action is not subject to EO 13045 because it does not establish an environmental standard intended to mitigate health or safety risks.

5.8 Executive Order 13211: Actions that Significantly Affect Energy Supply, Distribution, or Use

This action is not subject to Executive Order 13211 (66 FR 28355 (May 22, 2001)), because it is not a significant regulatory action under Executive Order 12866.

5.9 National Technology Transfer and Advancement Act

Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (NTTAA), Public Law No. 104-113 (15 U.S.C. 272 note) directs EPA to use voluntary consensus standards in its regulatory activities unless to do so would be inconsistent with applicable law or otherwise impractical. Voluntary consensus standards are technical standards (e.g., materials specifications, test options, sampling procedures, and business practices) that are developed or adopted by voluntary consensus standards bodies. NTTAA directs EPA to provide Congress, through OMB, explanations when the Agency decides not to use available and applicable voluntary consensus standards.

This final rulemaking does not involve technical standards. Therefore, EPA is not considering the use of any voluntary consensus standards.

5.10 Executive Order 12898: Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations

EO 12898 (59 FR 7629, February 16, 1994) establishes Federal executive policy on environmental justice. Its main provision directs Federal agencies, to the greatest extent practicable and permitted by law, to make environmental justice part of their mission by identifying and addressing, as appropriate, disproportionately high and adverse human health or environmental effects of their programs, policies, and activities on minority populations and low-income populations in the United States.

EPA has determined that the final rule amendment will not have disproportionately high and adverse human health or environmental effects on minority or low-income populations because they do not affect the level of protection provided to human health or the environment. The final rule amendment does not affect the level of protection provided to human health or the environment because it addresses information collection and reporting.

5.11 Congressional Review Act

The Congressional Review Act, 5 U.S.C. 801 et seq., as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. EPA will submit a report containing this rule and

other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States prior to publication of the rule in the Federal Register. A major rule cannot take effect until 60 days after it is published in the Federal Register. This action is not a "major rule" as defined by 5 U.S.C. 804(2). This rule will be effective [INSERT THE DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].