



INTERNATIONAL  PAPER

- **Pulp and Paper Cluster Rule Compliance Costs for the SAB
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International Paper Cluster Rule Compliance Costs (“ex post”)

- International Paper brought 27 mills into “cluster compliance”
 - All but 2 of these mills are integrated Kraft pulp and paper mills
 - 7 of these mills have been closed permanently
 - 5 of these mills are no longer owned by International Paper
 - International Paper acquired three companies and formed two new companies through divestiture in this timeframe
- Cluster capital expenses began in about 1993 reflecting early commitment to ECF - any baseline approach needs to recognize a high level of pre-rule spending
- Cluster rule capital costs were ~\$600 million



Cumulative Cluster Rule Compliance Capital Cost (“ex post”)

- Cluster “water” rule compliance costs were ~\$200 million
- Cluster “air” rule compliance costs were ~\$400 million including about ~\$28 million for MACT II costs
- “Bubble” requirements in MACT II indeed achieved better emissions reduction at much less cost
- Cluster compliance costs for mills that later closed were ~\$140 million



Cluster “Air” Rule Industry-Wide Capital Cost Comparison

Case	Capital Costs (\$billions)
EPA projection - “ex ante”	1.54
Projection* based on IP actual costs - “ex post”	2 (0.4 for IP alone)
NCEE baseline approach estimate - “ex post”	0.5 to 0.8

*25 Kraft mills extrapolated to 112 industry Kraft mills



International Paper thanks the Science Advisory Board for allowing the presentation of this “ex post” cluster compliance cost information, looks forward to continuing our long-standing practice of providing EPA information in order to ensure data-driven regulatory decisions and working collaboratively to ensure pragmatic environmental rules.

