



Carroll Mortensen, Director
Department of Resources Recycling and Recovery
1001 I Street
P.O. Box 4025
Sacramento, CA 95812-4025

Subject: CalRecycle's 75% Recycling Plan

Dear Ms. Mortensen,
Please find comments from HP below on various portions of the document published for public comment.

A fundamental indicator will be the statewide recycling rate itself. It is evident that the 75% recycling goal is an aspirational leap beyond the mandates of AB 939, which established the existing 50% diversion requirement for jurisdictions in California. Furthermore, given the shift from diversion to disposal reduction as the basis for jurisdiction compliance with AB 939, we are further challenged to establish a commonly understood and accepted representation of our progress toward and eventual achievement of the 75% recycling goal.

Can you help clarify the language difference used above between "recycling goal" and the state requirement that uses the term "diversion"?

2. The TARGET:

With a BASE per resident generation of 10.7 lbs/person/day, the 75% recycling goal will require California to recycle 75%, or 8.0 lbs/resident/day, and allow not more than 25%, or 2.7 lbs/resident/day, to be directed toward disposal-related activities.

Questions and comments on "the target":

Q: What waste streams are in the numbers above?

HP would caution the Department on trying to assign a "per capita/per day" target of recycling with an activity such as electronics recycling, which is a fairly infrequent event for almost all households.

We recognize that some electronic material may make its way to a landfill despite bans and numerous electronics recycling programs throughout the state. Are there any documented figures on this?

POLICY DRIVERS

As we further develop the implementation concepts identified in the following sections of this document, these policy drivers will help us identify the most impactful and beneficial strategies in our final plan. To begin the discussion, we suggest that taking action in the following major areas will be critical for reaching the 75% goal:

- 1) Increase Recycling Infrastructure
- 2) Organics
- 3) Increase Commercial Recycling
- 4) Establish Extended Producer Responsibility
- 5) Reform Beverage Container Program
- 6) Increase Procurement/Demand
- 7) Other Materials
- 8) Governance/Funding
- 9) Source Reduction
- 10) The Other 25%

Regarding the concept of “extended producer responsibility”:

HP was one of the first computer manufacturers to endorse “producer responsibility”. It is important to note that we always advocated for a “shared responsibility” model. It has largely been passed over in favor of “extended producer responsibility”, which really means the manufacturer bears almost the entire burden of setting up a program, as well as the cost of collection and recycling. This does not reflect the true picture of cost-benefit. Manufacturers benefit from the sales to retailers and to consumers. Retailers exist because they benefit from the (re)sale of devices to consumers. Governments benefit from sales tax revenue. Consumers benefit by having access to devices. Therefore, it should follow that we all share an obligation to be part of the solution.

Recycling Infrastructure

How do you see the grant concept playing out given the current state deficit and declining state revenues? Are there adequate state resources to determine/enforce goals at landfill sites today?

Increase Commercial Recycling

Reporting & Tracking – the increase in this area would create a deluge of information. Would CalRecycle be able to keep up? Also, what would the affect be on businesses who are already struggling to comply with a multitude of regulations?

4. Establish Extended Producer Responsibility

4a - Authority to Decide Products and Targets

Description

- Substance – Establish a process for CalRecycle to select products requiring management under an Extended Producer Responsibility (EPR) approach and to set enforceable end-of-life targets for those selected products. Legislation could include requiring CalRecycle to issue a list of potential products every X years, and requiring manufacturers of listed products that are not recovered at a rate of least 75% compared to a baseline to fund and establish an EPR program within 1 year of being so determined. CalRecycle would need to develop regulations encompassing measurement, reporting, enforcement, etc.
- Contribution to 75% - This could address some relatively high-volume materials in the disposal stream, but particularly could address problematic household hazardous waste materials that are banned from disposal and that currently are a major cost for local government programs. Local government resources could then be spent on program implementation in other needed areas related to AB 939 and AB 341.

- What specifically are the “problematic hazardous waste materials that are banned from disposal & that are a major cost for local government programs”?
- What is the percent of electronics that is actually in the waste stream?

targets for those selected products. Legislation could include requiring CalRecycle to issue a list of potential products every X years, and requiring manufacturers of listed products that are not recovered at a rate of least 75% compared to a baseline to fund and establish an EPR program within 1 year of being so determined. CalRecycle would need to develop regulations

Things to think about before establishing a “target” on manufacturers:

- The state targets – computer manufacturer data is available. Many other entities like recyclers/municipalities or charities we don’t have data for. What are their figures? Make sure we have the data first.
- Reuse is diversion. How to track that? The reuse activity is diversion in and of itself. Reuse is extremely common with PCs, notebooks and even printers.
- Arbitrary targets are causing inequities today, and will cause issues in the future. We simply can’t expect for every device we sell that we will be able to get one back (diversion, reuse and human behavior all play a part)
- Caution: don’t presume that Manufacturers can divert that material from people who want them. You will create a system that drives up the cost to get that material, making it uneconomical.
 - Example in Oregon: HP Return share is 3.5% of the total pile (includes TVs). This is a state that has extremely extensive geographic convenience requirements in the state

- program throughout the entire state, which sets a high level of convenience for consumers who do actually want to recycle material. In that environment, HP's return share is only 3.5% by weight of the pile.
- We just can't get our own material back, and there is nothing wrong with that. In other words, the things with value like PCs (or even printers which are now mostly cost neutral to recycle) have viable markets for recycling.
 - In WI: We had to recycle more TVs than all but one TV manufacturer, and we don't even make TVs! HP had a 80% by weight sales target of 5M lb. Out of that pile, we recycled 3.5M pounds TVs. It was the only way we could meet our target. The problem with these types of "arbitrary" sales targets is that it ignores the concept that we can't get our products back, but are forced to take back products we don't even make.
- Important: We need to study what the actual "available" amount of electronics there are to get back for manufacturers
 - Much of this material is either being reused, or collected by recyclers/charitable organizations, etc. and is being reused/resold, or is being recycled at a profit (computers, notebooks) or at least at break even for some products (like printers)
 - Other outcomes that happen from target laws, large manufacturers put pressure on recyclers to get certain types of material that are more profitable to recycle so that they can pay a cheaper cost per pound. This creates intense competition to get the "good stuff", and thus starts artificially driving up the cost to recycle those products
 - As mentioned before, "arbitrary" targets with penalties often force manufacturers to recycle things that they don't even make. This is not "producer responsibility", this is "some producers are not held responsible".

Carol: How do you see Producer Responsibility co-existing with SB50 in California? Would some products remain fee-financed and others (not currently under SB20) fall under an EPR system)?

- Different frameworks/laws for different return streams will be very confusing to consumers.
- It would be very difficult to manage as a retailer (share experience managing SB20 fee collection)
- We need to have a consistent approach, inasmuch as it fits the needs of consumers to have recycling options readily available
- IT equipment that is NOT covered by SB20 is so inexpensive to recycle (or even profitable in the case of PCs) that most recyclers are willing to take that material without additional compensation
- One advantage of the SB20 system – it's more equitable between computer and TV manufacturers because TVs are being paid for independent of computer equipment

HP: General comment on Producer Responsibility-

- HP supports individual producer responsibility, more specifically "shared responsibility". HP supports a "convenience" model and what works best for CA. Overturning what we have is not necessarily what we want or the right thing to do. It all depends on the needs of consumers.
- In CA, SB20 has created an environment where recyclers get paid to collect & recycle certain devices, and in turn, it has had the effect that they willingly take devices not under the SB20 listed devices for a chance to get material that IS on that list. It pays.
- We support Producer Responsibility, but within a certain framework:
 - What material is actually available to us (not diverted first by reuse or a recycler getting the material prior to a manufacturer program)
 - Being held responsible for the products we manufacture
 - Making collection/recycling options geographically convenient to consumers.
 - If manufacturers don't want to provide geographic convenience, we do believe that they should be held to some sort of target.
 - The scope of products needs to be balanced, and not selective because it is fashionable or convenient to legislate a subset of manufacturers and their products
 - HP accepts the principle that all manufacturers share, with governments and customers, the responsibility for treating electronic products in an environmentally responsible manner at the end of their useful life and believes that it is the responsibility of consumers to discard their electronic waste appropriately, the responsibility of government to provide adequate collection/drop off

facilities for end of life products and the responsibility of manufacturers to manage the treatment and recycling of their products.

- Within this model of shared responsibility, manufacturers must provide for the recycling of their products, and have an option to do this collectively or individually. In this regard, HP supports the concept of Individual Producer Responsibility (IPR) in e-waste legislation, an approach that makes producers responsible for recycling their own products once they have been collected.
- HP continues its support and work with governments as they develop responsible legislation and directives for proper end-of-life management of products. HP has supported an individual producer responsibility approach in the development of the EU WEEE directive; in finalized and proposed legislation in North America (California, Maine, Oregon, Washington, US Federal and Canada), Asia including China, Australia and New Zealand and many other countries, states and provinces.

Packaging

Your targeted approach (starting small and evaluating) seems like a very reasonable approach.

HP general/additional comments

- In some countries in Europe, there is a consumer fee on collection and manufacturers pay for recycling.
- In Japan, retailers are required to ensure the collection of the used devices. Manufacturers of the respective devices are required to ensure the proper recycling of the collected devices. Finally, the cost of recycling is borne by consumers.
- The state targets – computer manufacturer data is well known. Many other entities like recyclers/municipalities or charities – what are their figures?
 - Make sure we have the data first. Reuse is diversion. How to track that? This is where we get into trouble. We can foresee 75% becoming our target (as a percent of sales). As mentioned in previous examples, our material is simply not available in those quantities, so we are obligated to recycle devices we do not manufacture in order to comply.
- Caution: don't presume that Manufacturers can divert material from people who want them (usually in the interest of selling them to manufacturers who need them to meet targets). This has led to increased competition to get pounds, which leads to higher prices.

Thank you for your consideration of our comments.
Sincerely,

Tony Morabito
Hewlett Packard
Compliance Program Manager