

## **Background for Discussion**

### **Adjustment of Container Per Pound Calculations**

**CalRecycle Monthly Meeting May 17, 2011**

#### **Issue:**

A single container per pound rate (CPP) for all recyclers across the state may contribute to mis-statements of container recycling by various program participant types. This would influence overall recycling rates and misallocate CRV payments to recyclers. CalRecycle is considering revisions to current practice that would establish CPP rates for different recycler types, such as convenience zone recyclers, traditional recyclers, RVM recyclers, curbsides, drop-offs, etc.

#### **Background:**

CalRecycle pays processors and recyclers based upon the weight of material they claim. This reflects the recycling industry's weight-based business model. Consumers purchase containers by counts (six-packs, 12-packs, cases, etc) and pay the CRV deposit based on container counts. When consumers recycle, they expect to be paid an amount of CRV that reflects those counts. To bridge the gap between the "count method" of collecting CRV and the "weight method" of paying out CRV, CalRecycle calculates a CPP.

Traditionally, CalRecycle calculates ONE CPP rate for the whole state for all program types. Convenience zone recyclers, RVM operators, curbsides, and traditional recyclers are all part of the survey methodology to determine an average number of containers per pound of aluminum, glass, PET plastic, HDPE plastic and other plastic resin types. This single CPP for each material type is then used as the translation between weight collected by a recycler and amount they will be paid by the Recycling Program.

CalRecycle has discovered that the variations between different recycler types -- variation that is buried in a single CPP, regardless of recycler type -- may be significant. For example, the single CPP for glass containers might be 1.8 containers per pound. However, a convenience recycler might gather glass containers that would equal 2.1 containers per pound (e.g., the containers collected at this recycler type are, on average, each lighter than the statewide average). Conversely, a traditional recycler might collect glass containers that equal 1.6 containers per pound (e.g., the average container collected here might be heavier on average). In this example, a convenience recycler is paid less than they should be on each transaction and the traditional recycler receives more than they should. Further, because the Recycling Program calculates recycling RATES from the number of containers old against the number recycled, these variations could well skew the overall rate slightly, as well as surely affect evaluations of how much recycling takes place at various recycler types across the state.

More significantly, though, is the impact inaccurate rates could have on consumers who are seeking CRV. CalRecycle receives scores of calls each month from consumers concerned that they have not been

paid the right amount of CRV. Invariably, these consumers' complaints stem from having redeemed material by weight. They know they arrived at the recycler with about 100 plastic containers, but instead of receiving \$5.00 (\$0.05 deposit x 100 containers), they received less, sometimes as much as 20-30% less. The reason they received a low amount may result from their container mix (all light-weighted water bottles, no heavy, sports-drink bottles). However, CalRecycle has also found that there are potentially significant differences in the container mixes returned to buy-back recyclers.

### **Conclusion**

To ensure the accuracy of recycling reporting and to ensure proper payments to consumers and recyclers, CalRecycle is investigating the differences in CPP between various participant types. Should CalRecycle find the differences significant in distorting consumer payments, recycler or processor payments, and/or reporting of recycling volumes, CalRecycle intends to apply CPP rates by participant type. This may be the subject of future workshops to discuss the outcome of the analysis into the present survey methodology and its adequacy to identifying participant CPP rates.