

*The Covered Electronic Waste (CEW)  
Recycling Program:  
Net Costs and Payment Rates*

A Stakeholder Workshop



May 12, 2010

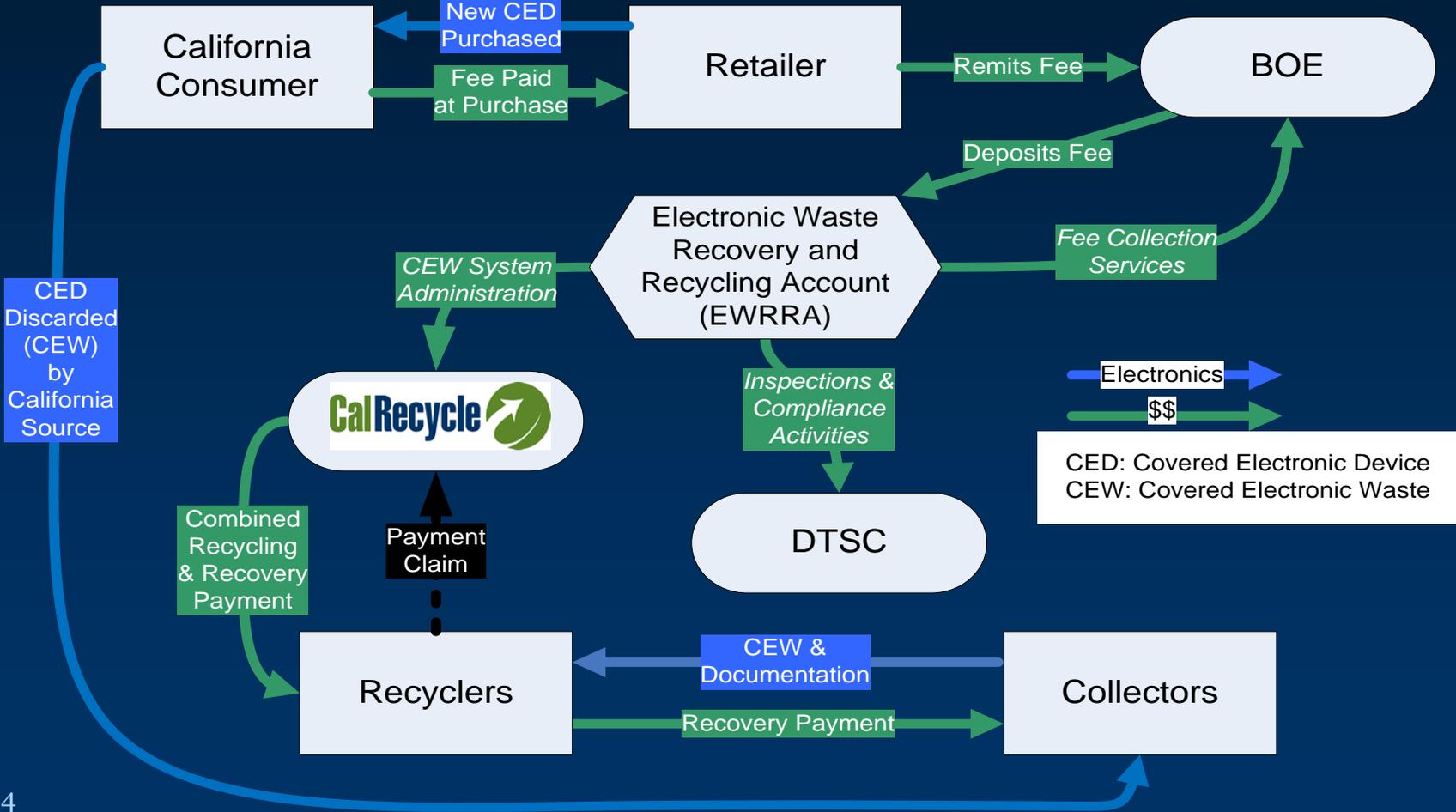
# **This workshop will cover:**

- **Update on CEW Program Status & Issues**
- **Review of CalRecycle Financial Obligations**
- **Preliminary 2009 Net Cost Report Data**
- **Open Discussion**
- **Next Steps**

# Electronic Waste Recycling Act

- **Established system to pay for the recovery and recycling of CEW**
  - **Only CEW from CA sources are eligible**
  - **CEW must be recycled (cancelled) in CA**
  - **Treatment residuals must be properly managed**
  - **CalRecycle sets payment rates to cover *average net costs* of collection & recycling**

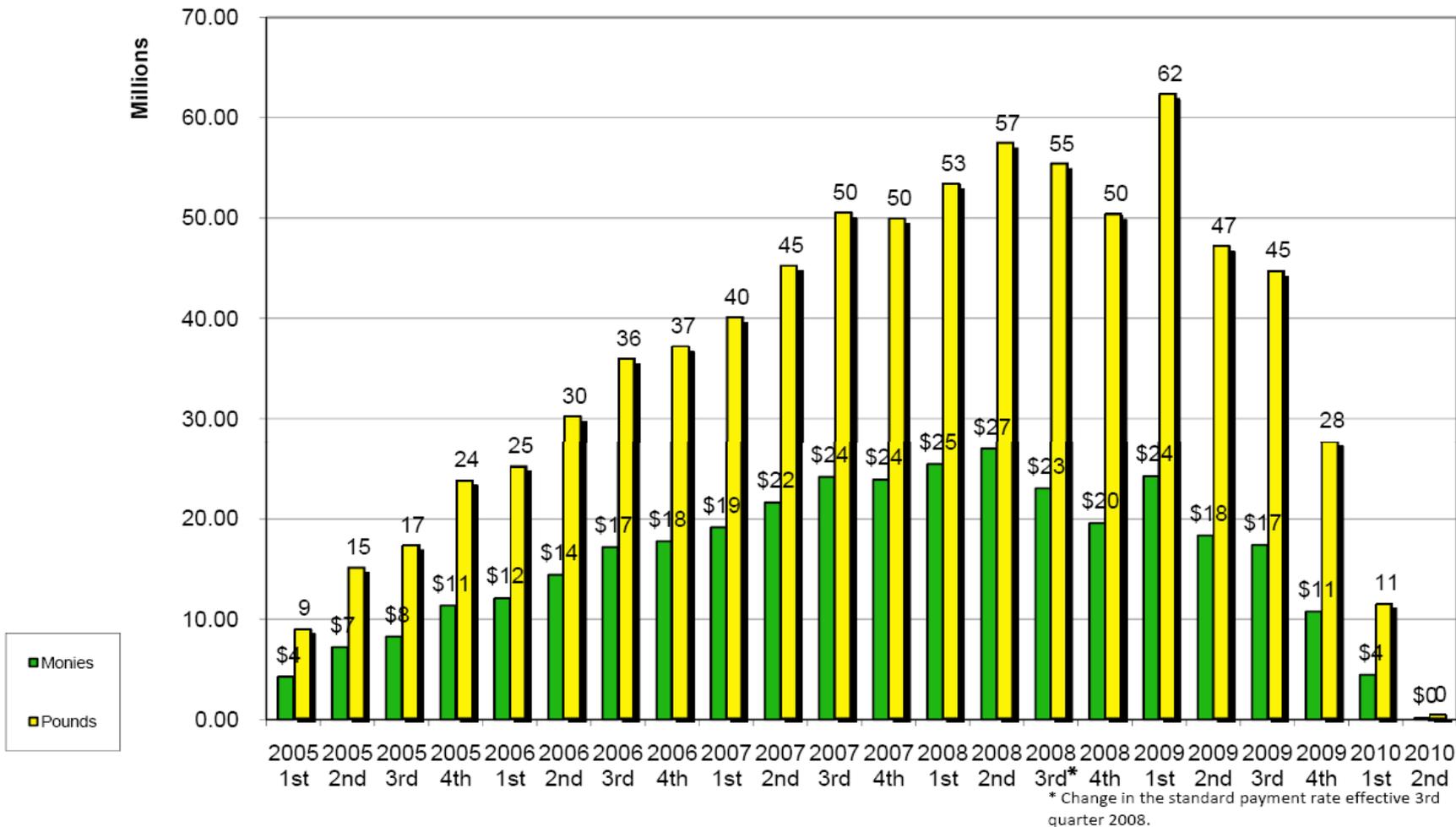
# CEW Payment System



# Claim History (as of May 6, 2010)

	# of Claims	\$\$\$ Claimed	LBS Claimed	\$\$\$ Approved	LBS Approved
<b>2005</b>	225	\$ 31,108,559	64,809,498	\$ 29,245,653	60,928,443
<b>2006</b>	298	\$ 61,429,989	127,979,144	\$ 59,826,323	124,638,173
<b>2007</b>	351	\$ 88,891,646	185,190,929	\$ 86,358,807	179,841,860
<b>2008</b>	411	\$ 95,640,919	217,277,342	\$ 88,841,211	200,495,548
<b>2009</b>	312	\$ 70,768,553	181,497,830	\$ 55,915,294	143,372,548
<b>2010</b>	40	\$ 4,585,009	11,756,434	\$ 2,323,858	5,958,611
<b>TOTAL</b>	<b>1633</b>	<b>\$ 352,424,677</b>	<b>788,511,180</b>	<b>\$ 322,936,785</b>	<b>716,326,566</b>

## Covered Electronic Waste Recycling Payment System Quarterly Monies and Pounds Claimed (as of May 6, 2010)



Note that 4<sup>th</sup> quarter 2009 and 1<sup>st</sup> quarter 2010 quantities represent only a portion of claims normally anticipated. This is due both to the CRT glass market disruption and claim timing. Recyclers are supposed to submit a claim within 45 days after the end of a reporting month.

# Program Flashback

## •2008

- **CIWMB reduced payment rates to reflect industry costs**
- **CIWMB raised consumer fees to maintain program solvency**
- **Commodity markets steeply declined**
- **“Handlers” became associated with large claim adjustments**

# Program Flashback

## •2009

- **CIWMB rejected appeals on payment denial and approval revocation**
- **CEW total surpasses 750 million pounds**
- **Commodity markets slowly rebound**
- **USEPA revokes AOCs for Mexico CRT glass markets**

# Program Today

## •2010

- **New and returning CRT glass processing options?**
- **CalRecycle evaluates payment rates; will there be changes?**
- **CalRecycle likely will adjust consumer fee to balance required reserves**
- **Continuing effort against fraud...**

# Payment Rate Considerations

- **CalRecycle must establish a “payment schedule” on or before July 1, 2010**
  - **Rates should cover the average net cost for a collector to collect, consolidate, and transport, and for a recycler to receive, process, and recycle, covered electronic wastes.**
  - **PRC 42477 & 42478**
- **Net Cost Reports inform CalRecycle**
  - **Report content guided by regulation**

# Net Cost Reporting

- Approved participants must submit annual reports when directed by CalRecycle
- Latest report was due March 1, 2010
  - Almost 20% non-compliance
- Analysis of as-reported 2009 data
  - Trend of widely varying costs continued
  - DOF validation exercise wrapping up

**Back in 2008, data led to rate adjustments...**  
**Comparison of Weighted Average\* Net Costs**  
**(cents/pound)**

	<b>2005</b>	<b>2006</b>	<b>2007</b> (sampled)	<b>2007</b> (all reports)
<b>Recovery</b>	<b>17.1</b>	<b>16.7</b>	<b>16.7</b>	<b>14.8</b>
<b>Recycling</b>	<b>25.2</b>	<b>21.5</b>	<b>20.4</b>	<b>21.0</b>
<b>Total</b>	<b>42.3</b>	<b>38.2</b>	<b>37.1</b>	<b>35.8</b>

*\* The weighted average reflects the overall industry cost, calculated as if the industry operated as a single organization – i.e., by dividing the total reported costs by total pounds for all participants in the study sample. By its nature, this measure is affected by the costs of larger operations more than smaller ones.*

## Fast-forward to today...

### 2009 Costs Calculated Using All Reports (Raw)

<b>Net Costs Reported for 2009</b>		<b>Weighted Average</b>	<b>Mean</b>	<b>Median</b>	<b>Percentage Below Standard Payment Rate</b>
<b>Recovery</b>	<b>Revenue</b>	<b>5.9</b>			<b>-</b>
	<b>Cost</b>	<b>21.4</b>			<b>-</b>
	<b>Net Cost</b>	<b>15.4</b>	<b>21.5</b>	<b>12.0</b>	<b>60%</b>
<b>Recycling</b>	<b>Revenue</b>	<b>8.3</b>			<b>-</b>
	<b>Cost</b>	<b>27.5</b>			<b>-</b>
	<b>Net Cost</b>	<b>18.7</b>	<b>21.9</b>	<b>19.5</b>	<b>60%</b>

# 2008 Costs Calculated Using All Reports (Raw)

<b>Net Costs Reported for 2008</b>		<b>Weighted Average</b>	<b>Mean</b>	<b>Median</b>
<b>Recovery</b>	<b>Revenue</b>	<b>4.7</b>		
	<b>Cost</b>	<b>21.3</b>		
	<b>Net Cost</b>	<b>16.6</b>	<b>21.2</b>	<b>12.0</b>
<b>Recycling</b>	<b>Revenue</b>	<b>8.3</b>		
	<b>Cost</b>	<b>31.2</b>		
	<b>Net Cost</b>	<b>22.8</b>	<b>17.1</b>	<b>16.5</b>

# Comparison of Weighted Average Net Costs

	<b>2005</b>	<b>2006</b>	<b>2007</b> (all reports)	<b>2008</b> (all reports)	<b>2009</b> (all reports)
<b>Recovery</b>	<b>17.1</b>	<b>16.7</b>	<b>14.8</b>	<b>16.6</b>	<b>15.4</b>
<b>Recycling</b>	<b>25.2</b>	<b>21.5</b>	<b>21.0</b>	<b>22.8</b>	<b>18.7</b>
<b>Total</b>	<b>42.3</b>	<b>38.2</b>	<b>35.8</b>	<b>39.4</b>	<b>34.1</b>

# A Closer Look...

- **Collectors**

- **Small: 0 to 1 million pounds (415)**

- **Medium: 1 to 5 million pounds (36)**

- **Large: >5 million pounds (5)**

- **Recyclers**

- **Small: 0 to 1 million pounds (17)**

- **Medium: 1 to 5 million pounds (15)**

- **Large: 5 to 10 million pounds (6)**

- **X-Large: >10 million pounds (4)**



<b>Small Participants' Costs Reported for 2009</b>		Weighted Average	Mean	Median	Percentage Below Standard Payment Rate
Collectors	Revenue	6.9			
	Cost	24.2			
	Net Cost	17.3	22.2	12.0	60%
Recyclers	Revenue	24.8			
	Cost	52.6			
	Net Cost	27.8	28.3	27.6	35%

<b>Medium Participants' Costs Reported for 2009</b>					
Collectors	Revenue	6.4			
	Cost	21.9			
	Net Cost	15.4	16.1	17.0	47%
Recyclers	Revenue	8.0			
	Cost	23.6			
	Net Cost	15.6	17.7	18.0	73%

<b>Large Participants' Costs Reported for 2009</b>		Weighted Average	Mean	Median	Percentage Below Standard Payment Rate
Collectors	Revenue	2.7			
	Cost	14.3			
	Net Cost	11.6	10.4	12.0	60%
Recyclers	Revenue	7.5			
	Cost	23.4			
	Net Cost	15.9	15.7	17.0	100%

<b>X-Large Recyclers' Costs Reported for 2009</b>					
Recycling	Revenue	8.8			
	Cost	29.5			
	Net Cost	20.7	19.5	21.0	50%

<b>Average Weighted Costs / Revenues Reported for 2009</b>		<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>X-Large</b>
<b>Collectors</b>	<b>Revenue</b>	<b>6.6</b>	<b>6.4</b>	<b>2.7</b>	<b>-</b>
	<b>Cost</b>	<b>24.2</b>	<b>21.9</b>	<b>14.3</b>	<b>-</b>
	<b>Net Cost</b>	<b>17.3</b>	<b>15.4</b>	<b>11.6</b>	
<b>Recyclers</b>	<b>Revenue</b>	<b>24.8</b>	<b>8.0</b>	<b>7.5</b>	<b>8.8</b>
	<b>Cost</b>	<b>52.6</b>	<b>23.6</b>	<b>23.4</b>	<b>29.5</b>
	<b>Net Cost</b>	<b>27.8</b>	<b>15.6</b>	<b>15.9</b>	<b>20.7</b>

# Another Perspective...

- **Collectors**

- **Total CEW / # of collectors = mean volume**
- **Volume < 375,300 lbs (362)**
- **Volume > 375,300 lbs (98)**

- **Recyclers**

- **Total CEW / # of recyclers = mean volume**
- **Volume < 4,134,000 lbs (34)**
- **Volume > 4,134,000 lbs (10)**

<b>Below Mean Volume</b>		Weighted Average	Mean	Median	Percentage Below Standard Payment Rate
Collectors	Revenue	8.5			
	Cost	28.1			
	Net Cost	19.6	23.3	12.0	58%
Recyclers	Revenue	10.1			
	Cost	26.9			
	Net Cost	16.8	22.9	21.5	53%

<b>Above Mean Volume</b>					
Collectors	Revenue	5.2			
	Cost	19.6			
	Net Cost	14.3	15.0	13.0	60%
Recyclers	Revenue	8.4			
	Cost	27.4			
	Net Cost	19.1	17.2	17.0	80%

# Other Considerations?

- **Intents identified by Act**
  - “...free and convenient system...”
  - “...economically viable and sustainable...”
  - “...maximize business and employment...”
- **Reconciling “average net costs” with intent of Act not a perfect fit**
  - Averages do not cover everyone’s costs**
  - Regulations allow for service charges**

# Open Discussion

- Thoughts about preliminary data?
- What does the near future hold?
- What else is going on that CalRecycle (and DTSC) needs to know?

# Next Steps

- ❖ Program staff will continue to analyze cost and other data
- ❖ Hold another workshop on May 25<sup>th</sup> to further explore cost and payment issues
- ❖ Finalize any rate adjustment proposal, post for public review, and announce at June MMLA meeting
- ❖ Based on any payment rate adjustments, program will develop consumer fee adjustment models
- ❖ Anticipate holding workshop in June with fee adjustment considerations
- ❖ Plan to finalize and announce new fee proposal at July MMLA meeting



[www.calrecycle.ca.gov](http://www.calrecycle.ca.gov)