

## REQUEST FOR APPROVAL

**To:** Jeff Hunts  
Electronic Waste Recycling Program Manager

**From:** Andrew Hurst  
Electronic Waste Recycling Program Supervisor

**Request Date:** October 1, 2014

**Decision Subject:** Covered Electronic Waste Net Cost Reporting Requirement

**Action By:** October 10, 2014

---

**Summary of Request:** The Covered Electronic Waste (CEW) Recovery and Recycling Payment System, established pursuant to the Electronic Waste Recycling Act of 2003 (SB 20, Sher), as amended, is intended to pay for the average net cost of collecting and recycling CEW discarded by California sources. The Department of Resources Recycling and Recovery (CalRecycle), in collaboration with the Department of Toxic Substances Control, is required by statute [Public Resources Code (PRC) sections 42477 and 42478] to establish payment rates for both the recovery and recycling of CEW.

Regulations adopted to implement the payment system required that approved collectors and recyclers submit annual Net Cost Reports documenting costs of operation in 2005 and 2006 to assist in calculating and determining the recovery and recycling payment rates. Triggering this reporting requirement in subsequent years requires an annual determination by CalRecycle. This request seeks a determination that the Net Cost Reports be required from approved participants in the CEW payment system, documenting operational costs during 2014. These reports would be due to CalRecycle on or before March 1, 2015. Please refer to Title 14, California Code of Regulations (CCR), section 18660.10, et seq.

Information contained in this cycle of Net Cost Reports will be evaluated and will complement data and information secured through previous reporting cycles and from other sources. This information will then be available for use by CalRecycle as it considers industry economic trends, and whether and how to adjust recovery and recycling payment rates in 2016, as currently allowed by statute.

**Additional Information:** Due to the heterogeneous nature of the CEW stream, the dynamic and volatile nature of global material markets, the continually evolving composition of California's electronic waste management industry, and the obligation to set recovery and recycling payment rates based on industry costs, it is imperative that CalRecycle obtain and analyze timely information and data regarding the costs of recovering and recycling CEW. CalRecycle possesses the statutory obligation to review, and the authority to adjust, recovery and recycling payment rates biennially. Continuity of data that allows for better analysis and trend identification will be vital in 2016 when rates next may be adjusted, if warranted.

Historically, the vast majority of CEW handled and processed by program participants has been cathode ray tube (CRT) containing devices. Discarded legacy CRT technology has accounted for more than 98 percent by weight of total CEW claimed in the program and continues to dominate the

volume of CEW recovered, recycled, and claimed. However, the proportion of non-CRT devices recovered and available for recycling will undoubtedly increase as first generation flat panel video displays are discarded.

PRC § 42478(a) tasks CalRecycle with establishing a recycling payment schedule sufficient "...to cover the average net cost for an electronic waste recycler to receive, process, and recycle each major category, as determined by (CalRecycle), of covered electronic waste...". While a single recycling payment rate has been adequate thus far, given the preponderance of CRT devices being managed, newer technologies present widely varying recycling economic, market, and regulatory considerations that may eventually warrant differing recycling payment rates.

As part of the past several Net Cost Report cycles, program staff informally requested cost data specific to non-CRT video device recycling be submitted by those recyclers who have experience processing such CEW. This request is supported by the regulatory allowance contained in 14 CCR 18660.10(h): "*In addition to the net cost report described by this Section, an approved collector or an approved recycler may submit test results, studies or other information for CalRecycle to consider when the Standard Statewide Recovery Payment Rate and/or the Standard Statewide Combined Recovery and Recycling Payment Rate is reviewed...*"

This request for additional information will be urgently repeated this year, as a significant informational need exists relating to the management costs for non-CRT devices.

**Recommendation:** Staff recommends that all participating covered electronic waste collectors and recyclers be directed to prepare and submit Net Cost Reports covering operations during 2014. Upon approval of this recommendation, staff will notify participating collectors and recyclers that Net Cost Reports be prepared and submitted pursuant to 14 CCR 18660.10.

-----  
**Delegated Action:** On the basis of the information in this Request for Approval, I hereby approve the staff recommendation outlined above that all approved collectors and recyclers in the covered electronic waste recovery and recycling payment system be required to prepare and submit Net Cost Reports and, through my authority, so determine and direct that this occur pursuant to Title 14 of the California Code of Regulations, section 18660.10

**Dated:** 3 Oct 14



Jeff Hunts  
Electronic Waste Recycling Program Manager