



DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

801 K STREET, MS 19-01, SACRAMENTO, CALIFORNIA 95814 • (916) 322-4027 • WWW.CALRECYCLE.CA.GOV

June 15, 2016

NOTICE

To: All Interested Parties

Subject: 3rd Quarter 2016 Processing Payment Adjustments

Section 14575 of the Public Resources Code (PRC) requires the Department of Resources Recycling and Recovery (CalRecycle) to establish a processing payment for any beverage container type that has a scrap value less than the cost of recycling. CalRecycle makes processing payments to processors. Processors pay recyclers the entire processing payment.

Pursuant to PRC Section 14575, the calculation of the 2016 processing payments is based on the difference between the scrap values offered to recyclers and the sum of the actual costs of recycling for certified recycling centers, excluding centers receiving handling fees, plus a reasonable financial return.

PROCESSING PAYMENT ADJUSTMENTS: PRC §14575(f) gives CalRecycle the discretion to adjust the processing payment not more than every three months if CalRecycle has determined that the average scrap value for a specific beverage container material type for the most recent available twelve-month period directly preceding the quarter the processing payment is calculated is five percent more or less than the statewide average scrap value used as the basis for the processing payment currently in effect; and that adjusting the processing payment is necessary to further the objectives of the beverage container recycling program.

As the change in scrap values as described for glass and #1 PET are greater than five percent, CalRecycle has concluded it is appropriate to adjust the processing payments at this time. There is no adjustment to #2 HDPE as its scrap value average difference is less than five percent.

Processing payments for bimetal and plastics #3 - #7 are not being adjusted as the scrap values for these container material types are highly volatile and based on small volumes. The changes in scrap values and adjusted processing payments for glass, #1 PET and #2 HDPE, effective July 1, 2016, are shown on the table on the next page.

Scrap values are based on the average scrap values paid to recyclers for the period between April 1, 2015 and March 31, 2016.



The processing payments shown below become effective July 1, 2016.

Change in Scrap Value Per Ton and Adjusted Processing Payments			
Material Types	Glass	#1 PET	#2 HDPE
Scrap Value Per Ton (Basis of Current Processing Payments)	-\$1.80	\$241.04	\$316.82
Scrap Value Per Ton (April 2015 – March 2016)	-\$2.85	\$226.03	\$299.91
Percent Change	95.45%	-5.49%	-4.77%
Current Processing Payment/Ton (Effective 4/1/16)	\$101.77	\$198.37	\$220.70
Adjusted Processing Payment/Ton (Effective 7/1/16)	\$102.82	\$213.38	\$220.70
Current Processing Payment/Pound Redeemed (Effective 4/1/16)	\$0.05089	\$0.09919	\$0.11035
Adjusted Processing Payment/Pound Redeemed (To be used on DR6, Effective 7/1/16)	\$0.05141	\$0.10669	\$0.11035
% Change to Processing Payment/Pound Redeemed	1.02%	7.56%	0.00%

Based on the current adjustment to the Glass, #1 PET and #2 HDPE processing payment, CalRecycle would expend an estimated additional \$1,914,036.

Estimated Processing Payment for Remaining Two Quarters			
	Glass	#1 PET	#2 HDPE
Estimated Current PP Payout	\$63,966,905	\$35,384,137	\$2,793,715
Estimated Adjusted PP Payout	\$64,495,656	\$36,769,422	\$2,793,715
Difference (For Year)	\$528,751	\$1,385,285	\$0

Table 1, attached, shows the following detailed information for glass, plastic and bimetal beverage containers:

- The cost of recycling
- The scrap value paid to recyclers
- The processing payment (if any)

To review notices of changes impacting participants in the beverage container recycling program, please visit CalRecycle's Beverage Container Recycling Program home page on the Internet at <http://www.calrecycle.ca.gov/BevContainer/Notices/> or call (916) 323-3836.

For further information on the determination of processing payments, please contact

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Hieu Le, Market Information Section at (916) 323-5778.

If you have any questions concerning processing payment reporting requirements or completion of the DR-6, please contact the Recycler Training and Review Section at (916) 323-3008.

Sincerely,

Scott Smithline
Director

Attachment

Table I
3rd Quarter 2016 Processing Payment Adjustments
Effective July 1, 2016
Glass, Bimetal and Plastic

	Glass	Plastic						Bimetal	
		PET	HDPE	Vinyl	LDPE	PP	PS		Other
Cost of Recycling per Ton with Reasonable Financial Return & COLA	\$99.97	\$439.41	\$537.52	\$845.55	\$1,206.25	\$1,082.16	\$670.31	\$734.43	\$677.40
Scrap Value per Ton	-\$2.85	\$226.03	\$316.82	\$0.31	\$26.61	\$17.78	\$107.55	\$28.20	\$53.37
Processing Payments to Recyclers									
Processing Payment Per Ton Redeemed	\$102.82	\$213.38	\$220.70	\$845.24	\$1,179.64	\$1,064.38	\$562.76	\$706.23	\$624.03
Processing Payment Per Pound Redeemed (To be used on DR-6)	\$0.05141	\$0.10669	\$0.11035	\$0.42262	\$0.58982	\$0.53219	\$0.28138	\$0.35312	\$0.31202