

Covered Electronic Waste (CEW) Recycling Program Stakeholder Forum

*A Meeting to Discuss Payment Rate and/or Fee Level
Adjustments and Associated Implications*

Structure of Today's Forum:

- Day divided into AM and PM topics:
 - AM: Recovery and Recycling Payment Rates
 - PM: Electronic Waste Recycling Fee
- Current operational stats
- Net Cost Report data
- Other sources of data
- Fund condition / financing considerations
- Open discussion

Electronic Waste Recycling Act

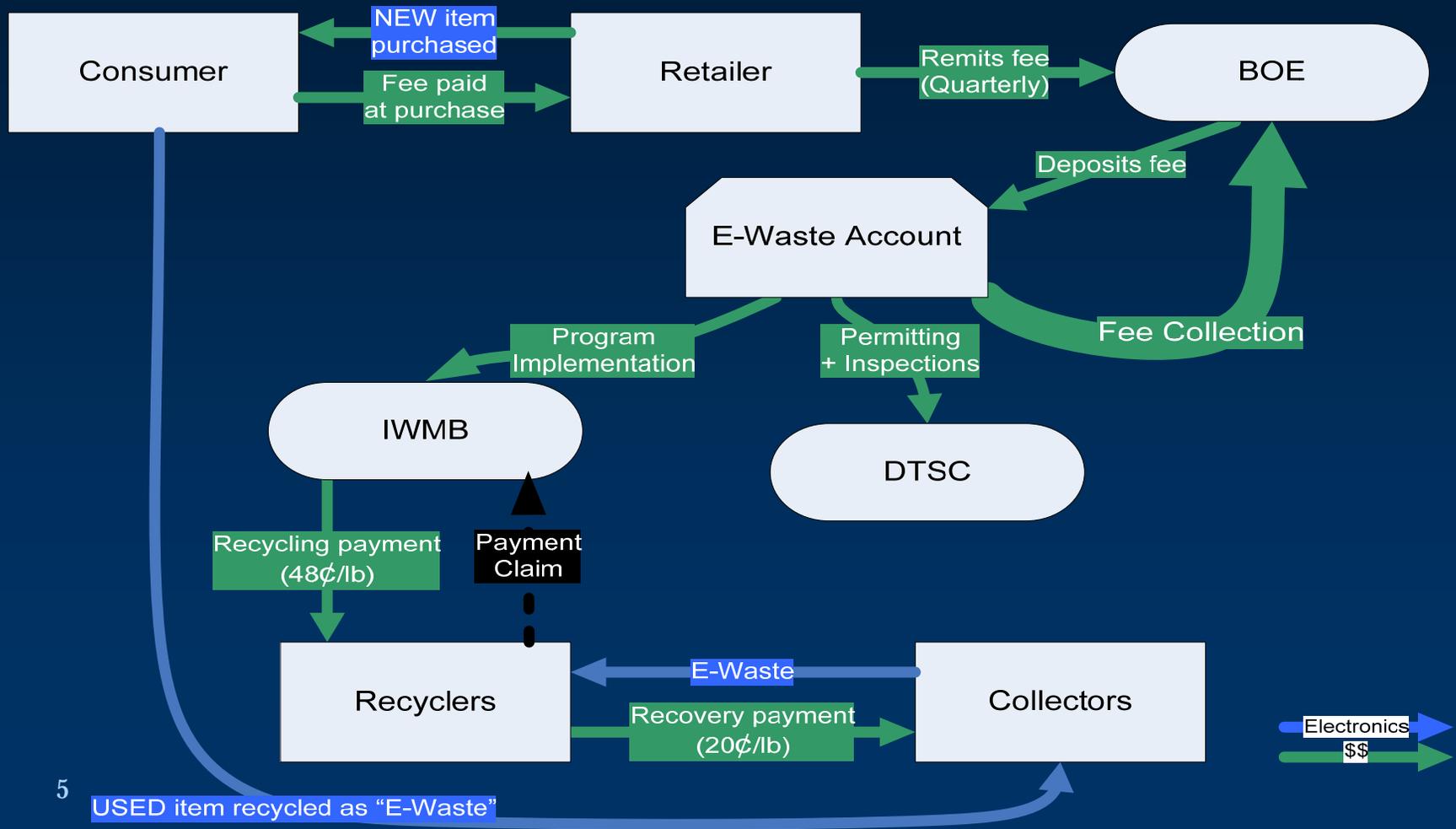
- **Provides for recycling of video displays**
 - **“Covered Electronic Waste” or CEW**
- **Financial relief to responsible parties**
- **Fosters convenient recycling opportunities**
- **Eliminate stockpile of waste monitors/TVs**
- **Decrease hazardous materials in products**

Electronic Waste Recycling Act

System to fund the recycling of covered electronic waste:

- Cathode ray tubes (CRT) televisions and computer monitors);**
- Liquid Crystal Display (LCD) televisions and monitors;**
- Laptop computers;**
- Gas plasma display televisions;**
- Personal DVD players (July 1, 2007)**

Payment System at a Glance

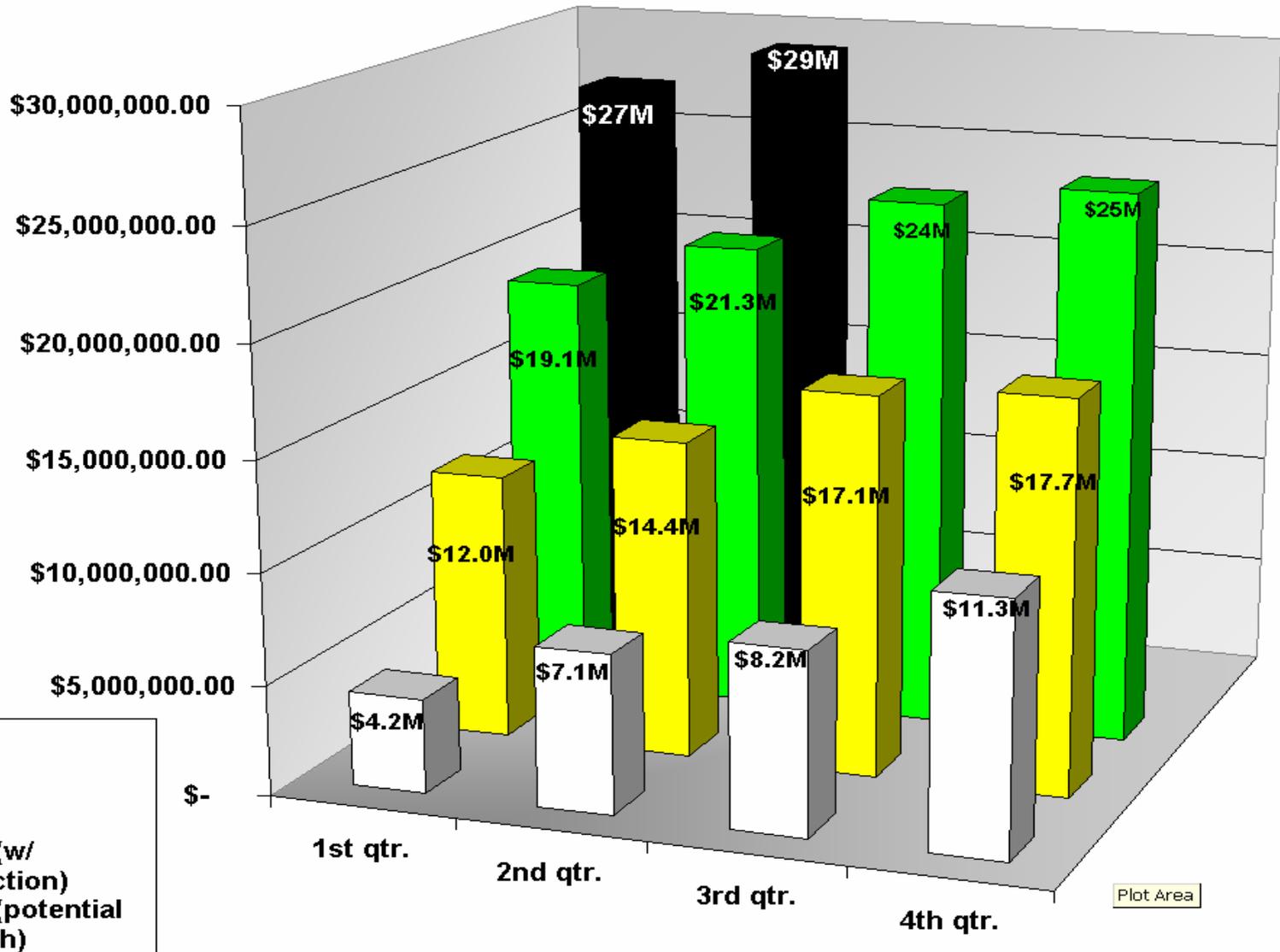


Revenue, Payments & Volumes

- **FY 2004/05 - \$31 million**
 - **-\$11.4 million claimed (~24 million lbs)**
- **FY 2005/06 - \$78 million**
 - **-\$45.9 million claimed (~95 million lbs)**
- **FY 2006/07 - \$78 million**
 - **~\$76 million claimed (>155 million lbs)**
- **FY 2007/08 - ~\$83 million projected**
 - **~\$105 million projected (>210 million lbs)**

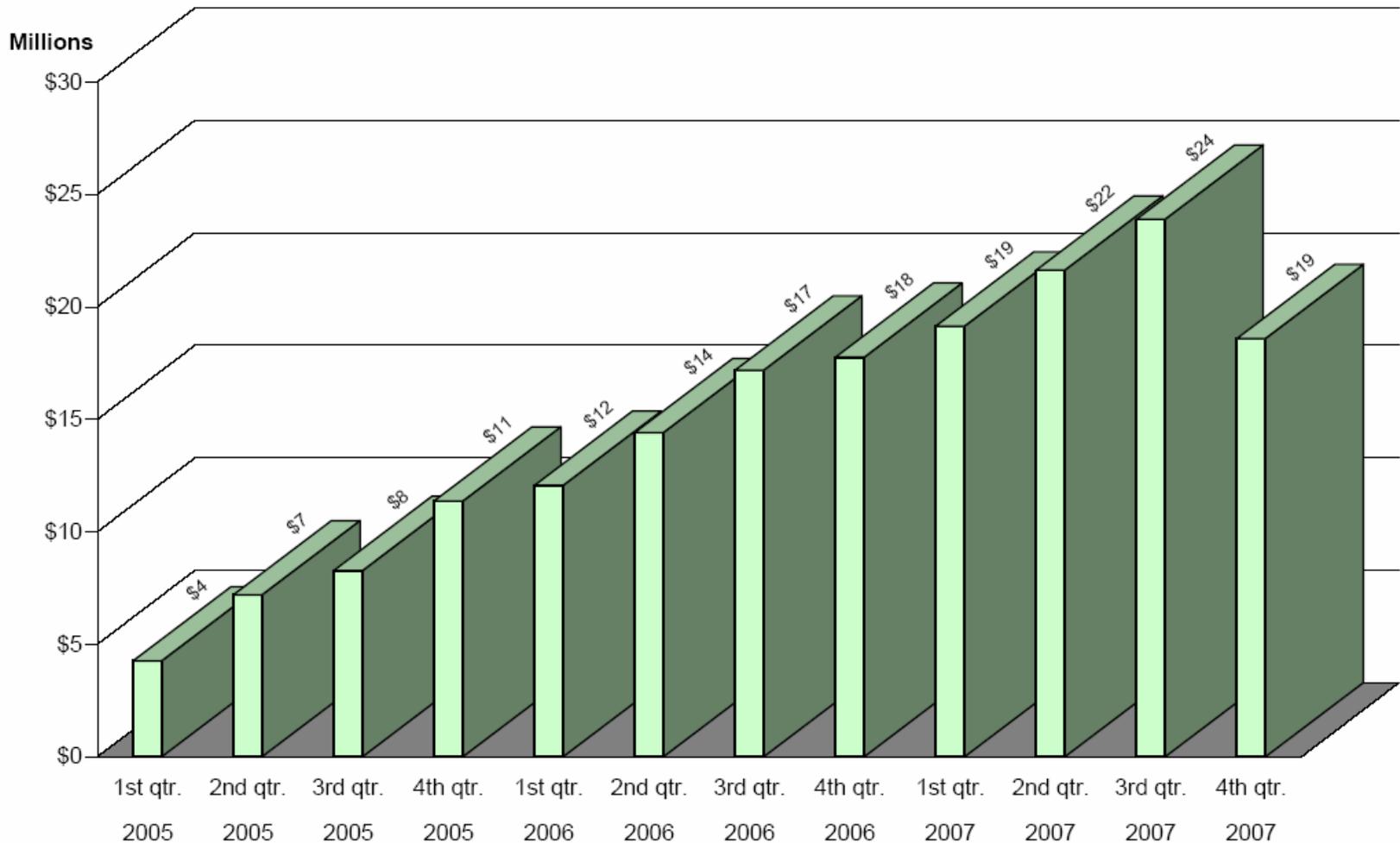
California Integrated Waste Management Board

Claim Volume Since January 1, 2005



California Integrated Waste Management Board

Covered Electronic Waste Recycling Payment System Quarterly Monies Claimed (as of February 13, 2008)



Future Challenge

Digital TV Broadcasting Transition

- February 17, 2009 change to digital
- 15% to 20% of households rely solely on over-the-air (OTA) for reception
- Analog receivers obsolete w/o converter
- Cable and satellite unaffected
- Discard volume uncertain, potentially large
 - FCC / NTIA coupons for signal converters
 - New technology cheaper, more attractive

Financial Considerations

- **Cost Demands:**
 - CIWMB, DTSC, BOE operations
 - Recovery and Recycling Payments (\$.48/lb)
- **Revenue Source:**
 - \$6, \$8, or \$10 fee on retail sales of CEDs
- **Fund Condition:**
 - At current rates, depletion in FY 08/09

Recovery and Recycling Payment Rates

- **CIWMB must reconsider “payment schedules” before July 1, 2008**
 - **Currently \$.20 and \$.28 per pound**
 - **Should rates change?**
 - **If so, how much?**
- **Statute specifies what costs to consider**

Recovery Payment

- **PRC 42477. (a) ... on July 1 every two years thereafter, the board in collaboration with the department shall establish an electronic waste recovery payment schedule for covered electronic wastes generated in this state to cover the net cost for an authorized collector to operate a free and convenient system for collecting, consolidating and transporting covered electronic wastes generated in this state.**

Recycling Payment

- **PRC 42478. (a) ... on July 1 every two years thereafter, the board, in collaboration with the department, shall establish a covered electronic waste recycling payment schedule for covered electronic wastes generated in this state to cover the average net cost for an electronic waste recycler to receive, process, and recycle each major category, as determined by the board, of covered electronic waste received from an authorized collector. ...**

Net Cost Report vs. Payment Rate

- **Net Cost Report informs CIWMB**
- **Next report due March 1, 2008**
 - **Too much non-compliance on past reports**
- **Regulation governs what is reported**
 - **Report is only one source of information**

Net Cost per Pound (2005)

		Weighted Average	Mean	Median	Percentage Below Standard Payment Rate
Recovery	Revenue	3.9	3.8	0.0	NA
	Cost	21.0	24.6	17.9	NA
	Net Cost	17.1	20.8	15.3	63%
Recycling	Revenue	5.7	5.5	5.1	NA
	Cost	30.9	39.1	31.8	NA
	Net Cost	25.2	33.6	27.5	50%

Net Cost per Pound (2006)

		Weighted Average	Mean	Median	Percentage Below Standard Payment Rate
Recovery	Revenue	2.0	2.3	0.4	NA
	Cost	18.7	17.2	15.0	NA
	Net Cost	16.7	14.9	14.2	66%
Recycling	Revenue	5.8	6.2	5.3	NA
	Cost	27.4	37.2	29.0	NA
	Net Cost	21.5	31.0	23.5	64%

Comparison of Weighted Average Net Cost

	2005	2006 (Preliminary)	Difference
Recovery	17.1	16.7	-3%
Recycling	25.2	21.5	-15%

Other Sources of Cost Data

- **Net Cost Report “validation” exercise**
 - **DOF auditors will engage sample of participants for closer assessment of NCR**
- **Qualitative survey**
 - **Program staff will contact participants**
 - **Current business practices examined**
 - **Participation voluntary**
- **Market data**

Commodity Prices

5 Year Copper Spot



5 Year Lead Spot



5 Year Aluminium Spot



Open Discussion - Payments

- **Given the constraints of law, is there anything else the CIWMB can/should consider?**
- **What will be the implications of a payment rate reduction?**
- **Recovery vs. Recycling rates:**
 - **Statutory artifact; but how can these be used for a better system?**

Lunch Break



Revenue Considerations

Program funded by Electronic Waste Recycling Fee

- **Fee assessed on retail CED sales**
- **Currently set at \$6, \$8, or \$10, depending on screen size**
- **Retailers remit collected funds to BOE**
- **Retailers retain 3% for administrative costs**

Revenue Considerations

- **CIWMB has obligation to adjust fee for fund solvency**
 - **Statute establishes adjustment factors**
 - **Connection between devices sold and waste recovered is nebulous**
- **CIWMB must act on or before August 1**
 - **Changes in fees take effect January 1**

Revenue Considerations

“42464(f) On or before August 1, 2005, and, thereafter, no more frequently than annually, and no less frequently than biennially, **the board, in collaboration with the department, shall review, at a public hearing, the covered electronic waste recycling fee and shall make any adjustments to the fee** to ensure that there are sufficient revenues in the account to fund the covered electronic waste recycling program...”

Revenue Considerations

“... The board shall base an adjustment of the covered electronic waste recycling fee on both of the following factors:

- (1) The sufficiency, and any surplus, of revenues in the account to fund the collection, consolidation, and recycling of covered electronic waste ...**
- (2) The sufficiency of revenues in the account for the board and the department to administer, enforce, and promote the program...”**

Revenue Considerations

If adjustments are necessary:

- **What is the appropriate mechanism?**
 - **Adjusting fee would be a regulation**
- **What are the options and limitations?**
 - **Current fee levels tightly grouped**
 - **Can fee levels be more equitable?**
 - **Are we locked into a 3-tier rate structure?**

Open Discussion - Fees

- **Given the constraints of law, is there anything else the CIWMB can/should consider?**
- **What will be the implications of a fee level increase?**
- **Other considerations?**

Next Steps

- **Continue to evaluate need and options for payment rate and/or fee adjustments**
- **Develop and refine models to assess impacts of any adjustments**
- **Return to Board for additional discussion and direction**
- **Propose changes as warranted**



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