

Plastic Market Development Payment Workshop

January 23, 2013

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Agenda

- 4th Quarter 2013 payment rate
- When are PMD claims due?
- Future of PMD payments discussions
- Questions

4th Quarter 2012 payment rate

Table 1

Quarter	PMD Payment	Per Ton	Tons
1st	\$5,566,380	\$150	18,555
2nd	\$6,086,280	\$150	20,288
3rd	\$6,306,180	\$150	21,021
4th	\$2,641,160	\$63	21,021
Total	\$20,600,000		80,884

* 4th quarter estimate based on 3rd quarter volumes.

When are PMD claims due?

- To be eligible for payment, certified entities and product manufacturers shall each submit a Plastic MDP Claim Form for each calendar quarter in which the payment is being claimed.
- Postmarked no later than the tenth day of the second month following the reporting quarter (e.g., 4th quarter 2012 claims are due by February 11, 2013).
- Claims postmarked after this date will be denied payment.
- Within 20 business days after CalRecycle completes the review and processing of the claims, CalRecycle will notify all claimants of their total MDP after the payment information is transmitted to the State Controller's Office.

Future of PMD payments discussions

- Should we ensure that PMD payments are available year round? If so, how?
- Is \$150 per ton to both certified entity and product manufacturer appropriate?
- Should payment be the same for certified entity and product manufacturer?
- If not, what should be the \$XX per ton rate?
- What would be the method for the rate setting?
 - Indices (e.g., Secondary Materials Pricing, resin pricing from Plastic News, etc.)?
 - Survey of pricing paid by certified entity and product manufacturer?

Proposal #1 - Keep current payment rate as is for 2013

Table 2

Quarter	PMD Payment	Per Ton	Tons
1st	\$6,306,150	\$150	21,021
2nd	\$3,693,850	\$88	21,021
3rd	\$0	\$0	21,021
4th	\$0	\$0	21,021
Total	\$10,000,000		84,082

* \$150/ton each for Certified Entity & Product Manufacturer

Proposal #2 - Prorate payment rate for 2013

Table 3

Quarter	PMD Payment	Per Ton	Tons
1st	\$2,500,000	\$59	21,021
2nd	\$2,500,000	\$59	21,021
3rd	\$2,500,000	\$59	21,021
4th	\$2,500,000	\$59	21,021
Total	\$10,000,000		84,082

* \$59/ton each for Certified Entity & Product Manufacturer

Proposal #3 - Adjust PMD rate so certified entity and product manufacturer receive same percentage savings - cont.

Table 4 - Average Plastic Price Paid by Certified Entity

Commodity	Resin Pricing/Ton	PMD Rate	% Savings
Natural PET Baled	\$ 579.17	\$150	26%
Colored HDPE Baled	\$ 430.57	\$150	35%
Average	\$ 504.87	\$150	30%

Source: Secondary Materials Pricing for 2012

Table 5 - Average Plastic Price Paid by Product Manufacturer

Commodity	Resin Pricing/Ton	PMD Rate	% Savings
PET Clean Flake	\$ 1,364.48	\$150	11%
PET Clean Pellet	\$ 1,617.27	\$150	9%
HDPE Mixed Flake	\$ 960.22	\$150	16%
HDPE Mixed Pellet	\$ 1,116.28	\$150	13%
Average	\$ 1,264.56	\$150	12%

Source: Recycled Plastics Resin Pricing from Plastic News for 2012

Proposal #3 - Adjust PMD rate so certified entity and product manufacturer receive same percentage savings - cont.

Table 6 - Average Plastic Price Paid by Certified Entity

Commodity	Resin Pricing/Ton	PMD Rate	% Savings
Natural PET Baled	\$ 579.17	\$150	26%
Colored HDPE Baled	\$ 430.57	\$150	35%
Average	\$ 504.87	\$150	30%

Table 7 - Adjusted Plastic Price Paid by Certified Entity

Average	\$ 504.87	\$61	12%
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Source: Secondary Materials Pricing for 2012

Proposal #3 - Adjust PMD rate so certified entity and product manufacturer receive same percentage saving

Table 8

Quarter	PMD Payment	Per Ton Product Manufacturer	Per Ton Certified Entity	Tons
1st	\$4,426,602	\$150.00	\$60.58	21,021
2nd	\$4,426,602	\$150.00	\$60.58	21,021
3rd	\$1,146,796	\$38.86	\$15.69	21,021
4th	\$0	\$0	\$0	21,021
Total	\$10,000,000			84,084

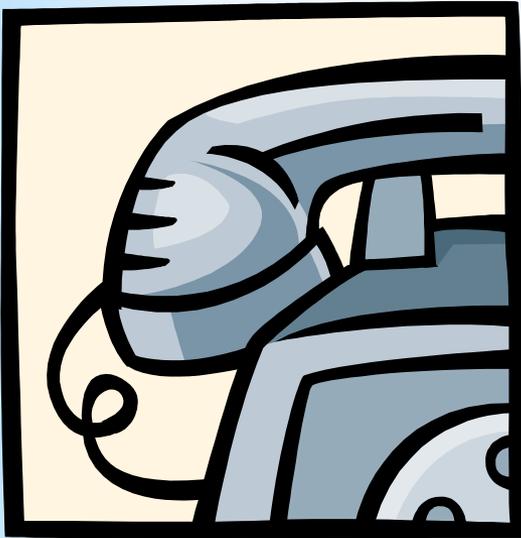
Proposal #4 - Adjust PMD rate so certified entity and product manufacturer receive 7 percent saving

Table 9

Quarter	PMD Payment	Per Ton Product Manufacturer	Per Ton Certified Entity	Tons
1st	\$2,603,599	\$88.52	\$35.34	21,021
2nd	\$2,603,599	\$88.52	\$35.34	21,021
3rd	\$2,603,599	\$88.52	\$35.34	21,021
4th	\$2,189,203	\$74.43	\$29.72	21,021
Total	\$10,000,000			84,084

Questions?

Contact Information



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