

*The Covered Electronic Waste (CEW)
Recycling Program:
Payment Rate Considerations*

A Stakeholder Workshop



June 11, 2014

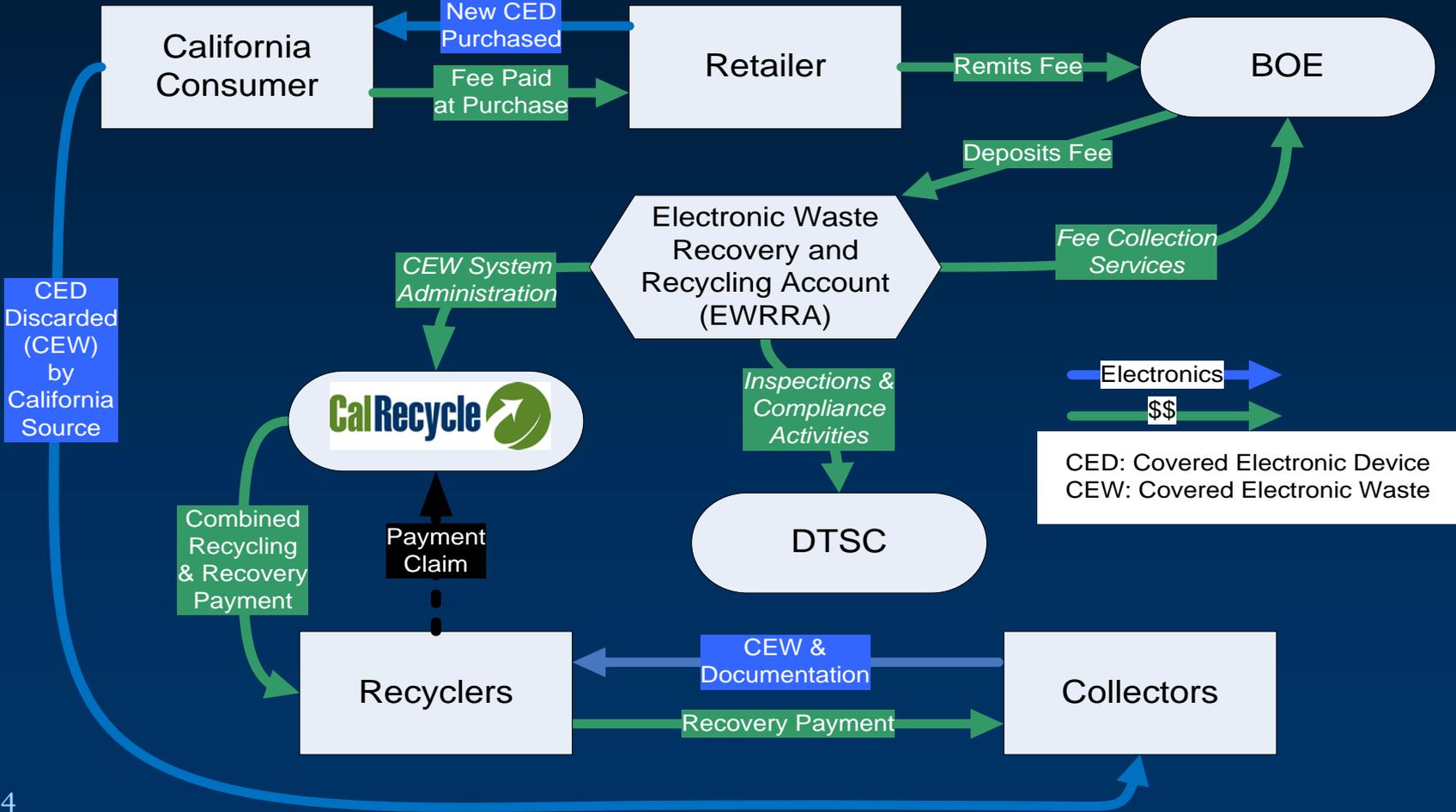
This workshop will cover:

- **CEW Program Basics & Stats**
- **Acknowledgement of Industry Dynamics**
- **Further Analysis of Net Cost Report Data**
- **Proposed Adjustment to CEW Payment Rates**
- **Open Discussion**
- **Next Steps**

Electronic Waste Recycling Act

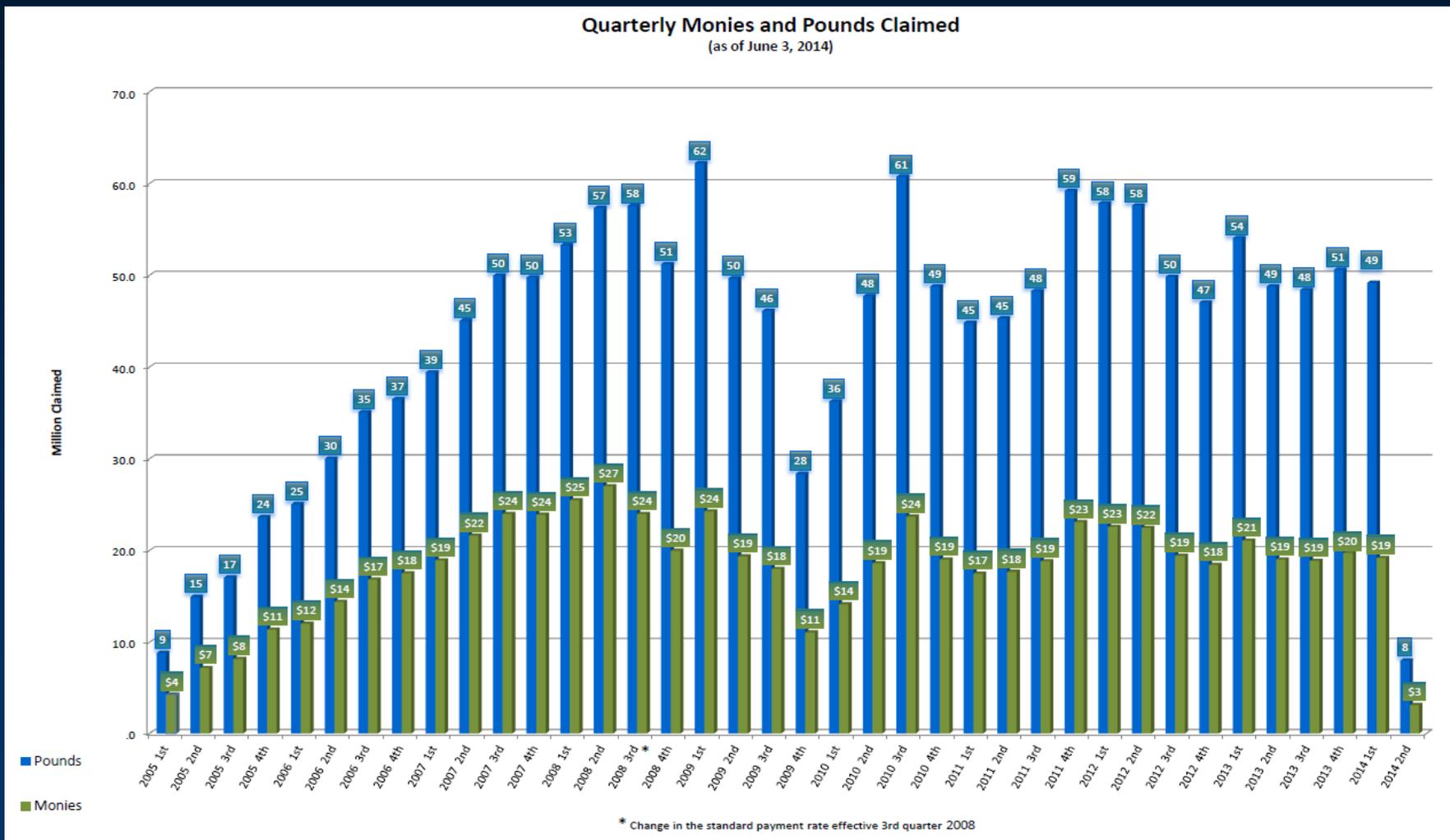
- Established system to support the recovery and recycling of CEW
 - Only compliantly documented CEW from CA sources are eligible
 - CEW must be recycled (cancelled) in CA
 - Treatment residuals must be properly managed (e.g. CRT glass)
- Payment rates set to cover average net costs of collection & recycling

CEW Payment System



CEW Recycling Payment System

- >1.6 billion pounds of CEW claimed since program inception
- ~202 million pounds of CEW claimed in 2013



Volume fluctuations due to infrastructure changes, legacy stockpile depletion, CRT glass market disruptions and claim timing. Recyclers are required to submit claims within 45 days after the end of a reporting month.



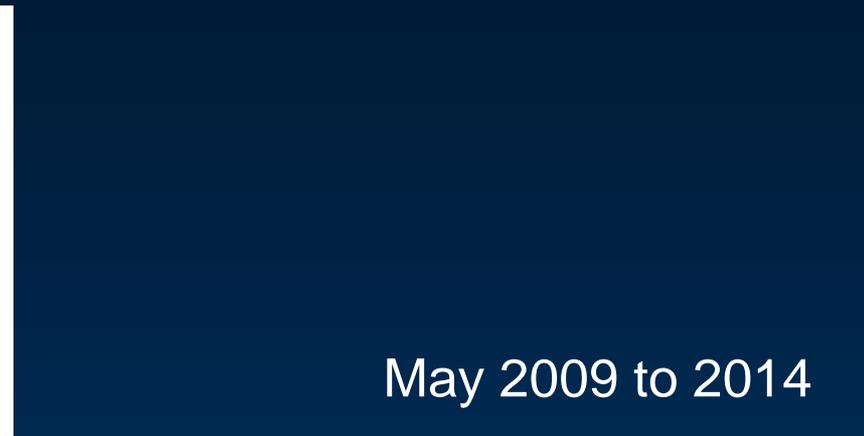
Program Dynamics Today

- Concerns about longevity of residual CRT glass markets, management options
 - **CRT glass outlets allegedly still available, but...**
- Increasing amounts of non-CRT CEW
 - **Not yet “major categories”; cost/value uncertainties**
- Recyclers and collectors still need to be careful about who they do business with
- Commodities prices are soft, though better than dark days of 2009...

Commodity Price Fluctuations



May 2005 to 2010



Commodity Price Fluctuations

Electronics Recycling for Monday Jun 09, 2014

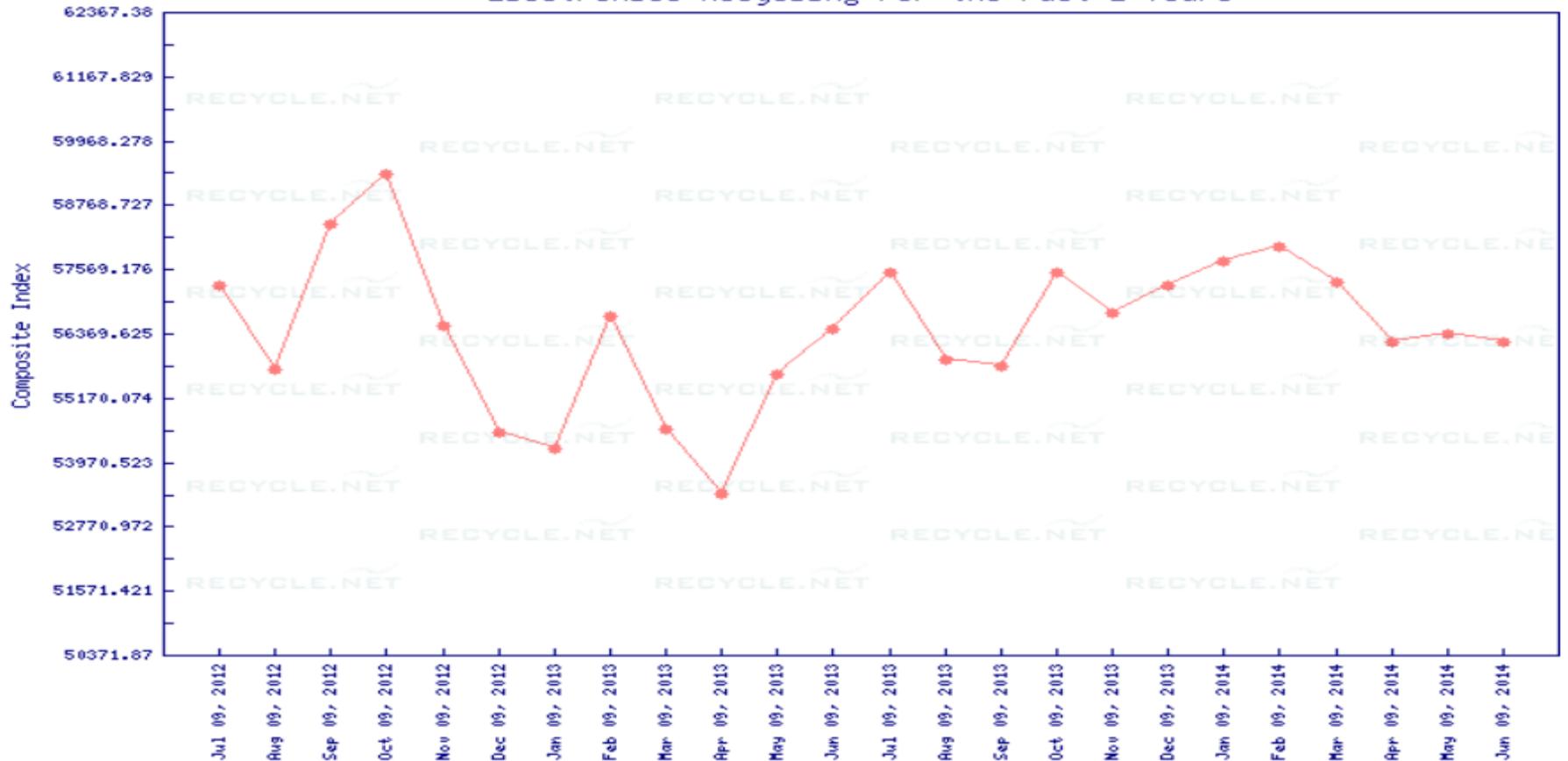
56,220.50

Change since Yesterday 52.25 ▼ 0.09%

Change over past 2 years 1,039.50 ▼ 1.82%

[7d](#) [1m](#) [3m](#) [1y](#) [2y](#)

Electronics Recycling For the Past 2 Years



Payment Rate Considerations

- CalRecycle must establish a “payment schedule” on or before July 1, 2014
 - 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

- Latest report was due March 1, 2014
 - Received from 489 collectors, 41 recyclers
 - ~30 participants revoked for failing to report
- Preliminary analysis of as-reported 2013 data
 - Trend of widely varying costs continued
 - DOF validation exercise completed
 - Reports remain challenged in cost allocations

DRAFT 2013 Costs Calculated Using All* Reports

Net Costs Reported for 2013 (cents per lb)		Weighted Average	Mean	Median	% of Reports < Std Pay Rate
Recovery (469)	Revenue	6.1			
	Cost	23.0			
	Net Cost	16.8	15.5	11.0	61.5%
Recycling (40)	Revenue	12.3			
	Cost	36.1			
	Net Cost	23.8	25.0	20.5	57.5%

* Excluded reported recycling and recovery costs > \$1 and < -\$1; 1 recycler records and 18 collectors records

Net Cost Reporting

- Last workshop also examined operations handling 5 million and 10 million pounds
 - “data” showed curious trend of increasing costs with increase in CEW throughput
- Let’s look at a “50/50” CEW assessment...
 - “Large” operations handling top 50%
 - “Small” operations handling bottom 50%

DRAFT 2013 Costs Calculated Using Select* Reports

Net Costs Reported for 2013 (cents per lb) (* "large" operations handling "top" 50% of CEW)		Weighted Average	Mean	Median	% of Reports < Std Pay Rate
Recovery (25)	Revenue	4.5			
	Cost	24.4			
	Net Cost	19.9	19.7	18.0	40%
Recycling (4)	Revenue	11.7			
	Cost	39.7			
	Net Cost	27.9	28.8	28.0	0%

DRAFT 2013 Costs Calculated Using Select* Reports

Net Costs Reported for 2013 (cents per lb) (* "small" operations handling "bottom" 50% of CEW)		Weighted Average	Mean	Median	% of Reports < Std Pay Rate
Recovery (444)	Revenue	7.8			
	Cost	21.6			
	Net Cost	13.7	15.3	11.0	65%
Recycling (36)	Revenue	13.0			
	Cost	31.7			
	Net Cost	18.7	24.6	18.0	64%

Comparison of Weighted Average Net Costs (cents per pound)

Year and Activity	2005	2006	2007	2008	2009	2010*	2011*	2012*	2013*
Recovery	17.1	16.7	14.8	16.6	14.4	15.3	15.2	17.1	16.8
Recycling	25.2	21.5	21.0	22.8	18.7	18.1	19.2	17.8	23.8
Combined	42.3	38.2	35.8	39.4	33.1	33.4	34.4	34.9	40.6

* Excluded recycling costs > \$1 and < \$-1

Other Considerations?

- Reconciling “average net costs” and seeming intent of Act is challenging
 - **Payment rates based on averages do not cover all**
 - By definition: some paid too little, some paid too much
 - **Weighted averages reflect entire industry’s cost**
 - Allows consideration in context of scales and efficiencies
 - **Regulations anticipate unmet costs**
 - Program strives for “free”; allows for service charges
- Program itself influences behaviors
- Future is uncertain...

Payment Rate Proposal

- Recovery rate to change from 16 cents to 17 cents per pound
- Combined recovery and recycling rate to change from 39 cents to 42 cents per pound
- Changes to take effect July 1, 2014

Payment Rate Proposal

14 CCR § 18660.33. Standard Statewide Recovery Payment Rate.

(a) An approved recycler shall pay an approved collector the Standard Statewide Combined Recovery Payment Rate for all CEWs transferred to the recycler that are accompanied by applicable source documentation pursuant to Section 18660.20(h) of this Chapter regardless of the real or anticipated disposition of the CEWs.

(b) Beginning July 1, ~~2008~~ 2014, the Standard Statewide Recovery Payment Rate is ~~\$0.16~~ \$0.17 per pound.

....

Payment Rate Proposal

14 CCR § 18660.34. Standard Statewide Combined Recovery and Recycling Payment Rate.

(a) CalRecycle shall pay an approved recycler the Standard Statewide Combined Recovery and Recycling Payment Rate for the weight of CEWs cancelled and claimed pursuant to the requirements of this Chapter, which includes a component for recovery costs and a component for recycling costs.

~~(b) Beginning July 1, 2008 and ending on September 15, 2008 the Standard Statewide Combined Recovery and Recycling Payment Rate is \$0.43 per pound.~~

~~(c) Beginning September 16, 2008~~ July 1, 2014, the Standard Statewide Combined Recovery and Recycling Payment Rate is ~~\$0.39~~ \$0.42 per pound.

Open Discussion

Upcoming Actions

Before July 1, 2014...

- **CalRecycle must determine if any adjustment in “payment schedule” is warranted**

CalRecycle Monthly June 17, 2014

- **Request for Approval will be noticed**

Once approved, CalRecycle will file any rate changes with OAL

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