



DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

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December 2, 2014

To: All Certified Processors and Recyclers

Subject: Responsibilities for Cancellation of Empty Beverage Containers

Please note that this notice supersedes the notice entitled, "Responsibilities for Cancellation of Empty Beverage Containers" dated January 20, 2012 and distributed to certified processors and recyclers.

The purpose of this notice is to remind processors and recyclers (if authorized to cancel on behalf of a processor) of the cancellation requirements for empty beverage containers. As a stakeholder in California's beverage container recycling program, one of your most important responsibilities is to ensure that empty beverage containers are properly canceled to prevent them from re-entering the marketplace. In accordance with the Public Resources Code (PRC), Section 14539(b)(7), a certified processor shall take the actions necessary and approved by the Department of Resources Recycling and Recovery (CalRecycle) to cancel containers to render them unfit for redemption. Furthermore, a processor is responsible for maintaining adequate records with a sufficient audit trail to enable verification that the material was cancelled. Finally, recyclers authorized to cancel on behalf of a processor must also cancel material in accordance with California Code of Regulations, Title 14 (14CCR) Section 2000(a)(4).

Definitions of Cancellation:

Pursuant to 14CCR Section 2000(a)(4), "Cancellation means the act of removing the refund value of an empty beverage container by any of the following actions:

Aluminum

- Aluminum empty beverage containers shall be deemed cancelled when such containers can no longer be physically reconstituted or distinguished as container units. Except as provided in 14CCR Section 2110(b), this may be accomplished by shredding or densification to thirty pounds per cubic foot or more.
- By densifying to no less than 15 lbs. per cubic foot or shredding, **and** delivering the empty beverage containers to a location of end use, and the delivery verified in accordance with 14CCR Section 2420(d)(2). **The proof of cancellation shall include a receipt issued by the person receiving the shipment and any applicable bill of lading.**



- By densifying to no less than 15 lbs. per cubic foot or shredding, **and** permanently exported from the state and export verified in accordance with 14CCR Section 2420(d)(1) and (2). **The proof of cancellation shall include a receipt issued by the person receiving the shipment and any applicable bill of lading; if exported by sea, copies of the on-board bill of lading.**

Plastic (1- 7)

- Plastic empty beverage containers shall be deemed cancelled when the original form has been so altered as to make its reconstitution physically impossible. This can be accomplished by shredding, perforating, or melting. Baling or densifying is not an acceptable method of cancellation for plastic empty beverage containers.
- By delivering to a location of end use and the delivery verified in accordance with 14CCR Section 2420(d)(1). **The proof of cancellation shall include a receipt issued by the person receiving the shipment and any applicable bill of lading.**
- By permanently exporting from the state and export verified in accordance with 14CCR Section 2420(d)(1) and (2). **The proof of cancellation shall include a receipt issued by the person receiving the shipment and any applicable bill of lading; if exported by sea, copies of the on-board bill of lading.**

Glass

- Glass empty beverage containers shall be deemed cancelled when such containers have been substantially cleaned of non-glass contaminants and they are crushed in such a manner as to be acceptable without further processing by a willing user.
- By delivering to a location of end use, which includes a beneficiating processor, and the delivery verified in accordance with 14CCR Section 2420(d)(1). **The proof of cancellation shall include a receipt issued by the person receiving the shipment and any applicable bill of lading.**
- By permanently exporting from the state and export verified in accordance with 14CCR Section 2420(d)(1) and (2). **The proof of cancellation shall include a receipt issued by the person receiving the shipment and any applicable bill of lading; if exported by sea, copies of the on-board bill of lading.**

Acceptable Documentation for Verification of Cancellation:

14CCR Section 2420(d) requires processors to retain proof that they canceled or had canceled in accordance with Section 2000(a) (4) all empty beverage containers received. The verification shall include the following:

- For shipment by sea, the proof of cancellation by export from the state shall be the on-board bill of lading. **The on-board bill of lading must be the “Shipped On Board Bill of Lading” issued by the shipping company evidencing that the material has been loaded on the vessel.** This is the same document used by banking and financing companies that fund a shipment. The following documents **DO NOT** satisfy the requirement for an on-board bill of lading:
 - **Packing Lists**
 - **“Received for Shipment” bills of lading.**
 - **Exchange receipts or tickets received by a truck driver at the port gate.**
- For shipment out of the state or to a location of end use, the proof of cancellation shall include a receipt issued by the person receiving the shipment and any applicable bill of lading.
- For other forms of cancellation, proof shall be a certification prepared in accordance with 14CCR Section 2090(d) that includes:
 1. The full name, address and identification number (certification number) of the entity preparing the certification; and
 2. The name and the phone number of the contact person for purpose of the certification; and
 3. The reporting period; and
 4. The signature and title of the representative of the entity authorized to prepare the certification. The signature block shall state that the information in the certification is correct to the best knowledge of the person submitting the certification; and
 5. The date and location that the certification was prepared; and
 6. The material type, date of cancellation and method of cancellation.

Authorization to Cancel:

Pursuant to 14CCR Section 2110(b)(1), an authorization to cancel authorizes a recycling center or processor to cancel used beverage containers on behalf of another processor for a period of one year. When a processor authorizes a recycling center or a processor to cancel on their behalf, the party authorized to cancel is responsible for cancelling the material. **That responsibility of cancellation cannot be delegated to another party.** The recycling center or

processor authorized to cancel by another processor must take possession of the material to cancel it. The authorizing processor is also responsible for obtaining and maintaining verification of cancellation.

Processor Responsibilities:

- Verify that the person or entity authorized to cancel empty beverage containers on the processor's behalf is performing proper inspections of all loads of material they receive to determine eligibility of the materials they are authorizing the recycling center to cancel. Processors can delegate responsibility to cancel empty beverage container materials, but not responsibility to perform adequate inspections of the materials for which the authorizing processor invoices CalRecycle for reimbursement of program payments.
- Verify that redeemed beverage containers are canceled.
- Ensure that redeemed beverage containers are sold to legitimate end users. Contact the Recycling Enforcement Branch at one of the numbers listed below if you have any doubt whether you are conducting business with a bonafide end user.
- Ensure that cancelled empty beverage containers are not returned to the market place to be redeemed again for CRV.
- Selling empty beverage containers to a broker does not relieve a processor from ensuring cancellation and inspection for CRV eligibility.

Please be advised that failure to meet the requirements detailed in this notice may result in any combination of the following actions:

- Assessment of civil penalties for any claims associated with empty beverage containers not cancelled or not supported by adequate verification of cancellation.
- Revocation of Authorization(s) to Cancel.
- Revocation of certification.
- Criminal prosecution if engaging in or facilitating the return of previously redeemed material to the marketplace.

If you have any questions regarding this notice, please contact the CalRecycle, Recycling Program Enforcement Branch, Investigation Section office for your respective area:

Northern California - Ben Shelton (916)324-1975 Ben.Shelton@CalRecycle.ca.gov
Southern California - Alex Hernandez (951)782-4121 Alejandro.Hernandez@CalRecycle.ca.gov