

**DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY**

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

**September 26, 2016****NOTICE****To: All Interested Parties****Subject: 4<sup>th</sup> 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, #1 PET, and #2 HDPE are greater than five percent, CalRecycle has concluded it is appropriate to adjust the processing payments at this time.

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 October 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 July 1, 2015 and June 30, 2016.



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

<b>Change in Scrap Value Per Ton and Adjusted Processing Payments</b>			
Material Types	Glass	#1 PET	#2 HDPE
Scrap Value Per Ton (Basis of Current Processing Payments)	-\$2.85	\$226.03	\$299.91
Scrap Value Per Ton (July 2015 – June 2016)	-\$4.05	\$208.30	\$266.91
Percent Change	<b>109.09%</b>	<b>-6.48%</b>	<b>-14.08%</b>
Current Processing Payment/Ton (Effective 7/1/16)	\$102.82	\$213.38	\$220.70
Adjusted Processing Payment/Ton (Effective 10/1/16)	\$104.02	\$231.11	\$270.61
Current Processing Payment/Pound Redeemed (Effective 7/1/16)	\$0.05141	\$0.10669	\$0.11035
<b>Adjusted Processing Payment/Pound Redeemed (To be used on DR6, Effective 10/1/16)</b>	<b>\$0.05201</b>	<b>\$0.11556</b>	<b>\$0.13531</b>
<b>% Change to Processing Payment/Pound Redeemed</b>	<b>1.17%</b>	<b>8.31%</b>	<b>22.61%</b>

Based on the current adjustment to the Glass, #1 PET and #2 HDPE processing payment, CalRecycle would expend an estimated additional \$1,182,108.

<b>Estimated Processing Payment for Remaining Two Quarters</b>			
	<b>Glass</b>	<b>#1 PET</b>	<b>#2 HDPE</b>
Estimated Current PP Payout	\$64,495,656	\$36,769,422	\$2,793,715
Estimated Adjusted PP Payout	\$64,681,921	\$37,600,593	\$2,958,387
<b>Difference (For Year)</b>	<b>\$186,265</b>	<b>\$831,171</b>	<b>\$164,672</b>

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

To All Interested Parties  
September 26, 2016  
Page 3

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**  
**4th Quarter 2016 Processing Payment Adjustments**  
**Effective October 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	-\$4.05	\$208.30	\$266.91	\$0.31	\$26.61	\$17.78	\$107.55	\$28.20	\$53.37
<b>Processing Payments to Recyclers</b>									
Processing Payment Per Ton Redeemed	\$104.02	\$231.11	\$270.61	\$845.24	\$1,179.64	\$1,064.38	\$562.76	\$706.23	\$624.03
<b>Processing Payment Per Pound Redeemed (To be used on DR-6)</b>	<b>\$0.05201</b>	<b>\$0.11556</b>	<b>\$0.13531</b>	<b>\$0.42262</b>	<b>\$0.58982</b>	<b>\$0.53219</b>	<b>\$0.28138</b>	<b>\$0.35312</b>	<b>\$0.31202</b>