



DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

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September 15, 2017

NOTICE

To: All Interested Parties

Subject: Fourth Quarter 2017 Processing Payment Adjustments

Section 14575 of the Public Resources Code (PRC) requires the Department of Resources Recycling and Recovery (CalRecycle) to annually establish a processing payment for any beverage container type that has a scrap value less than the cost of recycling. Additionally, the department may adjust the processing payment quarterly. CalRecycle makes processing payments to processors, and these processors pay recyclers the entire processing payment.

The calculation of the 2017 processing payments was based on the difference between the scrap values offered to recyclers on October 1, 2015, and September 30, 2016, and the sum of the actual costs of recycling for certified recycling centers (excluding centers receiving handling fees) during calendar year 2014 accounting for a reasonable financial return and cost of living adjustment, as defined in regulations.

PROCESSING PAYMENT ADJUSTMENTS: Unlike the annual processing payment, CalRecycle has discretion to adjust the processing payment not more than every three months if:

- The department determines 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
- Adjusting the processing payment is necessary to further the objectives of the beverage container recycling program.

This quarter, there are no adjustments.

The scrap values for glass and #2 HDPE have changed less than five percent, so there could be no adjustment to glass or #2 HDPE processing payments.



To All Interested Parties
September 15, 2017
Page 2

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.

Finally, while the change in scrap value as described for #1 PET is greater than five percent, CalRecycle will not reduce the #1 PET processing payment at this time, due to unique uncertainties and challenges many in the marketplace face. Therefore, not adjusting the processing payment at this time furthers the objectives of this division.

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

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