REQUEST FOR APPROVAL

To:	**Jeff Hunts** Branch Manager, Electronic Waste Recycling Program
From:	**Andrew Hurst** Supervisor, Electronic Waste Recycling Program
Request Date:	November 22, 2013
Decision Subject:	Covered Electronic Waste Net Cost Reporting Requirement
Action By:	December 6, 2013

Summary of Request: The Covered Electronic Waste (CEW) Recovery and Recycling Payment System, established pursuant to the Electronic Waste Recycling Act of 2003 (SB 20, Sher), as amended, is intended to pay for the average net cost of collecting and recycling CEW discarded by California sources. The Department of Resources Recycling and Recovery (CalRecycle), in collaboration with the Department of Toxic Substances Control, is required by statute (Public Resources Code sections 42477 and 42478) to establish payment rates for both the recovery and recycling of CEW.

Regulations adopted to implement the payment system required that approved collectors and recyclers submit annual Net Cost Reports documenting costs of operation in 2005 and 2006 to assist in calculating and determining the recovery and recycling payment rates. Triggering this reporting requirement in subsequent years requires an annual determination by CalRecycle. This request seeks a determination that the Net Cost Reports be required from approved participants in the CEW payment system, documenting operational costs during 2013. These reports would be due to CalRecycle on or before March 1, 2014.

Information contained in this cycle of Net Cost Reports will be evaluated and will complement data and information secured through previous reporting cycles and from other sources. This information will then be available for use by CalRecycle as it considers industry economic trends, and whether and how to adjust recovery and recycling payment rates in 2014, as currently allowed by statute.

Additional Information: Due to the heterogeneous nature of the CEW stream, the dynamic and volatile nature of global material markets, the continually evolving composition of California's electronic waste management industry, and the obligation to set recovery and recycling payment rates based on industry costs, it is imperative that CalRecycle obtain and analyze timely information and data regarding the costs of recovering and recycling CEW. CalRecycle possesses the statutory obligation to review, and the authority to adjust, recovery and recycling payment rates biennially. Continuity of data that allows for better analysis and trend identification will be vital in 2014 when rates next may be adjusted, if warranted.

Historically, the vast majority of CEW handled and processed by program participants has been cathode ray tube (CRT) containing devices. Discarded legacy CRT technology has accounted for more than 98 percent by weight of total CEW claimed in the program. However, the proportion of non-CRT devices has nearly tripled in the past two years.

Public Resources Code section 42478(a) tasks CalRecycle with establishing a recycling payment schedule sufficient "*...to cover the average net cost for an electronic waste recycler to receive, process, and recycle <u>each major category</u>, as determined by (CalRecycle), of covered electronic waste...*". While a single recycling payment rate has been adequate thus far, given the preponderance of CRT devices being managed, newer technologies present potentially widely varying recycling economics that may eventually warrant differing recycling payment rates.

As part of the 2012 Net Cost Report season, program staff informally requested that cost data specific to non-CRT recycling be submitted by those recyclers who have experience processing such CEW. Program received only one spreadsheet relating to one non-CRT technology (plasma televisions) from one recycler. This exercise will be more aggressively repeated this year, as a significant informational need exists relating to the management costs for non-CRT devices.

Recommendation: Staff recommends that all participating covered electronic waste collectors and recyclers be directed to prepare and submit Net Cost Reports covering operations during 2013.

Upon approval of this recommendation, staff will notify participating collectors and recyclers that Net Cost Reports be prepared and submitted pursuant to Title 14 of the California Code of Regulations, section 18660.10.

Director Action: On the basis of the information in this Request for Approval, I hereby approve the staff recommendation outlined above that all approved collectors and recyclers in the covered electronic waste recovery and recycling payment system be required to prepare and submit Net Cost Reports and, through my authority, so determine and direct that this occur pursuant to Title 14 of the California Code of Regulations, section 18660.10.

Dated: 6 Dec 13

Jeff Hunts
Branch Manager