EPR and Market Development

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Overview

• Background
• International Context
• U.S. Examples
• Closing thoughts
Overview of EPR

• Financing mechanism to support collection and recycling activities
  ▪ Cost internalization (e-waste programs in 24 states)
  ▪ ‘Eco-Fees’ (various models)
  ▪ Generally implemented through compliance organizations
    ○ Call2Recycle, CARE, PaintCare, TRC etc.

• Architectural paint
• Carpet
• Electronics
• Mercury-containing lamps
Change in Governance

- Transitions governance to producers
- Coordinated producer compliance efforts
  - Individual compliance model presents challenges
- Decisions about materials collected
  - Coordinated education/outreach
- Financial mechanisms to promote recyclability/reduction in contamination
- Improved reporting
Canadian Examples

• Ontario
  • Continuous Improvement Fund
    • Emerging Technologies Strategic Area
      • Five projects funded

• Quebec - Glass
  • Goal to reach 100% recycling of collected glass
  • $12 million CAD investment from Eco-Enterprises Quebec
  • Technology evaluation
  • Upgrade of MRFs
  • Financial support to promote, develop and diversify market outlets for glass ($1.7 million CAD)
Carpet

• EPR program enacted in California in 2010
• Financing mechanism
  ▪ $0.35 per sq yd fee assessed at point of sale
  ▪ Projected revenue of $30.7 million (2019)
• Subsidies for collector/sorters, processors, and manufacturers.
  ▪ Projected for 2019- $18 million
• Targeted grants for selected capital projects; research, development, and testing; recycled product procurement; design; and reuse and collection.
• Grant program- $2 million budget (2019)
Carpet

• Facility development
  • Aquafil
    ▪ Location in Phoenix that processes nylon 6 fiber from carpet
    ▪ Building facility in Woodland Hills, California
  • American Fiber Cushion (Georgia) started new hybrid fiber and will be consuming PET PCC from California.
  • Circular Polymers
    ▪ Building facility in Lincoln, California
Mattresses

• Programs in CA, CT and RI
• California
  ▪ Fee revenue of $43.9 million (projected for 2019)
  ▪ $34.4 million for transportation and recycling (projected for 2019)
  ▪ Program resulted in structured market
    o Requirements for processors participating in program
    o Five processors participating
    o Commodity markets for constituent materials
Architectural Paint

• PaintCare contracts directly with processors or through the haulers.
• No specific requirements for creation of new markets.
• ’Eco-fee’ revenue of $6,192,109 (MN)
• Stewardship plan requirement:
  • “Discussion of the status of end markets for collected architectural paint and what, if any, additional end markets are needed to improve the functioning of the program.” (Minn. Stat. 115A.1415)
• Pre-program: 691,000 gallons collected (2013)
• PY17-18, 993,564 gallons collected
Modulated Fees

- Fees structured to lower use of materials and increase recyclability
- Required for all EPR programs in France ("bonus/malus")
- Intended to provide direct economic incentive for DfE activities
- Waste Framework Directive: “Where possible”, this shall be defined “for individual products or groups of similar products, notably by taking into account their durability, reparability, re-usability and their recyclability and the presence of hazardous substances hereby taking a life-cycle approach and aligned with the requirements set by relevant Union law, and when available, based on harmonised criteria in order to ensure a smooth functioning of the internal market.”
Modulated Fees

• EU Commission to issue guidance in 2019
• Challenges:
  ▪ Scope of environmental considerations
  ▪ Harmonization across EU
  ▪ Definition of recyclability
  ▪ Degree of modulation
  ▪ Entity that defines and determines modulation
    o Government
    o Compliance schemes
  ▪ Enforcement
• Approach likely to be adopted in other jurisdictions around the globe
System Conditions

• More effective with coordinated producer compliance efforts
  ▪ Challenge with individual compliance
• Strengthens existing markets
  ▪ Promotes consolidation
  ▪ Supports investment
• State-by-state policy approach hinders comprehensive market development strategy
• Dynamics
  ▪ Development of new markets vs. strengthening existing markets
  ▪ Emphasis on local markets vs. national and international
Conclusions

• EPR policy can support markets
  ▪ Product category dependent
  ▪ Results from:
    o Higher collection rates
    o Intentional market development activities and funding

• Promote environmentally sound management
• Assess impact on existing markets for some product categories
• State by state approach hinders comprehensive market development strategy
• Other models may be feasible
Thank You!

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