



Oregon Recycling Modernization Act Commingled Recycling Processing Facility Technical Workgroup

Meeting #8

December 4, 2023



Agenda

- Project updates
- Discussion – PRO funding/facility upgrades
- Discussion – Reload facilities/Limited sort facilities/CRPFs/PRO funding
- Discussion – PCRf Invoicing approach
- Discussion – CMF Invoicing approach - Marketing of covered product contamination
- Public Input
- Adjourn

Project updates

- Draft proposed rule concepts for the CMF and PCRf go in front of the RAC on January 31st. Will be submitted for internal review beginning mid-December.
- Improperly prepared material and capture rates.
 - Option: *If material collected to provide the opportunity to recycle is improperly prepared by system users to the point the material is difficult for the processing facility to handle (e.g., half full water bottle or peanut butter jar lost to the residual stream), that material will not count against a facility's capture rate for that specific material. However, if a facility can successfully capture such material, it will count toward the facility's capture rate for that specific material.*
- Generator-facing contamination reduction pilot project update.



Pic courtesy of Justin Gast

Average Market Pricing Data and Methodology Update

Additional Information and Changes for Paper Fiber

- Obtained more detailed information on percentages of mixed paper grades from facilities
- Clarified and updated information on mixed paper pricing and export OCC from facilities
- Revised the market data to reflect 78% mixed paper (Recyclingmarkets.net PS54 and Waste Composite Mixed Baled Waste Paper) and 28% Sorted Residential Papers (Recyclingmarkets.net PS56), reducing market price in August 2023 from \$49.32 to \$17.94
- Changed adjustment between paper fiber market and Oregon price from 2.9% to 26.4%;

Other Updates

- Reduced OCC adjustment between market and Oregon price from 15% to 14.2%
- Updated plastic quantities based on additional DEQ and facility data (no price changes)
- Net result – Oregon Ton Share price reduced to \$50.19 as compared to Market price of \$48.63, a 3.21% differential



Discussion – PRO funding/facility upgrades

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PCRFR – PRO funding/facility upgrades

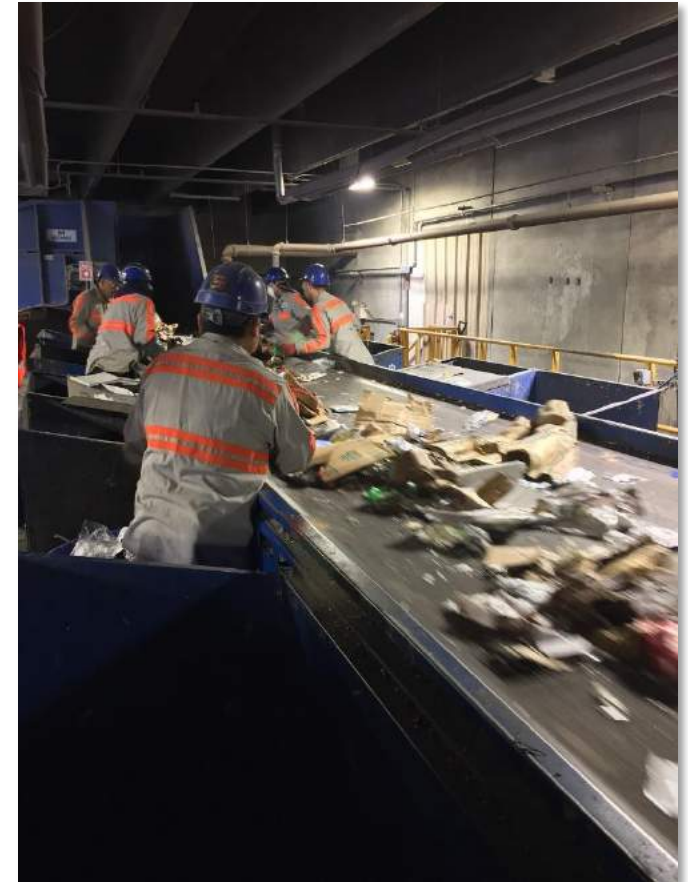


Pic courtesy of Bulk Handling Systems / NRT

- The law does not obligate the PRO(s) to invest in facilities to better handle materials on the USCL.
- The law also does not require producers to establish a fund/grant program to help with technology upgrades at facilities.
- Regarding current infrastructure, ORS 459A.875(2)(a)(C) notes:
 - (2) Using objective and measurable criteria whenever possible, a [PRO] plan must:*
 - (a) Describe how the [PRO] will manage and administer a producer responsibility program to meet the organization's obligations under ORS 459A.860 to 459A.975, including a description of how the organization will:*
 - (C) Maximize the use of existing infrastructure.***

PCRFF – PRO funding/facility upgrades

- The law does not require the PRO(s) to dedicate a portion of PCRFF funding toward facility upgrades. The PCRFF can be thought of as a “lump sum” (monthly) payment.
- Investments made will come from decisions made by each respective processing facility. How a facility chooses to spend the funding it receives from the PCRFF is up to the facility.



Pic courtesy of Justin Gast

PCRFF – PRO funding/facility upgrades





Discussion – Reload facilities/Limited sort facilities/CRPFs/PRO funding

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Reload/LSFs/CRPFs/PRO funding



Pic courtesy of Justin Gast

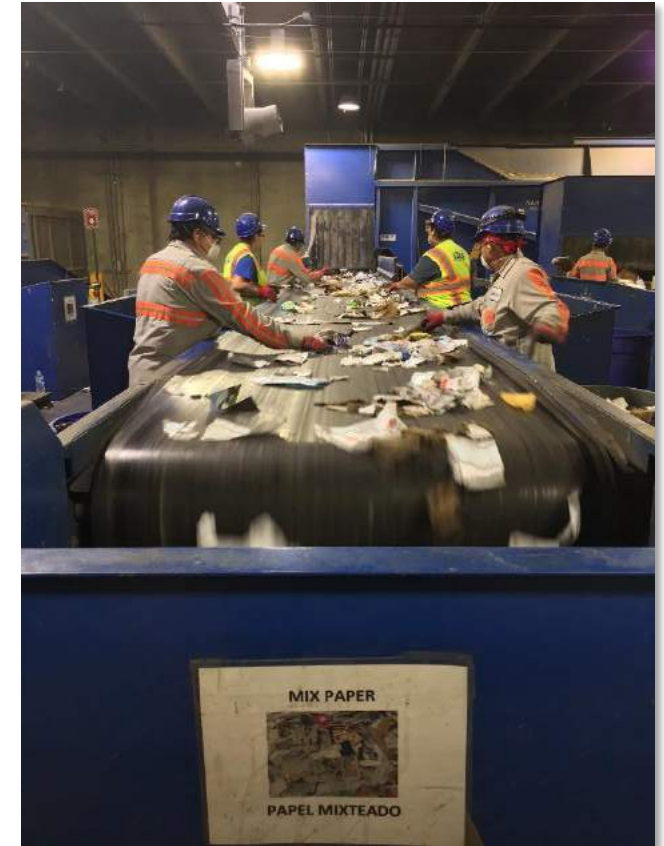
- Receiving, reloading and processing of materials on the Uniform Statewide Collection List (USCL), that will be collected commingled by service providers on behalf of local governments within the state of Oregon.
- The issue at hand involves the gleaning of high-value materials, most notably cardboard, and the potential implications of gleaning to the Risk Fee, investments in CRPFs, and ultimately, to rate payers.
- How should commingled reload facilities and limited sort facilities be treated in the future system?
- Are such facilities eligible for PRO funding intended for permitted or certified CRPFs?

Reload/LSFs/CRPFs/PRO Funding



Reload/LSFs/CRPFs/PRO funding

- ORS 459A.863 (3)(a) “Commingled recycling processing facility” means a facility that:
 - (A) Receives source separated commingled recyclable materials that are collected commingled from a collection program providing the opportunity to recycle; and
 - (B) Separates the recyclable materials described in subparagraph (A) of this paragraph into marketable commodities or streams of materials that are intended for use or further processing by others.
- (b) “Commingled recycling processing facility” does not include:
 - (E) Recycling processing facilities that process only noncommingled, source separated recyclable material from commercial entities;
 - (G) Recycling depots;
 - (H) Recycling reload facilities; or
 - (I) Limited sort facilities, as defined by rule by the EQC.



Pic courtesy of Justin Gast

Reload/LSFs/CRPFs/PRO funding



Pic courtesy of Justin Gast

- ORS 459A.863 (27) “Recycling reload facility” means a facility other than a recycling depot where recyclable materials are received, consolidated and made ready for transport to another location for processing or to a responsible end market.
- ORS 459A.905 (1) “commingled recycling reload facility” means a facility that receives commingled recyclables collected by a local government or local government’s service provider as an intermediate step prior to delivery to a commingled recycling processing facility.

Reload/LSFs/CRPFs/PRO funding

PRO funding

- Only permitted or certified CRPFs will be eligible for funding from the CMF and PCRf.
- Funding mechanisms are intended for the CRPFs doing the hard work in the future system – properly sorting material, meeting new permit requirements such as capture rates, outbound contamination rates, use of responsible end markets and material disposition reporting, just to name a few – not for non-CRPF entities.



Pic courtesy of Justin Gast

Reload/LSFs/CRPFs/PRO funding



Pic courtesy of Justin Gast

- How should commingled reload facilities and limited sort facilities be treated in the future system?
- **LSF Definition (recommended language)** – A facility that could be considered either a secondary processor or a responsible end market that only handles a specific subset of post-processed material associated with the Uniform Statewide Collection List material stream.
- **Additional language options for consideration**
 - A facility that properly processes less than [TK]% of all inbound material being tipped at the facility, including any contamination included in the stream.
 - A facility that skims high-value recyclable material from the inbound stream of collected uniform statewide collection list materials it receives, sells the higher value material and reloads the remaining, less valuable material for delivery to a commingled recycling processing facility.

Reload/LSFs/CRPFs/PRO funding

- What separates CRPFs from a reload or limited sort facility?
- Language options for consideration
 - Processing facility must be able to prove it can properly process and send to a responsible end market [TK]% of all inbound material being tipped at the facility, with the [TK]% including any contamination included in the stream.
 - Processing facility must be able to prove it can properly handle [TK]% of all inbound USCL material being tipped at the facility.



Pic courtesy of Justin Gast

Reload/LSFs/CRPFs/PRO funding



Pic courtesy of Justin Gast

- How to address the gleaning of high-value materials, most notably cardboard, and the potential implications of gleaning to the system.
 - Could there be contracts between LSFs/Reload facilities and CRPFs, which price being based on what's being skimmed out?
 - DEQ was asked to consider language that would refrain a LSF or reload facility from sorting, processing or removing any USCL material received, which is intended to be processed by a permitted or certified CRPF.
 - DEQ would have to receive compelling evidence that details the public and environmental benefit of considering such language.
 - Should DEQ consider permitting reload facilities under existing transfer station/MRF permit?

Reload/LSFs/CRPFs/PRO Funding





Break

The meeting will resume at approximately 2:20 p.m.





Discussion – Processor Commodity Risk Fee Invoicing

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PCRFB – Invoicing



Pic courtesy of Dylan de Thomas

- Only permitted or certified CRPFs will be eligible for PCRFB funding.
 - Per ORS 459A.863(3)(b), facilities that are not CRPFs include but are not limited to:
 - Recycling depots
 - Recycling reload facilities
 - Limited sort facilities (still to be defined)
- The PCRFB to be paid to the initial CRPF on all first tons in. For any material moved from the initial CRPF to a secondary processor, the two processing facilities will work together to negotiate a price and come to a mutual agreement on the price paid.
- A processing facility may not invoice the PRO for any tons processed until the month has concluded. And, CRPFs cannot invoice more than once per month.

PCRFB – Invoicing

- Crowe will recommend scrap price data sources to use with monthly updating of the average commodity value.
 - RecyclingMarkets.net
 - Waste Composite Index for baled OCC, mixed paper, and sorted office papers).
- Calculated Oregon price will consist of:
 - Weighted average market price X adjustment between market and average Oregon Price (2.77%) = \$ figure
 - \$ figure + weighted average market price = Calculated Oregon price
 - **Calculated Oregon price provided to CRPFs for use with invoicing to PROs**



Pic courtesy of Dylan de Thomas

PCRPF – Invoicing

- Total tons received by [CRPF name here] for [month and year]: **10,000 tons**
 - Tons processed for Processor Commodity Risk Fee funding breaks down as follows:
 - Tons of commingled USCL material received from local government recycling collection programs: **6,000 tons**

Total [month and year] tons for PCRPF invoicing: 6,000 tons

- Total tons ineligible for Processor Commodity Risk Fee funding: **4,000 tons**
 - Tons ineligible for Processor Commodity Risk Fee funding breaks down as follows:
 - Tons of out-of-state-generated material processed: **1,000 tons**
 - Tons of non-RMA-program material processed: **1,000 tons**
 - Tons of non-commingled recyclable material processed: **1,000 tons**
 - Tons of commingled USCL material acquired from other CRPFs: **1,000 tons**

(Statewide average per-ton operating cost – average commodity value) X eligible tons for [month and year] = \$ to be paid.



Discussion – CMF Invoicing Approach: Marketing of covered product contamination

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CMF – Covered product contamination

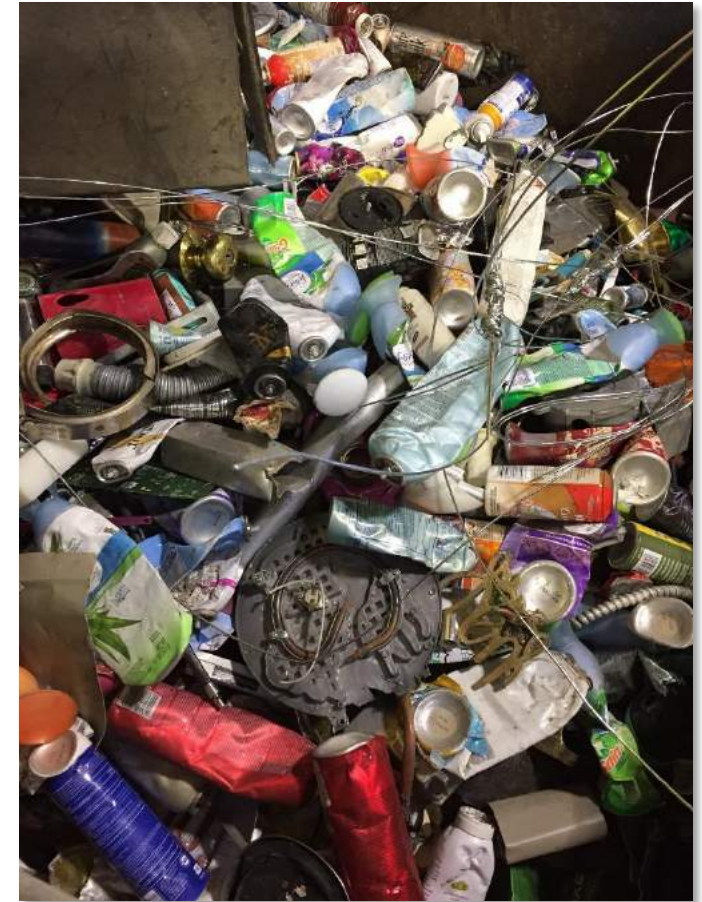


Pic courtesy of Dylan de Thomas

- ORS 459A.863(4) defines “contaminant” as:
 - a) A material set out for recycling collection that is not properly prepared and on the list of materials accepted for recycling collection by a recycling collection program; or
 - b) A material shipped to a recycling end market that is not accepted or desired by that end market.
- These two elements may, at times, conflict with each other. For example, PET clamshells are not presently included on the USCL, but a CRPF saw clamshells in the commingled stream, they could choose to separate them out and market them to an end market that accepts or desires them.

CMF – Covered product contamination

- There are three different scenarios in which “contaminants” (that are also covered products) could flow out of a CRPF:
 1. Materials not on the USCL or not otherwise properly prepared may be sent by a CRPF to disposal.
 2. Materials not on the USCL may be sent to a recycling end market that accepts or desires it.
 3. Materials not on the USCL may be sent to a recycling end market that does not accept or desire it.



Pic courtesy of Dylan de Thomas

CMF – Covered product contamination

Options relevant to the handling of covered product contamination, related to the invoicing of CMF:

1. A commingled recycling processing facility can process and market said material at its own expense (will not receive CMF funding for tons handled and sent to market);
2. A commingled recycling processing facility can include in its CMF invoice all tons of covered product contamination processed and marketed, so long as the covered product is desired by the end market and all other standards for reporting and responsible end markets are met. Tonnage is eligible for compensation regardless of whether material is baled separately or mixed in with other USCL material (e.g., PET thermoforms mixed with other PET bottles and containers). CRPF would receive full per-ton funding for said tons;*

CMF – Covered product contamination

Options relevant to the handling of covered product contamination, related to the invoicing of CMF:

3. A commingled recycling processing facility can include in its CMF invoice all tons of covered product contamination processed and marketed, again so long as the covered product is desired by the end market and all other standards for reporting and responsible end markets are met, but tonnage may only be counted if the non-USCL material is baled separate of other USCL material (e.g., plastic film). CRPF would receive full per-ton funding for said tons; A separate line would need to be added to the invoice that calls out these tons (for reporting purposes).

CMF – Covered product contamination

Options relevant to the handling of covered product contamination, related to the invoicing of CMF:

4. A commingled recycling processing facility can include in its CMF invoice all tons of covered product contamination processed and marketed, again so long as the covered product is desired by the end market and all other standards for reporting and responsible end markets are met, and regardless of whether material is baled separately or mixed in with other USCL material, but will only receive per-ton funding for the handling (e.g., separation, removal) of the material, not the disposal/disposition of material.
 - According to Crowe's current data, removal is roughly 55% of the costs associated with the CMF and disposal is 45%. If option 4 is selected, CRPFs would receive \$105/ton for all covered product contamination processed and moved to a responsible end market.*

CMF – Covered product contamination



Pic courtesy of Dylan de Thomas

Notables

- For options 2 and 4, CRPFs would need to work with PRO(s) on an agreed upon method to determine how to compensate for weight of covered product contamination mixed in with other USCL materials.
- If option 2, 3 or 4 is selected, the selection of one of those options will require that an additional line of data be added to the CMF invoicing structure.
- Regardless of option, any materials moved to market would be required to meet responsible end market standards, including disposition reporting.



Public Input

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