



Recycling Modernization Act: Commingled Recycling Processing Facility Technical Workgroup

Meeting #4 Summary

June 13, 2023: 10 a.m. to 3:00 p.m. (Pacific)

Time	Topic
10:00 a.m.	<p>Welcome, review agenda and meeting logistics</p> <p>Justin Gast opened the meeting with a warm welcome and briefly noted Wayne Jackson's (Westrock) departure from the technical workgroup due to a retirement. He then reminded the public that there will be a time for the comments and went over how that process will work.</p>
10:05 a.m.	<p>Project updates</p> <p>Justin shared with the group an update on the conversations DEQ is having with materials brokers, as discussions continue around responsible end markets and materials disposition reporting, and what future relationships with processors will look like. DEQ is planning on having one more conversation with brokers about verifications and certifications for end markets.</p> <p>Living wage and supportive benefits rulemaking moving forward with draft rule concept that will be presented to the rulemaking advisory committee on July 13th. DEQ has developed some initial definitions for "worker" and identified some data sources that will be used for some inputs, such as the MIT Living Wage Calculator. Further discussions and research by DEQ for data sources continues as well.</p> <p>One clarifying question and concern was brought up by a workgroup member regarding the disposition reporting and responsible end markets, stating that Commingled Recycling Processing Facilities (CRPFs) can only trace materials so far once they become a part of a larger feedstock. DEQ responded by providing clarification around the disposition reporting and shared with the group that at the next workgroup meeting there will be a dedicated discussion about the responsible end market requirements.</p>
10:10 a.m.	<p>Crowe LLP – Address questions and comments from study design feedback</p> <p>Since the last CRPF TWG meeting on April 24th, the workgroup had the opportunity to respond and ask questions regarding Crowe's study design. The questions asked of Crowe were around:</p> <ul style="list-style-type: none"> - Identifying anticipated program costs

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	<ul style="list-style-type: none"> ○ Crowe created an additional appendix to go into additional detail about what this portion of the study will include. - Presentation of results and aggregated data <ul style="list-style-type: none"> ○ Crowe added a description in the study design summarizing the additional aggregated data components to be included, to the extent the data can be obtained and would not disclose proprietary information. - Allocation methodologies <ul style="list-style-type: none"> ○ Crowe provided their first two approaches to allocation studies (direct cost, and labor) and then went over how they would acquire additional data if available and needed. - The handling of outliers <ul style="list-style-type: none"> ○ Crowe went over their response to outliers and how they will air on the side of including the outlying costs, <u>unless</u> DEQ is consulted, and it is determined that the cost does not need to be included. - Potential for double counting material streams <ul style="list-style-type: none"> ○ Crowe reiterated that their role in this project is only to help calculate costs, not providing the payment of the fees to CRPFs. They went over how they will determine the costs incurred by each individual facility. ○ Justin chimed in to say that DEQ is still finalizing what the monthly invoicing structure will look like for the processor commodity risk fee and the contamination management fee and will seek feedback from the workgroup on those approaches at a later meeting. <p>Discussion from the technical workgroup mainly focused on anticipated program costs.</p>
10:40 a.m.	<p>Discussion – Performance Standards (per-material capture rates, initial and future)</p> <p>For this portion of the meeting Justin shared DEQ’s thinking for initial capture rates starting July 1, 2025 for different materials- some as individual material categories, others were multiple kinds of materials aggregated into one category (such as “other printing and writing paper”). The 2025 capture rates are based off the 2009-2010 outbound study done by DEQ, expert data from Circular Matters and The Recycling Partnership, and data from Cascadia Consulting during the material list project. It was shared that the capture rates will be refined once data from the 2023 Outbound Commingled Recycling Study that DEQ is currently conducting comes in.</p> <p>After each set of material capture rates were presented, the group engaged in discussion about the materials and rates. Lots of clarification was given regarding how, and who’s responsibility it is, to reach the capture rates. It is DEQ’s current thinking that CRPF’s have two mechanisms to achieve capture rates. They can either separate the material and market it directly from their facility or they can let certain materials pass through their system, sending those materials to a secondary sort facility that will further sort the material and</p>

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	<p>achieve the required capture rate. Capture rate responsibility will be on the processing facility creating and marketing the bales for responsible end-market use. Facilities will achieve capture rates by making sure X% of the material that enters their facility makes its way into an appropriate bale for that material and is sent to a responsible end market. DEQ made it very clear that they do not intend to tell CRPFs what kinds of bales to make with the materials, but there will be responsible end markets requirements on where the material goes.</p> <p>Another discussion was around concerns for being able to achieve capture rates for certain materials, particularly if the material has been improperly prepared for recycling. Additionally, another concern was shared about how DEQ plans to verify that the capture rates are being met. There was also a suggestion to not go too granular with specific material categories for capture rates as those may be harder to meet than larger more broad categories.</p> <p>Justin shared with the group that DEQ is proposing a January 1, 2027 phase-in period for the stricter performance standards to give CRPFs more time to install upgrades and get their systems smoothed out. Concerns were raised about the difficulties of doing electrical work, and a suggestion was given that rather than setting a deadline for work to be done, set a deadline for purchasing the upgrades needed. DEQ will revisit the January 1, 2027 date.</p>
12:55 p.m.	<p>Discussion – Performance Standards (contamination rates, initial and future)</p> <p>Justin opened this portion of the meeting by sharing with the workgroup the conversations he has had with major end markets around contamination. He shared that some end markets preferred to have a 2-5% contamination rate for in-bound bales of materials. Many end markets noted the ISRI (Institution of Scrap Recycling Industries) standards for fiber and ISRI/APR standards for plastics, but that they would like to see a standard that creates even cleaner materials. Crowe will be doing scenario modeling that will put costs on the proposed performance standards. Justin expressed that there is a strong desire to see standardization for outbound bales since it is known that bale quality can vary greatly based upon what facility it is from, and what the end market's toleration for contamination is. The question he posed to the group is whether DEQ should stick to using the ISRI standards or create standards that are Oregon specific?</p> <p>The first discussion that followed was around how to handle in-bound contamination that comes into the CRPFs. Justin reminded the group of all the mechanisms within the RMA that are designed to help reduce contamination. The group then moved to discussing the difference between the two types of bale contamination, outthrows (materials that are not desired by an end market but are not harmful to market if present in a bale) and prohibitives (materials that should never be included in a commodity bale), and if standards should be applied to both or just to prohibitives.</p> <p>A workgroup member asked for further clarification on where in the recycling process the contamination rates are applied. DEQ's answer is that the rates are applied to outbound material that has been properly prepared for responsible</p>

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	<p>end-market use, with the understanding that the material does not need further sortation.</p> <p>The workgroup members overall did not have strong opinions one way or another regarding whether Oregon should stick with the ISRI standards as is or try to create a new set of standards. The arguments for sticking with ISRI were to create more harmonization nationwide, especially as other states explore EPR legislation. There was also some desire expressed for Oregon to create higher standards for the materials handled within the state to continuously aim for improvement.</p>
1:40 p.m.	Public input- There was no public input.
1:55 p.m.	<p>Next steps</p> <p>Justin reminded the group that they will be seeing all of the information and rates presented in this meeting again with different ideas/ initial thoughts/ proposals from DEQ. He mentioned that at the next meeting there will be a discussion around the auditing process/approach and responsible end markets with DEQ staff Nicole Portley. He reminded the group that no date for the next meeting has been set yet, but that a poll will go out soon to help pick the next date.</p>
2:00 p.m.	Adjourn

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