

Ministry of the Environment

Ministère de l'Environnement

Office of the Minister

Bureau du ministre

77 Wellesley Street West
11th Floor, Ferguson Block
Toronto ON M7A 2T5
Tel.: 416-314-6790
Fax: 416-314-6748

77, rue Wellesley Ouest
11^e étage, édifice Ferguson
Toronto ON M7A 2T5
Tél.: 416-314-6790
Télé.: 416-314-6748



ENV1283MC-2013-209

FEB 19 2013

Dr. Robert Gordon
Chair
Waste Diversion Ontario
4711 Yonge Street, Suite 1102
Toronto ON M2N 6K8

Re: Approval of material changes to the Waste Electrical and Electronic Equipment (WEEE) Program Plan

Dear Dr. Gordon:

On January 31, 2013, Waste Diversion Ontario submitted a proposed change to the existing Waste Electrical and Electronic Equipment (WEEE) program plan seeking approval for a material change to the program under section 27 of the *Waste Diversion Act, 2002*. This proposed change originated from my letter on February 9, 2012, directing Waste Diversion Ontario to work with Ontario Electronic Stewardship to develop and implement a cost recovery approach for the WEEE Program, where costs are recovered directly from producers based on the actual cost of diversion instead of estimated costs.

Waste Diversion Ontario, working in cooperation with Ontario Electronic Stewardship, has proposed to implement the cost recovery approach by amending the fee setting methodology for the WEEE program plan.

Having considered Waste Diversion Ontario's submission and pursuant to the authority granted me under section 27, I am approving the following:

1. The changes to the WEEE program plan set out in Appendix A to this letter.
2. All consequential amendments to the program plan and program agreement necessary to implement the changes set out in Appendix A to this letter.

I expect Waste Diversion Ontario and the Ontario Electronic Stewardship to work cooperatively to make any required consequential amendments to the program plan and program agreement in a timely manner.

Dr. Gordon
Page 2.

This approval is effective immediately. It is my expectation that Waste Diversion Ontario and Ontario Electronic Stewardship will work cooperatively and expeditiously to implement all necessary amendments to the program rules before by February 28, 2013.

Thank you for your continued commitment to waste diversion in Ontario.

Sincerely,



Jim Bradley
Minister of the Environment

EPUS 01 037

Appendix A – Amendment to the Current WEEE Program Plan

8.7 Principles for Setting WEEE Stewards' Fees for Periods after April 30, 2013

The following principles will apply for any fee methodology established for fees set after April 30, 2013, following the principles of full-cost recovery consistent with the February 9, 2012 direction from the Minister to WDO.

The specific methodology adopted by OES will be as published by OES from time to time in the Rules and on the OES website at www.ontarioelectronicstewardship.ca.

8.7.1 Fee-Setting Principles

For any fee methodology and fees effective after April 30, 2013, OES's guiding principles are as follows:

- 1) There should be no cross-subsidization of costs across WEEE material categories;
- 2) Common and shared costs will be assessed across all Stewards in a fair and transparent manner;
- 3) Fees will be based on the cost to manage WEEE within each WEEE material category under the Program as determined by a cost allocation methodology published on the OES website;
- 4) Fees will be based on recovery of full actual costs, with provisions for debt recovery, and reserves (including for working capital);
- 5) In accordance with the concept of Successive Technology, the costs associated with the management of obsolete WEEE will be allocated to the Steward fees for the obligated EEE device that followed and/or replaced, totally or in part, the function or intended purpose of the obsolete WEEE device.

8.7.2 Full Cost Recovery

Full cost recovery is achieved through the application of a per unit fee and a year-end reconciliation.

Per unit fees will be calculated based on prior year's actual costs and units supplied into market. Fees will be levied on the basis of each steward's current market share for each material category for the current year.

After the calendar year-end, a reconciliation will be conducted at which time OES will determine if a material category is in a surplus or deficit position. In the case of a deficit, OES will recover such amount from stewards based on their market share per material category by December 31 of the following calendar year. In the case of a surplus, OES will apply any surplus funds in the individual material categories in the following order:

- 1) Surplus funds would first be used to fulfil the reserve requirements for that material category;
- 2) apply the amount as a credit against fees payable by or on behalf of the steward no later than June 30 in the calendar year that is two years following the calendar year in respect of which the amount was determined;
- 3) pay any amount not applied as a credit under 2) above to or for the credit of the steward no later than June 30 in the calendar year that is two years following the calendar year in respect of which the amount was determined; and
- 4) if the steward ceases to be designated as a steward in respect of WEEE, pay or credit the amount to or on behalf of the steward no later than June 30 in the calendar year following the calendar year in which the steward ceases to be a steward.

8.7.3 Material Category Debt Recovery

Fees will include provision for the recovery of accumulated debt as at April 30, 2013 in certain material categories. Debts for material management costs will be recovered only from the stewards of the relevant materials. These debts will be recovered over 5 years on the basis of reported units supplied into the market after April 30, 2013.

8.7.4 Operating Reserve

Fees will include provision for operating reserves to ensure that OES has sufficient, appropriate working capital.

8.7.5 Steward Self-Managed Program

As an alternative to the standard Steward fees for the WEEE Program, OES will set an appropriate fee to allow Steward Self-Managed WEEE systems to be integrated into the Revised Program Plan. The compliance fee will be established based on the level of OES services provided to monitor and report Steward compliance, Steward program performance, overall program performance and other related services. Fees for stewards must include debt recovery for the material category. Affected Stewards will be required to report the quantities of EEE supplied into the Ontario market as well as the WEEE material managed within their self-managed programs.