



Processor Incentive Program Reform Consultation

Process Webcast

Co-Hosted by
Ontario Electronic Stewardship
and
Waste Diversion Ontario

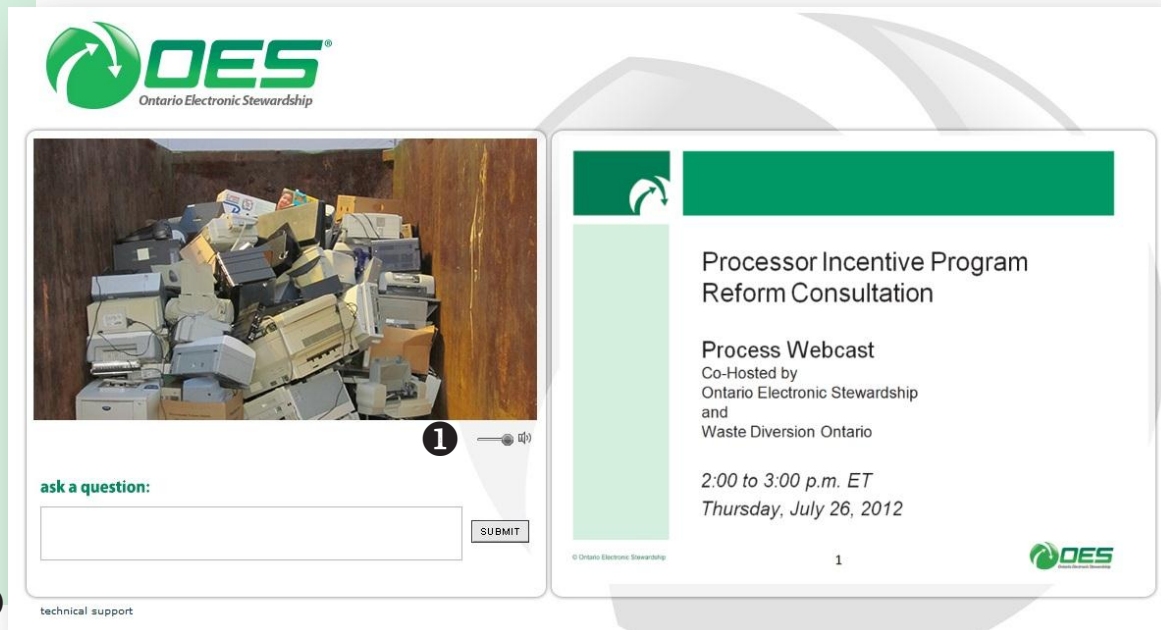
2:00 to 3:00 p.m. ET

Thursday, July 26, 2012



Webcast Tips

- 1 Adjust sound
- 2 Questions for speakers
- 3 Technical help – click below “ask a question” or email support@thestreamingnetwork.com



The screenshot shows a webcast interface with two main panels. The left panel features the OES logo at the top, a video player showing a pile of electronic waste, and an 'ask a question:' section with a text input field and a 'SUBMIT' button. A small speaker icon with a '1' is visible below the video. The right panel displays the webcast title 'Processor Incentive Program Reform Consultation', the event name 'Process Webcast', the hosts 'Ontario Electronic Stewardship and Waste Diversion Ontario', and the time '2:00 to 3:00 p.m. ET Thursday, July 26, 2012'. A '1' is also present at the bottom of this panel. A 'technical support' link is located at the bottom left of the interface.

2

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technical support



Question & Answer Period

To ask a question:



ask a question:

SUBMIT





Welcome

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PIP Reform – Process Webcast Agenda

- Introduction & Background
 - *Perry Blocher, Waste Diversion Ontario*
- Context, Process & Next Steps
 - *Jonathan Spencer, Ontario Electronic Stewardship*
- Questions & Answers



Introduction

Perry Blocher
Director, Communications
Waste Diversion Ontario



The Context

- Need for a revised Processor Incentive Program
- Minister of Environment's February 9, 2012 letter
- KPMG report
- WDO direction to OES



Introduction

Jonathan Spencer

Executive Director

Ontario Electronic Stewardship



Context for Reform

- PI Program approved by WDO July 28, 2010
- Program launched fall 2010
- To date >\$60M of incentives paid to 13 processors
- 2011 tonnage of 52,281 exceeded plan target
 - Of which PI tonnage was 29,982
- 2012 tonnage of 36,533 is 61% of annual target at June 30
 - Of which PI tonnage is 28,171



Context for Reform (cont'd...)

- Steward fee revenues flat to declining
 - \$60M in 2011, \$61M forecast for 2012
 - Mandated fee reduction in August 2011
 - Steward fees on hold until further notice
 - No material increase in steward universe
 - EEE sector revenues are protected to decline in most sectors in 2012-2013



Context for Reform (cont'd...)

- Processor tonnage volumes increasing
- Success of processor outreach
 - Success of partnering through co-marketing
 - Dual brand presence (OES and RecycleYourElectronics.ca) increasing market penetration
 - Increased awareness of program
 - Increased awareness of electronics recycling
 - Arbitrage between allocation and PI programs



Context for Reform (cont'd...)

- Impact of RFP methodology:
 - Shift from “sprinkler” model to “waterfall” model
 - Sprinkler: all processors receive some WEEE
 - Waterfall: winner receives WEEE subject to capacity
 - Processors reliance on PI to drive business
 - PI/tonne is stable, while commodity markets fluctuate



Context for Reform (cont'd...)

- Compliance issues:
 - Significant diversion into Ontario program from out of province
 - Non-program material
 - Unique to PI program - allocated WEEE is cleaned, sorted, supply chain controlled
- Market behaviours
 - Conversion of WEEE into tradeable commodity
 - PI shared between processors and generators



Context for Change (cont'd...)

- Broad thrust of PI reforms:
 - Reduce PI incentive rates to sustainable levels and minimize opportunities for inter-provincial and inter-program arbitrage
 - Modify compliance measures



Consultation Process to Date

- Formal and informal opportunities to express views on PI reform
 - June 21, August 9, 2011 stakeholder meetings
 - November 14, 2011 coalition of advanced electronics recyclers meeting
 - December 16, 2011 processor meeting
 - Processor input to February 2, 2012
- WDO participation in stakeholder meetings
 - OES meetings with WDO up to February 8, 2012



WDO review of WEEE Incentives

- February 9, 2012 Minister's letter to WDO
- Mandated review of OES incentive programs:
 1. Whether development and implementation of financial incentives paid by OES affects marketplace in a fair manner;
 2. Whether these financial incentives are effective in supporting the achievement of waste diversion targets and program incentives;
 3. The impact of the incentives on waste diversion services , including accessibility across Ontario;
 4. Other alternatives for consideration.



KPMG Report

- KPMG report to WDO April 26, 2012, released by WDO July 12, 2012
- Key recommendations re: PI program:
 - Allow OES to modify incentive rates to appropriately balance compensation to service providers across the two channels;
 - Institute appropriate controls in the PI program (consistent with those in the allocation program) to reduce potential to circumvent program rules and improve veracity of collected data;
 - Improve transparency of rate-setting formula and process;
 - Establish mechanism for dispute resolution processes for issues related to WEEE program and qualification of suppliers.



Suggested Next Steps

- Existing PI contracts to be terminated effective September 30, 2012
- OES Discussion Paper to be circulated for comment
 - Will outline proposed amendments to PI program
 - New proposed lower PI rates to be set out
 - New terms and conditions to be described
- New PI agreement effective October 1, 2012



Key Proposed Process Dates

- July 26 Process Webcast
- July 27 Existing PI Agreements terminated effective Sept 30, 2012
- Aug 8 Discussion Paper released by OES
- Aug 15 Consultation meeting
- Aug 29 Deadline for comments
- Sept 10 New PI contract issued
- Sept 26 Deadline for signing new PI contracts
- Sept 27 OES Board approval
- Sept 28 Announce and post approved processor list
- Oct 1 New PI contract



RQP Verification

- Recycler Qualification Program (RQP) accepted by WDO as replacement standard for ERS in April 2011
 - Re-certification program launched June 2011
- Currently PI paid to both verified and non-verified processors
 - 8 verified, 5 non-verified
- New PI contracts will only be offered to processors with RQP-verified status
- Non-verified processors not eligible for PI after September 30, 2012
 - Non-verified processors notified by July 18, 2012 letter



Opportunities for Input

- Process to date
 - Stakeholder meetings in 2011
 - KPMG review interviews and data gathering
- Current process:
 - July 26 webinar
 - August 15 processor meeting and comment period
 - Feedback is welcome any time outside the formal process



Question & Answer Period

To ask a question:



ask a question:

SUBMIT





Process Reform Consultation

1. Attributed or confidential submission of questions and comments on PI Reform Consultation page on OES corporate web site
2. Contact jspencer@ontarioelectronicstewardship.ca
3. Contact info@wdo.ca

Thank you!