



DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

801 K STREET, MS 19-01, SACRAMENTO, CALIFORNIA 95814 • (916) 322-4027 • WWW.CALRECYCLE.CA.GOV

September 14, 2018

NOTICE

To: All Interested Parties

Subject: Fourth Quarter 2018 Processing Payment Adjustments

Section 14575 of the Public Resources Code (PRC) requires the Department of Resources Recycling and Recovery (CalRecycle) to annually establish a processing payment for any beverage container type that has a scrap value less than the cost of recycling. Additionally, PRC Section 14575(f) provides that the department may adjust the processing payment quarterly. CalRecycle makes processing payments to processors, and these processors pay recyclers the entire processing payment.

Pursuant to PRC Section 14575, the calculation of the 2018 processing payments is based on the difference between the scrap values offered to recyclers and the sum of the actual costs of recycling for certified recycling centers, excluding centers receiving handling fees, plus a reasonable financial return.

PROCESSING PAYMENT ADJUSTMENTS: Unlike the annual processing payment, CalRecycle has discretion to adjust the processing payment not more than every three months if:

- The department determines the average scrap value for a specific beverage container material type for the most recent available twelve-month period directly preceding the quarter the processing payment is calculated is five percent more or less than the statewide average scrap value used as the basis for the processing payment currently in effect; and
- Funds are available in the processing fee account for the material type; and
- Adjusting the processing payment is necessary to further the objectives of the beverage container recycling program.

This quarter, there are no adjustments.

The scrap values for #1 PET and #2 HDPE have changed less than five percent, so there could be no adjustment to #1 PET or #2 HDPE processing payments. While the change in scrap value as described for glass is greater than five percent, CalRecycle



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will not reduce the glass processing payment at this time. Because of unique uncertainties and challenges many in the marketplace face, adjusting the processing payment is not necessary to further the objectives of the beverage container recycling program.

Please note that processing payments for bimetal and plastics #3 - #7 are not being adjusted as the scrap values for these container material types are highly volatile and based on small volumes.

To review notices of changes impacting participants in the beverage container recycling program, please visit CalRecycle's Beverage Container Recycling Program home page on the Internet at <https://www.calrecycle.ca.gov/BevContainer/Notices/> or call (916) 323-3836.

For further information on the determination of processing payments, please contact Mr. Hieu Le, Market Information Section at (916) 323-5778.

If you have any questions concerning processing payment reporting requirements or completion of the Shipping Report, please contact the Recycler Training and Review Section at (916) 323-3008.

Sincerely,

Adam Tauber
Deputy Director, Division of Recycling