



March 16, 2020

NOTICE

To: All Interested Parties

Subject: 2nd Quarter 2020 Processing Payment Adjustments

Section 14575 of the Public Resources Code (PRC) requires the Department of Resources Recycling and Recovery (CalRecycle) to establish a processing payment for any beverage container type that has a scrap value less than the cost of recycling. CalRecycle makes processing payments to processors. Processors pay recyclers the entire processing payment.

Pursuant to PRC Section 14575, the calculation of the 2020 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
- Adjusting the processing payment is necessary to further the objectives of the beverage container recycling program.

As the change in scrap value as described for glass and #2 HDPE is greater than five percent, CalRecycle has concluded it is appropriate to adjust the processing payment at this time. The scrap value for #1 PET has changed less than five percent, so there could be no adjustment to the #1 PET processing payments

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.

Scrap values are based on the average scrap values paid to recyclers for the period between January 1, 2019, and December 31, 2019.

The processing payments shown below become effective April 1, 2020.

Change in Scrap Value Per Ton and Adjusted Processing Payments

	Glass	#1 PET	#2 HDPE
Scrap Value Per Ton (Basis of Current Processing Payments)	-\$2.38	\$194.23	\$195.92
Scrap Value Per Ton (January 2019 – December 2019)	-\$2.62	\$188.42	\$185.34
Percent Change	10.08%	-2.99%	-5.40%
Current Processing Payment/Ton (Effective 1/1/20)	\$153.00	\$376.14	\$755.38
Adjusted Processing Payment/Ton (Effective 4/1/20)	\$153.24	\$376.14	\$765.96
Current Processing Payment/Pound Redeemed (Effective 1/1/20)	\$0.07650	\$0.18807	\$0.37769
Adjusted Processing Payment/Pound Redeemed (To be used on Shipping Report, Effective 4/1/20)	\$0.07662	\$0.18807	\$0.38298
Percent Change to Processing Payment/Pound Redeemed	0.16%	0.00%	1.40%

The table shown below, displays the estimated money CalRecycle would pay out if the adjusted glass and #2 HDPE processing payments continued for the remaining three quarters of the year.

Estimated Processing Payment for Remaining Three Quarters

	Glass	#1 PET	#2 HDPE
Estimated Current PP Payout	\$82,857,211	\$76,112,799	\$6,844,222
Estimated Adjusted PP Payout	\$83,002,793	\$76,112,799	\$6,939,246
Difference (For Year)	\$145,582	\$0	\$95,024
Difference (For Remaining 3 Quarters)	\$109,187	\$0	\$71,268

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 <http://www.calrecycle.ca.gov/BevContainer/Notices/> or call (916) 323-3836.

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

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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,

Ken DaRosa
Acting Director

Attachment

Table 1 - 2nd Quarter 2020 Processing Payment Adjustments (Effective April 1, 2020)

	Glass	PET	HDPE	Vinyl	LDPE	PP	PS	Other	Bimetal
Cost of Recycling per Ton with Reasonable Financial Return & COLA	\$ 150.62	\$ 570.37	\$ 951.30	\$ 1,496.40	\$ 2,134.75	\$ 1,915.16	\$ 1,186.27	\$ 1,299.75	\$ 1,199.17
Scrap Value per Ton	\$ (2.62)	\$ 194.23	\$ 185.34	\$ -	\$ 5.99	\$ 28.84	\$ 12.67	\$ 1.52	\$ 3.07
Processing Payment Per Ton Redeemed	\$ 153.24	\$ 376.14	\$ 765.96	\$ 1,496.40	\$ 2,128.76	\$ 1,886.32	\$ 1,173.60	\$ 1,298.23	\$ 1,196.10
Processing Payment Per Pound Redeemed (To be used on Shipping Report)	\$ 0.07662	\$ 0.18807	\$ 0.38298	\$ 0.74820	\$ 1.06438	\$ 0.94316	\$ 0.58680	\$ 0.64911	\$ 0.59805