



September 15, 2021

## NOTICE

**To: All Interested Parties**

**Subject: 4<sup>th</sup> Quarter 2021 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 2021 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 #1 PET 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 glass has changed less than five percent, so there could be no adjustment to the glass processing payment.

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 July 1, 2020 and June 30, 2021.

The processing payments shown below become effective October 1, 2021.

**Change in Scrap Value Per Ton and Adjusted Processing Payments**

	<b>Glass</b>	<b>#1 PET</b>	<b>#2 HDPE</b>
Scrap Value Per Ton (Basis of Current Processing Payments)	-\$7.58	\$115.79	\$248.69
Scrap Value Per Ton (July 2020 – June 2021)	-\$7.44	\$161.71	\$311.03
<b>Percent Change</b>	<b>1.85%</b>	<b>39.66%</b>	<b>25.07%</b>
Current Processing Payment/Ton (Effective 7/1/21)	\$160.98	\$465.08	\$720.12
Adjusted Processing Payment/Ton (Effective 10/1/21)	\$160.98	\$419.16	\$657.58
Current Processing Payment/Pound Redeemed (Effective 7/1/21)	\$0.08049	\$0.23254	\$0.36006
<b>Adjusted Processing Payment/Pound Redeemed (To be used on Shipping Report, Effective 10/1/21)</b>	<b>\$0.08049</b>	<b>\$0.20958</b>	<b>\$0.32889</b>
<b>Percent Change to Processing Payment/Pound Redeemed</b>	<b>0.00%</b>	<b>-9.87%</b>	<b>-8.66%</b>

The table shown below, displays the estimated money CalRecycle would pay out if the adjusted #1 PET and #2 HDPE processing payments continued for the remaining quarter of the year.

**Estimated Processing Payment for Remaining Quarter**

	<b>Glass</b>	<b>#1 PET</b>	<b>#2 HDPE</b>
Estimated Current PP Payout	\$79,338,999	\$90,222,752	\$5,829,183
Estimated Adjusted PP Payout	\$79,338,999	\$81,279,389	\$5,324,978
<b>Difference (For Year)</b>	<b>\$0</b>	<b>(\$8,943,363)</b>	<b>(\$504,205)</b>
<b>Difference (For Remaining Quarter)</b>	<b>\$0</b>	<b>(\$8,943,363)</b>	<b>(\$504,205)</b>

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,

Rachel Machi Wagoner  
Director

Attachment

**Table 1 - 2021 Processing Payments for Recyclers (Effective October 1, 2021)**

	<b>Glass</b>	<b>PET</b>	<b>HDPE</b>	<b>Vinyl</b>	<b>LDPE</b>	<b>PP</b>	<b>PS</b>	<b>Other</b>	<b>Bimetal</b>
Cost of Recycling per Ton & COLA	\$ 139.45	\$ 528.06	\$ 880.74	\$ 1,385.41	\$ 1,976.41	\$ 1,773.10	\$ 1,098.28	\$ 1,203.34	\$ 1,110.22
Reasonable Financial Return	10%	10%	10%	10%	10%	10%	10%	10%	10%
Cost of Recycling per Ton with Reasonable Financial Return & COLA	\$ 153.40	\$ 580.87	\$ 968.81	\$ 1,523.95	\$ 2,174.05	\$ 1,950.41	\$ 1,208.11	\$ 1,323.67	\$ 1,221.24
Scrap Value per Ton	-\$7.58	\$ 161.71	\$ 311.03	\$ (0.01)	\$ (7.72)	\$ (9.92)	\$ 4.37	\$ 0.57	\$ 1.21
Processing Payment Per Ton Redeemed	\$ 160.98	\$ 419.16	\$ 657.78	\$ 1,523.96	\$ 2,181.77	\$ 1,960.33	\$ 1,203.74	\$ 1,323.10	\$ 1,220.03
<b>Processing Payment Per Pound Redeemed</b>	<b>\$ 0.08049</b>	<b>\$ 0.20958</b>	<b>\$ 0.32889</b>	<b>\$ 0.76198</b>	<b>\$ 1.09089</b>	<b>\$ 0.98017</b>	<b>\$ 0.60187</b>	<b>\$ 0.66155</b>	<b>\$ 0.61002</b>