



September 15, 2022

## NOTICE

**To: All Interested Parties**

**Subject: Fourth Quarter 2022 Processing Payments Notice – No Adjustment**

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. CalRecycle makes processing payments to processors, and these processors pay recyclers the entire processing payment.

Pursuant to PRC Section 14575, the calculation of the 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

#### **Discretionary Quarterly Adjustment – No Adjustment for Q4 2022**

Unlike the required annual processing payment calculation, CalRecycle has discretion to adjust the processing payment not more than every three months pursuant to PRC Section 14575(f) 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.

Although the change in scrap values as described for glass, #1 PET, and #2 HDPE is greater than five percent, CalRecycle is not adjusting the processing payments for these materials at this time in recognition of the volatile and unprecedented fluctuations in the scrap market.

**Mandatory Annual Adjustment – Adjustment Required for Q1 2023**

CalRecycle is required by PRC 14575 to establish a new processing payment at the end of the calendar year with changes becoming effective January 1, 2023. Based on current analysis of legislatively directed formulas, entities who receive processing payments should anticipate lower payments beginning in January 2023.

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

For further information on the determination of processing payments, please contact Manuel Cacho, Branch Chief, Recycling Program Operations Branch at (916) 323-2995.

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