

Defining small and large battery and ITT/AV producer categories for supply data verification

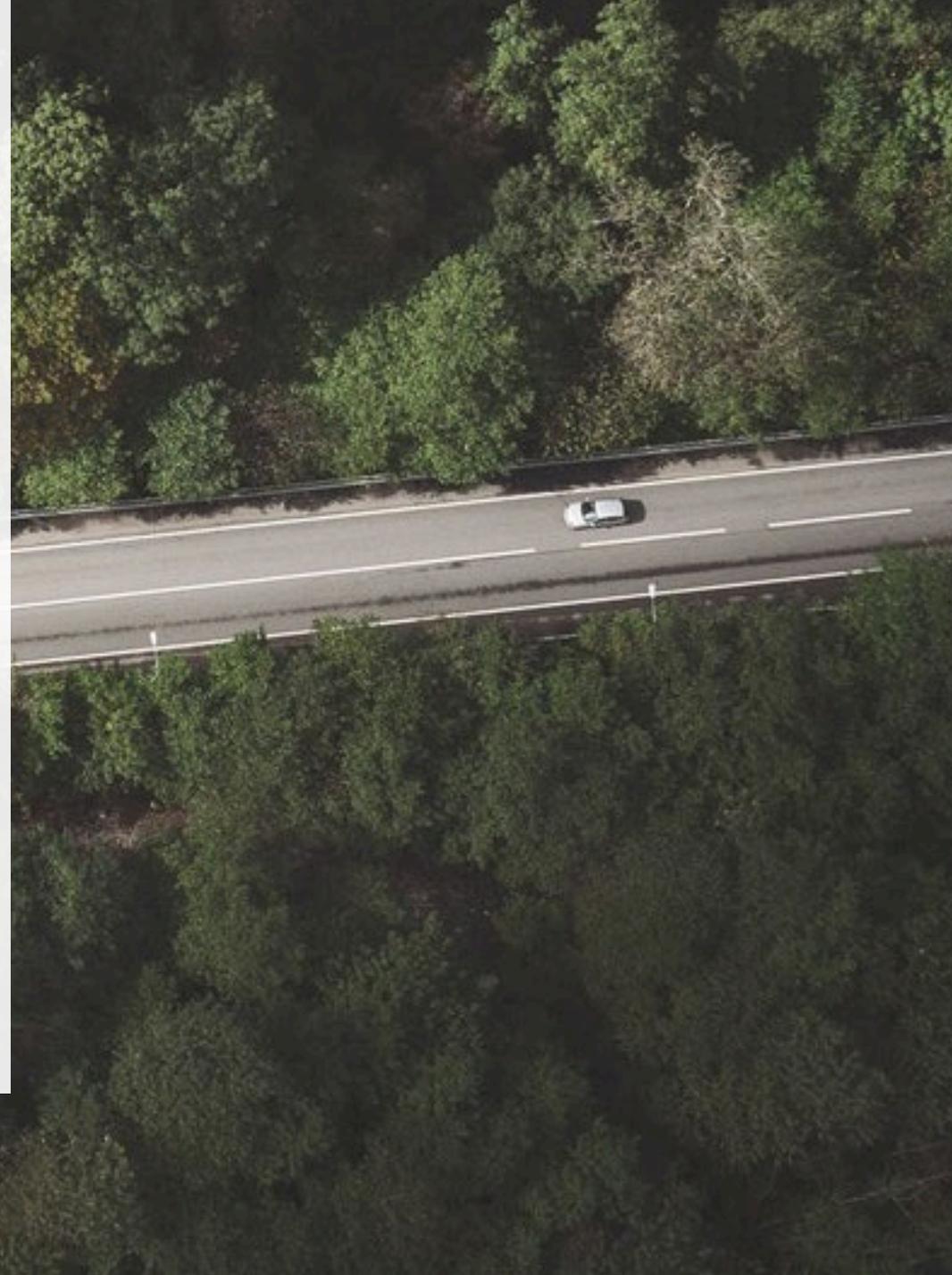
Consultation period:

December 16, 2022 – January 16, 2023

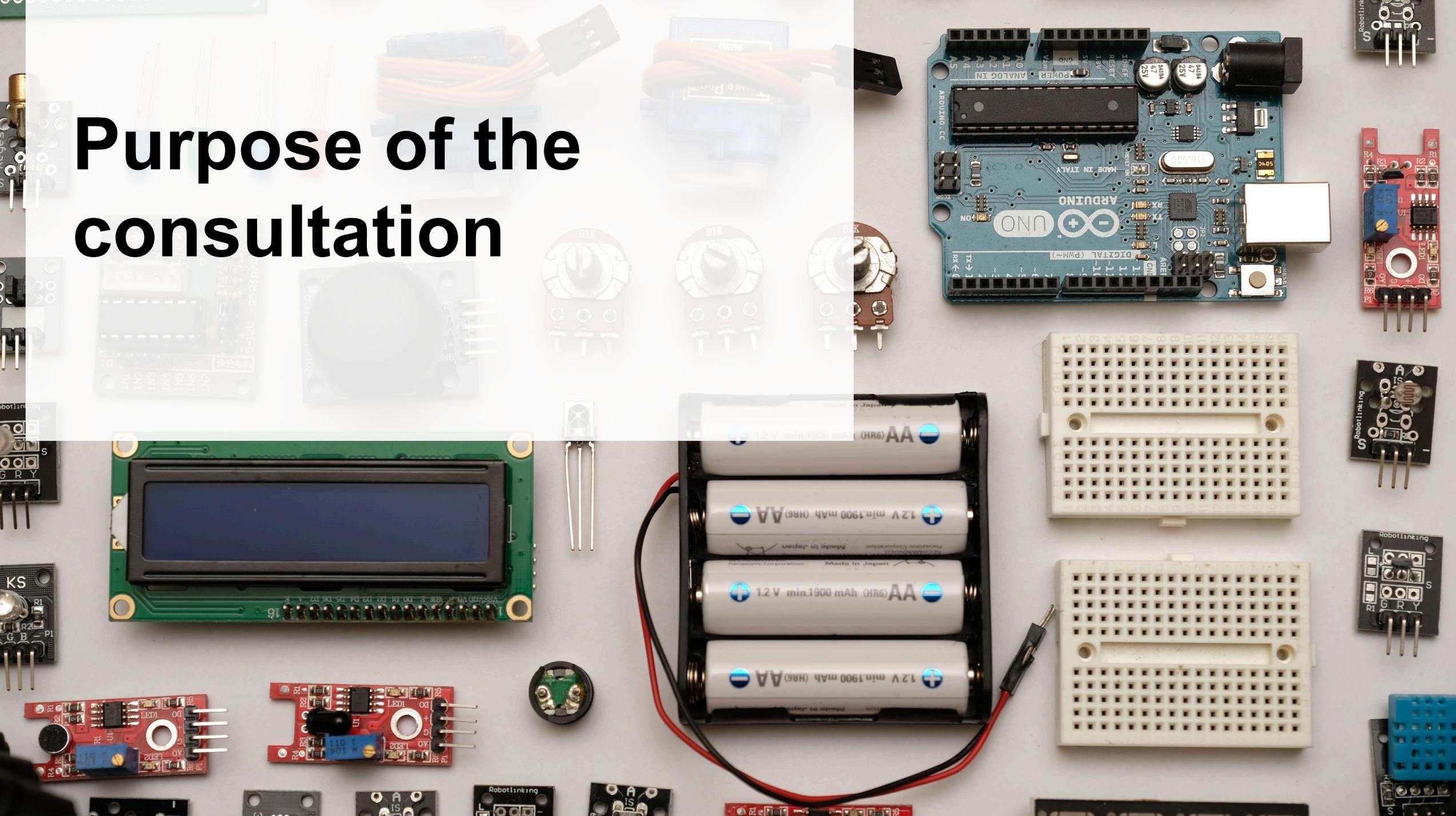


Agenda

1. Purpose of the consultation
2. Background
3. Proposed methods to define cut-off thresholds
 - Option 1: minimum management requirements
 - Option 2: supply weight before management reductions
4. Next steps



Purpose of the consultation



Purpose of the consultation

Beginning in 2023, only large battery and ITT/AV producers are required to submit a Supply Data Verification Report. Small producers will no longer be required to submit a verification report but will be subject to inspections.

RPRA is revising the Batteries and ITT/AV Supply Data Verification Procedure to include the cut-off thresholds that determine if a producer is small or large. Producers will use the cut-offs every year to determine if they are required to submit a Supply Data Verification Report in 2023 and onwards. Proposed options to define cut-offs include:

- Option 1: minimum management requirements
- Option 2: supply weight before management reductions

Note: For the 2023 reporting period and onwards, cut-off thresholds are only applicable to producers who submitted both their Supply Data Report and Supply Data Verification Report in 2022.

Objectives and principles of this consultation

Objectives

- To provide RPRA with different producer size categories (i.e., small and large) for future verification reporting
- Supporting producers to meet their supply data and supply data verification reporting requirements with reduced administrative burden on producers

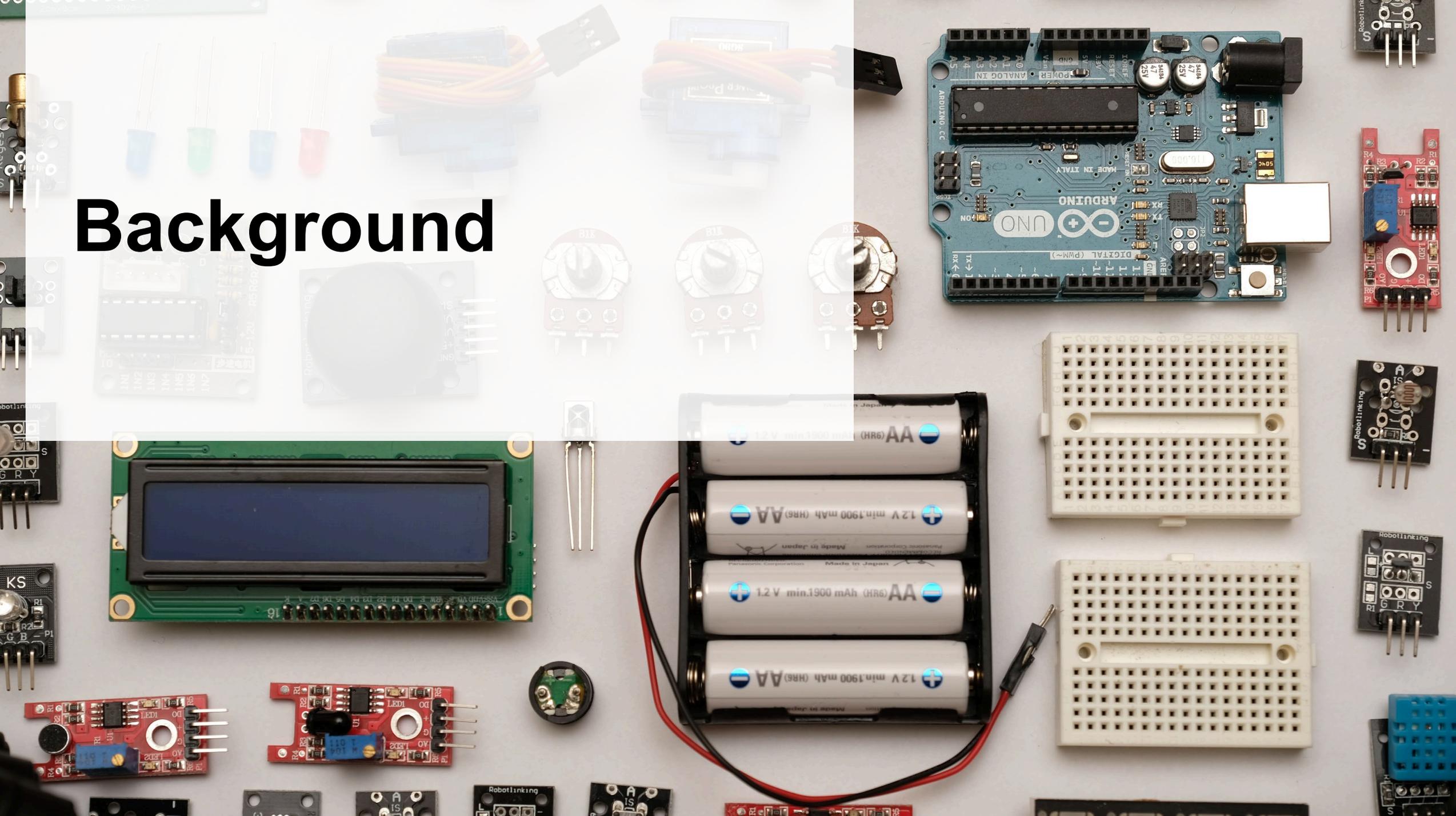
Principles

- Producers meet their regulatory requirements
- Ensure that the Batteries and ITT/AV Supply Data Verification Procedure is clear and straightforward to maximize compliance
- Ensure a level playing field in terms of accuracy and completeness of reporting

Timeline for this consultation



Background

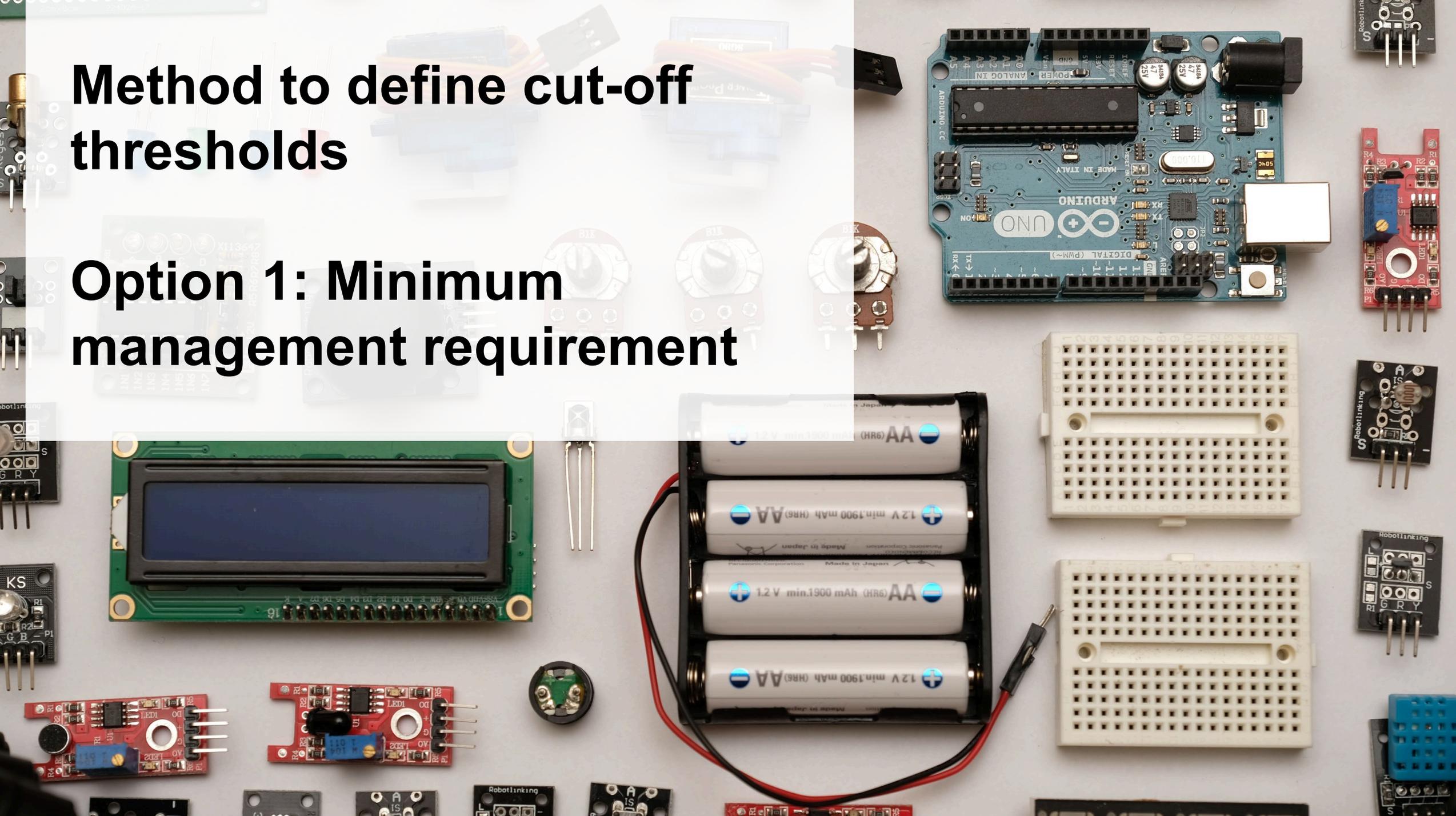


Reporting requirements and decisions made prior to this consultation

- Under the [Batteries](#) and [Electrical and Electronic Equipment \(EEE\)](#) Regulations, producers of batteries and ITT/AV are required to report new supply information each year in order to establish their management requirements for the following year.
- In 2022, RPRA consulted on the principles and methodologies outlined in the [Batteries and ITT/AV Supply Data Verification Procedure](#). In addition to determining only large producers will be required to submit a verification report in 2023 and onwards, RPRA made the following decisions based on feedback received:
 1. All battery and ITT/AV producers were required to submit a one-time Supply Data Verification Report in 2022 (the first verification reporting year), and
 2. To consult on two producer categories (i.e., large and small) after receiving 2022 verified supply data from battery and ITT/AV producers.

Method to define cut-off thresholds

Option 1: Minimum management requirement



Option 1: Use a producers' minimum management requirement from the previous reporting period

This option proposes that producers will use their minimum management requirement from the previous reporting period to define if they are a small or large producer. The proposed cut-offs using management requirements would provide RPRA with a statistically acceptable level of confidence based on the completeness and accuracy of the supply data.

Under this approach, these are the proposed small producer cut-offs:

- single-use batteries < 50,000 kgs
- rechargeable batteries < 5,000 kgs
- ITT/AV < 200,000 kgs

RPRA will periodically review the cut-off thresholds to ensure they accurately reflect the producer categories.

Option 1: Single-use battery producer cut-off

Single-use battery cut-off	Percentage of producers	Percentage of aggregate supply weight
Large \geq 50,000 kgs	6%	95%
Small $<$ 50,000 kgs	94%	5%
Total	100%	100%

Option 1: Rechargeable battery producer cut-off

Rechargeable battery cut-off	Percentage of producers	Percentage of aggregate supply weight
Large \geq 5,000 kgs	13%	89%
Small $<$ 5,000 kgs	87%	11%
Total	100%	100%

Option 1: ITT/AV producer cut-off

ITT/AV cut-off	Percentage of producers	Percentage of aggregate supply weight
Large \geq 200,000 kgs	24%	85%
Small $<$ 200,000 kgs	76%	15%
Total	100%	100%

Option 1: Advantages and Disadvantages

Advantages	Disadvantages
<p>Management requirement is calculated based on historical average of supply data, which means a producer can average out years of supply data that may have been lower than a previous year.</p> <p>Once management requirements begin stabilizing in 2026, averaging out supply data can help determine a consistent producer category.</p>	<p>Management requirements are dependent on allowable reduction and claiming reductions are at the discretion of a producer.</p> <p>If a producer decides not to submit reductions, their minimum management requirement will be higher and they may fall under the large producer category, versus if they did submit their reductions, they may have been a small producer.</p>
<p>Consistent with tire producers cut-off (i.e., minimum collection requirements). If producers supply multiple materials (batteries, ITT/AV and tires) it could minimize confusion at the time of verification reporting.</p>	<p>Management requirements for batteries and ITT/AV will increase from 2022 to 2025 before it stays stable in 2026, which will impact the cut off for small producers (i.e., if you are a small producer one year, you may be a large producer the other until 2026).</p>

Option 2: Supply weight before management reductions



Option 2: Use a producers' supply weight before management reductions from the previous reporting period

This option proposes that producers will use their supply weight before management reductions from the previous reporting period to define if they are a small or large producer. The proposed cut-offs using supply weight before management reductions would provide RPRA with a statistically acceptable level of confidence based on the completeness and accuracy of the supply data.

Under this approach, these are the proposed small producer cut-offs:

- single-use batteries < 100,000 kgs
- rechargeable batteries < 10,000 kgs
- ITT/AV < 500,000 kgs

RPRA will periodically review the cut-off thresholds to ensure they accurately reflect the producer categories.

Option 2: Single-use battery producer cut-off

Single-use battery cut-off	Percentage of producers	Percentage of aggregate supply weight
Large \geq 100,000 kgs	6%	95%
Small $<$ 100,000 kgs	94%	5%
Total	100%	100%

Option 2: Rechargeable battery producer cut-off

Rechargeable battery cut-off	Percentage of producers	Percentage of aggregate supply weight
Large \geq 10,000 kgs	14%	93%
Small $<$ 10,000 kgs	86%	7%
Total	100%	100%

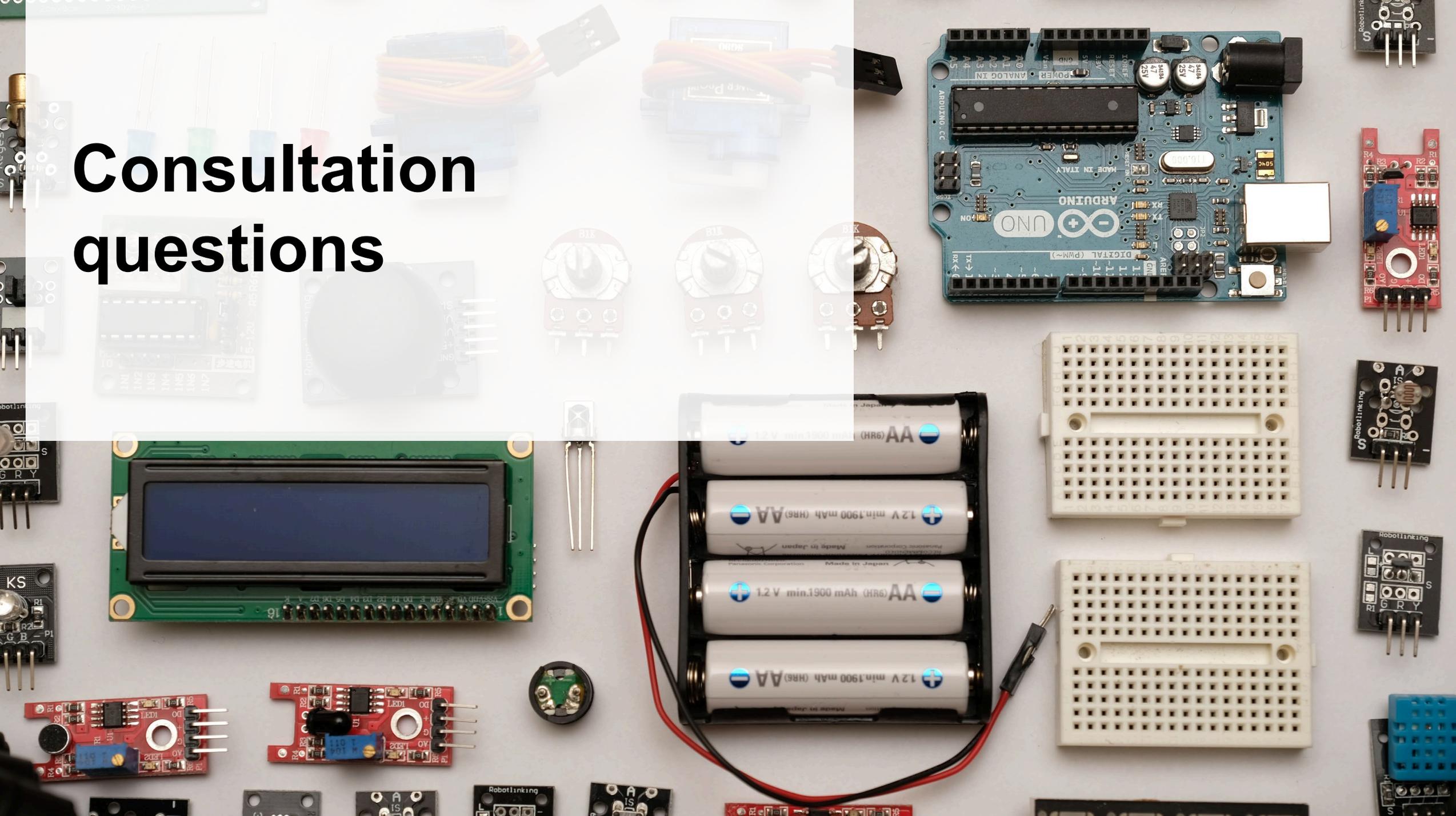
Option 2: ITT/AV producer cut-off

ITT/AV cut-off	Percentage of producers	Percentage of aggregate supply weight
Large \geq 500,000 kgs	18%	81%
Small $<$ 500,000 kgs	82%	19%
Total	100%	100%

Option 2: Advantages and Disadvantages

Advantages	Disadvantages
<p>Producers only need to take their supply weight in the last reporting period into consideration when determining if they are categorized as small or large.</p>	<p>Supply data methodology only uses one year of data, which may not be an accurate representation of a producer's size. This may result in a producer changing categories each reporting year.</p>

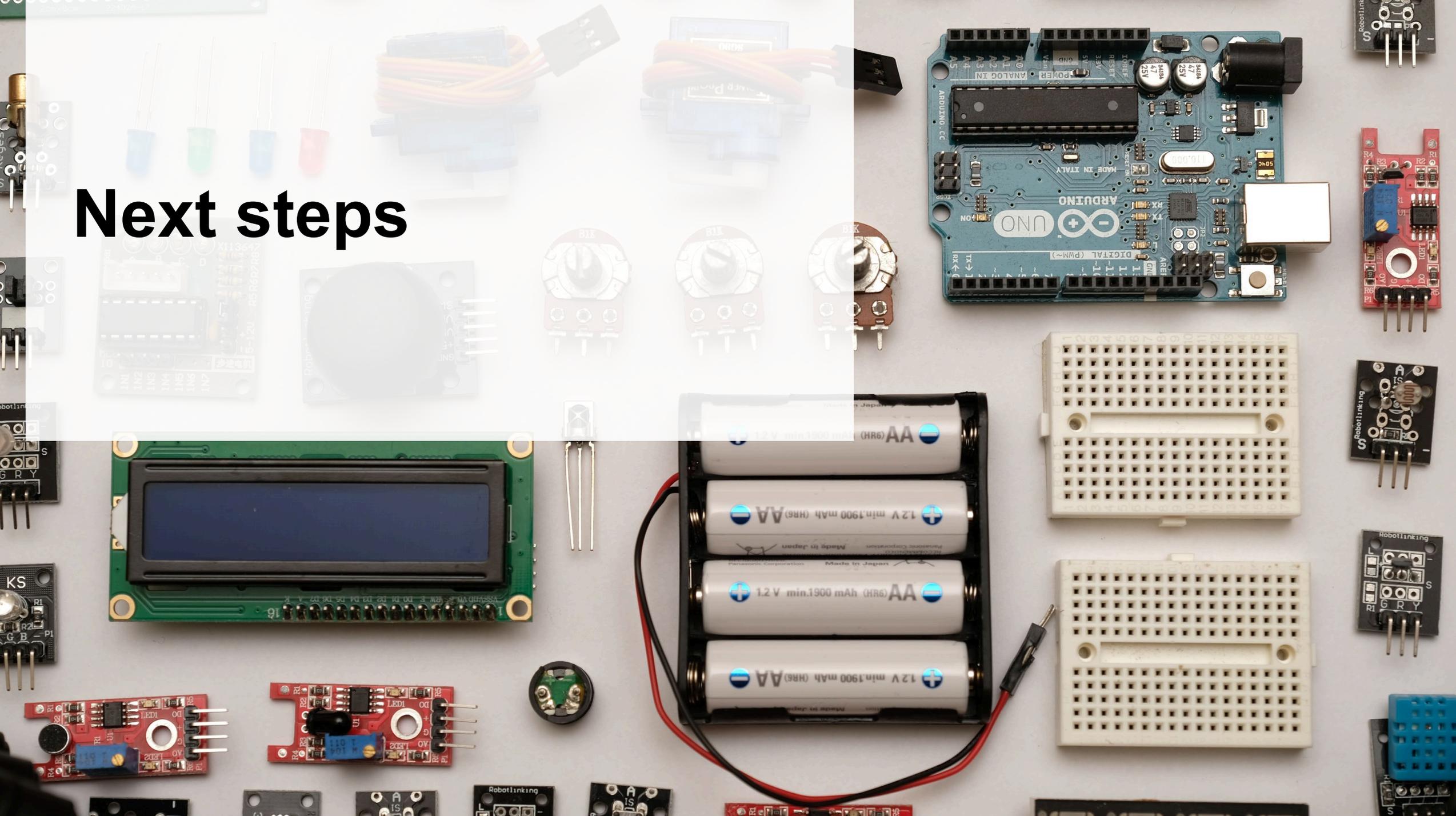
Consultation questions



Consultation Questions

1. Which method do you support to define the single-use batteries, rechargeable batteries and ITT/AV cut-off thresholds:
 1. Option 1: minimum management requirements
 2. Option 2: supply weight before management reductions
2. Are there additional methods that RPRA should consider? If so, what are the advantages and disadvantages?
3. For producers who mainly supply single-use batteries, is there any additional burden to complete a Supply Data Verification Report for the rechargeable batteries that you also supply? If so, what is the additional burden?

Next steps



Next steps

- Feedback can be submitted to consultations@rpra.ca
- For more information on the consultation, visit the [consultation webpage](#)
- The deadline to submit your feedback to RPRA is **January 16, 2023**

Note: A communication will be sent to all battery and ITT/AV producers once the producer categories are finalized and the revised Batteries and ITT/AV Supply Data Verification Procedure is posted.