

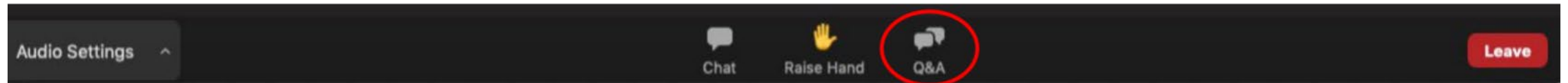


Consultation: Stewardship Ontario's MHSW Wind Up Plan Program Extension Addendum

June 7, 2021



How to ask a question



To ask a question at any time during the presentation or for technical assistance, click on the Q&A tab, type your question in the text box and click “send”.

Agenda

1. Purpose of the Consultation

2. Background

- I. MHSW Program
- II. Industry Funding Organization and Industry Stewardship Organizations
- III. SO MHSW Program – wind up history
- IV. Minister’s direction extending program operations
- V. 2020-2021 MHSW Program Wind Up Timeline

3. SO’s Proposed MHSW WUP: Program Extension Addendum

- I. MHSW Program operations continue for an additional three months
- II. Updates to dates and deadlines
- III. Key Financial Implications of the Program Extension

4. Summary and Next Steps

Purpose of the consultation

- Review the proposed amendments to the Municipal Hazardous or Special Waste (MHSW) Wind-Up Plan regarding the extension of program operations to September 30, 2021
- Provide stakeholders with an opportunity to provide feedback on the Program Extension Addendum
- Explain how stakeholders can provide feedback to the Authority by **June 11, 2021**



Background

MHSW Program

- The Municipal Hazardous or Special Waste (MHSW) Program is operated under the authority of Ontario's *Waste Diversion Transition Act, 2016*.
- The program collects the following hazardous or special waste materials, and ensures they are managed in an environmentally responsible way at end of life:
 - single-use batteries
 - pressurized containers
 - oil containers
 - oil filters
 - antifreeze
 - paints and coatings
 - pesticides
 - solvents and
 - fertilizers

Industry Funding Organization and Industry Stewardship Organizations

- Under the *Waste Diversion Transition Act, 2016*, SO is the Industry Funding Organization responsible for operating the MHSW Program until it ceases operation on September 30, 2021.
- The Act also permits management of such materials by Industry Stewardship Organizations (ISO):
 - **Product Care Association** which manages paints, coatings, pesticides, solvents and fertilizers
 - **Automotive Materials Stewardship** manages oil filters, oil containers, antifreeze and antifreeze containers
 - **SodaStream** which manages their own proprietary pressurized containers
- SO continues to represent a small number of stewards in some of the other MHSW categories managed by the ISOs.

SO MHSW Program – Wind Up History

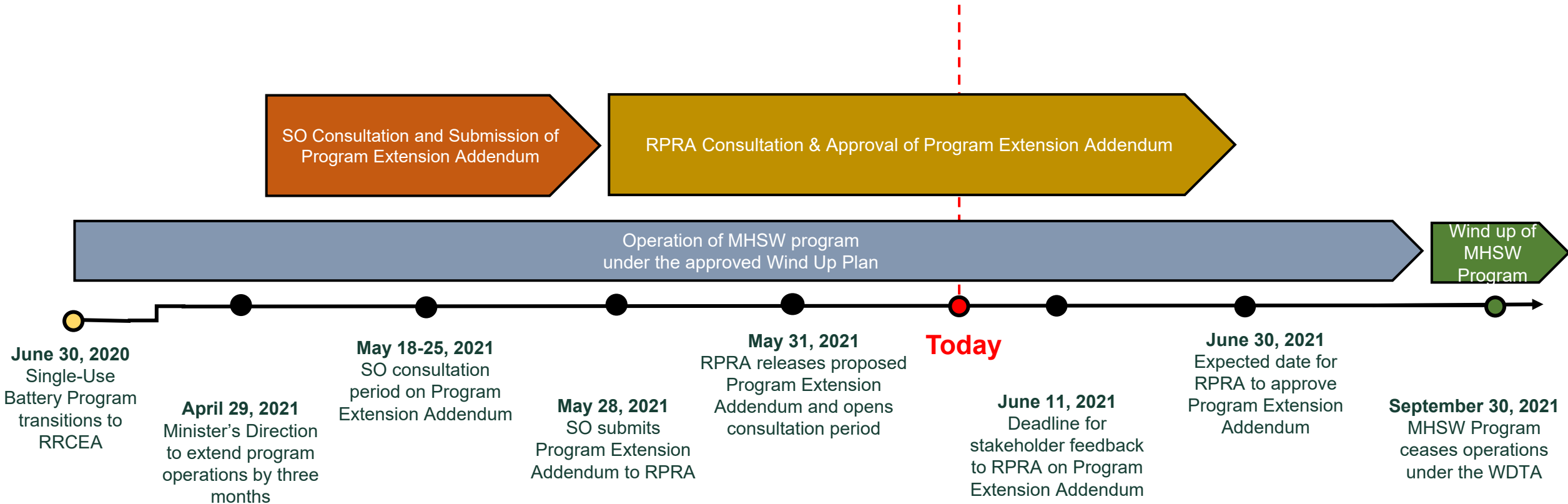
- On **April 12, 2018**, the Minister of the Environment, Conservation and Parks (“the Minister”) directed SO to wind up the MHSW Program to enable the transition of hazardous or special materials to the individual producer responsibility (IPR) regulatory framework outlined in the Resource Recovery and Circular Economy Act, 2016 (“RRCEA”).
- On **December 27, 2019**, the Authority approved SO’s MHSW Wind-up Plan with conditions.
- The Authority also approved two addendums to SO’s MHSW Wind Up Plan related to the distribution of residual funds (approved **February 2020**) and the transfer of surplus funds to the ISOs (approved **June 2020**), both required as directed by the Minister.
- SO ceased operation of the MHSW program for single-use batteries on **June 30, 2020**.

Minister's Direction to SO extending MHSW program operations

- On **April 29, 2021**, SO received a direction from the Minister to develop amendments to the waste diversion program for MHSW that include the following timelines:
 - MHSW Program operations will cease on **September 30, 2021**;
 - SO to develop and submit an amendment to the MHSW Wind Up Plan to the Authority no later than **May 31, 2021**;
 - The Minister expects that the Authority will approve the amendment no later than **June 30, 2021**.
- Aside from changes necessary to operate the MHSW Program for an additional three-months, all other elements of the MHSW Wind Up Plan will remain unchanged.
- The three-month extension applies to all designated materials except for single-use batteries, which transitioned to the individual producer responsibility framework regulated by the Authority on **June 30, 2020**.



2020-2021 MHSW Program Wind Up Timeline



Questions

Do you have any questions regarding:

- The process and/or timelines to approve SO's proposed Program Extension Addendum
- The Minister's direction to SO extending the MHSW program operations to September 30, 2021

The background of the slide is a dense grid of numerous open paint cans. The cans are arranged in a regular pattern and contain a wide variety of colors, including reds, blues, greens, yellows, purples, and greys. The lighting is bright, highlighting the textures and colors of the paint inside the cans.

Stewardship Ontario's Proposed MHSW Wind Up Plan: Program Extension Addendum

Proposed Program Extension Addendum

MHSW Program operations continue for an additional three months

- Waste diversion program for MHSW will continue to operate for an additional three months
 - Wind up date will now occur on **September 30, 2021**, instead of **June 30, 2021**
 - All MHSW materials will continue to be collected, transported, processed and recycled in accordance with current program standards and performance metrics up until **September 30, 2021**
- Stewards will be billed for an additional quarter of operations in 2021
 - Q3 2021 supply period July 1, 2021 – September 30, 2021
- Transition to RRCEA framework will occur on **October 1, 2021**
- These timelines will apply to the wind up of all designated wastes under the waste diversion program for MHSW, **except for single-use batteries** which have already transitioned to the producer responsibility framework on June 30, 2020
- Following the resolution of all program financial and operational issues, SO is targeting **June 2022** for submission of the MHSW Wind Up Plan: Final Implementation Report to RPRA and the Minister



Proposed Program Extension Addendum

Updates to dates and deadlines – For Stewards

Activity	Original WUP	Program Extension Addendum: New dates in red
Q3 2021 Supply Report (Material Supplied April 1 - June 30, 2021)	Report due July 31, 2021	Report due July 31, 2021
Q3 2021 Invoice sent July 31, 2021 (Q2 2021 material management & administrative costs)	Invoice due Oct 31, 2021	Invoice due August 31, 2021
Q4 2021 Supply Report (Material Supplied July 1 - September 30, 2021)	N/A	Report due October 31, 2021
Final Adjustment Requests for 2021 Supplies	Request due August 31, 2021	Request due November 30, 2021
Q4 2021 Invoice & Final True Up sent Dec 31, 2021 (Q3 2021 material management & administrative costs)	N/A	Invoice due January 31, 2022

Proposed Program Extension Addendum

Updates to dates and deadlines – For Service Providers

Activity	Original WUP	Program Extension Addendum: New Dates in red
Program Ceases Operations – pressurized containers collected by this date are eligible for program incentives	June 30, 2021	September 30, 2021
Transporter collection deadline for pressurized containers received by collection sites by wind up date	July 15, 2021	October 15, 2021
Deadline for submission of incentive claims to SO	August 31, 2021	November 30, 2021

- Current service provider contracts will remain in place for the extension period and be terminated in accordance with contractual notification requirements
- SO will continue to provide municipalities with payments for municipal depots and collection events until the MHSW program cease operations on September 30, 2021

Proposed Program Extension Addendum

Supply Chains Managed by ISPs and Related Agreements

MHSW Material	ISO	Managing ISP Agreements
<ul style="list-style-type: none"> • Antifreeze • Oil Containers • Oil Filters 	AMS	<ul style="list-style-type: none"> • SO continues to fulfill its ongoing obligations on behalf of its remaining stewards in the automotive, pesticides, solvents, fertilizers, paints and coatings material categories by purchasing credits for these materials from AMS and PCA • SO's current agreements with AMS and PCA to purchase credits can be managed to accommodate the program extension • Existing invoicing and payment processes will continue until the Program ceases operations
<ul style="list-style-type: none"> • Pesticides • Solvents • Fertilizers 	PCA	
Paints and Coatings	PCA	

Proposed Program Extension Addendum

Key Financial Implications of the program extension

Program Costs (Material Management and Administrative Costs)

- Ongoing MHSW Program costs will continue to be financed by stewards via steward fees until the Program ceases operations on September 30, 2021
- SO stewards will receive three quarters of MHSW Program operations in 2021 rather than two quarters of operations, and will subsequently receive three invoices as per the schedule provided in the proposed Addendum
- SO continues to target the disbursement of \$2.3 million as fee reductions in material categories where material reserves permit
 - Total amount forecast to be disbursed as fee reductions not impacted by the program extension

Proposed Program Extension Addendum

Key Financial Implications of the program extension cont.

MHSW Program SSA Invoice Estimates and Program Extension	Total 2021 Forecast MHSW Program SSA Invoice Estimate
Forecast MHSW Program SSA invoices ceases operations on September 30, 2021 (9 months of operations)	\$4,112
Forecast MHSW Program SSA invoices program ceases operations on June 30, 2021 (6 months of operations)	\$2,686
Program Extension SSA Invoice Forecast Change	\$1,426

**Steward invoices are based on actual Program costs incurred in each quarter, not the forecast expenses shown in the table and therefore may vary from the estimates in the table*

Proposed Program Extension Addendum

Key Financial Implications of the program extension cont.

General Wind Up Costs

- Under the Approved MHSW Wind Up Plan general wind up costs are financed by drawing down from general MHSW reserves
- This approach avoids charging stewards directly for wind up costs
- SO forecasts sufficient funds in the general reserve to cover the general wind up expense increase related to a three-month program extension
- SO forecasts the overall increase in general wind expenses to be **\$490,000**
 - *Wind Up Plan Development and Implementation forecasted to increase by \$415,000*
 - *RPRA Fees forecasted to increase by \$75,000*
- There is no forecasted impact on the SO material reserves
- No forecasted impact on restricted reserves required to be established by AMS and PCA, as per the ISO Surplus Fund Transfer Agreements to fund SO's compensable wind up expenses in the event of a transition delay



Summary and Next Steps

Proposed Program Extension Addendum

Summary of Key Elements

MHSW Program operations continue for three additional months:

- Transition to RRCEA framework delayed until October 1, 2021

Updates to reporting dates and deadlines for stewards and service providers:

- Sequence and timing of dates and deadlines remain the same as proposed in the approved MHSW Wind Up Plan, but dates are adjusted by three months to be consistent with the new September 30, 2021 date that the MHSW Program ceases operations on
- Following the resolution of all program financial and operational issues, SO is targeting June 2022 for submission of the MHSW Wind Up Plan Final Implementation Report to RPRA and the Minister

Financial implications of program extension:

- Stewards billed for an additional quarter of program costs in 2021
 - Additional supply period July 1, 2021 – September 30, 2021
- MHSW wind up costs forecast to increase by approximately \$490,000
 - Sufficient funds remain in the general reserve to cover expense related to program extension
 - No expected impact on material or restricted reserves

Questions and Feedback

Do you have any questions regarding:

- MHSW Program operations continuing for an additional three months
- Updates to the key dates and deadlines for stewards and service providers
- Key Financial Implications of the Program Extension



Next steps

- Feedback on the proposed MHSW Wind Up Plan: Program Extension Addendum can be submitted to consultations@rpra.ca
- To review consultation materials, including the proposed Addendum, please [visit our consultation webpage](#).
- The deadline to submit your feedback is **June 11, 2021**
- Consultation participants will be notified when the Addendum is approved. The approval will also be announced on our website.
- For more MHSW Program wind up information, visit [Hazardous and Special Waste](#)