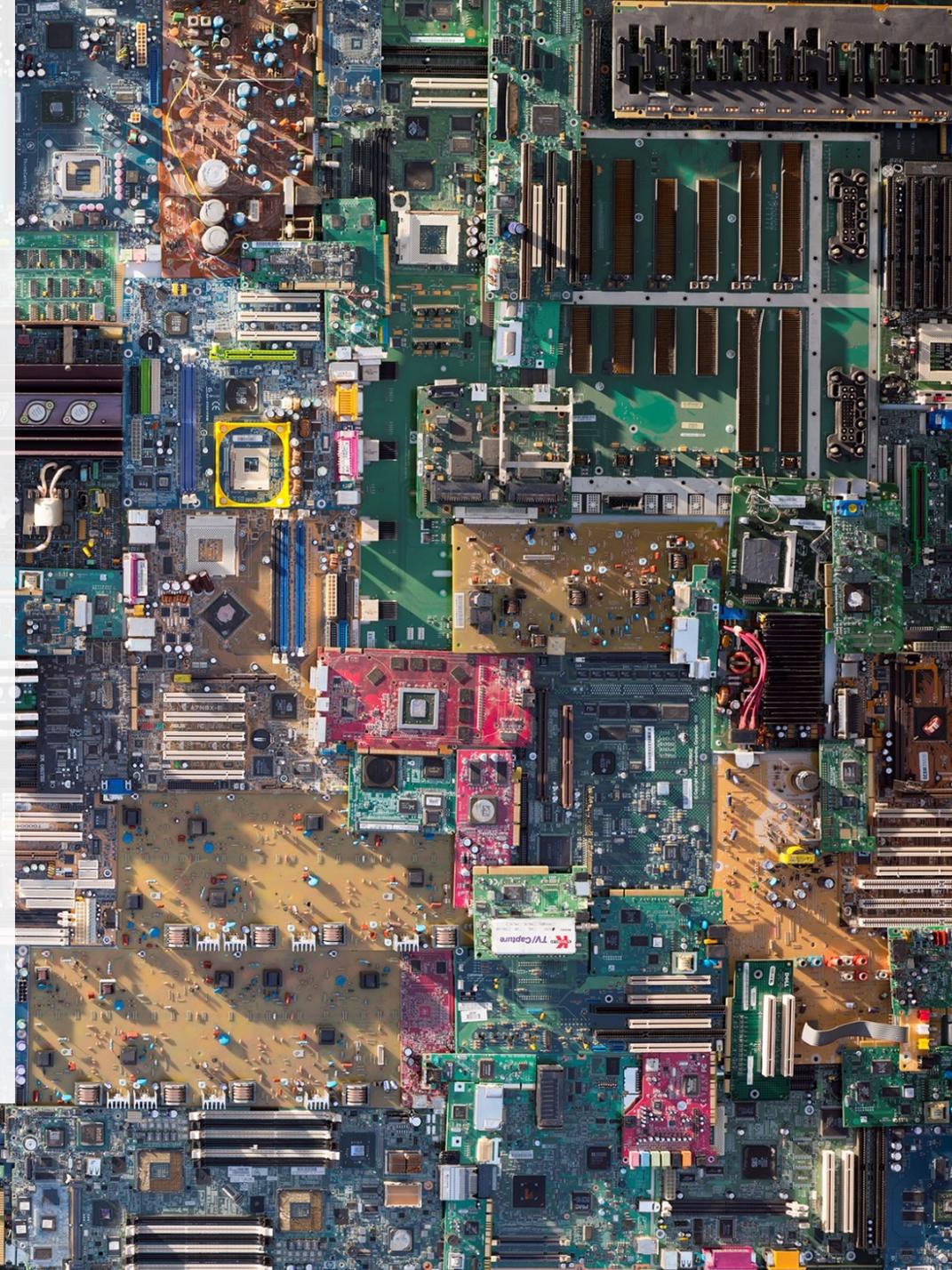
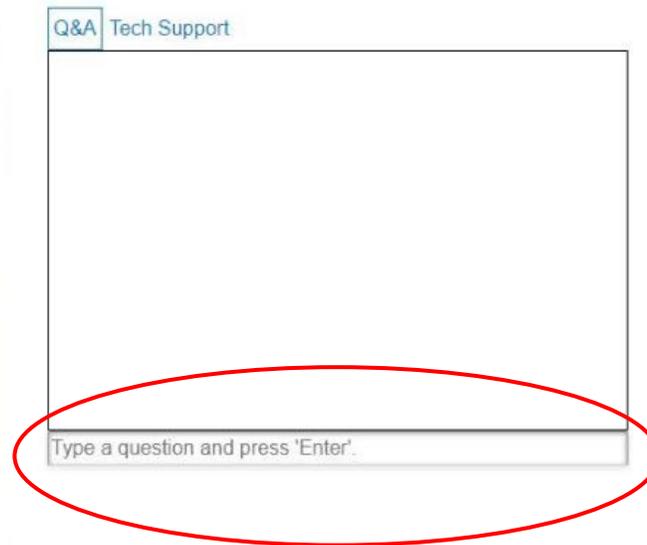
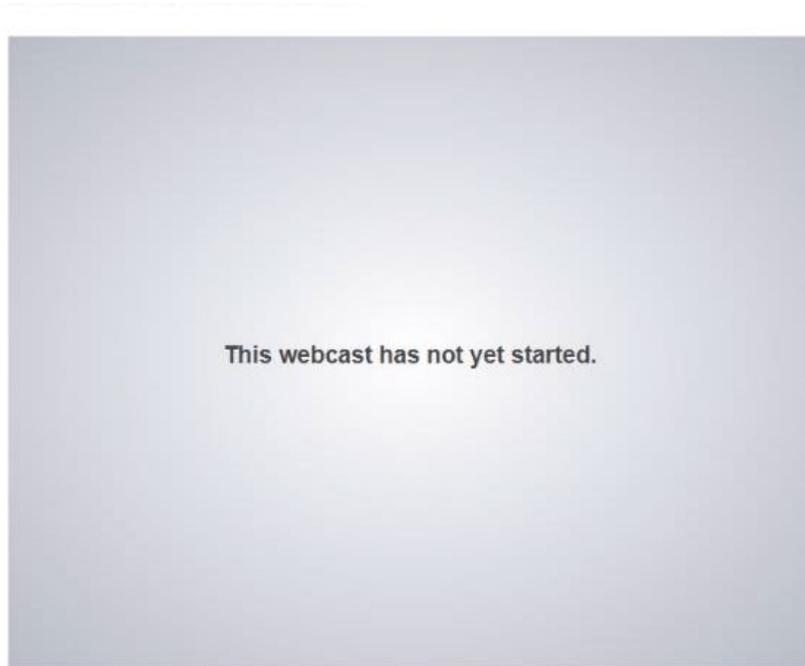


# Proposed 2020 Registry Fees for Tires, Batteries and Electronics

July 9 and 10, 2020



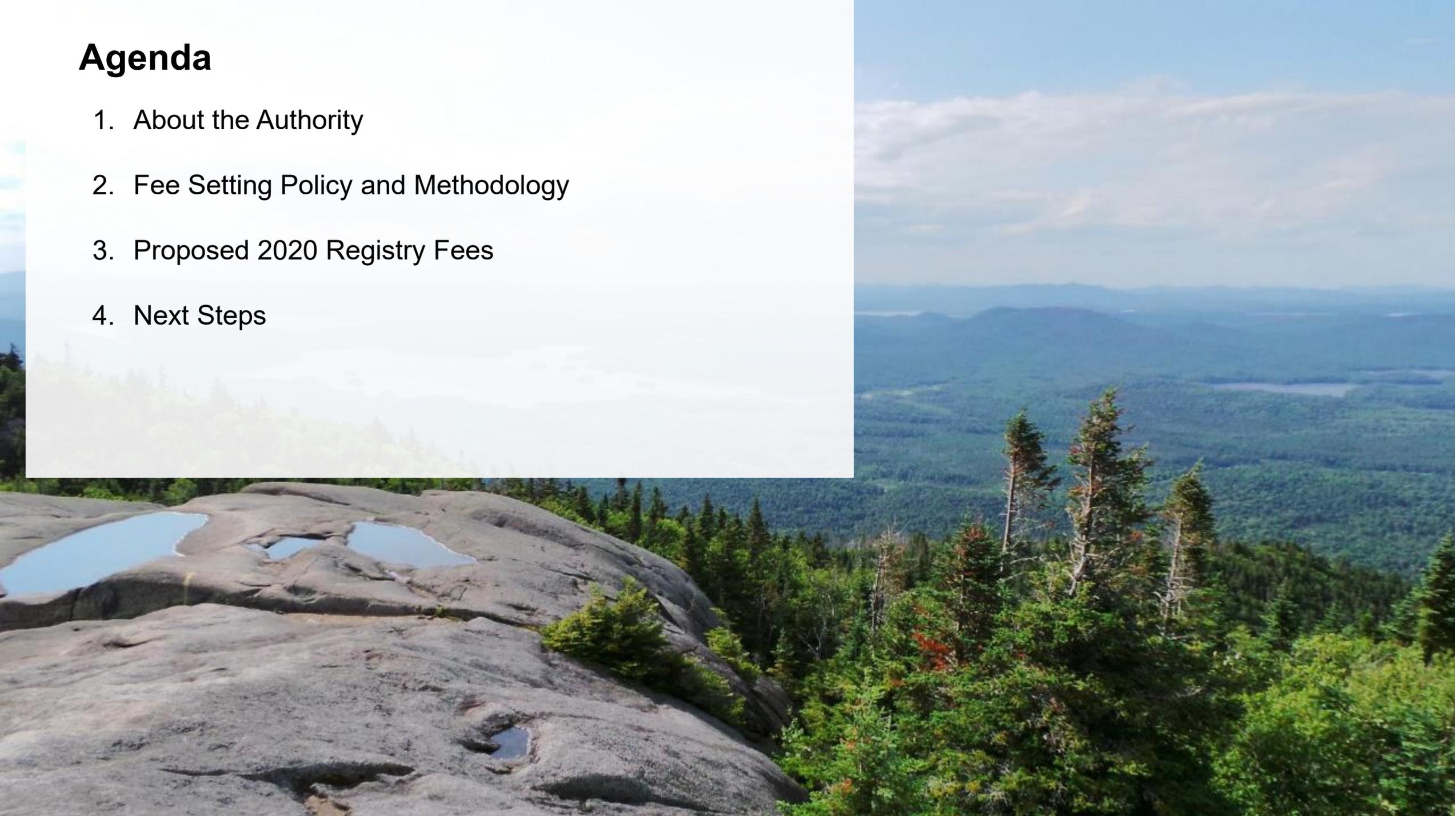
# How to ask a question



To ask a question at any time during the presentation or for technical assistance, type your question in the text box and press 'Enter.'

# Agenda

1. About the Authority
2. Fee Setting Policy and Methodology
3. Proposed 2020 Registry Fees
4. Next Steps



# About the Authority



# About the Authority

- The Resource Productivity and Recovery Authority is the regulator mandated by the Government of Ontario to administer the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and the *Waste Diversion Transition Act, 2016* (WDTA), and their associated regulations.
- The RRCEA and WDTA outline the legislative framework for winding up and transitioning legacy waste diversion programs as well as newly designated materials to Ontario's new individual producer responsibility (IPR) regulatory framework for waste diversion and resource recovery.
- IPR requires producers to be individually financially responsible and accountable for their products and packaging once consumers dispose of them.
- To date, the Authority has overseen the wind up of the Used Tires Program operated by Ontario Tire Stewardship and the Batteries portion of the Municipal Hazardous or Special Waste (MHSW) Program operated by Stewardship Ontario, and the transition of both programs to the new IPR regulatory framework.

# About the Authority continued

- The Waste Electrical and Electronic Equipment (WEEE) Program operated by Ontario Electronic Stewardship will wind up on December 31, 2020 and transition on January 1, 2021 to the new framework outlined in the Electronics Regulation that the Authority expects to be finalized soon.
- The remainder of the MHSW Program will wind up on June 30, 2021 and hazardous or special materials will transition to the IPR regulatory framework on July 1, 2021.
- The Blue Box Program will wind up between 2023 and 2025 and paper, glass, plastics and aluminum will transition to the IPR regulatory framework.
- The Tires Regulation and Batteries Regulation requires obligated parties to register and report to the Authority through its Registry system. The Electronics Regulation is expected to have similar requirements.
- The Registry system is an online platform that allows the Authority to securely and confidentially collect information from obligated parties and monitor performance. Each material group will have its own Registry portal.

# The Authority's Finances

- As an administrative authority of the Government of Ontario, the Authority does not receive any government funding and funds its operations through fees charged to regulated parties on a cost-recovery basis.
- The WDTA and RRCEA allow the Authority to set and collect fees to recover its costs. Fee revenues come from two sources:
  1. **RRCEA:** Annual fees to obligated parties required to register (currently charged to tire producers and PROs)
  2. **WDTA:** Monthly cost recovery charges to industry funding organizations (SO, OES, OTS), industry stewardship organizations (Product Care, Automotive Materials Stewardship, SodaStream) and other WDTA activities (Continuous Improvement Fund, Canadian Newspaper Association)
- RRCEA fees (i.e. Registry fees) cover the Authority's costs to develop and operate the Registry and carry out compliance and enforcement activities.
- WDTA monthly charges cover the Authority's costs to oversee the operation of IFO/ISO based programs and their wind up.
- The **2020 Registry Fees Proposal** are the fees proposed to be charged to obligated parties under the Tires Regulation, the Batteries Regulation and the expected soon-to-be-released Electronics Regulation under the RRCEA.

# Fee Setting Policy and Methodology



# Fee Setting Policy

- Legislation requires that the Authority must:
  - Consult on proposed fees for at least 45 days
  - Post the approved fees for at least 30 days before the fees take effect
- In 2017, the Authority developed, consulted on and approved its [Fee Setting Policy](#), which includes:
  1. Objectives
  2. Principles for establishing RRCEA fees
  3. Rules to guide fee setting methodology
  4. Fee setting methodology
- During this consultation process, we are also seeking your feedback on our Fee Setting Policy

# 1. Objectives

1. Transparent fee setting process
2. Fees, costs and other charges are reasonable and reflect costs incurred by the Authority
3. Long-term financial sustainability of the Authority
4. Fee predictability for regulated parties
5. Fair allocation among fee-paying entities

## 2. Principles

RPRA's General Fee Setting Policy Principles are based on the OECD's Best Practice Guidelines for User Charging established in 1997.

The best practices address the nine key factors for implementing effective and efficient user charging systems.

1. Clear legal authority
2. Consultation with users
3. Determine full costs
4. Effective and efficient collection system (e.g. clear instructions for payment and defined payment system)
5. Improve and monitor organizational performance (e.g. in setting fees, costs and other charges)
6. Treatment of receipts (e.g. fees are booked as revenues to offset costs)
7. Appropriate pricing strategies
8. Recognize equity considerations
9. Consider the effect of fees in the competitive marketplace

## 3. Rules

1. No proration – fees charged are for calendar year in which the fees are paid
2. No in-year adjustments – any adjustment required will be reflected in the calculation of fees for the next calendar year
3. Fees apply to each material (e.g. a producer of tires and electronics will pay two fees)
4. Fees apply to each category of obligated party (e.g. a producer who is also a PRO will pay two fees)

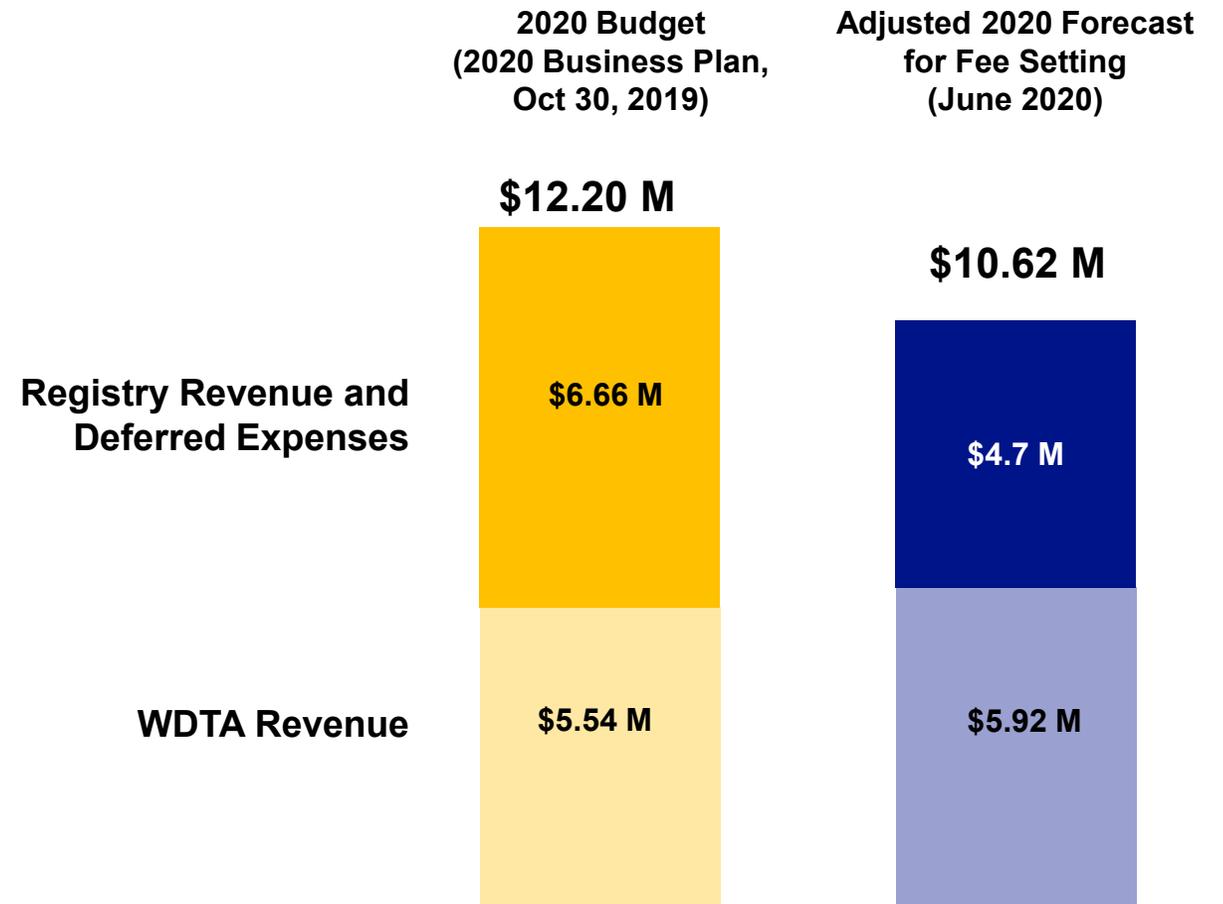
## 4. Fee Setting Methodology

- A. Determine RPRA's annual budget
- B. Allocate budget to RRCEA and WDTA
- C. Allocate RRCEA expenses by material group
  - Considering direct costs and share of common costs
- D. For each material group, allocate RRCEA expenses by type of regulated party (e.g. producer, PRO, service provider)
- E. Determine type of fee – fixed or variable
  - Based on a below/above cut off point
  - A per unit variable fee based on estimated total supply
    - Determine metric to be used (e.g. units supplied, kg supplied)

# Determine RPRA's Annual Budget and Allocate to RRCEA and WDTA

The 2020 Budget presented in the Authority's 2020 Business Plan published in October 2019 originally forecasted RRCEA costs at \$6.66 million. This has been revised down to \$4.7 million in June 2020 due to:

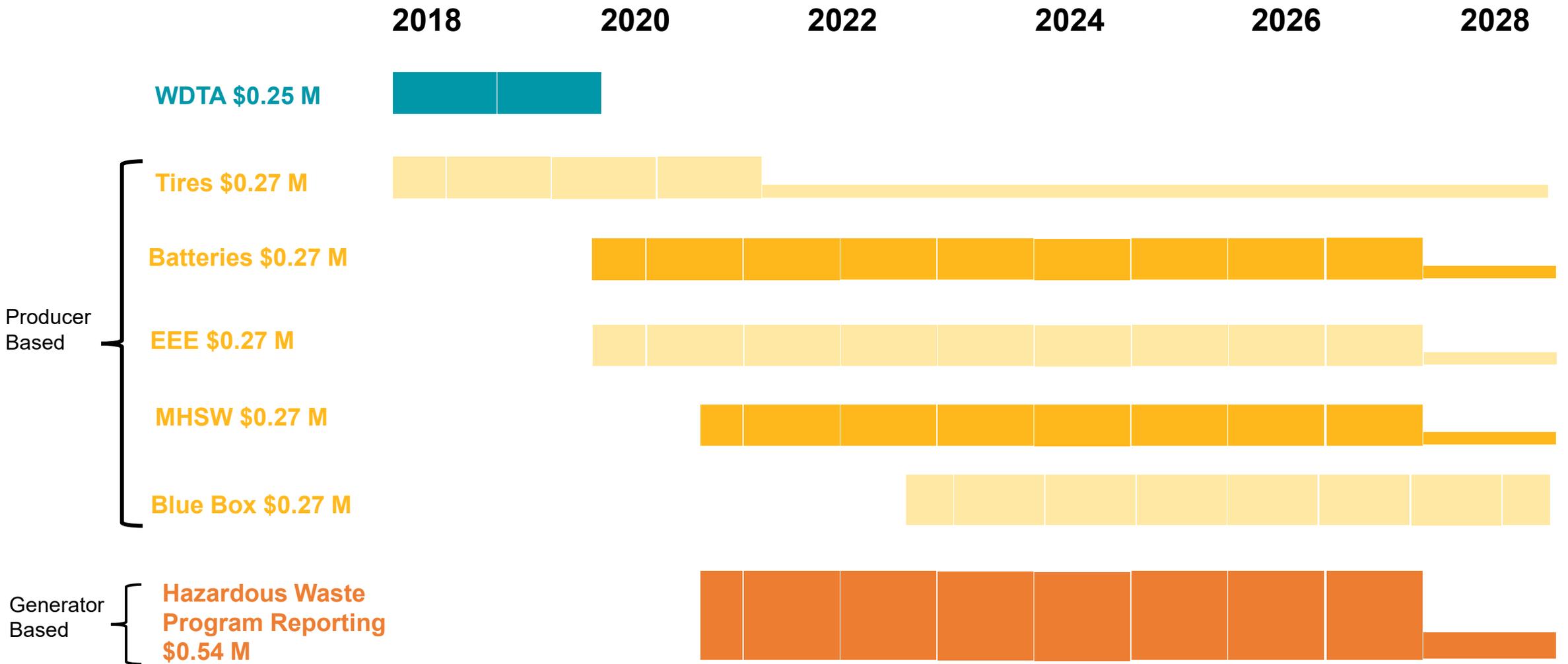
- Delay in the timing of Regulations and Registry build, which:
  - Reduced staffing requirements and expenses
  - Adjusted Registry/WDTA allocations
  - Lowered debt interest



# Allocate RRCEA Expenses by Material Group

- 2020 Registry Fees will include multiple material groups for the first time, and therefore will require:
  - Allocation of Registry Foundational expenses
    - Registry Foundational expenses are related to general Registry platform components that are not specific to any one material portal such as system security and log in functions.
  - Allocation of Registry Shared costs
    - Shared costs are related to administrative, support and operational compliance functions that are common to all material programs.
- Allocation Methodology is as follows:
  1. Apply forecast direct expenses to each program (e.g. Registry portal amortization and interest)
  2. Apply annual share of amortized Registry foundational cost to each program
    - Foundational costs equally divided among three programs (Tires, Batteries, Electronics)
  3. Allocate RRCEA shared common costs
    - Allocate by estimated number of registering producers

# Shared Registry Foundational Costs – Amortization Schedule



# Allocate RRCEA Expenses by Type of Regulated Party

Tire example:



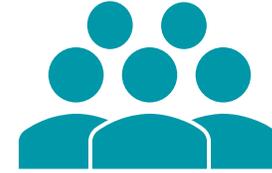
Producers Only



Producers; PROs



Producers; PROs;  
Processors; Haulers



Producers; PROs;  
Processors;  
Haulers; Collectors

- 450 registrants
- Simple to administer



- 7000 registrants
- More administratively complex
- Captures all parties obligated to register

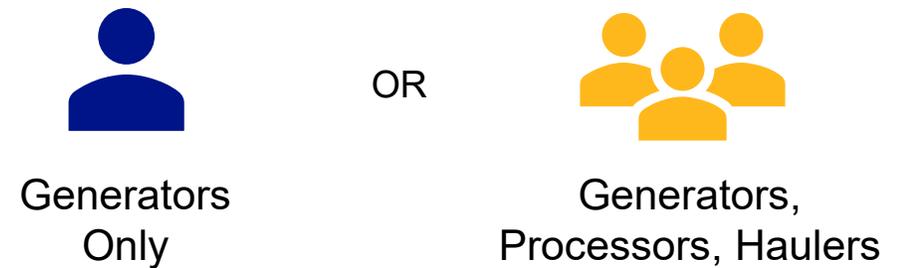
# Allocate RRCEA Expenses by Type of Regulated Party

Example:

## Producer Responsibility



## Generator Responsibility



# Allocate RRCEA Expenses by Type of Regulated Party

Example:

Producer Responsibility



1	2	3	4
Producer	Producer	Producer	Producer
	PRO	PRO	PRO
		Hauler/ Processor	Hauler/ Processor
			Collector

Generator Responsibility



1	2
Generator	Generator
	Hauler/ Processor



Questions?

# Proposed 2020 Registry Fees



# Key Assumptions Underlying 2020 Registry Fees Proposal

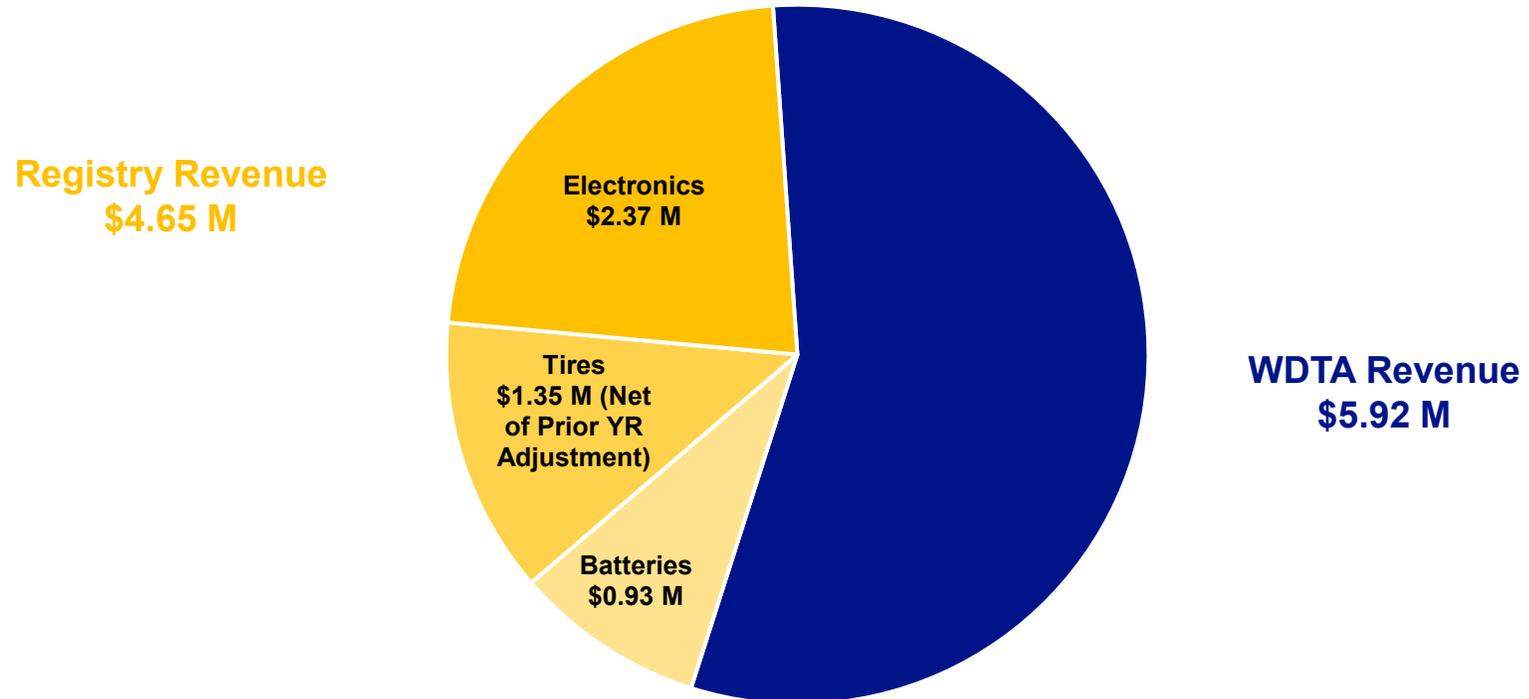
- Assumes registration/reporting and fee payment in 2020 from obligated parties in the following material groups:
  - Tires
  - Batteries
  - Electronics
    - Ahead of the expected release of the finalized Electronics Regulation by the government, the Authority is assuming the regulation will cover the same range of materials included in the Waste Electrical and Electronic Equipment (WEEE) Program operated by Ontario Electronic Stewardship
    - If the final Electronics Regulation differs substantially from the Authority's assumptions, the final fees will be revised accordingly

# Projected Number of Producers and Producer Responsibility Organizations to Register in 2020:

<b>Program</b>	<b>Producer (Fixed Fee)</b>	<b>Producer (Variable Fee)</b>	<b>Total Producers</b>	<b>Total PROs (Fixed Fee)</b>
Tires	230	210	440	4
Batteries	210	160	370	4
Electronics	400	600	1,000	4

# WDTA and Registry Revenue Projections

Adjusted 2020 Forecast  
\$10.57 M Total Fee Revenue



# Proposed 2020 Registry Fees for Tires

Registrant	Proposed 2020 Registry Fees
Producer: 0-999 tires supplied*	\$75 Flat Fee
Producer: 1,000+ tires supplied* (12.96 million tires estimated in 2020)	\$0.09 per tire supplied <ul style="list-style-type: none"><li>• <b>Proposed base fee for 2020 is \$0.11</b>, but once the prior year credit is added, which includes a contingency of \$0.0094 per tire estimated at \$122,000, the proposed fee is reduced to \$0.09</li><li>• Consultation will consider using kg as an alternative to tire units</li></ul>
Producer Responsibility Organization	\$7,500 Flat Fee, inclusive of software licensing fees

\*The number of tires supplied is based on a rolling average of three years of data required to be submitted by producers under the Tires Regulation.

# Proposed 2020 Registry Fees for Electronics

Registrant	Proposed 2020 Registry Fees
Producer: less than 5000 kg supplied*	\$75 Flat Fee
Producer: 5000 kg or more supplied* (90 million kg estimate supplied in 2018)**	\$0.028 per kg supplied • Includes a \$0.0018 per kg contingency estimated at \$162,000 for 2020
Producer Responsibility Organization	\$7,500 Flat Fee, inclusive of software licensing fees

\*The kg supplied is based on the 2018 supply data required to be submitted by producers under the upcoming Electronics Regulation.

\*\*This estimate is based on an average of the last three years of OES collection data x 70% recovery rate outlined in the Draft Electronics Regulation plus 10% additional recovery.

# Proposed 2020 Registry Fees for Batteries

Registrant	Proposed 2020 Registry Fees
Producer: less than 1000 kg supplied*	\$75 Flat Fee
Producer: 1000 kg or more supplied* (7 million kg per year supplied)	\$0.14 per kg supplied <ul style="list-style-type: none"><li>Includes a \$0.0139 per kg contingency estimated at \$98,000 for 2020</li></ul>
Producer Responsibility Organization	\$7,500 Flat Fee, inclusive of software licensing fees

\*The kg supplied is based on an average of 2018 and 2019 supply data required to be submitted by single-use battery producers and 2018 supply data required to be submitted by rechargeable battery producers under the Batteries Regulation.

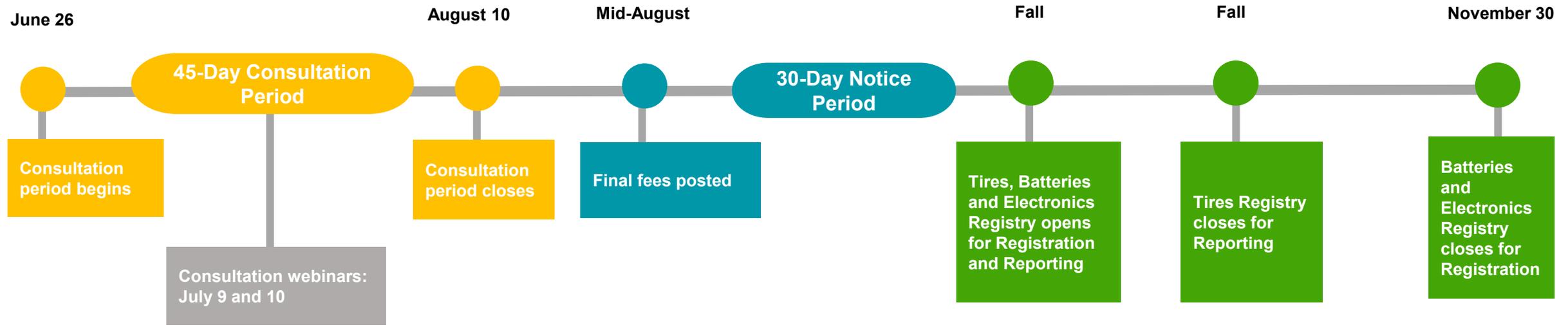


Questions?

# Next Steps



# Consultation Timeline



# Next Steps

- This presentation deck and a recording of both webinars will be posted to our [consultation webpage](#).
- Email your feedback to [consultations@rpra.ca](mailto:consultations@rpra.ca) by **Monday, August 10, 2020**.
- If you have questions about the proposal or would like to discuss it in more detail, email us at [consultations@rpra.ca](mailto:consultations@rpra.ca).
- Feedback from the consultation will be summarized in a report that will be posted to the Authority's website.
- The final fees will be posted to the Authority's website and stakeholders will be notified when they have been posted.



Thank you