Proposed 2024 fees for Tires, Batteries, ITT/AV and Lighting programs

October 17, 2023

RPRA Resource Productivity & Recovery Authority

Proposal scope

- The Resource Productivity and Recovery Authority (RPRA) is a regulator mandated by the Ontario government to:
    1. Support the transition to a circular economy by winding up and transitioning legacy waste diversion programs under the *Waste Diversion Transition Act, 2016* (WDTA) and implementing the new producer responsibility framework under the *Resource Recovery and Circular Economy Act, 2016* (RRCEA)
    2. Provide digital registration and reporting services (referred to as "registries" in RPRA communications) for the province's Excess Soil and Hazardous Waste programs under the *Environmental Protection Act* (EPA), as directed by the Minister
- As an administrative authority of the Government of Ontario, RPRA does not receive any government funding and funds its operations through fees charged to regulated parties on a cost-recovery basis.
- This proposal is provided for information and to obtain feedback on proposed 2024 fees for the Tires, Batteries and ITT/AV programs
- Fees are being proposed in advance of the calendar year in which they will apply. RPRA's 2024 budget, on which 2024 fees are based, has been finalized as part of the 2024 Business Plan. The 2024 Business Plan has been submitted to the Minister of the Environment, Conservation and Parks, as required under the RRCEA, and will be publicly posted soon. This presentation provides key financial information excerpted from the 2024 Business Plan.

Background

The RRCEA and WDTA allow RPRA to set and collect fees to recover its costs. Fee revenues come from three sources:

1. Annual fees to obligated parties required to register and report to RPRA under RRCEA regulations. RRCEA program fees cover RPRA's costs to develop and operate registry systems, carry out compliance and enforcement activities related to the RRCEA regulations, and provide support to registrants in complying with their regulatory obligations.
2. Transaction fees to parties obligated to register and report through RPRA's Excess Soil and Hazardous Waste registries. These fees cover RPRA's cost to build and operate registry systems and provide support to users on an ongoing basis. The Ministry of the Environment, Conservation and Parks is responsible for compliance activities related to these programs.
3. Monthly cost recovery charges to industry funding organizations (IFOs) under the WDTA. WDTA monthly charges cover RPRA's costs to oversee the operation of legacy waste diverse programs, IFOs and their wind-up.

Consultation process

- RPRA's legislative framework requires RPRA to consult on proposed fees for 45 days and post the final fees for 30 days.
- The consultation on RPRA's proposed 2024 fees for producer responsibility programs and the Hazardous Waste Program registry began on October 2, 2023, and ends on November 16, 2023.
- You can share feedback at consultations@rpra.ca on or before November 16, 2023.
- Feedback from the consultation will be summarized in a report that will be posted to RPRA's website.
- Webinars about proposed 2024 fees:
  - Session 1: Proposed 2024 Fees for the Hazardous Waste Program Registry (1 of 2)
    - October 10, 1 p.m. to 2:30 p.m.
  - Session 2: Proposed 2024 Fees for the Hazardous Waste Program Registry (2 of 2)
    - October 16, 2 p.m. to 3:30 p.m.
  - Session 3: Proposed fees for Batteries, ITT/AV, Lighting and Tires producers
    - October 17, 1 p.m. to 2:30 p.m.
  - Session 4: Proposed fees for Blue Box and HSP producers
    - October 19, 3 p.m. to 4:30 p.m.
- The recordings will be posted to the consultation webpage on RRPA's website immediately following the webinars.
- The final fees will be posted to the website on or before December 1, and stakeholders will be notified when they have been posted.
- For more information on the consultation process, visit the consultation webpage .

RPRA’s approach to fee setting

The board-approved General Fee Setting Policy provides guidance for setting fees. The fees, consultation process, and public documents must align with this policy.

Under the policy, there are five main components to RPRA’s fee setting process:

1. ***Annual budget*** (set through the annual business planning process)
2. ***Cost allocation methodology*** (which guides the allocation of RPRA’s budget to the different programs RPRA operates)
3. ***An adjustment*** to recover prior year deficits or refund a prior year surplus.
4. ***A fee model*** that determines how and what fee payers within each program are charged
5. ***Estimates*** of number of fee payers and amount of material supplied or generated for each program

2024 budget, cost allocations, and cost recovery targets

RPRA’s strategic priorities

RPRA’s budget is driven by its strategic priorities:

1. **Providing registrants with accessible and easy-to-use registry services**
   Every program RPRA operates relies on an online registry to facilitate mandatory reporting by registrants.
2. **Delivering an effective compliance program to help achieve resource recovery and waste reduction outcomes for the province**
   The waste diversion outcomes embedded in the extended producer responsibility (EPR) framework and accompanying regulations depend on an effective and efficient compliance program to hold the regulated community accountable; this includes services to registrants to support efficient and informed compliance.
3. **Providing Ontario with reliable and useful resource recovery and waste information**
   RPRA is mandated to report publicly on registry data, and registrants and the public expect RPRA to publish reliable and useful information about all eight programs.
4. **Building an accountable, transparent and sustainable organization that achieves value for money**
   The government and stakeholders expect that RPRA will operate in a transparent and fiscally responsible manner and continue to invest in organizational improvements to achieve regulatory and service delivery outcomes.

RPRA's 2024 budget

	2023 Business Plan		2024 Business Plan
In Millions	2023 Budget	2024 Forecast	2024 Budget
Direct, indirect and shared expenses			
Salaries and benefits	10.92	11.32	11.53
Communications and Stakeholder Engagement	0.4	0.35	0.37
Amortization	3.29	3.47	3.26
Board compensation and related expenses	0.47	0.48	0.49
Rent	0.92	0.95	0.92
Interest	1.31	1.21	1.41
Other operating	0.54	0.56	0.66
Professional fees	1.26	1.55	1.1
Compliance and Registry Support	0.75	0.75	0.79
Registry and IT	3.68	3.86	4.02
Total Expenses	**23.54**	**24.50**	**24.55**
Total Expenses	**23.54**	**24.50**	**24.55**
Add: Reserve contribution and RRCEA start up recovery	1.29	1.29	1.29
Total Expenses (including contribution to reserve and RRCEA start up deficit)	**24.83**	**25.79**	**25.84**

2024 Budget: Cost recovery targets excluding surplus-deficit from prior years

Program (millions)	2023	2024	Notes
Targets for RRCEA and EPA programs:			
RRCEA programs (Tires, Batteries and ITT/AV, Lighting, HSP, BB)	$14.50 M	$15.21 M	Reflects increase in salaries and benefits, registry and IT investments, impact of interest rate increases, among other things.
EPA programs (Excess Soil and Hazardous Waste registries)	$8.60 M	$8.95 M	Reflect an increase in the HWP program expenses and a decline in the ES program due to substantially reduced ES volumes.
Total RRCEA and EPA programs target:	**$23.10 M**	**$24.16 M**	
WDTA programs target:	$1.73 M	$1.68 M	Cost recovery target for WDTA programs will eventually reach zero in future years once all programs are fully wound-up.
Total RPRA cost recovery target:	**$24.83 M**	**$25.84 M**	The increase in RPRA's total cost recovery target from 2023 to 2024 is largely due to new investments in front-line staff and IT support necessary to handle demands of programs.

Overview of RPRA’s cost allocation methodology

RPRA’s cost allocation methodology (CAM) is used to allocate costs between RPRA’s eight registry programs (Tires, ITT/AV and Batteries (combined), Lighting, Blue Box, HSP, HWP, Excess Soil) as well as legacy programs under the WDTA. RPRA identifies expenses as either direct or common, which include both indirect and expenses for shared services, for allocation to the different programs. The methodology has four main steps:

1. Assign forecasted direct costs to each program, including registry amortization and interest, registry foundational costs and interest, professional fees, and certain IT and registry-related expenses.
    - Over their lifetimes all programs are expected to incur an equal amount of the registry foundation common costs
2. Assign common costs across all programs using key cost drivers. There are two types of common costs:
    - Indirect costs such as board remuneration, non-registry amortization, leadership and certain administrative salaries, and office supplies are shared equally across programs based on program weight.
    - Shared service costs such as staff salaries and benefits, IT services and supports, and software licenses are allocated to each program using cost drivers such as the number of registrants, or are shared across programs based on program weight, or are shared using a combination of various cost drivers. For 2024, a greater portion of RPRA’s budget (55% in 2024 compared to 33% in 2023) has been allocated using cost drivers based on the number of registrants, which better aligns program allocations with recent volumes and activity levels.
3. Contributions to the operating reserve are allocated to each program based on the program’s proportionate share of total expenses to be recovered for the year.
4. Contributions to RRCEA program start-up cost recovery are allocated equally to each active RRCEA program.

2024 program cost allocations

The table below shows the cost allocations for each program for 2024, with 2023 for comparison. These cost allocations do not include recovery of deficits or application of surpluses from prior years to each program budget. Numbers in millions.

Program	2023 budget	2024 budget	$ increase (decrease)	% increase (decrease)	Explanation of variance
WDTA oversight	$1.73	$1.68	(0.05)	(3%)	Fewer resources required due to windup of Used Tires Program, Waste Electrical and Electronic Equipment Program, and Municipal Hazardous or Special Waste Program (2018-2023). Termination of industry funding organizations Ontario Electronic Stewardship and Ontario Tire Stewardship is anticipated in 2024
Tires	$2.28	$2.37	0.09	4%	Consistent with overall budget increase
Batteries and ITT/AV	$3.22	$2.93	(0.29)	(9%)	Decrease in number of registrants, and reduction in direct costs
Lighting	$1.26	$0.90	(0.35)	(28%)	Decrease in number of registrants and reduction in shared costs allocation
HSP	$2.52	$2.49	(0.02)	(1%)	Reduction in direct costs
BB	$5.24	$6.52	1.28	24%	Increase in shared costs allocation, due to higher proportion of registrants compared to other producer responsibility programs and greater portion of budget being allocated based on registrants; additional direct costs like program-specific staff
HWP	$6.56	$7.81	1.25	19%	Increased shared costs allocation due to higher proportion of registrants compared to other programs and greater portion of budget being allocated based on registrants; additional direct costs for call support and IT
Excess Soil	$2.04	$1.14	(0.90)	(44%)	Decrease in number of registrants and reduction in shared costs allocation
Total revenue requirement	**$24.83**	**$25.84**	**1.01**	**4%**	

Historical program allocations compared to 2024 budget

Program	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Budget	2024 Budget
WDTA	85%	76%	55%	27%	14%	7%	**6.5%**
Tires	15%	24%	17%	11%	12%	9%	**9%**
Batteries and ITT AV			28%	16%	16%	13%	**11%**
Lighting					6%	5%	**3.5%**
HSP				12%	11%	10%	**10%**
HWP				7%	9%	26%	**30%**
Excess Soil				6%	10%	8%	**4%**
BB				21%	22%	21%	**25%**
Total	100%	100%	100%	100%	100%	100%	**100%**

2024 cost allocation breakdown by RRCEA and EPA program

Cost type	Tires	Battery & ITT/AV	Lighting	HSP	Blue Box	Excess Soil	HWP	Total	Notes
Amortization	$ 0.39	$ 0.41	$ 0.17	$ 0.47	$ 0.34	$ 0.2	$ 1.18	$3.16	Development costs are amortized over 10 years; this figure also includes program share of the registry foundation common costs, and non-registry assets.
Interest	$ 0.07	$ 0.09	$ 0.04	$ 0.2	$ 0.12	$ 0.24	$ 0.65	$1.41	Interest is the estimated annual interest payments on registry development costs that have been debt financed, and interest on HWP and ES deficits which have also been debt financed.
Other direct	$ 0.01	-	-	-	$ 0.57	-	$ 0.24	$0.82	Includes services other than amortization and interest that are directly related to a specific program.
Common costs (indirect + shared cost)	$ 1.78	$ 2.27	$ 0.64	$ 1.7	$ 5.18	$ 0.6	$ 5.37	$17.54	Indirect and shared costs across all programs are allocated using cost drivers including number of registrants.
Start-up costs/ reserve contribution	$ 0.12	$ 0.16	$ 0.05	$ 0.12	$ 0.31	$ 0.1	$ 0.37	$1.23	Includes the program share of recovery of RRCEA start-up costs and share of contribution to operating reserve.
Total	**$ 2.37**	**$ 2.93**	**$ 0.90**	**$ 2.49**	**$ 6.52**	**$ 1.14**	**$ 7.81**	**$24.16**	

Surpluses and deficits

Surpluses and deficits for each program are assessed at the end of each year. Surpluses and deficits occur when the revenue for the program (the amount of fees collected from registrants) is more or less than what was forecast when fees were set, or when actual expenses are more or less than what was allocated to the program when fees were set.

Because fees are set for the following year before the current year is over, surpluses and deficits are typically carried through and applied to each program two years after the surplus or deficit is incurred. This means that we are generally applying surpluses and deficits from 2022 in calculating 2024 fees. Adjustments for 2023 surpluses or deficits in each program will be carried through and applied to 2025 fee rates.

In some cases, for example if RPRA expects that a particularly large surplus or deficit in the current year for any program, the estimated surplus or deficit for the current unfinished year will be applied to the following year's fee.

Additionally, the Hazardous Waste and Excess Soil programs continue to recover deficits that were incurred while the registries were being built, and before the programs began collecting fees. These deficits have been debt-financed and are being recovered over multi-year periods.

The table on the following slide shows the cost allocations to each program, including the deficit or surplus that will be recovered in 2024.

2024 program cost recovery targets for fee-setting – including deficits or surpluses from prior years

Program	2024 cost allocation	Prior year (surplus) or deficit	2024 cost recovery target (includes prior year surplus or deficit)	2023 cost recovery target (includes prior year surplus or deficit)	2024 vs 2023 cost recovery increase (decrease)	2024 vs 2023 cost recovery increase (decrease)
Tires	$2,371,444	($43,891)	$2,327,553	$2,289,083	$38,470	2%
Batteries and ITT/AV	$2,926,982	($367,469)	$2,559,514	$3,215,270	($655,756)	(20%)
Lighting	$901,673	$318,471	$1,220,144	$1,256,320	($36,176)	(3%)
HSP	$2,494,840	$74,118	$2,568,958	$2,517,509	$51,449	2%
Blue Box	$6,518,346	($597,025)	$5,921,321	$5,228,509	$692,812	13%
HWP	$7,813,521	$517,823	$8,331,344	$7,461,032	$870,312	12%

Proposed 2024 fee models and rates

Overview of proposed 2024 fee models for RRCEA programs

- RPRA is proposing to use the same fee model in 2024 that was used in 2023 and previous years: producers are assessed variable fees tied to material supply (units for tire producers, kgs for other RRCEA regulated producers), or flat fees under a material-specific quantity threshold. Registrants who are not required to report material supply are also assessed a flat fee. The Hazardous Waste Program Registry model, with a tonnage fee and manifest fee, also stays the same.
- RPRA is proposing a 6% increase in the flat fee for small producers in RRCEA programs from $85 to $90 to reflect RPRA's budget growth. The flat fee was increased in 2023 from $75 to $85 for the first time since RPRA was first established in 2018.
- The proposed fee model is aligned with the government's objective to hold producers responsible for the products and packaging they supply into the market when consumers are finished using them.
- The proposed fee models is aligned with RPRA's General Fee-Setting Principles, found in the General Fee Setting Policy, including:
    - **Equity:** Protects small producers and registrants from excessive burden, ensures large producers and registrants pay fees that reflect the relative quantity of material they supply into the Ontario marketplace, and ensures that no producers have a competitive advantage on a per product basis.
    - **Simplicity and Predictability:** Per kg/unit variable fees are aligned with regulatory requirements for producers to report by weight/unit and enable revenue estimates based on estimates of future supply volumes.

Overview of proposed fee model for RRCEA programs (cont’d)

- As in previous years, fees for RRCEA programs are charged to RRCEA regulated producers. There are no fees for service providers or producer responsibility organizations (PROs).
- De minimis thresholds for all RRCEA programs for determining whether producers pay a flat or a variable fee remain the same as 2023.
- Variable fees for the Tires Program are based on number of tires supplied (aligned with the Tires Regulation, which requires producers to report the number of tires). Variable fees for HSP, Blue Box, ITT/AV, Batteries, and Lighting programs are based on the kilograms of material supplied (aligned with the regulations, which require material supply reporting in kilograms)
- As in previous years, ITT/AV and Batteries program cost allocations are merged and assigned a single variable fee rate.
- As set in 2023 for the first time, fee rates for producers of HSP category A and B materials are divided between automotive materials on the one hand, and paints and remaining materials on the other. Fee rates for automotive materials are further divided between the three different automotive materials.
- As in previous years, HSP categories C, D, and E are assigned flat fees only, reflecting their unique program requirements. The small producer revenue threshold for these HSP producers remains the same as 2023 ($2 Million).
- As set in 2023 for the first time, and consistent with the Subject Waste Program regulation, the HWP fee model includes a tonnage fee and a manifest fee, with exemptions as set out in the regulation.

Proposed 2024 vs 2023 variable fee rates

Program	2023 rate per Kg	Proposed 2024 rate per Kg	$ Change 2023 – 2024	% Change 2023 – 2024	Rate change explanation compared to overall RPRA budget increase of 4%
Tires	0.176	0.186 (per tire)	0.01	6%	Rate is higher than overall budget increase because of lower projected tire volumes.
Batteries and ITT/AV	0.051	0.037	0.01	- 27.2%	Rate is decreasing due to a decreased cost allocation, a surplus from 2022, and higher projected volumes.
Lighting	0.247	0.319	0.07	28.5%	Rate is increasing despite a decrease to the cost allocation because of a significant deficit from 2022 and lower projected volumes.
HSP – Oil Filters	0.074	0.074	0.0	0%	Rate is flat despite a decrease to the cost allocation because of a small deficit. Rate may change before 2024 fees are finalized because 2023 supply and performance reporting analysis is ongoing.
HSP – Oil Containers	0.094	0.094	0.0	0%	
HSP – Antifreeze	0.025	0.025	0.0	0%	
HSP – Paints, coatings, solvents etc	0.0126	0.0126	0.0	0%	
Blue Box	0.0056	0.0062	0.0006	10.1%	Program budget increasing by 24% due to additional direct costs and greater share of common costs. The budget increase is moderated by the application of a surplus from 2022 and an increase in estimated volumes.
HWP	$5/manifest $27.50/tonne	$6/manifest $30/tonne	$1/manifest $2.75/tonne	20%/manifest 10%/tonne	Program cost recovery increase of 12% due to direct cost increases for call support and IT, and a greater share of common costs due to the volume of HWP transactions compared to other programs. The tonnage rate increase is moderated by increase in manifest fee.

Proposed 2024 fees for tire producers

2024 tires fees proposed for consultation

Material Group	Registrant	Proposed 2024 Fee	2023 Fee	Change
Tires	Producer: 0 to 999 tires supplied	$90 flat fee	$85 flat fee	6%
	Producer: 1,000+ tires supplied	$0.186 per tire	$0.176 per tire	6%

- Fee structure is unchanged from 2023
- Estimated tire supply volume to be reported in 2024 is 12,384,343 tires, down from 12,900,000 tires estimated in 2023. The estimated number of tires supplied is based on an average of 2019, 2020 and 2021.
- 2022 surplus of $44K has been incorporated and has reduced the 2024 proposed fee; no surplus/deficit estimates are available yet for 2023, so 2023 true up will happen in 2025.
- Producer and number of tire estimates:
  - 235 small producers (<1,000 tires)
  - 175 large producers (>= 1,000 tires): 12,384,343 tires

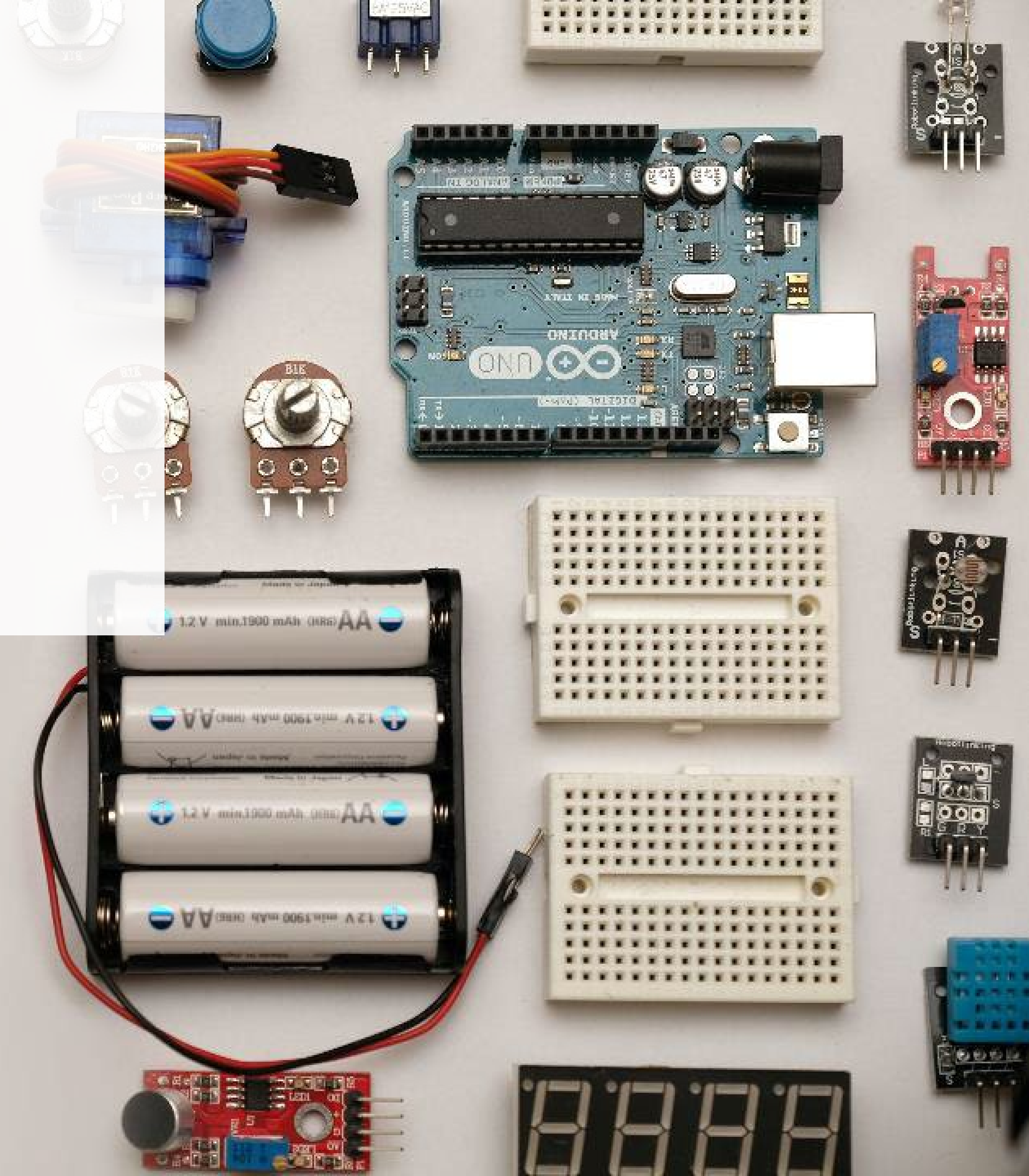
Breakdown of proposed year-over-year tires fee change

Tires fee rate change 2023-2024			
	Increase/(decrease) to cost recovery target	Increase/(decrease) to fee rate	% change
Increase in fee rate per tire proposed for 2024		**$0.0107**	**6%**
Breakdown of 2024 fee increase by source:			
Increase in 2024 program cost allocation	$82,529	$0.0067	3.8%
Estimated supply volume decrease of 515,657 tires		$0.0073	4%
Surplus from prior year	$(43,891)	$(0.0035)	-2.0%
Decrease in estimated number of small producers ($90 fee-payors)	$(3,902)	$0.0003	0.2%
Total increase in Tires 2024 fee rate		**$0.0107**	**6%**

Breakdown of Tires program allocation, comparison to 2023

Tires registry and compliance program costs (estimates based on 2023 budget)	2023 (in millions)	2024 (in millions)	Notes
1. Amortization	$ 0.37	$ 0.39	Development costs are amortized over 10 years; this figure also includes the program's share of the registry foundation common costs.
2. Interest	$ 0.07	$ 0.07	Interest is the estimated annual interest payments on registry development costs that have been debt financed.
3. Other direct	$0	$ 0.01	Includes services which are directly related to a specific program.
4. Common costs (indirect + shared cost)	$ 1.72	$ 1.78	Indirect and shared costs across all programs are allocated using key cost drivers including number of registrants.
5. Start-up costs and reserve contribution	$ 0.12	$ 0.12	Includes the program share of recovery of RRCEA start-up costs and share of contribution to operating reserve.
Total costs allocated to Tires producers (excludes prior year surplus or deficit)	**$ 2.28**	**$ 2.37**	

Proposed 2024 fees for ITT/AV and battery producers



2024 ITT/AV and batteries fees proposed for consultation

Material Group	Registrant	Proposed 2024 fee	2023 Fee	Change
ITT/AV	Producer: 6360 Kg or less	$90 flat fee	$85	6%
	Producer: > 6360 Kg	$0.037 per Kg	$0.051 per Kg	-27%
Batteries	Producer: 6250 Kg or less	$90 flat fee	$85	6%
	Producers: >6250 Kg	$0.037 per Kg	$0.051 per Kg	-27%

- Cost recovery targets for ITT/AV and Batteries continue to be combined
- Fee structure is unchanged from 2023
- Estimated combined batteries and ITT/AV supply volume to be reported in 2024 is 68,613,475 Kg, up from 63,000,000 Kg estimated in 2023. The estimated volume of Batteries and ITT/AV supplied are rolling averages from prior years, net of the number of kg that the producer is permitted to count toward a reduction in the management requirement under the regulation.
- 2022 Batteries and ITT/AV combined surplus of $367K has been incorporated and reduced proposed fee rate; no surplus/deficit estimates are available yet for 2023, so 2023 true up will happen in 2025.

- Producer and volume estimates:

Batteries:
96 small producers (up to 6250 Kg)
43 large producers (>6250 Kg): 7,594,738 Kg

ITTAV:
23 small producers (up to 6360 Kg)
172 large producers (>6360 Kg): 61,018,737 Kg

Breakdown of proposed year-over-year ITT/AV and Batteries fee rate change

Batteries and ITT/AV fee rate change 2023-2024			
	Increase/(decrease) to cost recovery target	**Increase/(decrease) - in fee rate**	**% change**
Decrease in fee rate per Kg proposed for 2024		**$(0.0138)**	**-27%**
Breakdown of 2024 fee decrease by source:			
Decrease in 2024 program cost allocation	$(289,515)	$(0.0042)	-8.3%
Supply volume increase of 5,613,475		$(0.0042)	-8%
Surplus from prior year	$(367,469)	$(0.0054)	-10.5%
Increase in estimated number of small producers ($90 fee-payors)	$5,282	$(0.0001)	-0.2%
Total decrease in ITT/AV and batteries 2024 fee rate		**$(0.0138)**	**-27%**

Breakdown of Batteries and ITT/AV program allocation, comparison to 2023

Batteries and ITT/AV costs (estimates based on 2023 budget)	2023 (in millions)	2024 (in millions)	Notes
1. Amortization	$ 0.38	$ 0.41	Development costs are amortized over 10 years; this figure also includes the program's share of the registry foundation common costs.
2. Interest	$ 0.1	$ 0.09	Interest is the estimated annual interest payments on registry development costs that have been debt financed.
3. Other direct	$ 0.17	$0	Direct costs include services that are directly related to a specific program.
4. Common costs (indirect + shared cost)	$ 2.40	$ 2.27	Indirect and shared costs across all programs are allocated using key cost drivers including number of registrants.
5. Start-up costs and reserve contribution	$ 0.17	$ 0.16	Includes the program share of recovery of RRCEA start-up costs and share of contribution to operating reserve.
Total costs allocated to Batteries and ITT/AV producers (excludes prior year surplus or deficit)	**$ 3.22**	**$ 2.93**	

Proposed fees for lighting producers

2024 Lighting fees proposed for consultation

Material Group	Registrant	Proposed 2024 Fee	2023 Fee	Change
Lighting	Producer: 1166 Kg or less	$90 flat fee	$85 flat fee	6%
	Producer: > 1166 Kg	$0.319 per Kg	$0.248 per Kg	28.5%

- Estimated lighting supply volume to be reported in 2024 is 3,824,769 Kg, down from 5,000,000 Kg estimated in 2023. The volume of lighting supplied is the average of volume supplied in 2020, 2021 & 2022, which is substantially less than volumes estimated for 2023 fees

- 2024 budget allocation is reduced from 2023. However, the 2022 deficit of $318K has been incorporated, increasing the 2024 proposed fee; no surplus/deficit estimates are available yet for 2023, so 2023 true up will happen in 2025.

- High per kg rate compared to other programs in part because the product is lightweight.

- Producers and supply volume predicted for 2024:
  - 16 small producers (up to 1166 Kg)
  - 48 large producers (> 1166 Kg): 3,824,769 Kg

Breakdown of proposed year-over-year Lighting fee change

Lighting			
	Increase/(decrease) to cost recovery target	**Increase/(Decrease) - in fee**	**% change**
Increase in fee-rate per Kg proposed for 2024		**$0.0706**	**28.5%**
Breakdown of 2024 Fee Increase:			
Decrease in 2024 program cost allocation	$(354,469)	$(0.0927)	-37.3%
Supply volume decrease of 1,175,231		$0.0762	30.7%
Deficit from prior year	$318,471	$0.0833	33.6%
2024 small producer fee decrease	$(14,283)	$0.0037	1.5%
Total increase in Lighting 2024 Fee		**$0.0706**	**28.5%**

- Program cost allocation decrease is due to a decrease in shared costs in part because of fewer estimated registrants in the Lighting program compared to other producer responsibility programs (see next slide for program cost breakdown). However, prior year deficit, plus lower estimated volumes going forward, means a fee rate increase for 2024.

Breakdown of Lighting program allocation, comparison to 2023

Cost type	2023 (in millions)	2024 (in millions)	Notes
1. Amortization	$ 0.16	$ 0.17	Development costs are amortized over 10 years; this figure also includes the program's share of the registry foundation common costs.
2. Interest	$ 0.04	$ 0.04	Interest is the estimated annual interest payments on registry development costs that have been debt financed.
3. Other direct	$0	$0	Direct costs include services that are directly related to a specific program.
4. Common costs (indirect + shared cost)	$ 0.99	$ 0.64	Indirect and shared costs across all programs are allocated using key cost drivers including number of registrants.
5. Start-up costs and reserve contribution	$ 0.07	$ 0.05	Includes the program share of recovery of RRCEA start-up costs and share of contribution to operating reserve.
Total costs allocated to Lighting producers (excludes prior year surplus or deficit)	**$ 1.26**	**$ 0.90**	

Feedback

- If you have questions about the proposal or would like to discuss it in more detail, email us at consultations@rpra.ca

- **Email your feedback to** consultations@rpra.ca **on or before November 16, 2023**