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**WORKING DOCUMENT
GUIDELINES FOR BASE SERVICE STANDARDS
FOR A SYSTEM THAT IS FUNDED IN WHOLE FROM A NATIONAL SOURCE**

Including Collection, Transportation, Reuse and Recycling

This Base Service Document outlines how the compensation for base service elements would work if there a single, national source of funding for collection, transportation, reuse and recycling. It is understood that local/state sources – either government funding or fees charged for products disposed – would fund any collection costs that exceed the base collection incentive payment, as well as local public education and other costs of government.

The purpose of this document by the NEPSI Infrastructure subgroup is to define a base level of service to be implemented nationwide. The standards will be necessary to determine the costs of this base level of service. They define a base level of service that would be compensated by the NEPSI financing system – the "base compensation".

The actual base level of service may need to be adjusted based on the performance of the system over time, and on any built-in incentives or disincentives that would be created as a result of the financing system.

This document provides flexible guidelines for national and local implementers of collection, transportation, reuse and recycling services. The guidelines are based on a shared responsibility framework, the NEPSI Desired Attributes, and the goal of providing a level of public convenience that will result in effective product recovery.

Assessment of Base Service Level

The level of public convenience included in these guidelines – e.g. types of collection services and frequency of collection sites/events – must be assessed in relation to how effective the services are in meeting NEPSI goals, and how costly and cost-effective the services are. An initial projection of infrastructure configuration (locations of processing facilities and estimates of transportation distances, etc.) and of costs should be performed before establishment of the system through economic analysis and system modeling. Following implementation system performance should be monitored and reported on.

Overall Goals

- Establish an effective and cost-efficient nation-wide baseline collection, reuse and recycling system that meets the agreed upon performance metrics.
- As appropriate, utilize procurement procedures, such as competitive contracting, for transportation and processing to ensure efficiency and effectiveness.
- Establish a simple reimbursement mechanism.
- Allow for and encourage a diversity of types of private and public collection, reuse and recycling.
- Incorporate existing firms and organizations into that system to the maximum extent feasible.
- Be accessible to and reasonable for all communities, urban and rural.
- Establish incentives for shared responsibility.

- Allow for continual increase in efficiencies and cost adjustments.
- Allow for expanded services, but not pay for them.

COMPENSATION FOR BASE LEVEL OF SERVICE

The national system shall have flexibility in establishing business arrangements for compensation of base services.

The base collection incentive payment: A recommended approach is that compensation is paid for collection services on a unit of product basis – e.g. Z cents per pound (or per unit) of product moved – to cover costs of the base level collection service.

The national system would determine the CIP through implementation planning based on the calculated costs for a base set of collection activities consistent with this standard. The base collection activities should be the most cost-effective method of collection that would be feasible throughout the country and that would be expected to achieve the collection goals established by NEPSI.

As an initial assessment, the rate will be estimated using the following scenario: Drop-off collection service in conjunction with an existing facility or business, such as a recycling or solid waste facility. Collection of electronics may require modification or build-out of the existing facility, but the CIP covers only the marginal cost of electronics collections rather than the full costs of a facility solely dedicated to electronics collection.

Note that actual locations of collection may be retailers, charities, hazardous waste facilities and stand-alone services. Also other forms of collection may be provided. This scenario’s only purpose is to establish a base service collection incentive payment by which all collection services, regardless of type or location, would be compensated.

Cost coverage for local transportation: The national financing system will support transport of collected materials from urban and rural collection sites to primary processing facilities. These collection sites may be private or publicly owned, large or small. The system will fund the transport of large quantity shipments of full truck loads (FTL). It will fund, assist, and/or provide incentives for efficient transportation of small quantity shipments of less than full truck loads (LTL) that meet defined criteria and limitations.

Cost coverage for other system services: The other service elements listed below would be reimbursed at their appropriate rate based on competitive contracting. So that if a firm or agency did just collection, they would be compensated at the collection rate. For example, if they performed both collection and recycling, they would be compensated for both services. Any community or entity can exceed this level of service, but they would only receive the base compensation.

BASE LEVEL OF SERVICE

Collection

These standards are not intended to prescribe which specific collection services shall be implemented in each community. Rather, they define a level or degree of service that will be, at a minimum, provided and compensated by a NEPSI financing mechanism. In implementing the collection and recycling system the national financing source, service providers and communities, will have flexibility in meeting local conditions and needs.

Base Collection Service

- *Convenient, permanent drop-off sites* – Permanent drop-off sites are strategically located, fixed facilities, balancing convenience with efficiency and cost-effectiveness.

- Drop-off sites may be provided by:
 - Electronics recyclers, non-profit and for-profit
 - Recyclers of other commodities, non-profit and for-profit
 - Reuse organizations, non-profit and for-profit
 - Municipalities through operating sites such as recycling centers and transfer stations.
 - Retailers
 - Or others
- Role of Retailers – In order to ensure that sufficient and convenient collection opportunities exist, retail stores that sell NEPSI products will be needed to participate in the collection system. Due to their unique characteristics and direct contact with consumers, retailers may participate through a variety of means. Following are several options by which retailers could provide their share of the system:
 - Collection events taking all qualifying product through business partnerships with recyclers, manufacturers and/or local governments.
 - A fair share contribution of resources to the local collection system. Contributions could include for example: collective collection events, co-sponsoring a drop off location, providing take-back with delivery service, significant promotional efforts, etc.
 - When practical offer old-for-new (one-for-one) take back, possibly including old item pick-up when new item is delivered.

Assistance with best practices, logistical issues and possibly compensation for collection costs would help retailers to provide collection services.
- Drop-off sites collect all qualifying** electronic products and ensure that all products are handled so as not to degrade them for reuse or recycling and transported to an appropriate facility.
- Convenience affects system performance and includes the following: travel distance to the nearest drop-off site, hours/days of operation of the facility which will be determined locally, and level of consumer service which relates to the ability of the drop-off facility to handle the flow of products and traffic in an efficient and timely fashion.

Urban Collection Standard

Urban service areas will be defined as A. Each unit of X population will have the Base Collection Services available.

Rural Collection Standard

Rural areas are defined as B.

- The Urban Service Standard will apply in central service towns that can serve a surrounding population greater than X
- Very rural areas will provide collection service as feasible, but shall receive a higher compensation than the base compensation due to greater costs from lower economies of scale.

** “qualifying” means those products targeted within the NEPSI process including types of product and generator type.

National Collection Standard

To address rural residents and others with limited access to other options, services such as a national mail-back service will be provided whereby the consumer (last user) pays for some portion, but not all, of the shipping (mailing) costs^{***}.

- A national mail-back service should be established as a base-level of service:
 - If a vendor/retailer delivers NEPSI products by mail, ~~a no-charge recycling service by mail will be provided to mail-order customers~~ they shall provide a mail-back option to mail order customers and may charge the customer the additional cost above the reimbursement they receive for base compensation.
 - Mail-back centers (possibly regional) will receive base compensation, but the collection portion will be reimbursed at a lesser rate than a collection center providing direct public access.
 - Mail-back service applies to those NEPSI products that meet shipping size restrictions and not to large items, such as large screen TVs. Generally if a product is commonly sold via mail delivery, it should be returnable via mail-back.

Transportation

The following transportation services are to included in the base service:

- Transportation from urban and rural collection sites to primary processing facilities
- Transportation from primary processing facilities to final processing facilities or markets.

Processing/Reuse/Recycling Service

The following accumulation, processing, reuse and recycling services are included in the base service:

- Regional centers may accumulate product if beneficial for transportation efficiency
- Sorting of products for reuse and remanufacturing will take place when economically feasible, in conjunction with recycling.
- Recycling services may be compensated for product that is recycled at rates appropriate to the net costs and to achieve system goals.
- All processing, end markets, and/or disposal services shall be consistent with the "NEPSI Due Diligence Guidance for Selection of Electronics Recycling and Reuse Services" document developed by the NEPSI Regulatory Subgroup, or succeeding NEPSI document.
- Reuse should be an integral , practical and complementary part of the NEPSI infrastructure, and the national system should endeavor to support reuse through various methods .
- Reuse activities supported by the national system should be expected to meet certain standards set by the national system, such as:
 - Protection of brand owners from liability to the degree possible
 - Meeting minimum qualifying criteria

^{***} A subsidy of shipping costs by the national financing system shall be intended to make mail-back service an equivalent cost to the consumer. Since the collection portion of costs is not compensated for mail-back service, these funds can partially compensate mailing expenses. Further cost analysis is needed to determine if a charge is needed at all, or what portion would be paid by the last user vs. the national financing system.

- ESM standards as developed.