

**NATIONAL ELECTRONICS PRODUCT STEWARDSHIP INITIATIVE
MEETING NOTES OF THE FINANCE SUBGROUP**

March 11, 2002

Washington, DC

The finance subgroup met in the afternoon of the first day of the NEPSI meeting in Washington, DC. A list of the subgroup participants is attached.

The stakeholders spent roughly two hours during the afternoon of March 11th meeting in subgroups. Raoul Clarke, the subgroup chair, stated that the charge for the afternoon was to examine the recommended changes and concerns of the full Stakeholder Group regarding the draft “Straw Proposal to Set the Stage for Future Work on a NEPSI Finance System,” presented by Gary Davis during the full stakeholder group meeting. In addition, the subgroup was to examine the list of issues assigned to them and devise a plan for working through and resolving them.

The group began examining the straw proposal in light of the recommendations given by the full stakeholder group. Each point was discussed, rewording was discussed, and the subgroup revised and also reorganized the five major points in the straw proposal. The points were divided into “points of agreement” and “interim steps.” The interim steps are items that the group agreed would assist in the transition period before a front-end financed system was fully functional. The subgroup members agreed that these interim activities should not consume a major portion of the NEPSI stakeholders’ time and energy.

Some issues that came up during the discussion of the straw proposal include:

- Some stakeholders wanted to set a timeframe for implementing a front-end financed system. Others thought imposing a timeframe wasn’t appropriate since the construct of the system would depend on national legislation, whose implementation cannot be controlled.
- Some stakeholders were concerned that NEPSI’s efforts could be diluted and redirected from discussing the intended system structure (front-end financed system) if too much time were spent discussing how to enhance the existing end-of-life collection systems. Subgroup members agreed to put language in the straw proposal to clarify that optimizing existing collection systems is only an interim step and will not consume much of NEPSI’s time and energy.
- Regarding the language in the proposal that legislation can facilitate the implementation of a front-end financed system, some stakeholders wanted to note that both federal and state legislation may be useful. State legislation can assist by imposing landfill bans on certain materials. It can also be a fallback if national legislation fails or is delayed. Industry stakeholders, however, want to assure a level playing field through national legislation. Subgroup members agreed that national legislation would be best to avoid free riders and assure all players participate.

The subgroup turned to the list of issues assigned to them. The issues were prioritized and the group set up a series of conference calls to begin addressing the issues in the order of priority. The issues are:

- How to structure the future front-end financed system (Issue #11)—How would a fee system be structured? Who would pay, and when? Should the fee be invisible or visible?
- Shared responsibility (Issue #9) —What does each stakeholder group contribute to the system?
- Costs (Issue #4) —Use information from the Costs Working Group to help sort out the following issues:
 - the differences in recycling costs when material is processed using environmentally sound practices as opposed to exporting to recyclers using unsafe practices
 - try to estimate the potential range of a front-end fee by collecting sales, collection and recycling cost data; continue to refine cost data with the PAZ model, if appropriate
 - explore whether fees can be structured to encourage green design
 - explore whether it makes sense to be flexible on how fees are structured by establishing a legislative framework that prohibits undesirable system attributes and then letting the TPO or other governing body develop the fee structure within that framework
- Retailers (Issue #10) —Establish a mini-group to work on getting more retailers involved in the NEPSI process. Clare Lindsay, Maureen Hickman, and Scot Cassel will begin working on this right away. They will seek to enlist a representative from Computing Technology Industry Association as well.

Conference calls were set for 1:00 to 2:30 EST on the following days:

- March 22
- April 5
- April 18
- May 2
- May 16
- May 30
- June 13

NEPSI FINANCE SUBGROUP MEETING**March 11, 2002
Washington, D.C.****LIST OF PARTICIPANTS**

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