

**NEPSI FINANCING SUBGROUP
TELECONFERENCE NOTES**
December 10, 2001

The Financing Subgroup met via teleconference on December 10th from 1:00 to 2:30. Raoul Clarke, the subgroup chair, led the meeting. The list of participants is attached. The following is an account of the discussions.

The subgroup reviewed the meeting minutes from the November 29th teleconference, which had been distributed in a previous e-mail. With no comments, the minutes were accepted as drafted. Gary agreed to post them on the Web site.

The chair noted that, based on the research to date on existing financing models, the subgroup seems to have identified fewer disadvantages associated with the ARF models as opposed to the licensing and EOL fee models. He also relayed his awareness that the Infrastructure subgroup intends to research some of the same models the financing group has investigated and is interested in sharing information. Gary volunteered to coordinate with the Infrastructure group on this topic.

Raoul confirmed that Clare Lindsay has volunteered to compile a master matrix summarizing the different attributes of each financing model. The group discussed construction of such a matrix and decided that it would be best to distill the list of 25 desired attributes (created in earlier stakeholder meetings) to a shorter list of 8 to 12 key attributes. The group agreed that the information in the matrix could be brief as long as a detailed description of each model existed for reference. Holly and Ted volunteered to help Clare assemble the matrix. It was noted that some model descriptions are still missing some important information for the detailed description and that the group should continue to try to fill in the information gaps.

A subgroup member suggested that program effectiveness not be overlooked as a key attribute to assess when constructing the matrix. Gary noted the difficulty in obtaining the necessary data to measure effectiveness. He volunteered to forward a copy of a paper he and his associates at Lund University are compiling for the OECD that examines effectiveness of several electronics, packaging, automobile, and battery product stewardship programs. Gary also noted the difficulty in assessing the impact of a program on DfE, because of the effects of other factors, such as material phase outs and disposal bans. Holly suggested establishing one or more metrics for assessing each of the key attributes.

Status of Definitions Research

After the last meeting, Raoul circulated Holly's draft definitions document. Two subgroup members submitted comments. Holly agreed to circulate a revised draft and encouraged subgroup members to comment and add terms and definitions as appropriate. Raoul volunteered to forward the two comments submitted on the definitions document to date to the subgroup. It was agreed that after other subgroup members comment, and

the document is revised, it would be circulated to the main stakeholder group for additional comment.

Status of Existing Financing Model Research

The status of this research effort is as follows:

- Dutch model – Garth Hickle and Alan Phipps provided some information. Scott Cassel and Patricia Franco will fill in the information gaps.
- Japanese model – David Thompson is still assembling information.
- SWICO – J. Ray Kirby gave a briefing during the last conference call and completed a draft, which he circulated prior to this call.
- Norway and Taiwan – Gary Davis completed the matrix, which he circulated prior to this call. He will finish drafting the detailed descriptions for each and forward them to the subgroup.
- Australia – Maureen Hickman is still waiting for information.
- BC Paint Care – Clare Lindsay has completed a draft and gave a briefing during the last conference call.
- Massachusetts used oil system – Scott Cassel has completed a draft and gave a briefing during the last conference call.
- South Carolina tire program – Ted Campbell has completed a draft and gave a briefing during the last conference call.
- Batteries – Alan Phipps completed a draft and gave a briefing during the last conference call.

Review of Information Gathered on Existing Financing Models

Gary gave an overview of existing systems in Norway and Taiwan.

In Norway, they use a visible advanced disposal fee to cover the costs of collection (at larger collection sites-not sure about municipal collection), transport and recycling. The fee is paid at the point of sale by the consumer. There is backdrop legislation passed in 1998 and the government is responsible for enforcement. Under this system, which became effective July 1, 1999, retailers are required to take back an old product, free of charge, if the customer purchases a new product. The retailer can charge for take back if a new product is not purchased. The fees are uniform across the country, but vary by product category. Gary is in the process of getting more information about the third-party organization administering the program. He will also seek information regarding how fees vary.

In Taiwan, the system, established through legislation in 1998, is based on the use of a licence fee. The producer/importer pays fees based on sales. The government collects, sets, and manages the fees, which cover collection, transportation, and recycling. Orphan and historic products are covered by the system. Fees are invisible to the consumer, who does not pay when they return used products; and vary by product type. The fact that returning products is at no cost to the consumer could be considered an

incentive for return. Only municipalities are responsible for collection. Taiwan does have a prohibition on disposal of these products.

Alan Phipps described the information collected on the Dutch system for white and brown goods. The consumer pays a visible advanced disposal fee (ranging from \$0 to \$15) that varies by product type. The money collected by the retailer is transferred to the producer/importer, who in turn pays NVMP if they are participating in this Producer Responsibility Organization (PRO) system. Manufacturers must take back products and notify the Minister of their plans for handling them. They can handle the products themselves or participate in the PRO. Retailers have to take back an old product if the consumer purchases a new product. Fees cover orphan and historic products. The NVMP was subject to an anticompetition investigation mainly because the fees were too high and the PRO was too slow in re-evaluating and adjusting them. The fees were lowered as a result of the investigation.

It was agreed that the RBRC program should be added to the matrix of existing financing models. Clare and Gary agreed to collect the information.

The group talked again about continuing to collect more detailed information about the existing models. In particular, it would be useful to determine how fees vary, what specific fees are, why countries choose to make fees visible vs. invisible, what, if any, constraints are associated with targets (i.e., How is recycling defined? Is export for reuse acceptable? Are disposal bans in place?) Gary reiterated the difficulty in obtaining this level of detail about foreign programs. He suggested that subgroup members whose companies operate overseas talk with their contacts to pursue more detailed program information.

Wrap Up

The subgroup agreed that before the next call:

- Members will supplement and/or finish their research on existing financing models and circulate these materials;
- A sub-subgroup will create a short list of key attributes and draft the matrix, which will include all the models investigated as well as the RBRC model;
- Members will finalize the definitions document and circulate it to the whole NEPSI Stakeholder group.

At the next call (January 7th), the subgroup agreed to have an active discussion about the advantages and disadvantages of the various models in the matrix and begin to list the combinations of individual system components (could be from existing systems or could be unique) that would together satisfy the list of key attributes. With this accomplished, the January 17th call could be used to flesh out the final set of models to present to the main stakeholder group at the January meeting in Florida.

The subgroup talked about the DfE attribute and acknowledged that there may have to be a separate incentive (apart from the financing model) to encourage DfE. Members were encouraged to propose methods to encourage DfE and metrics for measuring success towards this goal. There was some interest in establishing a subgroup to think about this issue. Gary noted that this would be the topic of discussion at the January 23rd design workshop in Florida.

The next conference call is scheduled for January 7th (Monday) from 1:00-2:30pm EST.

**LIST OF PARTICIPANTS
FINANCING SUBGROUP TELECONFERENCE
DECEMBER 10, 2001**

Subgroup Member	Affiliation
Raoul Clarke	Florida DEP
Bill Cass	NEWMOA
Kelly Wilson for Maureen Hickman	Minnesota OEA
Jim Sheire for Patricia Franco	Philips
Jennifer Sheperd	Solectron
Eric Most for Bette Fishbein	INFORM
Alan Phipps for Scott Cassel	PSI
Holly Evans	EIA
J. Ray Kirby	
Ted Smith	SVTC
John Burkitt	Compaq
David Isaacs	Hewlett Packard
Jan Whitworth for Chris Taylor	Oregon DEQ
Gary Davis	University of Tennessee
Ted Campbell	South Carolina DOC
Karen Palmer for Margaret Walls	RFF
David Thompson	Panasonic
Sego Jackson	Snohomish County, WA
Buddy Graham	PAZ
Clare Lindsay	EPA
Gordon Hui	EPA
Lynn Knight	ERG