

NEPSI FINANCING SUBGROUP TELECONFERENCE

April 18, 2002

The Financing Subgroup met on April 18th via teleconference from 1:00 to 2:30 p.m EST. Raoul Clarke, the subgroup chair, led the meeting. The list of participants is attached. The following is an account of the discussions.

The notes documenting the Subgroup teleconference on April 5, 2002 were approved. It was noted that the research being conducted at Georgia Tech regarding the costs of recycling electronics is focusing strictly on logistics.

Raoul noted that the chart comparing the two financing options had been revised to reflect all comments submitted to date, including industry comments. This chart documents the opinions and critical issues of each stakeholder group. Stakeholders agree on some points and disagree on other points in the chart.

Involvement of the Retail Community

Jacque reported that she contacted a representative of the National Retail Federation and is waiting for a response.

Clare, Maureen, and Scott C. have drafted a letter that will be signed by Marianne Horinko, EPA's Assistant Administrator for the Office of Solid Waste and Emergency Response, urging the retail community to participate in NEPSI and inviting them to attend the NEPSI meeting in Minnesota. They also will make an effort to arrange meetings and/or conference calls with retailers to encourage them to participate. It was noted that states have individual Retail Federations and contacts could be made at that level as well.

Distribution of Subgroup Documents

Stakeholders discussed sharing documents drafted by the subgroup with people outside of NEPSI. There is concern about sharing documents that have not been approved by the full stakeholder group and therefore are not considered consensus documents. It was decided that any document drafted by the subgroup would be labeled as a draft. Further, the core group will clarify the policy regarding sharing documents that have not been approved by the full stakeholder group and also will develop language for labeling draft documents. The subgroup members agreed that it is appropriate for subgroup members to share draft documents within their own organizations as necessary. The core group should decide, however, how and when it is appropriate to share draft documents with parties outside NEPSI. For instance, when trying to interest retailers in the NEPSI process, some sharing of draft documents, which may not have been approved as consensus documents, may be necessary.

Diagram of the Two Financing Options for a Front-End Financed System

Clare and Gordon had distributed a diagram depicting the flow of money under both Options 1 and 2 as outlined in the chart. Several stakeholders commented that under

Option 2, where producers/importers/distributors pay the fee, the fee *may or may not* be passed on in full or in part to the next party in the product chain. The diagram should reflect that fact. It also was noted that to avoid anti-trust issues, legislation or any governing policy could not mandate that the advance fee be passed through to retailers or consumers.

An additional suggestion was made to have the diagram reflect the fact that under Option 1, money could flow directly from the retailer to the OEM if there were no TPO or other fund management entity, or if the OEM had their own recycling/reuse program (i.e., opt out).

It was noted that under either option, the fee could be invisible or visible at different stages. For example, in the used oil program in California, oil manufacturers pay an advanced fee, yet some retailers list the fee on the new product, while other retailers do not.

The diagram will be revised to reflect the comments of the subgroup and it will be labeled as a draft document for internal use only or with other language developed by the core group.

Shared Responsibility

The focus of the remaining subgroup discussion was on shared responsibility. This topic will be continued during the next subgroup teleconference as well.

Scott C. reviewed a document prepared by the government stakeholders that outlines the possible state and local government contributions to a national electronics collection, reuse, and recycling system. Scott explained that the document reflects the fact that some state or local governments may choose to do more than provide the base level of service, but it is understood that the fee would not cover anything considered beyond the base level of service. For example, some communities may choose to have curbside pickup, but any service beyond the base level would have to be covered by a funding mechanism outside that devised to finance the national system. Also, the government contributions outlined in the document would apply to either of the financing options being considered.

In discussing the points in the document, a subgroup member asked how the state and local governments would be compensated for their contributions to the system. One method could be to provide a \$/pound payment to whoever is collecting EOL products. So, although each locality can design their own program, they will be reimbursed at a level considered reasonable compensation for a base level of service and they can use those funds as they see fit.

Another subgroup member asked for more clarity regarding which government contributions listed in the document would be covered by the advance recovery fee and which would be covered by existing budgets.

On behalf of the industry stakeholders, Heather conveyed her appreciation that government stakeholders responded to the request to outline their responsibilities under a national recycling/reuse system. She said EIA would review and respond to the document. She did not know whether EIA would prepare a similar document outlining industry responsibilities. Another industry stakeholder noted that carrying a fee on new products is, in itself, a large burden for industry.

Raoul asked the NGO stakeholder group to prepare a document outlining their contributions to a national system. One NGO subgroup member noted that the NGO community would probably contribute by providing additional technical and other research and public education.

Next Meeting

The next meeting will continue the discussion of what each stakeholder group is contributing. If there is time, the subgroup will begin discussing the base level of service.

ACTION ITEMS

The core group will clarify the policy regarding sharing draft documents that have not been approved by the full stakeholder group. They also will develop language to be used as a label for draft documents that haven't been approved.

Gordon will revise the diagram depicting the two financing options.

Subgroup members will provide feedback on the document outlining government contributions to a national system.

Other stakeholder groups will consider documenting their contributions to a national system to aid in the continuing discussion of shared responsibility.

**LIST OF PARTICIPANTS
FINANCING SUBGROUP TELECONFERENCE
April 18, 2002**

Subgroup Member	Affiliation
Raoul Clarke	Florida DEP
Ed Boisson	Boisson and Associates
Maureen Hickman	Minnesota OEA
Bill Cass	NEWMOA
Patricia Franco	Philips
Clare Lindsay	EPA
Jan Whitworth	Oregon DEQ
Wayne Rifer	WEPSI
John McNabb	Clean Water Action
Scott Klag	Metro/Portland, OR
Heather Bowman	EIA
J. Ray Kirby	Polymer Alliance Zone (PAZ)
Sego Jackson	Snohomish County, Washington
Bette Fishbein	INFORM
Scott Cassel	Product Stewardship Institute
David Isaacs	Hewlett Packard
Bruce Hahn	CompTIA
Frank Marella	Sharp
David Stitzhal	WEPSI/NWPSC
Ted Smith	SVTC
Jacque Johnson	CompTIA
Buddy Graham	PAZ
Eric Most	INFORM
Jack Price	FL DEP
John Burkitt	Compaq
Karen Palmer	RFF
Mike Papanian	CIWMB
Ted Campbell	SC Dept. of Commerce
Tricia Conroy	E4 Partners
Gordon Hui	EPA
Lynn Knight	ERG