

**NATIONAL ELECTRONICS PRODUCT STEWARDSHIP INITIATIVE
DRAFT MEETING NOTES OF THE INFRASTRUCTURE SUBGROUP**

March 11, 2002

Washington, DC

The NEPSI Infrastructure Subgroup met for roughly two hours during the afternoon of March 11th as part of the NEPSI stakeholder meetings in Washington, DC. This document summarizes the major topics covered during the subgroup's discussions, and highlights any agreements that were reached.

Attendees:

Scott Klag, Metro
Jacque Johnson, Comptia
Chuck Boelkins, GA DNR
Garth Hinkle, Minnesota OEA
Butch Teglas, Philips
Jason Linnell, EIA
Lisa Collins, DMC
David White, Nokia
Ed Nevins, JVC
Mark Kennedy, CIWMB
Kevin McCarthy, Waste Management

Merry Rankin, Iowa DNR
Lynn Rubinstein, NERC
Patty Dillon, Tufts University
Chris Beling, EPA Reg. 1
Julie Rhodes, ReDO
Julie Rosenbach, USEPA OSW
Betty Patton, WEPSI
Lorraine Graves, EPA Reg. 2
Tony Hainault, Nxtcycle
Wayne Rifer, WEPSI (facilitator)
Ben Carlisle, ERG (note-taker)

Focuses of Future Work

The subgroup began their discussions by assessing the assignments they had been given and identifying the tasks they wanted to accomplish between March and the June NEPSI meeting. The following tasks were identified:

- *Base service standards*—The subgroup members agreed that they would revise the base service standards document to tie up any loose ends. By June, they planned to declare the document done and present it to the larger Stakeholder Group as a recommendation. The subgroup members expressed some disappointment that they had gotten very little feedback from the Stakeholder Group following Wayne's presentation of the draft base service standards document earlier in the day. However, the members also acknowledged that the document "didn't have a lot of meat on its bones" and could use some fleshing out.
- *Reggie Caudill's matrix*—The subgroup members agreed that they wanted to follow through and complete their ongoing work to develop a matrix tool for analyzing models and their key features. During the Tampa meeting, the subgroup had formed small teams to rate the correlations between key features and desired attributes for each model under consideration. Three of these teams (Massachusetts, Taiwan, and Japan) had finished their correlations and sent their consensus ratings to Reggie for entering into the

matrix. The subgroup agreed that the SWICO team should get their ratings to Reggie as soon as possible so that he can complete the matrix. Once the matrix is done, the subgroup will have a conference call to assess the results. It was also agreed that there is no need for the Dutch team to continue their work.

- *Desired attributes*—During the Tampa meeting, the Infrastructure Subgroup had identified two potential changes to the list of NEPSI desired attributes: 1) deleting attribute #10 (which reads, “terms should be clearly defined”), and 2) adding a new attribute stating that any NEPSI system should have a social objective and/or community development component. The subgroup agreed that they would recommend these changes to the Stakeholder Group at the June meeting. Julie Rhodes volunteered to draft text for the new attribute.
- *Standards for environmentally sound management (ESM) of waste electronic equipment*—During the plenary session earlier in the day, the Infrastructure Subgroup had been assigned a new task: determining what standards and systems are needed to ensure the environmentally sound processing of electronic equipment in the United States and abroad. The task also involves determining how the implementation of ESM standards would affect the costs of a front-end financed system. The subgroup decided to form a minigroup to address these issues. The members of the minigroup are listed at the end of this document.
- *Structure of a third-party organization (TPO)*—The subgroup had also been assigned the task of defining the framework for managing a front-end financed system. If a TPO were to govern the system, how might it implement the system? The subgroup formed another minigroup to answer these questions. The subgroup’s discussion on the TPO issue is summarized below.
- *Interim system optimization, or building infrastructure prior to system implementation*—The subgroup acknowledged that it had been assigned the task of determining what can be done before the passage of legislation to begin building the institutions and infrastructure that will be needed to improve the existing systems and manage a front-end financed system. The subgroup did not develop a plan for addressing this task.

Structure of a Third-Party Organization

The subgroup used the time available to begin discussions on an approach for defining the structure of a TPO.

Several subgroup members noted that there seemed to be some opposition within the larger Stakeholder Group to the idea of creating a TPO to manage the NEPSI system. The subgroup felt that some in the Stakeholder Group had misinterpreted the idea of a TPO. It was agreed that the subgroup members should clarify what they mean by a TPO and communicate this to the entire Stakeholder Group.

The members also noted that, within this subgroup, there is general consensus that a TPO is the best alternative for managing a front-end financed system. Some in the group felt that, if the subgroup members do agree on this point, they should say so to the larger Stakeholder Group.

The subgroup spent a fair amount of time discussing the bounds of their assignment. In other words, how far should they go in defining the structure and role of the TPO? There was general agreement that the subgroup should not concern itself with the financing of the TPO, and should assume instead that there is a pot of money for the TPO to use in building system infrastructure. The subgroup members decided that they should focus on answering the following questions:

- What is the TPO and how should it be structured?
- What roles does the TPO play?
- What activities is the TPO responsible for? What are its obligations?
- Are producers required to participate or can they “opt out” and take back their own products (e.g., through acting as a processing center within NEPSI)?

The subgroup members acknowledged that they had already begun addressing many of these questions in their work to date. For example, Infrastructure Model #1 (a proposed model developed by Chris Beling, Patty Dillon, Julie Rhodes, and Wayne Rifer) contains a bulleted list describing the functions and responsibilities of a TPO. That model has been discussed extensively in subgroup conference calls.

The subgroup went on to talk about a number of issues regarding a TPO. Their discussion touched on the following points:

- *Industry concerns*—Ed Nevins described some of the concerns that industry stakeholders have about the potential role of a TPO. He said that industry has serious concerns about how an advanced fee might affect sales of electronic equipment. Thus, the role of the TPO in setting fee rates and controlling the flow of funds is a sensitive issue. Industry also wants to ensure that any fee is applied consistently. (Ed mentioned that, in the Japanese takeback program, retailers sometimes waive the advance fee to attract customers’ business, and then demand payment from the producers.) Patty Dillon suggested that by setting up the advance fee like a sales tax, NEPSI could prevent retailers from manipulating producers. Other industry concerns include the questions of who has controlling interest in the TPO and who establishes operating procedures.
- *Roles of TPO*—During the course of the discussion, subgroup members suggested the following roles for the TPO: establishing rules and regulations, auditing, adding and removing products from NEPSI scope, educating consumers and other parties, capping administrative expenses, building markets, and providing an outlet for stakeholder participation. The subgroup acknowledged that Infrastructure Model #1 lists many other potential roles for the TPO.

- *Multiple structures within a TPO*—Patty noted that the SWICO system is run by two bodies with the TPO: one a multi-stakeholder organization that sets policy, and the other an implementation organization. She said that this could be a potential model for the NEPSI system. Another subgroup member suggested that the TPO could have one branch devoted to policy and another branch responsible for auditing.
- *Education role*—The subgroup discussed whether the TPO should be responsible for education. One member suggested that the educational role should fall to collectors. Others said that the TPO should be responsible for developing educational materials and delivering them to collection points for distribution to consumers. Also, the TPO should be responsible for conducting a national marketing campaign.

The subgroup decided to form a minigroup to address questions about the TPO. The subgroup also agreed that the minigroup should focus most of its efforts at this point on defining the roles and responsibilities of the TPO, with less time devoted to the TPO's organizational structure.

The following people volunteered to participate in the TPO minigroup: Wayne Rifer, Patty Dillon, Butch Teglas, and Garth Hinkle. The minigroup scheduled their first conference call for March 21. [Since the meeting the following individuals have added themselves to the TPO minigroup: Jason Linnell (EIA) and Reggie Caudill.

Standards for Environmentally Sound Management

The subgroup also decided to form a minigroup to discuss ESM standards. It was agreed that the minigroup would address two questions: what environmental standards are needed, and what systems (e.g., an auditing system) should be used to implement the standards. Patty Dillon suggested that the minigroup should start by developing a straw proposal as a catalyst for discussion. It was also suggested that the minigroup work closely with the Regulatory Subgroup to avoid overlap. If the Regulatory Group is addressing the content of ESM standards, then the minigroup can focus on questions of implementation.

The following people volunteered to participate in the ESM minigroup: Tony Hainault, Chris Beling, Lisa Collins, David White, and Ed Nevins.

Deliverable to Stakeholder Group

The subgroup agreed that they would develop a single document for presentation to the larger Stakeholder Group at the June meeting. The document will address all of the issues that have been assigned to the subgroup, including base service standards, TPO structure and roles, and ESM standards. The document will also include the results from Reggie's matrix.

Next Conference Call

The next conference call is scheduled for Thursday, April 4th, from 3:00 to 4:00 EST. A call-in number will be circulated ahead of time.