

**Draft Summary of the NEPSI Infrastructure Subgroup Conference Call
March 5, 2002
3:00 – 4:00 PM EST**

Members in Attendance:

Reggie Caudill, NJIT	Sego Jackson, Snohomish County
Frank Coolick, NJ DEP	Julie Rhodes, ReDo
Scott Klag, Metro	Lynn Rubinstein, NERC
Dana Silverberg, NJ DEP	Chris Beling, EPA Reg. 1
Heather Bowman, EIA	Kevin McCarthy, Waste Management
Ed Nevins, JVC	Wayne Rifer, WEPSI (facilitator)
Patty Dillon, Gordon Institute	Ben Carlisle, ERG (note-taker)

The participants of the NEPSI Infrastructure Subgroup met via conference call on March 5, 2002, from 3:00 to 4:00 PM EST. This document briefly summarizes the major topics covered during the subgroup’s discussions, and highlights agreements that were reached.

Purpose of the Call

The purpose of this call was to wrap up discussion of the base service standards document. Wayne Rifer said that the subgroup must present a version of the document during the NEPSI Stakeholder meetings in Washington, D.C., even if the document isn’t “finished” and there are areas where more discussion is needed.

For the purposes of this discussion, the subgroup decided to begin at the end of the document and work towards the front. This was done to ensure that the subgroup covered parts of the document that hadn’t been discussed yet. Following are the topics that were discussed:

Base Transportation Service

Wayne pointed out that two types of transportation services are included in the base service: transportation from collection points to regional accumulation centers (ASAs) or to processing facilities, and transportation from ASAs to processing facilities. He said that the cost factors for these two services would likely differ, since the collected equipment would probably be more efficiently packed during transportation from regional accumulation centers to processing facilities. There were no other comments on this section of the document.

Base Processing/Reuse/Recycling Service

Lynn Rubinstein objected to the use of the term “system metrics” in the following phrase: “Reuse, remanufacturing, recycling, and disposal services may be compensated at rates appropriate to their costs and to achieve system metrics for each.” Lynn said that metrics are not synonymous with goals; rather, metrics are used to measure the achievement of goals. The subgroup agreed to substitute the term “goals” for “system metrics” in the phrase in question.

Referring to the same phrase, Julie Rhodes questioned whether NEPSI really wants to compensate contractors for disposal services. Other participants pointed out that the disposal of wastes that can't be recycled or reused (e.g., wood, some plastics, hazardous wastes such as mercury) is a significant cost facing contractors. Some participants felt that contractors should be compensated directly for these costs, but other participants stated that disposal costs should simply be considered an overhead cost that all recyclers should factor into their rates. To itemize disposal costs and compensate directly for them would be akin to micromanaging, these participants said. Better for NEPSI to compensate recyclers in one lump sum.

Julie also said that NEPSI needs to structure its compensation system in a way that will encourage recyclers to apply a hierarchy in terms of reuse/recycling/disposal. She said that compensating for disposal might be at odds with this goal. Patty Dillon said that NEPSI can encourage reuse, remanufacturing, and recycling both through its compensation system and by setting performance goals. For example, NEPSI could set a performance goal stating that contractors must recycle at least 90 percent of materials, with no more than 10 percent going to disposal. NEPSI could also set its compensation for recyclers to cover the cost of disposing of 10 percent of materials, but no more. Kevin McCarthy agreed with this point. After some more discussion, the subgroup agreed that there should be no direct compensation for disposal services; rather, disposal should be considered an overhead cost of recycling.

Before moving on, the subgroup briefly discussed one more question about this section of the document. The question pertained to the bullet point stating that "product will be sorted for reuse, remanufacturing and recycling." One participant asked why NEPSI should pay people to sort for reuse when there are organizations who will want to do that anyway for their own benefit. The general consensus of the group seemed to be that paying for that sorting service provides an inducement for reuse. The more difficult question is: how to set an appropriate compensation rate for the service?

National Collection Service

Lynn said that she had some reservations about the sentence that states: "...national mail-back service shall be provided for all residents....". The phrase "shall be provided" leaves room for misinterpretation, Lynn said, since the document doesn't specify *who* will be providing this service.

Wayne replied that the goal of the document is to define the services that will be paid for under a NEPSI system, not to define who will provide the services. Frank Coolick said he thought the document should go further, and should capture the concept of "if you sell electronic equipment by mail, you should take back equipment by mail."

The subgroup discussed this concept. Wayne asked whether manufacturers who sell by mail should be required to take back all equipment, or only their own. He pointed out that if such manufacturers only took back their own equipment through the mail, this wouldn't necessarily solve the problem of collection in super-rural areas, since residents of these areas would only be able to return certain equipment brands by mail.

Sego Jackson, the author of the original base service standards document, said that he had three things in mind when he suggested including national mail-back service in the NEPSI system: 1) providing a form of collection service for consumers who shop by mail, 2) providing a form of collection service for super-rural areas, and 3) providing another collection option for urban areas where many people might not own cars.

Reggie Caudill suggested that NEPSI might want to allow consumers to mail EOL equipment directly to the regional accumulation centers. Wayne commented that including this type of mail-back service might solve the problem of collection in super-rural areas. Other participants agreed, but some said that they wanted to retain the idea that a company like Dell could take back their own equipment by mail if they chose.

Chris Beling said that she would like to see the document capture two concepts: 1) manufacturers who sell by mail should be required to take back their equipment by mail, and 2) consumers in super-rural areas should be able to return EOL equipment of all brands by mail.

Patty Dillon agreed that mail-back service might be the most cost-effective way of achieving collection in super-rural areas. But she questioned the idea (presented in the document) of forcing consumers to pay shipping costs for mail-back service. Before she could agree to this concept, Patty said, she would have to see a breakdown of the costs involved with providing mail-back service. She asked why consumers should bear mail-back costs if they aren't charged for returning equipment to urban collection sites. If consumers were charged a front-end fee under NEPSI, those who mail back their equipment at end of life would essentially pay twice.

Heather Bowman suggested that NEPSI could choose not to include any cost for transportation to the collection point in the baseline services. This would allow consumers to pay for transportation in a way of their own choosing, whether it be paying postage for mail-back, paying a fee for curbside collection, or paying whatever inherent cost is involved in driving across town to a collection site.

Sego Jackson said that mail-back service was really intended to be a "pressure-relief valve" for people who have no other way of returning EOL equipment. He agreed with the concept that "those who sell by mail should take back by mail," but he felt that that concept addressed a different issue entirely.

Frank Coolick said that, in his opinion, mail-back should not be included among the base services paid for under NEPSI. He said that mail-back services should only be provided for a small segment of the population (i.e., super-rural consumers). Sego responded that NEPSI couldn't possibly distinguish between those who truly need mail-back service and those who don't. That's why, for mail-back service, he had suggested assigning the shipping costs to the consumer: to avoid abuse of the mail-back system, which was really meant to be a limited system.

Wayne proposed that the group move on to other topics, and mark this issue for further discussion. He said that, in revising the base service document, he would try to capture the various points of view that had been expressed.

Super-rural Collection

Wayne reviewed Segó's proposal for base collection service in super-rural areas: that "very rural areas will provide collection service as feasible and determined by state authorities, but shall receive a higher compensation than the base compensation due to greater costs from lower economies of scale." Segó said he had included this proposal in the base service document because he recognized a need to encourage collection in super-rural areas through market incentives. However, he envisioned that the cost of conducting collection in these areas would be very small, relative to the overall cost of the NEPSI system.

Lynn questioned whether the phrase "as determined by state authorities" was appropriate. The subgroup agreed to delete that phrase from the document.

Heather questioned whether there was really a need for separate service standards for super-rural areas. She asked whether it is more expensive to conduct collection in super-rural areas. She also asked whether consumers in these areas would be charged a higher fee at the point of purchase.

Lynn said that in very rural areas of New England, providing collection services is not unusually expensive. However, in western states like Montana and North Dakota, the expenses would be greater. Segó said that he did not envision charging a higher fee at the point of purchase in super-rural areas. But he repeated his expectation that the cost of providing service in super-rural areas would be very small, relative to overall costs.

After further discussion, the subgroup decided to include the information on super-rural collection services under the "Rural Collection" heading.

Urban Collection

Participants requested the following edits to the urban collection service standards:

- Cut the word "public" from the phrase "convenient, permanent public drop-off sites."
- Specify that the service standards for retailer collection apply to stores whose sales of *NEPSI products* are greater than 25% of gross sales.

The subgroup also discussed a document that Reggie had sent out under the title "Some Further Thoughts on Defining Convenience." There was some objection to the statement (contained in the document) that regional ASA centers will "oversee" the local collection of qualifying electronic products. Lynn said she thought the role of "overseeing" should go to the third-party organization, not to the ASA centers. Julie Rhodes agreed, saying that guidance should come from the third-party organization, filtered down to localities through the ASAs. The subgroup

agreed that the term “coordinates” should replace “oversees.” Wayne asked that participants send any further edits directly to Reggie.

Next Steps

Wayne said that he would revise the base service standards document for presentation in Washington. He said that Reggie would edit the section of his document that pertains to urban collection, and then that section would be added to the base service document.