



ORANGEDROP

MHSW PROGRAM

Review of the Revised Program Plan

August 23, 2012

WELCOME

- In person (85) / webcast (123) registrants for today's consultation.
 - Slides advance automatically
 - Question box for questions / comments on webcast console
 - We have set aside blocks of time for questions about the program plan
- The webcast will be archived and made available on Stewardship Ontario's website for future review



GOALS

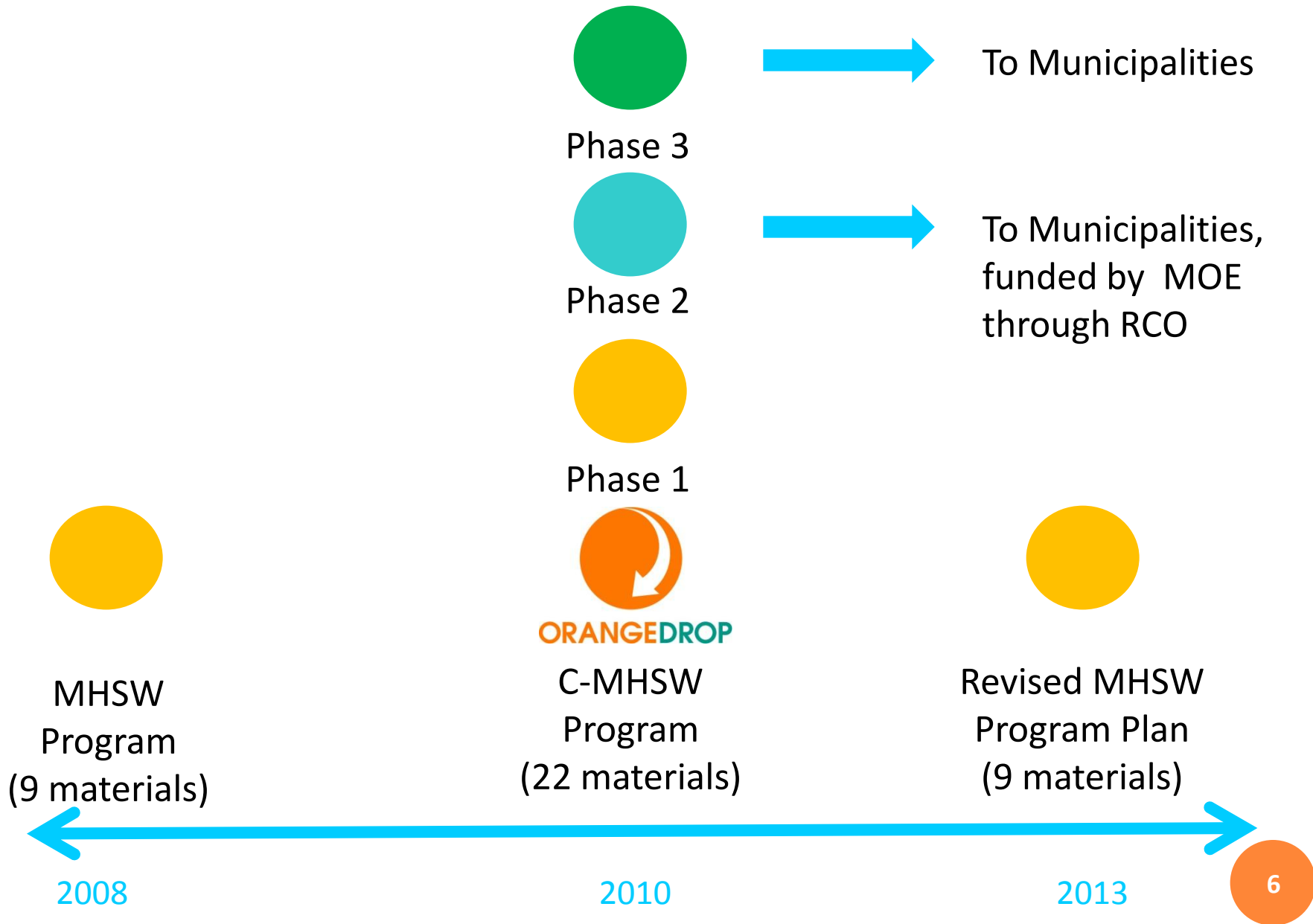
- Describe Stewardship Ontario's approach to the operation of the revised Municipal Hazardous or Special Waste (MHSW) Program Plan
- Hear directly from stakeholders
- Ensure stakeholders are familiar with the revised plan so they can provide feedback

AGENDA

- ✓ 8:30 Registration
- ✓ 9:00 Welcome and Opening Remarks
- 9:10 Overview of the revised MHSW Program Plan
 - Introduction
 - Municipal Hazardous or Special Waste
 - Program Design
 - Program Cost Elements
 - Program Performance
 - Next Steps
- 9:45 Questions
- 10:30 Break
- 10:45 Ontario Regulation 11/12 Update
- 11:00 Proposed Rule Changes
- 11:30 Questions
- 12:00 Adjournment

OVERVIEW





REVISING THE MHSW PROGRAM PLAN

Stewardship Ontario has been operating the MHSW program for the nine Phase 1 MHSW materials since July 1, 2008.

- Multiple years of operating data for the 9 materials means fewer assumptions required
- Program Plan describes guiding principles and methodologies for the operation of the MHSW program
- Annual operating plans will continue to be used to describe the specific strategies and tactics necessary to achieve performance goals
- The result is a much more concise and less complicated program plan

WHY THE CHANGES NOW?

- On October 25, 2010, the minister directed WDO to develop a revised MHSW Program that continues to collect and manage Phase 1 wastes but excludes Phase 2 and 3 wastes
- As part of that process, SO consulted stewards on revisions to the nine Phase 1 MHSW definitions in early 2011. These were approved on May 31, 2012, and take effect on October 1, 2012
- The revised MHSW Program Plan aligns with O. Reg. 11/12 and the revised MHSW definitions

PROCESS FOR DEVELOPING THE REVISED MHSW PROGRAM PLAN

- Stewardship Ontario developed and wrote the revised MHSW Program Plan in co-operation with Waste Diversion Ontario, with the Ministry of the Environment as an observer
- On August 15, 2012, the Stewardship Ontario board of directors approved the plan for stakeholder consultation

Today's session is to provide opportunity to ask questions for clarity and understanding of the revised MHSW Program Plan. Written comments are due by September 7, 2012 on the Plan.



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MUNICIPAL HAZARDOUS OR SPECIAL WASTE

- 1. Included wastes**
- 2. Calculating available for collection**

INCLUDED WASTES

- Antifreeze (now includes antifreeze supplied in bulk)
- Fertilizers
- Oil Containers
- Oil Filters
- Paints and Coatings (now includes bitumen-based sealers)
- Pesticides
- Pressurized Containers (Refillable & Non-refillable)
- Single Use Dry Cell Batteries (now includes all IC&I)
- Solvents

CONTAINERS IN WHICH IT IS CONTAINED

- Minister directed that the MHSW Program is to include containers in which Antifreeze, Fertilizers, Paints and Coatings, Pesticides and Solvents are contained
- Residents routinely recycle empty Antifreeze, Fertilizer, Paints and Coatings, Pesticide and Solvent containers through their Blue Box system
- For the purposes of the MHSW program, “the containers in which they are contained” are considered to be:
 - Containers used by residential and Small Quantity IC&I generators to deliver MHSW, comprised of used Antifreeze or Solvents and residual Fertilizers, Paints and Coatings or Pesticides, to MHSW collection sites; and
 - Containers emptied of Antifreeze by automobile service businesses in their role as a Do-it-for-me service provider.

AVAILABLE FOR COLLECTION

- MHSW managed by Stewardship Ontario is not necessarily the same as when the products are first introduced into the market.
 - Some material is consumable and is intended to be used up by consumers
 - Some material is altered during use by the consumer
 - Some material is intended to be discarded in its original form
- Available for collection factors are used to reflect the quantity of each material entering the waste stream.
- Collection targets are based on the quantities available for collection, not the quantities supplied into the market.

AVAILABLE FOR COLLECTION FACTORS

Material Category	2012
Antifreeze	65%
Fertilizers	2%
Oil Containers	93%
Oil Filters	153%
Paints and Coatings	10%
Pesticides	25%
Pressurized Containers	
Non-refillable	49%
Refillable	10%
Single Use Dry Cell Batteries	101%
Solvents	35%

METHODOLOGY FOR CALCULATING AVAILABLE FOR COLLECTION

New Methodology	Old Methodology
<ol style="list-style-type: none"> 1. Targets in tonnes are calculated based on actual quantity supplied in a previous program year in advance of developing the annual operating plans to achieve performance against 2. Based on actual quantity supplied during a previous program year 	<ol style="list-style-type: none"> 1. Targets in tonnes are calculated at the same time as actual performance is known, which creates multiple variables 2. Based on actual quantity supplied in the previous program quarter

Available for Collection as tonnes	=	Quantity of MHSM Supplied by Stewards in the prior year as tonnes	X	Available for Collection factor
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PROGRAM DESIGN



PROGRAM DESIGN

- 1. MHSW Management**
- 2. Accessibility**
- 3. Communications, Promotion and Education**

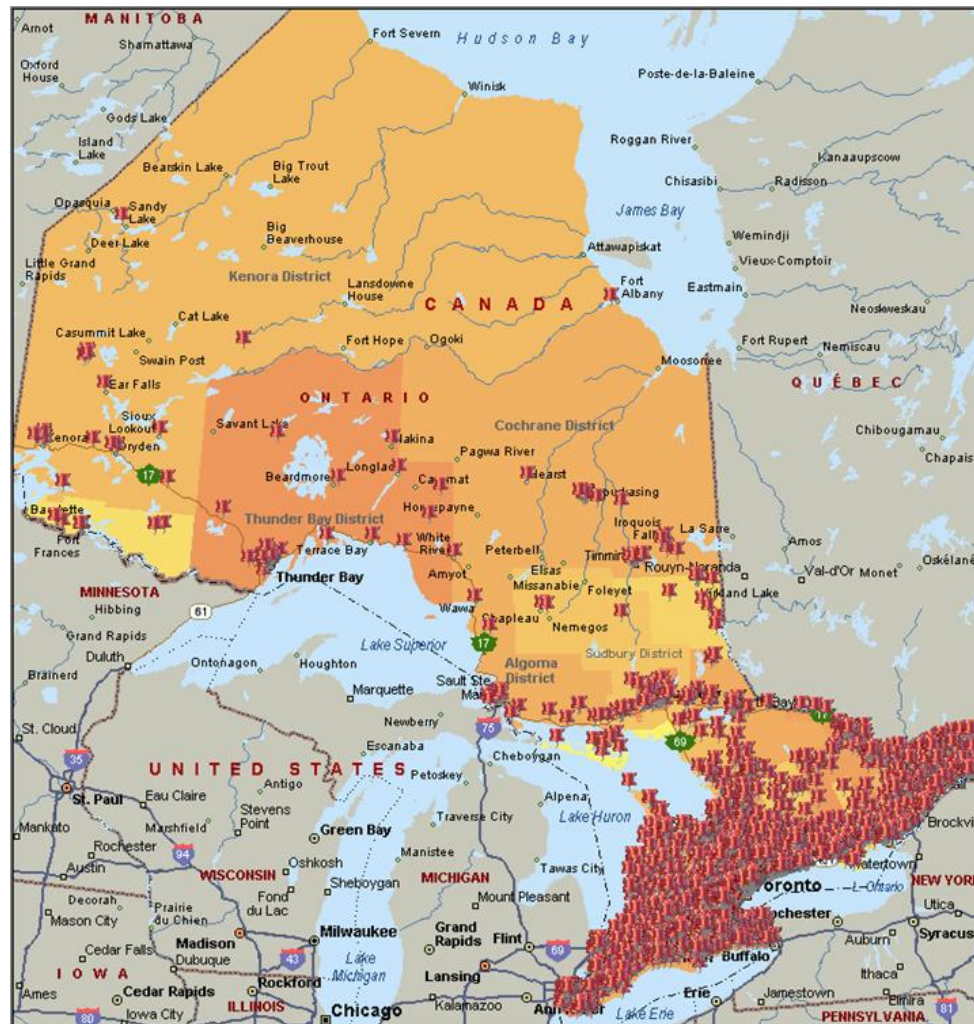
MHSW MANAGEMENT

- Categories of material management in the reverse supply chain are:
 - Collection
 - Transportation
 - Processing
- Changes to the methods, tactics and programs used by Stewardship Ontario to procure services may occur over time as market conditions evolve and targets increase
- Stewardship Ontario will foster a marketplace that:
 - Maintains and encourages competition
 - Achieves efficiencies and cost-effectiveness
 - Ensures that all industry service providers have an equitable opportunity to participate in the provision of services

ACCESSIBILITY

- In establishing and maintaining its collection network, Stewardship Ontario will:
 - Continuously seek to improve accessibility across the province through the development and refinement of its network of collection sites
 - Ensure waste generators are able to deliver MHSW at no charge
 - Ensure collection sites are both effective and efficient within their geographic and/or demographic context
 - Ensure that the collection network has sufficient capacity to collect more than the annual collection target in tonnes for each MHSW material

MAP OF COLLECTION NETWORK AS OF MARCH 2012



ACCESSIBILITY TARGETS

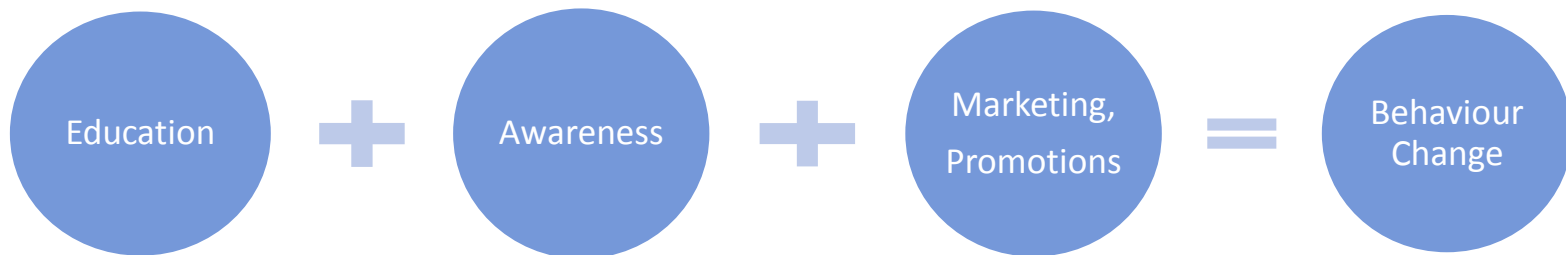
- Regional targets have been included for the establishment of new sites and events that collect from residential generators

New Collection Sites by Region

	As of July 2012*	2013	2014	2015	2016	2017
Central	1,479	75	75	75	75	75
East	853	50	50	50	50	50
North	560	25	25	25	25	25
West	795	50	50	50	50	50
Total	3,687	200	200	200	200	200

* Refers only to those sites and events that collect from residential generators and does not include sites that exclusively collect from IC&I Generators.

COMMUNICATIONS, PROMOTION AND EDUCATION



- Communications strategies will focus on behaviour change to increase participation in the Orange Drop program
- Comprehensive research studies will be conducted to measure awareness levels of MHSW materials and their management options through Stewardship Ontario's collection network
- The results of these studies will inform annual operating plans and promotion and education tactics

PROGRAM COST ELEMENTS

- ✓ **Common Costs**
- ✓ **Material Specific Costs**
- ✓ **Fee Calculation Principles**

COMMON COSTS

Common costs include the following components:

- Plan Development Costs
- Corporate Costs
 - Program Management
 - Material and Supplier Management
 - Steward Registration and Compliance Management
 - Shared P&E
- Regulatory Activities
 - WDO Monitoring
 - MOE Enforcement

MATERIAL SPECIFIC COSTS

Material specific costs include the following cost components:

- Collection
- Transportation
- Processing
- Material Specific P&E
- Material Specific R&D
- Material Specific Field Services, Audits, Lab-Packs
- Any other cost that can be directly attributed to a specific material

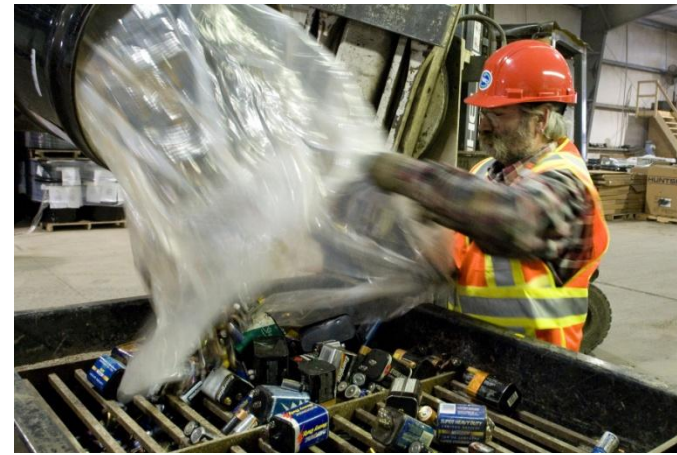
All material specific costs are tracked and allocated by material.

FEE CALCULATION PRINCIPLES

Stewardship Ontario's guiding principles for calculating Steward fees are summarized as follows:

- Costs will be determined using transparent cost allocation methodology
- Common costs will be assessed in a fair and transparent manner
- Costs will be allocated based on data reported by all identified obligated Stewards
- Fees will cover all costs and will be allocated based on the proportion of MHSM that Stewards supply
- Fees will be recovered consistent with Ontario Regulation 11/12
- Costs associated with the management of MHSW for which a Steward cannot be identified, if not material, will be attributed to Stewards in a fair and reasonable manner.
- Costs will be allocated within MHSM Categories where reasonable to reflect different costs to manage and to incentivize greater diversion of waste from disposal

PROGRAM PERFORMANCE



PROGRAM PERFORMANCE

- ✓ **Collection Targets**
- ✓ **Recycling Performance Targets**
- ✓ **Performance Metrics**

COLLECTION TARGETS

Material Category	Year 1 2013 (% of A/C)	Year 2 2014 (% of A/C)	Year 3 2015 (% of A/C)	Year 4 2016 (% of A/C)	Year 5 2017 (% of A/C)
Antifreeze	40%	45%	50%	54%	57%
Fertilizers	Not available	Not available	Not available	Not available	Not available
Oil Containers	42%	47%	52%	57%	62%
Oil Filters	75%	80%	85%	88%	90%
Paints and Coatings	57%	67%	77%	80%	82%
Pesticides	55%	56%	57%	57%	57%
Pressurized Containers					
Non-refillable	25%	35%	45%	50%	54%
Refillable	93%	97%	98%	98%	98%
Single Use Dry Cell Batteries	25%	30%	35%	35%	35%
Solvents	46%	46%	46%	46%	46%

Collection Target as Tonnes

$$\text{Collection target as tonnes} = \text{Collection target percentage} \times \text{Available for collection as tonnes}$$

METHODOLOGY FOR CALCULATING COLLECTION TARGET IN TONNES

New Methodology	Old Methodology
1. Targets in tonnes are calculated based on actual quantity supplied in a previous program year in advance of developing the annual operating plans to achieve performance against	1. Targets in tonnes are calculated based on actual quantity supplied in the previous program quarter - at the same time as actual performance is known

Collection Target as Tonnes		
Collection target as tonnes	= Collection target percentage	X Available for collection as tonnes

RECYCLING PERFORMANCE TARGETS

Material Category	Year 1 2013 (% of A/C)	Year 2 2014 (% of A/C)	Year 3 2015 (% of A/C)	Year 4 2016 (% of A/C)	Year 5 2017 (% of A/C)
Antifreeze	40%	45%	50%	54%	57%
Fertilizers	Reuse or safe disposal				
Oil Containers	42%	47%	52%	57%	62%
Oil Filters	75%	80%	85%	88%	90%
Paints and Coatings	40%	47%	54%	56%	57%
Pesticides	Reuse or safe disposal				
Pressurized Containers					
Non-refillable	25%	35%	45%	50%	54%
Refillable	93%	97%	98%	98%	98%
Single Use Dry Cell Batteries	19%	23%	27%	27%	27%
Solvents	5%	5%	5%	5%	5%

Recycling Performance Target as a Percentage

$$\text{Recycling performance target as a percentage} = \text{Recycling efficiency rate} \times \text{Collection target as a percentage}$$

PERFORMANCE METRICS

Annual Report	Quarterly WDO Reports
<p>Financial Performance</p> <ul style="list-style-type: none">• Revenue• Cost <p>Material Management Performance</p> <ul style="list-style-type: none">• Collection (rate, tonnes, variance)• Recycling (rate, tonnes, variance)	<ul style="list-style-type: none">• Steward Management• Compliance/Audit• Service Provider Management• Financial Position• Accessibility• Program Performance• Education, Outreach, and Research & Development

Stewardship Ontario reports program costs and collection performance, by material, to obligated stewards via the WeRecycle portal following each operating quarter.

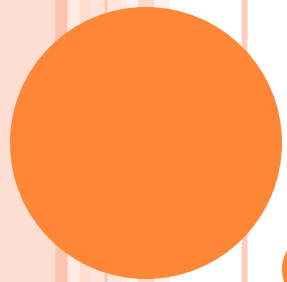
NEXT STEPS

- ✓ **Submitting your comments**
- ✓ **Finalizing revised Program Plan**
- ✓ **Anticipating program implementation**

NEXT STEPS

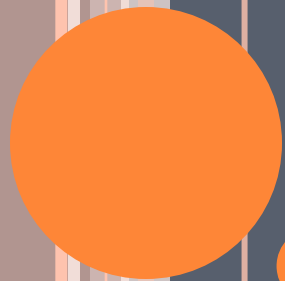
The revised MHSW Program Plan will undergo the following process:

- Consultation workshop – August 23, 2012
- Comments due to WeRecycle@stewardshipontario.ca by September 7, 2012
- Program Plan finalized
- Program Plan presented to Stewardship Ontario Board - September 2012
- Program Plan then submitted to WDO – September 2012
- WDO expected to submit to Minister and Minister expected to post on Environmental Registry for further consultation



QUESTIONS





BREAK



15 minute break



ONTARIO REGULATION 11/12



Ontario

MINISTRY OF THE ENVIRONMENT



REGULATION 11/12 UPDATE

1. Steward Invoices
2. Calculating the Steward Share Assessment

STEWARD INVOICES

- Each quarter steward receives two invoices:
 - Deficit invoice
 - Quarterly cost recovery invoice
- Invoices emailed to stewards are brief to protect steward confidentiality
- Detailed reports for each invoice are available to stewards by logging into the secure WeRecycle Portal
 - **Deficit Recovery Report:** Sets out your share of the deficit by material; total program quantities and material costs
 - **Submission Detail Report:** Sets out reported quantities by material category; your proportionate share of the costs and the amount owing.
 - **The Quarterly Performance to Budget Report:** Reports cost of program performance by material class to stewards to substantiate the quarterly cost recovery invoice

CALCULATING THE STEWARD SHARE ASSESSMENT (SSA)

- Each quarter your proportionate share of costs is calculated based on your sales in each material class
- The SSA denominator is sum of all reporting stewards by material class
- Stewards need assurance that everyone is participating and sharing costs across each material class

New Tool!

- At stewards' request the steward list available on WeRecycle Portal will be reconfigured to show the organizations that are participating **by material class**.
- Watch for announcements.

THE CALCULATOR

Estimate your unit based MHSW expense

The interactive calculator can be used to estimate your share of the budgeted expense for each material category based on your forecasted sales units.

Please Note: This calculator is provided for the purpose of budget planning only.

Select Material Class

Annual MHSW Budget

Enter your estimate SSA %

When determining the Steward Share Assessment (SSA) percentage you wish to use, appropriate inputs may include your historical SSA percentages calculated for your quarterly invoices, your projected sales growth goals, your company risk tolerance, etc.

Your Budget MHSW Expense

The Calculator has multiplied the annual budget for this material class with your estimated SSA entered above.

Enter your expected units sold

Use a unit of measure relevant to your company/product and enter the total units.

Your budgeted expense per 1000 units

The Calculator has divided your calculated budget expense by expected units sold for this material class.

CALCULATE

POSSIBLE CHANGES FOR OCTOBER 1ST

- As discussed at the July Webcast, some material classes have expanded definitions and/or scope as requested by the Minister, to be effective October 1st, 2012
- Stewards of these material classes may want to consider new additional reporting categories (e.g. antifreeze) and new conversion factors for calculation of SSA
- Stewardship Ontario is seeking your input on reporting categories and conversion factors
- Stewardship Ontario will then determine appropriate changes

RULES – MATERIAL CLASSES





PROPOSED RULE CHANGES FOR JANUARY 1, 2013

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- ✓ Overview of Proposed Changes
- ✓ Key Changes for Select Materials

OVERVIEW OF PROPOSED CHANGES

- Oct 1st changes to material classes are reflected in the revised Program Plan
- Stewards to begin data collection in Q4 for materials with expanded scope. Reporting required in Q1 2013.
- First opportunity to consult with stewards on possible additional changes to materials with the most significant scope changes:
 - Antifreeze: now includes both packaged and bulk antifreeze and all ICI
 - Paints & Coating: now includes bitumen-based roof coatings and driveway sealers
- Steward input also required on Pressurized Containers

KEY CHANGES FOR ANTIFREEZE

- Obligated stewards to begin data collection for Bulk and Packaged Antifreeze beginning October 1st (Q4)
 - SO segregated bulk and packaged to enable management of the containers in the October 1st Rules
- Opportunity to consider further disaggregation:
 - Diluted
 - Concentrate
- Conversion factor for concentrate to be determined in consultation with stewards

KEY CHANGES FOR PAINTS AND COATINGS (*SLIDE 1 OF 2*)

- Obligated stewards begin data collection for bitumen-based roof coatings and driveway sealers on October 1st
- Currently 5 reporting categories (conversion factors are applied for SSA calculation):
 - ≤ 250 mL
 - > 250 mL – 1 L
 - > 1 – 5 L
 - > 5 L
 - Aerosols
- Not proposing additional reporting categories at this time

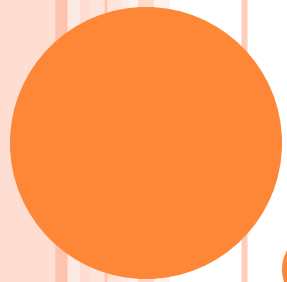
KEY CHANGES FOR PAINTS AND COATINGS (*SLIDE 2 OF 2*)

- Bitumen based coatings or sealers are managed with other sealers and coatings in waste stream (“energy to waste”)
- Means that 1 unit of coatings or sealers containing bitumen will be converted at the same rate as all other paints and coatings

- Seeking steward input if additional reporting categories are required:
 - e.g. > 5 – 14L and >14 – 30 L

PRESSURIZED CONTAINERS ENGAGEMENT NEEDED

- Stewardship Ontario is looking for direct engagement with stewards to discuss key issues in this material class:
 - Accurate reporting (refillable and non-refillable)
 - Fair allocation of end-of-life management costs
 - Defining small quantity ICI
- We will put out another call to stewards very soon.
- Watch your inboxes and please plan to engage.



QUESTIONS



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