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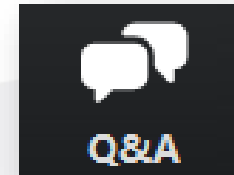
Stewardship Ontario

MHSW Program Extension 2021 Stakeholder Consultation

May 18, 2021

Participation in Today's Webinar

- To ask a question, click the Q&A button on the bottom of your screen:
- You may have to toggle your cursor on the screen to show the Q&A button.
- You can ask questions at anytime during the webinar.
- We will respond to stakeholders as soon as possible to any questions we don't get to during the Webinar.
- This presentation and webinar recording will be available on the MHSW Wind Up webpage by tomorrow:
StewardshipOntario.ca/MHSW-WindUp/.



1. Scope of Consultation
2. Background – MHSW Wind Up Plan
3. Ministerial Direction to Extend MHSW Program
4. Key Take-Aways – New Wind Up Plan Timelines
5. Proposed MHSW Wind Up Plan Changes:
 - i. Changes for Service Providers;
 - ii. Changes for Stewards;
 - iii. Key Financial Forecasts
6. Stakeholder Feedback & Next Steps

Scope of Today's Consultation

- Stewardship Ontario seeking feedback on changes to the MHSW Wind Up Plan necessary to extend current MHSW Program for three months.
- Stakeholder questions regarding the RRCEA regulation development or future HSP Program should be directed toward RPRA or MECP.

Background MHSW Wind Up Plan

- In December 2019 RPRA approved the MHSW Wind Up Plan (WUP) submitted by Stewardship Ontario in September 2019.
- Original plan outlined measures to terminate the MHSW program:
 - For Single-use batteries on June 30, 2020;
 - For other MHSW materials on June 30, 2021.
- Additional MHSW WUP Ministerial directions and amendments:
 - Residual Funds Addendum approved by RPRA in February 2020;
 - ISO Surplus Funds Transfer Addendum approved by RPRA in June 2020.

MHSW Wind Up Plan Implementation to Date

- Single-use battery program terminated on June 30, 2020. Final resolution of category financials will be conducted at the end of the MHSW program.
- In July 2020, as per the ISO Surplus Fund transfer addendum, Stewardship Ontario also disbursed \$34.98 million in surplus funds to ISOs for distribution to members as fee reductions;
- Stewardship Ontario has also implemented fee reductions for SO stewards in the oil container, oil filter and pressurized container categories.

New Ministerial Direction

- On April 29, 2021 Stewardship Ontario (SO) received direction from the Honourable Jeff Yurek, Minister of the Environment, Conservation and Parks (MECP), to extend the MHSW Program:
 - Program Termination date extended three months to September 30, 2021;
 - Stewardship Ontario to develop and submit an amendment to the MHSW Wind Up Plan to the Resource Productivity and Recovery Authority (RPRA) no later than May 31, 2021;
 - The Minister anticipates that RPRA will approve the amendment no later than June 30, 2021.
- Aside from changes necessary to operate the Program for an additional three months, all other elements of the MHSW Wind Up Plan will remain unchanged.

MHSW Wind Up Plan as of April 2021

- Prior to new Ministerial direction, Stewardship Ontario was working toward Program termination set for June 30, 2021:
 - Final reporting requirements and deadlines for stewards, service providers & municipalities tied to June 30th;
 - Financial forecasts based on best available knowledge at the time, and expectation of termination June 30th;
 - Final wrap-up of all wind up activities targeted for end of 2021 – early 2022.

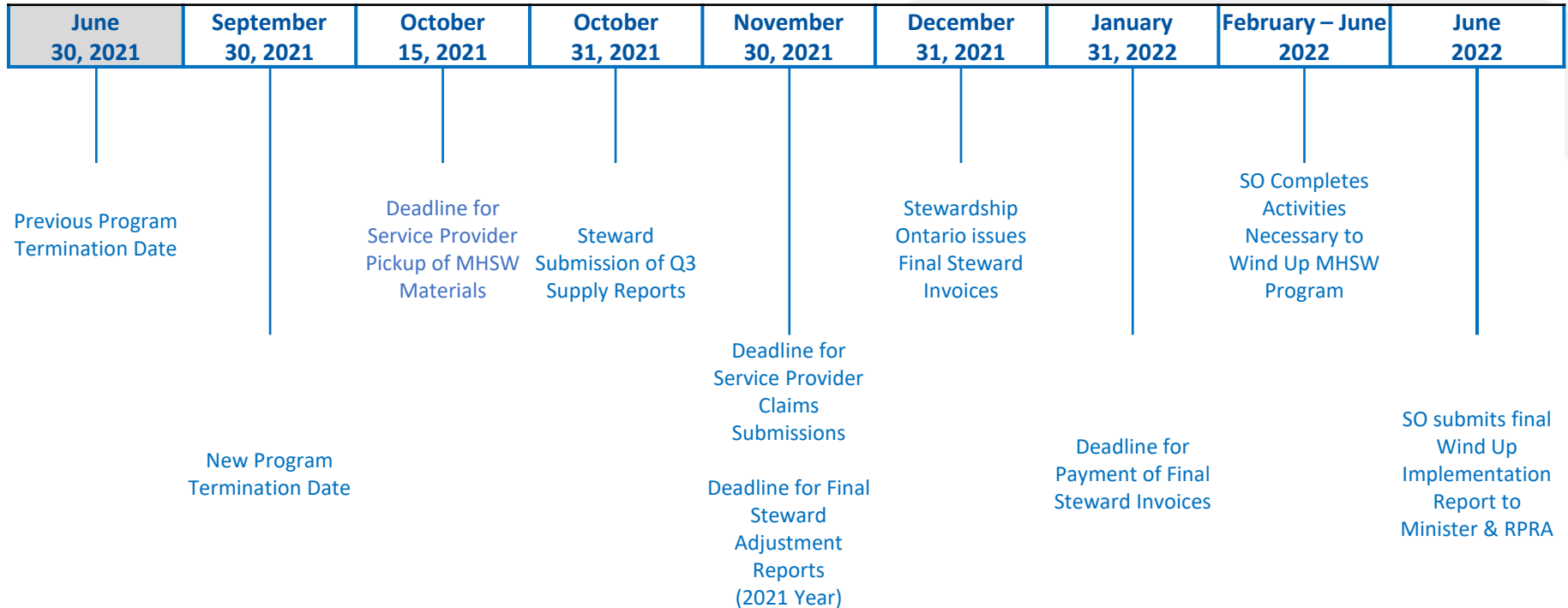
Key Take-Aways Program Extension

- Current MHSW Program continues for three additional months:
 - Stewards billed for an additional quarter in 2021;
 - Transition to RRCEA framework delayed.
- New wind up plan termination date and deadlines required for service providers and stewards.
- Financial forecasts need to be updated:
 - Stewardship Ontario confident that additional general wind up costs can continue to be financed from general reserves.
- Final wind up steps extended by three months.

Overview

New MHSW Program Timelines

MHSW Program Dates Extended by Three Months



Final Service Provider and Steward deadlines and reporting dates all extended by three months but consistent with previous approach to Program wind up



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MHSW Program Extension Changes for Service Providers

Program Extension Service Provider Changes

Original Wind Up Plan

Incentives paid for materials collected up until:

- June 30, 2021

Deadline for collection of materials from sites:

- July 15, 2021

Claims must be submitted by:

- August 31, 2021

Proposed Changes

Incentives paid for materials collected up until:

- **September 30, 2021**

Deadline for collection of materials from sites:

- **October 15, 2021**

Claims must be submitted by:

- **November 30, 2021**

Pressurized Containers Service Provider Wind Up Schedule

- Stewardship Ontario will provide transportation and processing incentives for pressurized containers received at collection sites by September 30, 2021.
- Transporters will be responsible for:
 - Servicing collection sites by October 15, 2021 (for materials collected up to September 30, 2021).
- Service providers will have until November 30, 2021 to submit transportation and processing claims for containers collected by October 15, 2021.
- Stewardship Ontario will work with stakeholders to transition Orange Drop branded materials prior to September 30, 2021.

Municipalities & First Nations Communities

Events:

- Municipalities & First Nations communities will have until November 30, 2021 (two months after program termination date of September 30, 2021) to submit final claims for collection events scheduled prior to program termination.

Depot Hour Payments:

- Municipalities & First Nations communities will receive depot hour payments for MHSW materials collected up to September 30, 2021.
- As with events, claims must be submitted no later than November 30, 2021.

Service Provider Schedules

- Industry Steward Organizations (ISOs)



- Current Stewardship Ontario–ISO supply chain agreements can be managed to accommodate new wind up time frames:
 - Stewardship Ontario will follow existing contractual provisions to purchase credits on behalf of its registered stewards up until the program termination date of September 30, 2021;
 - Agreements include process for truing up annual forecasts with actual supply reports which will be followed at program termination;
 - Stewardship Ontario should be able resolve financial arrangements with ISOs regarding credit purchases by the end of 2021.



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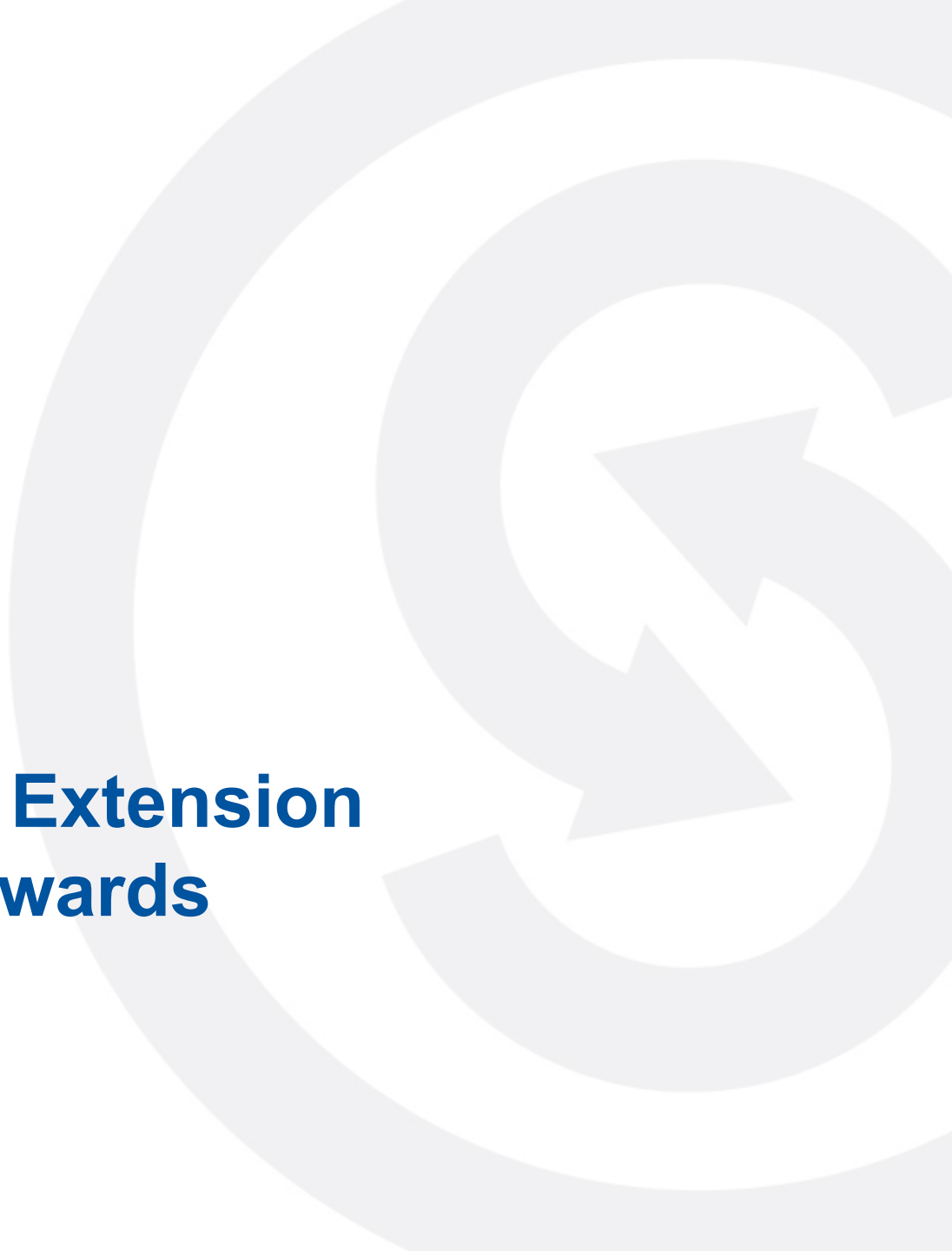
MHSW Program Extension Questions Service Provider Timelines



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MHSW Program Extension Changes for Stewards



Program Extension Steward Changes

Original Wind Up Plan

Stewards pay MHSW Program invoices for two quarters in 2021.

Final quarterly supply report (Q2 data) due July 31.

Final program invoice (July) delayed until September 30, 2021.

Final supply adjustments required by August 31, 2021.

Final fee reductions implemented on September invoice.

Proposed Changes

Stewards pay MHSW Program invoices for **three quarters** in 2021.

Final quarterly supply report (Q3 data) due **October 31**.

Final program invoice (**October**) delayed until **December 31, 2021**.

Final supply adjustments required by **November 30, 2021**.

Final fee reductions implemented on **December invoice**.

Revised Steward Wind Up Reporting & Payment Schedule

Supply Report	Report Due Date	Data Included
Q3 2021	July 31, 2021	Q2 Data (April 1 – June 30)
Q4 2021	October 31, 2021	Q3 Data (July 1 – Sept 30)
Final Adjustment Request Deadline	Nov 30, 2021	For 2021 year only.

Steward Payment Schedule

SSA Invoice Payment	Costs	SSA Invoice Due Date	Summary
Q3 Invoice (sent July 31)	Q2 material management & administrative costs	Aug 31, 2021	Q2 Report (Q1 data) Q2 Costs Q3 Invoice
Q4 Invoice & Final True Up (sent Dec 31)	Q3 material management & administrative costs	Jan 31, 2022	Q3 Report (Q2 data) Q3 Costs Q4 Invoice

Changes from the previous schedule are highlighted in red. As per approved MHSW WUP, final Steward invoices delayed 60 days to enable consideration of final program costs and steward adjustments. Allows Stewardship Ontario to maximize final fee reduction disbursements.

As of April 2021

Implemented Fee Reductions:

- \$34.98 million disbursed to ISOs (July 2020);
- \$8.32 million disbursed to SO Stewards (Jan 2020 – April 2021).

Final SO fee reductions scheduled for Q3 invoice (September 2021) subject to program costs.

Extension Adjustment

Amounts available for fee reductions do not change but timing of disbursements is affected.

Fee reductions will be issued in relation to **Q3 invoices (July 2021)** and **Q4 invoices (December 2021)**.

SO Steward Fee Reductions Updated Schedule

Material	Fee Reductions as of April 2021 (\$000)	Forecast Fee Reduction for July 2021 Q3 Invoice (\$000) *
Antifreeze	\$0	\$0
Fertilizers	\$0	\$0
Oil Containers	\$1,030	\$535
Oil Filters	\$500	\$225
Paints/Coatings	\$0	\$0
Pesticides	\$0	\$0
Solvents	\$0	\$0
PC (Non-Refillable)	\$160	\$80
PC (Refillable)	\$135	\$75
Single-Use Batteries	\$6,493	NA
Total	\$8,318	\$915

Final fee reductions will be implemented on Q4 invoices (Q3 data) issued in December for all MHSW categories (excluding pesticides and single-use batteries). These amounts are calculated at the end of the Program in order to maximize the amount of funds which can be distributed.

Fee reductions originally scheduled for final invoices in the oil container, oil filter and pressurized container categories will now be implemented in July instead of September.

* Note Stewardship Ontario fee reductions subject to adjustment dependent upon actual MHSW wind up costs incurred. 2.1



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MHSW Program Extension Questions Steward Timelines



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MHSW Program Extension Key Financial Forecasts

MHSW Program SSA Update

Original WUP Budget

Six months of operation in 2021.

Q1 (actual) and Q2 forecast SSA of \$2.7 million.

Projected Steward fee reduction of \$2.3 million with additional fee reductions, if possible, on final Steward invoices (to be issued in September).

Updated Forecast

Nine months of operation in 2021.

Q1 (actual) and Q2 forecast SSA of \$2.7 million **plus Q3 forecast SSA of \$1.4 million.**

Projected Steward fee reduction of \$2.3 million with additional fee reductions, if possible, on final Steward invoices (to be issued in **December**).

Other aspects of the MHSW WUP Budget and Forecast are not immediately affected by a three month Program Extension

Projected SSA for Q1 to Q3 2021

Material Category (\$000)	Column A Forecast SSA Total Sept 30 Termination	Column B Forecast SSA Total June 30 Termination	Column C Change due to Extension
Antifreeze	\$182	\$121	\$61
Oil Containers	\$1,822	\$1,267	\$555
Oil Filters	\$750	\$495	\$255
Paints	\$37	\$24	\$13
Pesticides	\$0	\$0	\$0
Solvents	\$174	\$105	\$69
Fertilizers	\$19	\$12	\$7
Pressurized Containers Non-Refillable	\$917	\$530	\$387
Pressurized Containers Refillable	\$211	\$132	\$79
Single-use Batteries	\$0	\$0	\$0
Total	\$4,111	\$2,687	\$1,424



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MHSW Program Extension Questions Program SSA Forecast

Funding General Wind Up Costs Approved MHSW Wind Up Plan

- Under the Approved MHSW Wind Up Plan:
 - General wind up costs are financed by drawing down from general MHSW reserves;
 - Interest earned on cash reserves is allocated to general reserves;
 - If general reserves are insufficient to cover general MHSW wind up costs, Stewardship Ontario will draw from material reserves to cover those costs.
- Financing approach avoids to necessity to charge stewards directly for wind up costs.
- Stewardship Ontario forecasts general reserves sufficient to cover three month extension cost – no impact on material reserves.



**General Reserve
Fund**

General Wind Up Cost Update

Original WUP Budget

2019 – 2021

General reserves of \$5.4 million at start of wind up process.

Forecast of \$5.3 million in general wind up costs.

Remaining general reserve forecast of \$138,000 end of program:

- Surplus to be disbursed to Stewards and ISO members.

Updated Forecast

2019 - 2022

Wind up cost forecasts updated throughout wind up process.

Current forecast of **\$5.8 million** in general wind up costs:

- **\$490,000** related to program extension.

Remaining general reserve forecast to be approximately **\$613,000** at end of program:

- Surplus to be disbursed to Stewards and ISO members.

General Wind Up Cost Forecast Program Extension Impact

Summary General Wind Up Costs	Current 2021 Forecast (\$000)	Revised Forecast 2021 (\$000)	Revised Forecast 2022 (\$000)	Incremental Change to Forecast (\$000)
Plan Development & Implementation	\$1,360	\$1,289	\$486	\$415
RPRA Fees	\$526	\$376	\$225	\$75
General Contingencies	\$660	\$110	\$550	\$0
Total General Expenses	\$2,546	\$1,775	\$1,261	\$490

Net cost impact of extension forecast at \$490,000.



Some wind up expenses will be incurred in 2022 instead of 2021.





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MHSW Program Extension Questions General Wind Up Cost Forecasts

Stakeholder Feedback & Next Steps

- Feedback needed by **Wednesday May 26, 2021**
 - Email feedback to mhswwindup@stewardshipontario.ca
- Stewardship Ontario will submit Program Extension Addendum to RPRA by May 31st.
- RPRA will consult on the proposed amendments to the MHSW WUP and approval is anticipated by June 30th.



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MHSW Program Extension 2021 Final Stakeholder Questions?



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