



Considerations for a Product Stewardship Framework in Alaska

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Background

The Solid Waste Alaska Taskforce (SWAT) is a multi-agency taskforce formed in 2014. Each member organization has their own mission and works on their own solid waste projects, but they come together to work for the common purpose of helping Alaskan communities develop sustainable solid waste programs.

SWAT formed a workgroup of non-profits, native non-profits, tribes, industry, and local and state governments to research a Product Stewardship program for Alaska. This document is the result of their efforts that determined that a program is both feasible and will provide benefits to all Alaskans.

Overview

This document provides the Alaska Product Stewardship Workgroup with a summary of the policy provisions identified for the design of a program to manage certain electronic products at their end-of-life. The document specifies the provisions that have received significant consideration, offers the preferences expressed by the workgroup, and identifies the topics that will be taken up for discussion and decision in forthcoming meetings.

The content summarized below is a combination of approaches taken from other U.S. states that can be tailored to fit Alaska's unique characteristics.

There are approximately 80 state laws in the U.S. that have implemented product stewardship requirements to support the collection and recycling of products at end-of-life. Often referred to as Extended Producer Responsibility (EPR) programs, these laws provide a defined financing mechanism to support product stewardship activities and generally engage the product manufacturers directly in the management of the programs. Most states that have chosen to implement product stewardship have done so through state legislation as it creates clear expectations for the participating manufacturers, collectors, and recyclers; establishes stability for the program; and addresses concerns about non-participating entities (referred to as 'free-riders').

While the regulatory approach and specific requirements often vary by state and product category, product stewardship programs have resulted in expanded collection and recycling activity and function in a more economically efficient manner than programs that rely on funding from local governments, or those that are funded by fees assessed on consumers at the time products are recycled or disposed.

Scope of this Document

The Alaska Product Stewardship Workgroup has explored various opportunities for managing end-of-life products. This effort included researching various products, and assessing existing collection, transportation and processing infrastructure. The group further considered various product selection criteria (such as volume, weight, toxicity, rural impact, etc.) and have interviewed diverse public and private stakeholders. The outcome of these assessments yielded a recommendation to focus initially on three product areas for further policy development: electronics, tires, and lead acid batteries.

The group then elected to set aside continued research on tires and lead acid batteries. The group has further refined the range of electronic products to be addressed and is developing Alaska-specific considerations and recommendations for managing end-of-life electronics through a product stewardship program.

Electronic products still under consideration include the following (though other products not listed are not excluded from reintroduction):

- Televisions
- Monitors
- Computer towers
- Computer peripherals (e.g. keyboard, speaker, mice)
- Laptops
- Tablets
- E-Readers
- Printers
- Gaming systems
- VCR/DVD players
- Cell phones
- Fax machines
- Microwaves

The following sections of the document provide an overview of the components and the structures typically seen in product stewardship programs and identifies the policy choices that are deemed most appropriate for Alaska. The intent is to offer a road map, or glossary, to allow expanded understanding of product stewardship among stakeholders, and to support continued product policy discussions.

Financing Mechanism

The program ideally would be financed by manufacturers of certain electronic products, in a manner that is most appropriate for the business model of the product manufacturers and is acceptable by stakeholders participating in the program. After conducting analysis of several approaches to financing

the program, the group determined that a financing method whereby the manufacturer assumes the costs of the program is most appropriate for Alaska and is the most common approach to financing utilized by most states with stewardship programs for electronics. There are numerous examples of programs nationally where program costs are internalized by manufacturers and there is little evidence from other product stewardship programs that such an approach results in increased product prices.

The financing for the program should be sufficiently scaled to fund the collection, transportation, and recycling for all the products accepted through the program collection infrastructure. The methodology employed to determine the annual amount of funding necessary is typically based on the estimated sales of the product into a particular jurisdiction, as well as the expected product returns, and the costs (and potential revenues) for processing the collected material.

Other expenses that are generally covered by the program financing include:

- administrative costs to operate the stewardship program,
- resources devoted to outreach and education, and
- funding to pay for, or reimburse, the costs of program oversight by the state agency.

In some product stewardship programs, the manufacturers are also directed to invest in processing and recycling market infrastructure, as well as in research to support the implementation of the program. These features of product stewardship programs can often generate new employment opportunities.

Performance Goals

While the performance goals for stewardship programs vary (e.g. per capita collection, traditional recycling goals, or a total weight-based recycling target), recently enacted stewardship programs in the U.S. emphasize availability and convenience of collection opportunities rather than specific, quantitative, weight-based targets. This is of particular relevance for the electronics programs given the changing technology and the trend towards lower weight electronic products. Furthermore, a large segment of Alaska resides in rural areas where safe on-site disposal options are altogether absent for potentially hazardous wastes like electronics. A collection-based approach also ensures that convenient collection opportunities will continue to be available in rural areas, which is not necessarily the case in programs with a statewide weight or percentage goal. After a review of the possible approaches to specifying the appropriate measure of performance for the program, the group determined that the performance goals for the program should be premised on the availability of collection opportunities for consumers (referred to as collection convenience).

Collection Convenience

The program is to provide sufficient collection opportunities for residents of Alaska and be composed of permanent collection sites including those operated by entities such as municipalities and tribes,

retailers, schools, charities, and recycling companies. In addition to permanent sites, the collection convenience standard will recognize, in certain circumstances, the use of one or two-day collection events as well as “as needed” removal of collection containers.

Several of the product stewardship programs in the U.S. specify that the number of collection opportunities to be made available are assigned based on population. As an example, the requirements for the electronics program in the State of Washington are as follows:

- *For any city or town with a population of greater than ten thousand, each program shall provide a minimum of one collection site or alternate collection service described in this section or a combination of sites and alternate service that together provide at least one collection opportunity for all product types. A collection site for a county may be the same as a collection site for a city or town in the county.*
- *Collection sites may include electronics recyclers and repair shops, recyclers of other commodities, reuse organizations, charities, retailers, government recycling sites, or other suitable locations.*

For Alaska, the determination of a convenience requirement may consider the following criteria among others:

- Product category
- Number and geographic location of existing collection sites, if any
- Projected collection infrastructure to address the needs of communities in Alaska
- Road access versus those communities that are not accessible via road
- Seasonal availability of collection
- Transportation availability and logistics (proximity to a hub city)
- Opportunities for collection events and mail back service.

Implementation Entity

While manufacturers may be individually responsible for managing their end-of-life products under some product stewardship systems, manufacturers within a given product category often prefer to establish a collective Stewardship Organization (SO) to achieve economies of scale and increased efficiency. If the manufacturers of a product category determine that a representative SO is the most efficient method for designing and operating the program, the SO could model other states’ successful programs by incorporating as a non-profit entity with a governance structure that is predominantly, if not solely, composed of manufacturers. (Typically, the enabling legislation will include anti-competitive provisions.)

SOs are commonplace for many product categories subject to product stewardship requirements in the U.S., including architectural paint, portable batteries, mercury-containing thermostats, and carpet. SOs

are also in place for managing programs for electronics in the nine provinces in Canada and across the European Union that have implemented regulatory requirements for this product category.

After reviewing a suite of governance options and examples of implementation entities, the group determined that a SO is appropriate for program administration in Alaska.

Responsibilities of the Stewardship Organization

The following section covers the specific responsibilities of most Stewardship Organizations (SOs). Such responsibilities for a program in Alaska are expected to include, but are not limited to, the following:

- Providing funding for collection/recycling activities
- Serving as contact for other program participants
- Establishing environmentally-sound management standards and practices
- Potentially contracting directly for collection and processing service
- Program evaluation and reporting
- Coordinating outreach and education activities

The responsibilities for SOs often vary by product category and jurisdiction and several models exist for how the SOs meet the regulatory requirements on behalf of the brand owners.

The most common approach is for the SO to directly contract for recycling and processing services with one or more vendors, and the collection entities participating in the program must direct material to those vendors.

In Alaska's case, given the group's preference for a collection convenience standard as the obligation setting mechanism for manufacturer participation (as opposed to, for example, a weight-based or percentage-based recycling goal), an additional role exists for the SO. Specifically, that role is for the SO to serve as a clearinghouse to allocate collection sites to individual manufacturers or groups of manufacturers. This ensures thorough geographic collection coverage, equitable participation by manufacturers, and allows the manufacturers a more flexible, decentralized approach to providing transportation and recycling services.

Due to the obligation to provide financial resources to support collection activity, the SO may provide a financial payment, sometimes referred to as a *collection incentive payment*. The payment is generally paid on a per pound basis to either recyclers or collectors for their activities in the program. While this approach allows for more flexibility, it also creates greater challenges for administration and oversight.

Given the geographic context, population distribution, complicated logistics and transportation needs and few processors located in the State of Alaska, the SO may wish to engage in direct planning, organizing and operating of recycling services in the state, at least in the initial stages of program implementation.

Stewardship Plan Components

A stewardship plan is a plan that is often required to be prepared prior to the implementation of a collection and recycling program for a particular product category. It is generally prepared by the SO to serve as the operational document for the program, details how the program will function and identifies the roles and responsibilities for program participants. The stewardship plan is generally submitted to the regulatory authority (which is often a state agency) for review and approval and is often required to be updated on a regular basis. The contents of the plan vary by jurisdiction to take into account the specific needs and circumstances associated with the product, existing infrastructure etc.

A stewardship plan prepared by the SO would ideally address the following components:

- A description of the organization and contact information
- A list of all participating manufacturers
- A definition and scope of products to be addressed, including orphan and historic products such as televisions and monitors containing cathode ray tubes
- The roles and responsibilities for those along the product chain including manufacturers, retailers, collectors, transporters, recyclers/processors, and end markets
- A description of the proposed statewide collection system that is sufficient to accomplish the convenience requirements
- A description of how the plan will incorporate existing collectors, transporters, and recyclers where feasible
- A description of how the collected products will be recycled and processed, and what steps will be taken, beyond the statutory and regulatory requirements, to ensure environmentally sound management
- Anticipated organizational and financial resources necessary to implement the plan
- What performance metrics will be used to evaluate the program (e.g. weight measurements; annual customer-satisfaction and customer-awareness surveys; etc.)
- What strategies can be implanted to promote design for the environment (toxicity reduction, recycled content, recyclability, product longevity) for the products as well as any packaging
- A description of the public outreach and communications plan
- A description of the public and stakeholder consultation activities in preparation of the plan and how the comments were incorporated into the plan

Stakeholder Engagement

As stated above, the SO could be required to develop a public outreach and communication plan that describes how the SO will implement and promote its collection program. As part of the plan development process, the SO is expected to conduct public and stakeholder consultation activities that will offer important insights and information to assist with shaping the stewardship plan. The policy

could specify the activities necessary to ensure that sufficient opportunities exist for program participants, as well as other interested parties, to directly participate in the plan development process.

In addition, the SO could convene a standing advisory group that includes representatives from remote communities in Alaska that would assist the SO in addressing issues that arise while serving remote areas of the state.

Reporting

Successful programs generally require an annual report be submitted to the state regulatory agency charged with oversight of the program. Each entity operating a collection and recycling program for the products included in the product stewardship program would submit a report, which outlines activities and program performance during the preceding year. The report identifies challenges that may be hindering program performance and identifies steps to improve the program functioning if necessary.