



Circular  
Action  
Alliance

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# CAA California

## California Program Plan Development

March 6, 2024

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# The U.S. PRO – Circular Action Alliance

Circular Action Alliance (CAA) is a non-profit producer responsibility organization established to implement EPR laws for paper and packaging in the United States.

CAA is led by 20 Founding Members from the food, beverage, consumer goods, and retail sectors.



# State by State Updates

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CO

CAA was selected as the **single PRO** for Colorado on May 1, 2023. CAA submitted a needs assessment to the Colorado Department of Public Health and Environment on January 26, 2024.



CA

CAA was selected as the **single PRO** for California on January 5, 2024. CAA will provide comments on CalRecycle's draft rules to CalRecycle during the SB 54 formal rulemaking period in 2024 and is working on the development of the producer responsibility plan.



OR

CAA submitted a **letter of intent** on Sept. 1, 2023, indicating that the organization will submit a program plan to the Department of Environmental Quality by March 31, 2024.



MD

CAA was selected to represent the interests of producers and serve as the **single PRO** on the State's Producer Responsibility Advisory Council, which will present recommendations to the Governor and legislature for establishing and implementing an EPR program for packaging materials.



ME

CAA has been engaged in Maine's **stakeholder workshops** and provided comments to Maine's DEP. CAA will continue to provide comments to the DEP throughout its formal rulemaking process. Maine will not select a PRO until 2026.

# CAA's Mission

- The organization's mission is to provide producers with consistent EPR services across multiple states while developing and implementing EPR programs that:
  - Meet state-specific regulatory requirements;
  - Leverage existing recycling systems and infrastructure; and
  - Advance the circularity of covered materials through collaboration with local governments, service providers, and recycling system stakeholders.





## CAA's Strategic Operating Principles

- Deliver efficient EPR compliance services to producers through scale of operations, **harmonization of service delivery**, and program planning consistency across states;
- Provide **strong producer governance** based on meaningful stakeholder engagement and representation of the broader producer community;
- **Enhance the collection of covered materials** through increased access to recycling infrastructure and efforts to reduce contamination through coordinated outreach and education initiatives;
- **Support the optimization of recycling facilities** to increase the recovery of recyclable materials and enable circular systems for paper, packaging, and food service ware in EPR states;
- **Improve consumers' experience with recycling services** by equipping residents with the information required to raise recycling rates and build public confidence in producer-led recycling programs/systems;
- Support and incentivize **innovation in packaging design** and delivery models to reduce waste and enhance recyclability;
- Develop and support viable, **responsible end markets** that:
  - Maximize the value of recycled commodities;
  - Advance circular solutions for hard-to-recycle materials; and
  - Provide high-quality recycled materials to producers for use as recycled content in new products and packaging.



# CAA Team Capabilities

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- CAA's team has a broad range of experience and expertise in establishing and operating PROs.
- From start-up to operations, the team has worked closely with producers, regulators and stakeholders to achieve the policy objectives of EPR laws and regulations. This experience includes:
  - EPR program plan development and implementation;
  - Reporting, fee-setting and eco-modulation;
  - Waste and recycling services procurement, recycling system design, reimbursement model development and execution, and collaboration with local governments on recycling system improvements;
  - Post-collection network development and operation;
  - End-market development;
  - Education and outreach, including consumer and producer education, outreach campaigns, and working groups.



# CAA California Board

- The CAA Board of Directors has established a California Board, which has delegated authority to act on behalf of the National Board of Directors to approve the producer responsibility plan and the budget for implementation of the plan.
- The California Board includes 11 producer voting members and 4 non-voting member trade associations.
- The CAA National Board appointed the voting members on Feb. 28, and the nonvoting members were appointed in December and January.



# California – SB 54 Overview

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## Overview

- Enacted in June 2022, SB 54 requires producers of residential and commercial single use packaging and plastic single-use food service ware to either join the selected PRO or register as an independent producer and demonstrate a 65% recycling rate prior to 2027, and a 70% recycling rate after 2027.
- Producers must ensure that by January 1, 2032 (PRC 42050):
  - 100% of packaging in California is recyclable or compostable
  - 25% of plastic packaging is source reduced
  - 65% of all single-use plastic packaging is recycled
- The PRO must develop a producer responsibility plan, along with enforceable source reduction agreements with producers, and provide that plan to the Producer Responsibility Advisory Board by April 1, 2026.
- By January 1, 2027, or upon approval of the plan, producers must be approved to participate in the PRO's plan.





# Producer Responsibility Plan Requirements

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- **Needs Assessment:** Actions and investments in response to the needs assessment.
- **Producer Services:** Producer reporting, fee structure, fee schedule and eco-modulation.
- **Recycling Infrastructure and Programs:**
  - How the program will supplement, and not conflict, with existing collection and recycling programs.
  - How the budget will fund the collection, processing, recycling or composting of covered material and support viable end markets for those materials.
  - Process for determining the payments to local jurisdictions, service providers and alternative collection systems.
  - Dispute resolution.
  - Education and outreach, including activities to reduce contamination and increase public participation.
- **Source Reduction:** Source Reduction Plan and data on reuse, refill, recycled content, elimination, rightsizing and light-weighting.
  - Arrangements to establish and fund:
    - infrastructure for reuse and refill,
    - elimination of certain plastic covered material, or,
    - shifting from plastic to non-plastic covered material.
- **Responsible End Markets:**
  - Ensuring covered material is transferred to a viable responsible end market.
  - Arrangements with processors or recyclers to ensure that material not collected through a curbside collection program is recycled at a viable responsible end market.

# Producer Registration

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The Colorado Department of Public Health and Environment (CDPHE) has included a proposed producer registration deadline of **July 1, 2024**, in Colorado's draft rules, which will be finalized in May 2024. Registration in Colorado will require producers to submit contact information to CAA.



**CAA is working to register producers in Colorado, California, and Oregon by July 1, 2024.**



Early producer registration in California will help prepare producers with reporting guidance for fee-setting and source reduction.

Scan the QR code or click the link to complete CAA's **obligated producer registration form**. This is the first step in the producer registration process.



# Producer Services and Reporting

- CAA is developing guidance materials to provide reporting instructions to producers.
- Following the finalization of the Covered Material Category (CMC) list on July 1, the guidance materials will be updated to incorporate California reporting guidance.
- The organization's IT team will soon start the initial development of the producer reporting portal. Once finalized, the CMCs will be added as reporting categories in the portal.
- The producer reporting portal will be ready to receive producers' California data by Q3 2025.



# Fee-Setting

## Fee Budget Requires Estimate of Program Costs:

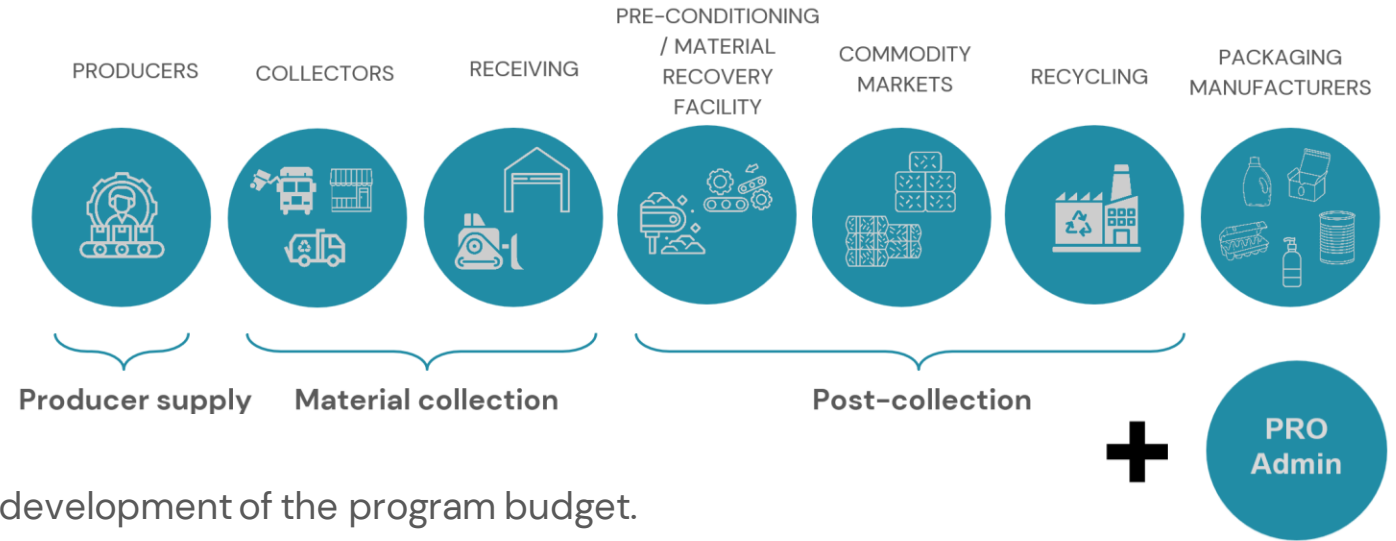
- Need to determine material management costs (i.e., collection, processing, infrastructure, education and outreach, etc.).
- General program delivery costs (i.e., admin, general communications, reserves, responsible end market compliance, start-up costs)
- The results of the needs assessment will support the development of the program budget.

## Producer CMC Reporting:

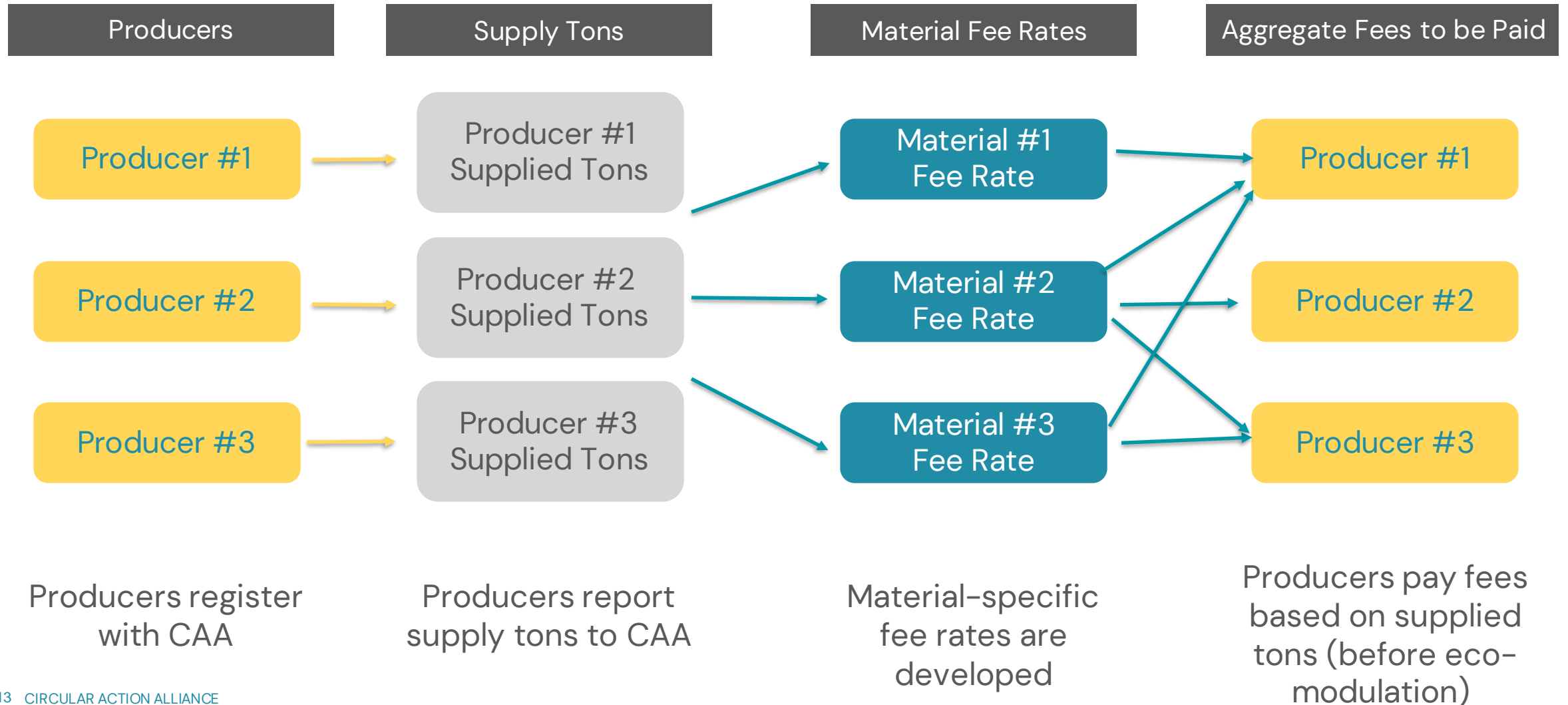
- Accurate and timely reporting of supply data is essential to set fair and reasonable base fees.

## Fee-Setting Methodology:

- CAA has established guiding principles to support the development of a national fee-setting methodology that can be adjusted and used in multiple states.
- Base fee rates will be set for each Covered Material Category and will reflect material-specific management costs (collection and sortation) and revenues.
- Eco modulation criteria will be developed in accordance with specified factors outlined in PRC 42053(d).



# Fees shall be payable by producers based on the type and amount of packaging they supply



## Needs Assessment

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- CalRecycle is responsible for preparing needs assessment studies and selecting any third-party contractors to complete studies.
- CalRecycle and the third-party contractor are required to consult with CAA and the Advisory Board on the development of the needs assessment.
- CAA is responsible for reimbursing CalRecycle for the cost of developing the needs assessment, along with any updates.
- CalRecycle and CAA held an initial meeting on the needs assessment last month, and we are still finalizing how CAA will contribute to the process.
- CAA has significant interest in the needs assessment process because it will inform the producer responsibility plan, the plan's budget, investments required for system expansion, funding needs, source reduction measures, end market development and actions to improve the recyclability of packaging (PRC 42067 (e)).





# Funding Mechanism

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- **Needs Assessment:** Needs assessment will provide information that will support the development of a funding mechanism.
- **Legislative Intent:** SB 54 aims to ensure financial compensation for local jurisdictions handling new costs resulting from implementation of the law.
- **Plan Alignment with Solid Waste Network:** Producer responsibility plan should complement the existing solid waste network without conflict.
- **Plan Components**
  - Identify costs for local jurisdictions, recycling service providers, and alternative collection systems.
  - Establish a schedule and mechanism for transferring funds to support covered material management costs.
  - Tailor funding to improve collection, sortation, recycling, and recyclability of covered material
- **Funding Mechanism Exploration:** Consider reimbursement for actual costs through a data call or incentive payments based on service delivery types and regional variations.



# Responsible End Markets

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## Program Plan Requirements

- How the PRO will budget and fund the development of viable responsible end markets.
- How covered material will be transferred to viable responsible end markets for processing into new packaging or products.

## Needs Assessment and REMs

- Evaluate current market conditions and the need to create viable responsible end markets in the state and regionally.
- Determine availability of responsible end markets, along with mechanisms to identify and expand responsible end markets.

## Draft Regulations and REMs

- Responsible end market determination – standards.
- End market identification, annual verification, audits and investigations.
- End market viability – PRO funding.
  - Funding existing end markets not meeting standards.
  - Funding to divert materials from end markets not meeting standards.
  - Development of new responsible end markets.




**PRC 42040(5)** This chapter does not modify, limit, or abrogate in any manner the existing rights of an owner of recyclable materials to sell or donate those materials

# Responsible End Markets

## Next Steps

- Identifying which materials require REM development and the mechanisms to support that development in parallel with the needs assessment process.
- Engaging with local jurisdictions and recycling service providers to develop a collaborative solution for REM identification, tracking, verification and potential funding mechanisms.
- Developing an IT strategy and mapping out the requirements of a material tracking system to verify REMs.



**PRC 42040(5)** This chapter does not modify, limit, or abrogate in any manner the existing rights of an owner of recyclable materials to sell or donate those materials

# 2023 baseline year & source reduction targets

<b>2023 Baseline</b>  <b>Published</b> <b>Jan 1, 2025</b>	<p>Department establishes baseline for the 25 percent reduction target based on the amount of <b>plastic covered material</b>, including the number of products packaged in covered material sold in the state in the 2023 calendar year.</p> <ul style="list-style-type: none"> <li>Source reduction requirement for plastic covered material is by both <b><u>weight and component</u></b>.</li> </ul>
<b>Jan 1, 2027</b>  <b>↓ 10%</b>	<p>PRO shall source reduce no less than <b>10 percent</b> of plastic</p> <ul style="list-style-type: none"> <li>No less than <b>2 percent</b> of plastic reduced through shifting to reusable or refillable packaging and food service ware systems.</li> </ul>
<b>Jan 1, 2030</b>  <b>↓ 20%</b>	<p>PRO shall source reduce no less than <b>20 percent</b> of plastic</p> <ul style="list-style-type: none"> <li>No less than <b>4 percent</b> of plastic reduced through shifting to reusable or refillable packaging and food service ware systems.</li> </ul>
<b>Jan 1, 2032</b>  <b>↓ 25%</b>	<p>PRO shall source reduce no less than <b>25 percent</b> of plastic (weight and component)</p> <ul style="list-style-type: none"> <li>No less than <b>10 percent</b> shifting to refillable / reusable or eliminating a component</li> <li>Remainder through concentration, right-sizing, lightweighting, or shifting to bulk or large format packaging, or shifting from a plastic covered material to a nonplastic covered material</li> </ul>

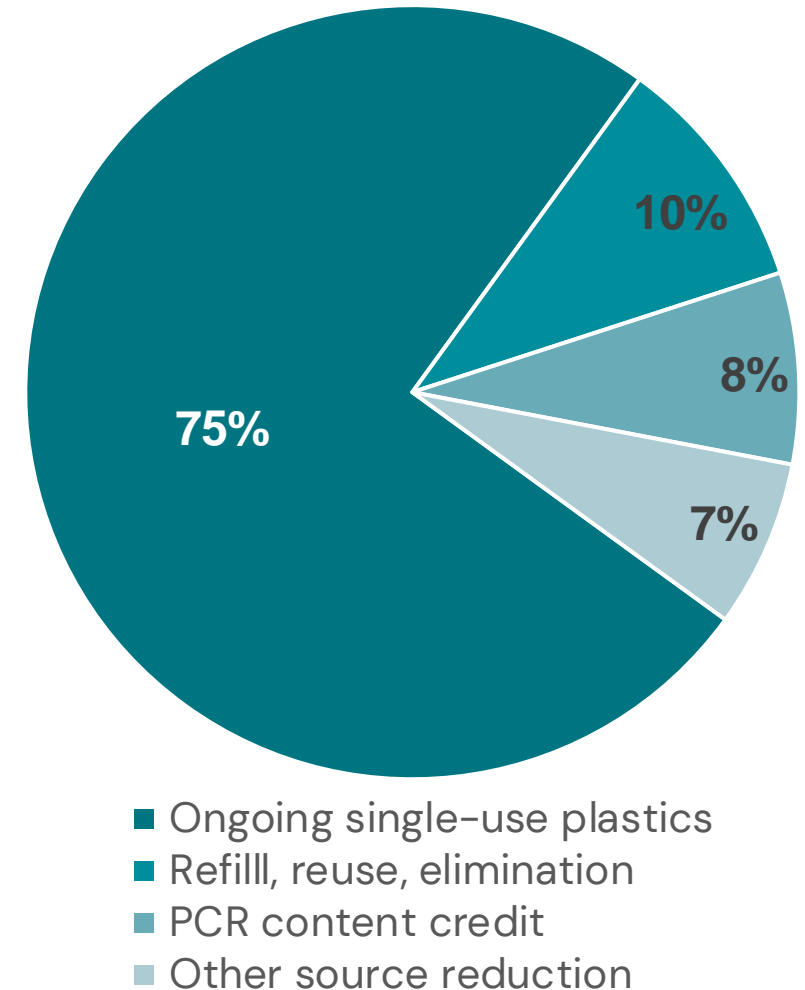
# Source Reduction Next Steps

## Needs Assessment:

- Study # 1: CalRecycle will work with a third-party contractor to establish the 2023 baseline.
- Study #3: CalRecycle will evaluate actions and investments needed to meet source reduction requirements, including reuse and refill.
  - Assess design changes needed to achieve source reduction requirements

## CAA Next Steps:

- Educate producers on source reduction requirements.
- Draft and consult on an enforceable source reduction agreement with producers.
- Build the reporting infrastructure to receive producer data on light-weighting, elimination, reuse, refill and recycled content.
- Proposed Rule: The baseline will be updated with 2023 supply data provided by producers in the annual reports for 2027.



# Next Steps and Key Dates

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- Producers are encouraged to register with CAA by July 1, 2024.
  - Register for our Producer Working Group to get the latest information about EPR compliance.
- Final CMC list published on July 1, 2024.
  - Develop reporting guidance materials.
- Needs assessment studies to be carried out by CalRecycle in 2024 and 2025.
- Regulations to be finalized on or before Jan. 1, 2025.
- Producer responsibility plan due by April 1, 2026.
- By January 1, 2027, or upon approval of the plan, producers must be approved to participate in the PRO's plan.





# Stay Engaged



- **Producer Resource Center**
  - Producer resources page with FAQs, Producer Working Group information and other updates.

- **Monthly Newsletter**
  - The latest updates for each state and new resources.



- **Producer Working Group**
  - **March 19th, 12–1:30pm EST**
  - Open to all Producers
  - Topics – Oregon Program Plan



Scan the QR code or click the link to complete CAA's **obligated producer registration form.** This is the first step in the producer registration process



# Thank You



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