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To: Katie Dykes, Commissioner, Connecticut Department of Energy and Environmental Protection
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TOMRA's comments re.: DEEP Implementation of Public Act 21-58: Bottle Bill Modernization

The declining performance of Connecticut's deposit-return program came about as the value, or incentive, of the deposit declined. The deposit is the primary and most impactful driver of redemption. Changing that alone will drive return rates – and that is now planned to happen in 2024. To ensure the program is easy for the original consumer to secure the deposit they paid upon purchase back upon the return of their container – PA 21-58 requires an investment in the convenient redemption infrastructure Connecticut has today – a hybrid approach of return-to-retail plus redemption centers to enhance options for high-volume redeemers - through handling fees. The increase in handling fees, plus a mandate to ensure that all retailers provide visible and accessible redemption on-site, and a grant to ensure any underserved parts of the state have redemption options, will make Connecticut one of the most consumer-friendly redemption states in the country. The new law further specifies tasks and specifications, like advanced product registration, to ensure a seamless redemption transaction for consumers and retailers. With the timing of these over the next year and a half, the 'system' will be in improved shape to accept more containers and volume promised by the addition of new beverage categories and increased redemption.

The law does what needs to be done to address the primary objectives of reducing waste and litter and ensuring consumers will have an easy time of getting their deposits returned before their next purchase.

There are other responsibilities of producers, such as material pick-up from stores and RCs, and processing; deposit and handling reconciliation; and risk management including fraud prevention. They do this today by doing the work themselves, contracting third-party service providers, or working with TOMRA and ENVIPCO who have established a full-service solution. Yes, there is no one central stewardship organization – but the roles and responsibilities are being met and managed today. The legislature set the framework for performance and convenience. We look forward to talking further about what value a stewardship organization might add to what PA 21-58 already sets in motion.

TOMRA also encourages DEEP to refer to a white paper we released earlier this year which includes some best practices for a 'modern' DRS. The legislature incorporated many of them – so we know the program will improve. Our paper also includes a few examples of the roles and responsibilities adopted by central stewardship organizations and system operators in various high-performing programs. In addition to our comments here we encourage you to review that document.

About TOMRA Collection

TOMRA has over four decades of global working-experience developing technical, operational solutions, and managing systems to make redemption easy and accessible for consumers, retailers, and producers. And aligned with the interests of producers and regulators alike – maintaining system integrity. With clear expectations set in statute, companies like TOMRA and ENVIPCO have been able to innovate within the framework a reverse vending system, third-party material collection and processing companies, and a data-centric clearinghouse which integrates all producers, retailers, and RCs. You see examples of this in the northeast states and Michigan. The Reverse Vending redemption system integrates those parties plus third-party pick-up agents and allocates volume for pick-up and processing services. Compliant and effective ‘systems’ which integrate all the required aspects of the deposit-return program. The flow chart below helps show this. All responsibilities of the beverage producers and retailers – made effective and efficient through our system.



- **Automated reverse vending solutions** to meet the needs of retailers and RCs.
- **Product registration** requires the creation and management of a library of codes and names. All stakeholders need this to validate and reconcile transactions. Over 95% of the containers redeemed through TOMRA’s RVMs are managed online.
- **Clearing of deposits and handling fees** – As containers are redeemed in RVMs, the machine records the exchange, and our Billing Team compiles this data into invoices for the appropriate distributor to reimburse the retailer or redemption center for the deposit and pay the handling fee.
- **Container pick-up** – through 3rd party collection services, beverage distributors can delegate responsibilities to a focused service provider; and retailers and RCs can benefit by having 1 collection truck visit them.
- **Material Processing** – Throughout the Northeast, TOMRA owns and operates eight processing facilities and partners more to prepare deposit containers for resale to the recycling markets. For glass, this involves color sorting, crushing and what is known as “beneficiating” or cleaning further to raise purity levels in preparation for manufacturing in new glass bottles. PET containers are color sorted and baled. Aluminum containers are baled.
- **Brokering commodities on distributors’ behalf** – deposit initiators legally own the container’s commodity value. This ownership and material quality is preserved in the RVM system even after each container is effectively compacted and ‘comingled’ to save space and reduce costs. Deposit initiators



can use that commodity value to offset the costs of the deposit program – as well as use the material for any recycled content mandates.

TOMRA New York Recycling (TNYR) and UBCR

In New York, TOMRA is a co-owner in a cooperative with 13 beverage distributors called TOMRA New York Recycling, which provides 3rd party services for all brand owners in upstate NY, consolidating pick-up and processing services. In Michigan, at the request of and under contract with the Michigan Soft Drink Association and the Michigan Beer and Wine Wholesalers Association, TOMRA and Schupan Recycling joined together to establish UBCR. Both organizations provide efficient, compliant solutions for container pick-up and processing. The organization operates through private contractual agreement. Legislation was not required to establish these companies nor the Michigan organizations which designed and contract with UBCR for these services.

Response to DEEP Questionnaire –

Overall Objectives

- 1. Are the tentative objectives listed [below] the right objectives to guide DEEP’s implementation of its responsibilities with respect to the Bottle Bill? Are there other objectives that should be included? Are there special considerations related to how these objectives should be balanced?***

TOMRA supports the objectives listed below with the following considerations to clarify and strengthen. Regardless of whether a central organization is formed or not, we believe that the law, DEEP’s role, and even system operators like TOMRA and ENVIPCO can facilitate stakeholders towards addressing these objectives.

Tentative Objectives:

- Increase the percentage of covered containers that are redeemed and returned through the container redemption program***
 - We think that DEEP can adopt a target for itself in this statement which reflects what stakeholders debated is possible and wanted to see when the deposit was set to raise, and infrastructure expanded. Accept a performance target of at least 85%.*
- Ensure convenient access to redemption for all Connecticut consumers, through strategies and approaches that reflect the specific needs and circumstances of individual communities.***
 - Because ‘convenience’ can be in the eye of the beholder, we recommend that DEEP adopt a mission to ‘make redemption of the deposit as easy for the original consumer as it was to initially charge the deposit’. ‘Communities’ aren’t the concern here – the ‘Consumer’ is. DEEP can set a performance target of points of redemption per population which is no less than it will be after the new retailer mandates and handling fees take effect.*
- Promote economic development opportunities related to container redemption, and ensure efficient and sufficient investment in redemption infrastructure***

- **Minimize any potential fraud including cross-border redemption**
 - Good idea because managing risk can't be viewed as any one party's responsibility. DEEP could help facilitate a consortium to review current and 'best' practices to 'modernize' the program.
- **Facilitate a long-term solution for wine and spirit product containers**
- **Ensure that recovered materials are used for their highest and best use**
 - Be more definitive with this - ensure 'circularity' and that the program contributes towards a 'circular economy'.
- **Additional objective recommendations:**
 - Continue with the public commentary and ensure transparency in future discussions and design.
 - Consider the fact that Connecticut has a well-invested, functioning system today. Make sure that with any proposed organizational changes that we enhance, not diminish what we have today or what was deemed a priority by PA 21-58.

Bottle Bill Stewardship Organization Approval

2. How should DEEP apply the criteria in Section 9(a) in approving an application from a beverage stewardship organization for approval? Are there particular substantive or procedural criteria that DEEP should require or encourage applicants to meet?

- While deposit initiators could form an organization without this statute, it seems that DEEP's criteria could be in setting its expectations for the purpose of such an organization.
- Establish an Advisory Board made up of a cross-section of CT deposit system stakeholders. Given Section 9 requires any proposed stewardship organization to "obtain input" from stakeholders, this should be formalized into an Advisory Board defined in the organization's bylaws.

3. What guiding principles should govern the formation of a stewardship organization?

- The acceptance of performance targets and expectations set by lawmakers and stakeholders. The law requires that such an organization must achieve and exceed an 80% redemption performance target. Adopt that as a minimum so strategic investments and partnerships might align with some sense of certainty and accountability.
- Work within the parameters set by PA 21-58.
- Consider transparency, engagement, and environmental justice in all decisions.
- The redemption infrastructure must be easy and accessible for consumers as it was to charge the deposit.
- Using the new law and the frame conditions it sets, enhance the program – don't diminish it.
- Adopt 'circularity' as a key principle.
- Like Michigan's and Norway's system operator do, cooperate with system and service providers – don't unfairly compete and subsequently take away the motivation to innovate and invest like the RVM system providers and RCs have done over the years to serve the retailers and consumers.
- Continuous improvement: prioritize improving the redemption rate and consumer access, but also govern activities to ensure that the operations are cost-effective. We want the program to be

financially sustainable well into the future. With the new formula to share the unredeemed deposits comes the added 'license to operate' making sure the first principles are achieved.

4. *Given the need to approve a stewardship organization in advance of the July 1, 2022, deadline. For submission of a stewardship plan, should DEEP set a specific deadline for submission of an application?*

- Applications should be made public, with at least a 90-day public comment period.

Stewardship Plan Submission

5. *Section 9(c)(1)-(9) spells out many specific requirements that must be included in a stewardship plan in order to be approved by the DEEP Commissioner. Should DEEP clarify any of these requirements, or require specific demonstration of these elements, in the Request for Submissions? For example, should DEEP specify a timeline for achieving and exceeding the eighty per cent annual redemption rate, pursuant to Section 9(c)(1), in the Request for Submissions?*

- Taking the example first, yes, it should be established per statute. There is no evidence that changing the infrastructure alone, or raising the handling fee, or even expanding beverage categories will increase redemption rates dramatically. This has been proven to happen when the deposit is increased. It is reasonable to believe that after the deposit is increased to 10-cents that the redemption rate will indeed jump. And with the hybrid retail and RC redemption infrastructure available to the public as specified by law – it is possible to see this jump meet the needs of the original consumers – and therefore be achieved the same year. So, we recommend that to ensure the program's infrastructure is not diminished any, and redemption is made easy in advance of the deposit increasing, that the 80% redemption target be expected within a year of the 10-cent increase. Because this is a key principle of the program and Section 9 itself, enforcement provisions should be tied to it. A significant amount of investment will be required of every key stakeholder and operator – including the State, and those redemption operators who rely on volume to finance their investments. It is important to know that this performance target will be taken seriously.
- It is normal among high-performing DRS that such an organization report quarterly and annually their performance and financials, such as:
 - Audit;
 - Financial spending that reflects the escheats-share formula;
 - A redemption rate – which should be defined as the total number of containers by material type sold into the state that are eligible for a deposit divided by the number of containers redeemed in the state;
 - A convenience rate – measuring the number of redemption locations or points of return per resident;
 - An assessment of how containers are redeemed, including retailer channel, RC, manually and through reverse vending technology;
 - An assessment of 'circularity' by reporting the end-user or recycler of material collected by the system (container count and weight by material type).
 - An economic impact statement including the number of jobs supported by the deposit system;

- Preserve the ability of retailers to choose their RVM-system provider.
- And in any proposal to invest for change the system must include an impact assessment for the above measurements.
- While the plan should provide a detailed description of how existing collection and redemption centers throughout the state are to be utilized – we do not support the notion that the plan does anything other than enhance the infrastructure specified and enhanced by PA 21-58. In other words – the retail mandate to redeem, and the provisions to all for private redemption centers is not the purview of the stewardship organization other than to settle with and collect from. The redemption infrastructure is set by the legislature to ensure the deposits are returned. It is the responsibility of the stewardship organization to achieve the 80% redemption target. And if more infrastructure is required, or a higher deposit value, then they can add to the base program established by PA 21-58.
- With regards to disclosing applicable rates of redemption and growing past 80% redemption rate, the stewardship organization does not, and should not, have the authority to reduce or delay the deposit value set to take effect January 2024.
- With regards to *identifying any legislative changes necessary to carry out such plan. Because we are talking about a ‘stewardship’ organization and plan, it is not acceptable that such an organization or plan would propose to change legislation approved in a bi-partisan vote by the representatives of the public. Connecticut’s DRS is not a greenfield proposal. It has been active for nearly 40 years. PA 21-58 was amended based on experience and stakeholder input. Any organization and plan should be a ‘caretaker’ and implementer of that intent.*
- To reiterate, the stewardship organization should focus on implementation, not amendment until at least all the provisions have been allowed to take effect. It would be a bold move to agree to no further amendment until at least the 2025-26 legislature.

6. What performance criteria should a stewardship organization need to include in its submitted plan?

- We’ve provided several of them in previous comments.
- Performance targets: To clarify the 80% redemption rate, DEEP should clarify that this be at least achieved by the end of 2024 and sustained thereafter. The plan should reflect how it will ensure that in ways in addition to the law’s provisions.
- Making redemption easy and accessible: we can understand this by understanding the number of points of redemption by channel; redemption volume figures by channel; and number of customers.
- A baseline figure should be set by DEEP based on the new provisions.
- Cost per container to redeem. A measurement to understand spending and cost effectiveness.
- System integrity: consider risk in how containers are redeemed, and the various ways counts are validated - and set objectives.
- Assuming stewards are responsible for all their containers – it would help policymakers and stakeholders to understand more about what was not redeemed.

Are there any penalties, oversight, and accountability metrics that should be applied to a stewardship organization?

- Yes, please refer to comments made previously.

- Not only with the sharing of the unredeemed again, and an 80% redemption rate target – it is important for everyone’s sense of trust and expectation that metrics, accountability and even penalties be clarified upfront. This will level the playing field for good actors.
- A new stewardship plan could be required every five years to adjust to changing circumstances.



7. What additional parameters or requirements should the DEEP Commissioner specify, pursuant to Section 9(c)(10), to include in an approvable Stewardship Plan?

- The Commissioner could clarify upfront the expectations about achieving redemption rates, making redemption easy and accessible.
- Further, she could clarify DEEP’s expectation that any proposals do not reduce the redemption infrastructure.
- And in consideration of the above, and the fact that the legislature included the provisions necessary for a high-functioning DRS without an SO, that DEEP encourages a plan which looks to support the implementation of the statute through 2024 without proposing significant changes or delays to its key provisions.

8. How should DEEP go about ensuring that members of the independent redemption centers community, municipal resource recovery facilities, municipal leaders, wine and spirits distributors, and reverse vending machine operators, and/or any others not specified in Section 9(c) are able to provide input on the Stewardship Plan?

- Form an Advisory Board with two representatives on a stewardship organization board should one be formed.
- Any proposed stewardship plan should have a 90-day public comment period, with stakeholder comments posted publicly.
- Proof and demonstration of input and concerns should also be considered so that it is “input” consistent with the legislation and not strictly a public hearing requirement.
- Should also be continued open meetings but with Advisory Council they could ensure transparency with more stakeholders at the table including DEEP.

Redemption Center Grant Program

9. *Beyond the criteria specified in Section 65, are there any other criteria or considerations should DEEP consider to optimize redemption center grant funding to (a) ensure equitable access to redemption, (b) support economic development opportunities in underserved communities, (c) expand consumer access to redemption, and (d) provide for compatibility of investments with a potential future transition to a stewardship organization-led redemption program?*
- While this concept was explored and a budget established, it was considered that new RCs would be ‘modern’ and funded to incorporate best practices and best available technology. So, it would be germane to this intention – the items listed above, that reverse vending technology be encouraged whether in the project approval process or in terms of financing.
 - We all want these RCs to be economically sustainable, creating quality jobs and experience, accessible during all hours, modern payment process, and integrating into a pick-up program where compaction is needed to reduce costs and carbon-footprint associated with trucking whole containers. There is an opportunity to make them ‘models’ while at the same time serving underserved parts of the state.

Draft Memorandum of Agreement for In-State Processing of Wine & Liquor Beverage Containers. DEEP is required to submit a draft MOA to the Environment Committee of the General Assembly by January 15, 2022.

10. *What are the requisite parties that should be included in such an MOA, and how can DEEP efficiently facilitate discussions among such parties?*
11. *What best practices/programs should the wine and liquor industry utilize to help them achieve the goal of collecting and processing of at least 80% of the wine & liquor containers sold in the state?*
- The MOA should be among the members of the supply chain. The brand owners or first importers/distributors and retailers. The appropriate regulators. And members from the municipal government who testified to remove the burden of glass collection in their recycling programs.
 - The best practice for these producers/distributors is Connecticut’s own DRS. All the components work. The concern before has been about ‘responsibility’ and fees. Fees can be studied and set outside of the committee hearing room. Responsibility can be set – but there are several synergies which could be evaluated because of the existing DRS.
 - CT DEEP and stakeholders will soon have a modern DRS for wine and liquor from which to take some learnings – in Quebec. The provincial agency SAQ has been mandated to initiate a deposit and take-back by the end of 2022. Stakeholders are working out the details. A pilot redemption program was launched earlier this month.

Other topics

12. *Are there other issues DEEP should consider with respect to bottle bill modernization?*
- Meet with some producers who operate ‘centralized’ programs other than Oregon’s model. For example, both Michigan and Norway have highly-effective programs – of which producer organizations play a significant role.



- Meeting with key stakeholders on a more consistent basis over the next few years to improve communication and performance.