



# Modernization of the curbside recycling system

From curbside recycling  
to the circular economy:  
**Together for a sustainable  
world.**



## Game Plan

1.0

Update of the contractual structure (general terms and conditions and related policies)

2.0

Financing the transition & Preliminary rates for special 2024 producer financial participation (PFP)

3.0

Discussion period



1.0

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**Update of the contractual structure  
(general terms and conditions and  
related policies)**

## Transition period: Compensation plan and EPR cohabitate

### Compensation plan

- ÉEQ is a certified organization
- Membership is voluntary
- No contractual agreement
- Schedule of Contributions published in the *Gazette officielle du Québec*, which has the force of law.
  - Application rules
  - Contribution table
- Special consultations provided for under the Regulation
- ÉEQ has no operational responsibility



### EPR

- ÉEQ is a designated management organization (PRO)
- Membership is mandatory
- Contractual structure, including:
  - Membership contract and general terms & conditions
  - 6 policies related to the contract :
    - Producer Financial Participation (PFP)
    - Low-volume producers
    - Voluntary producers
    - Audit
    - Interest, penalties and sanctions
    - Confidentiality
- Consultation provided for under general terms and conditions
- ÉEQ has operational responsibilities regarding the management of curbside recycling (MOs, MRFs, Processors, sale of materials, etc.)

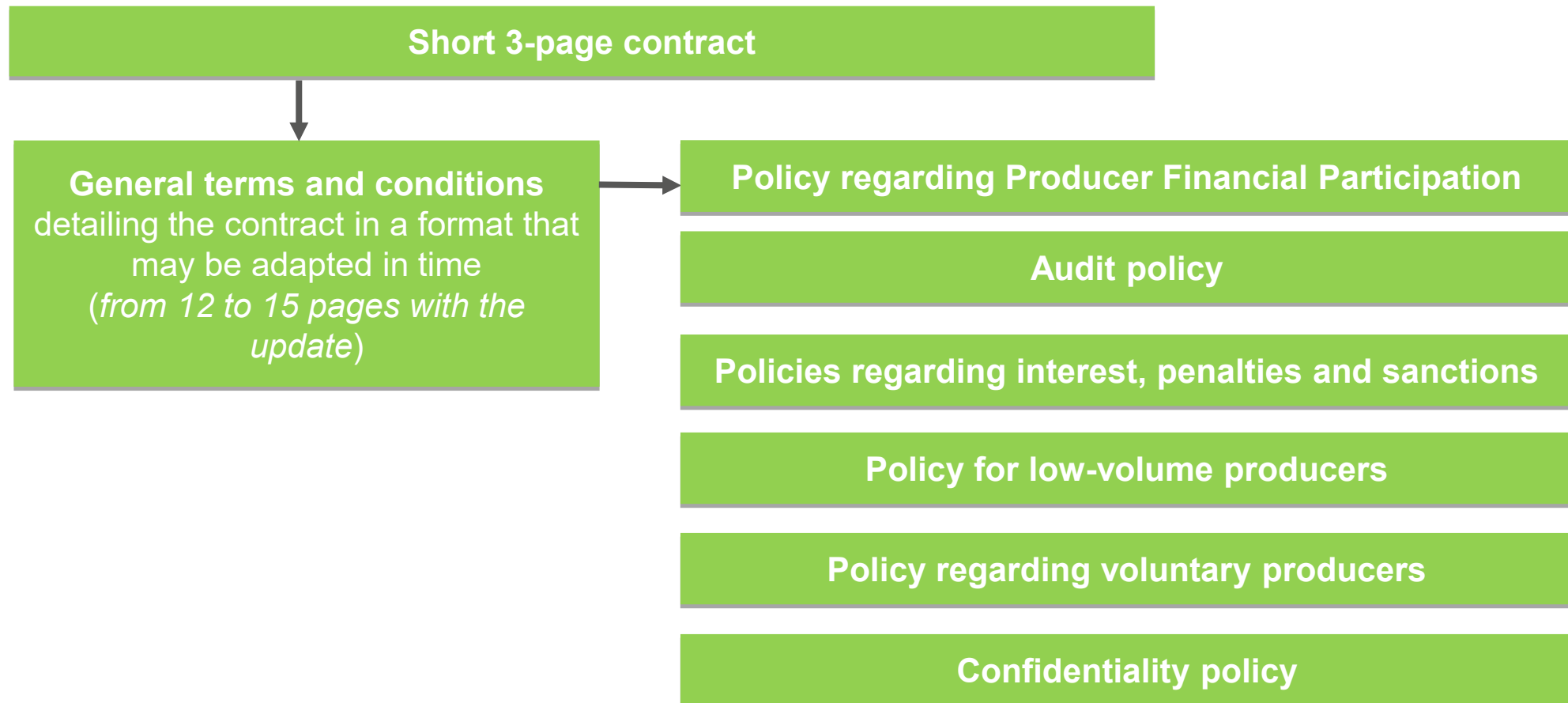


## Contractual structure: A progressive and iterative development

- Two meetings with producers in January 2023 on the contractual structure (Montreal and Toronto)
- Meetings with major producers' legal departments in March 2023 pertaining to the contract and general conditions
- Announcement of the consultation on upcoming policies during those discussions

## All producers must be members of ÉEQ

- Via the filing for the 2023 Schedule (required) or a link to a membership form
- Uniform structure for all producers with specific policies for certain clienteles (low-volume producers, voluntary producers)



# *General conditions*

## Update

General conditions have been amended in order:

- To **centralize** the definitions applicable to all documents in the contractual framework.
- To specify **terms** regarding the end of membership in order to simplify the process
  - Reasons and report(s) to be submitted
  - 30-day deadline to submit a change request for the report filing, if required
  - Loss of eligibility for all applicable credit based on an eco-modulation measure, either previous or current
  - Imposition of PFP accelerated in connection with the end of membership in order to prevent materials introduced but not financed from having to be financed by the mass of other producers.

# Regulatory changes

## Additional details and terminological update

*The Regulation amending the Regulation respecting a selective collection system for certain residual materials and other regulatory dispositions* was published by the Government of Quebec last August 30th.

These changes have a **limited operational impact**. In most cases, these changes add detail or are semantic in nature, for example:

- **Details** added in order to clarify certain concepts.
- Terminological changes, for example:
  - “Trademark” now replaces the terms “Brand and distinguishing mark” (as for the compensation plan)
  - “Banner” replaces “group” and “franchise”
- Adjustments to the **Audit policy** to implement regulatory changes tied to **the auditing** of producers



# *Adjustment of policies to provide clarifications and in the interest of simplification*

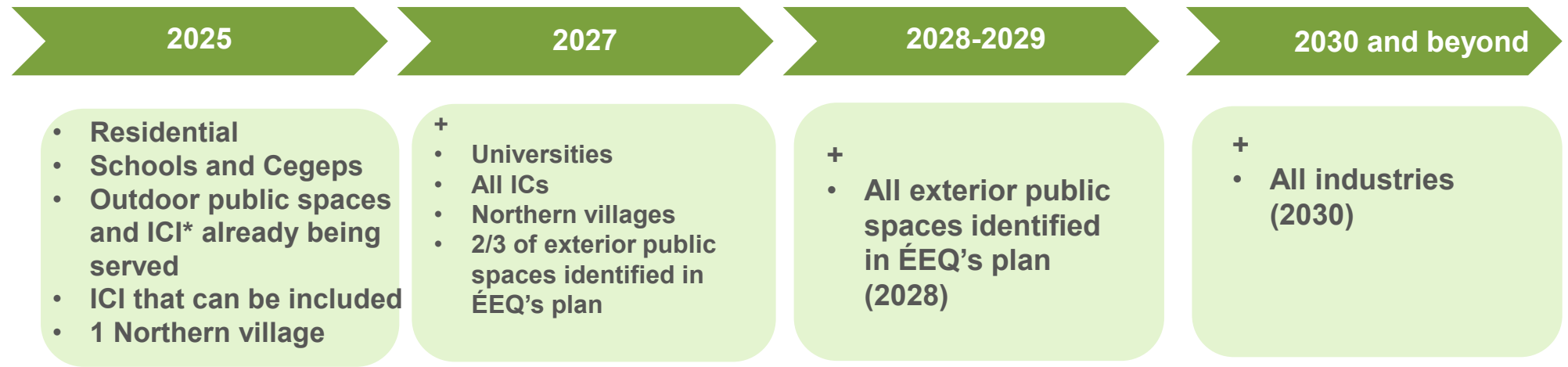
## A continuous improvement process

- Removal of definitions for centralization in the general terms in order to facilitate reading
- Simplifying terminology
- In the PFP policy:
  - Removal of the obligation to submit a report within 60 days of members' registration
  - Addition of a paragraph stating that any company starting operations must submit a report the following year, for the period during which it was in operation.
- Addition of details for clarification
  - For example, addition of materials excluded relating to the healthcare system (hospitals will be covered through the extended service to ICI)

## *Materials destined for institutions, commercial businesses and industries (ICI)*

### Adjustment of the policy regarding financial participation

- In order to include reporting of materials destined to ICI as of the 2024 reporting period, but **without rates**.
- Reporting of **all materials destined to ICI**, including those slated to come into force later.
  - Facilitates the process for producers who have difficulty distinguishing what is already being collected by municipalities vs what is privately collected.
- Will allow ÉEQ to secure **data** regarding those material deposits
- The approach will be **progressive**, and rate will be developed gradually as the service expands according to the milestones set forth in the regulation





## *Adjustment of policies tied to modifications of fee rules*

### Removal of the notion of revenues for eligibility to payment exemption or a flat fee

- Amendment presented in application rules, also reflects in the policy regarding producer financial participation and that for low-volume producers.
- The exemption for **retail outlets of less than 929 m<sup>2</sup>** remains in place also for these same policies.



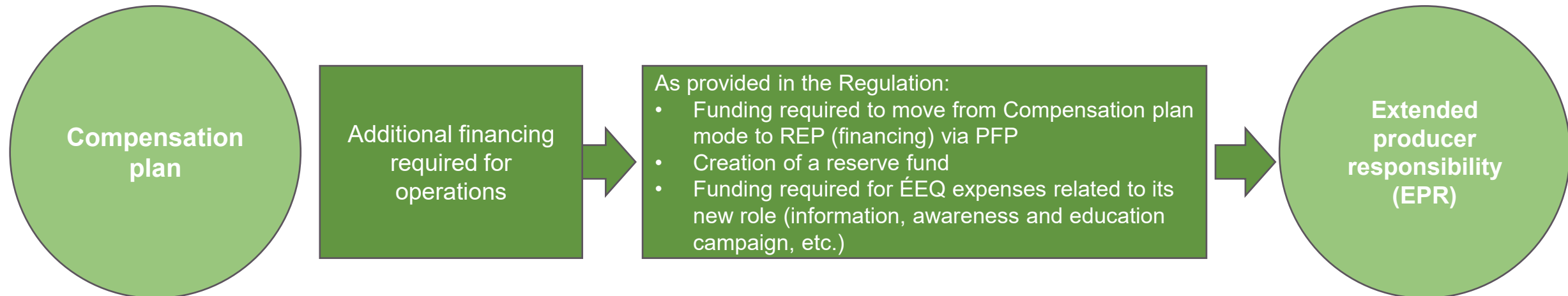
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# Financing the transition & Preliminary rates for special 2024 producer financial participation (PFP)

## Reminder - Why a special PFP:

- **Finance costs as per agreements that will be signed with municipal organizations** who will progressively transition to the new plan as of 2024
- **Create a reserve fund** to respond to the **regulation's requirements** regarding curbside recycling EPR
  - $\frac{3}{4}$  financed by a line of credit
- **Finance expenses** relating to ÉEQ's new role as PRO for curbside recycling EPR



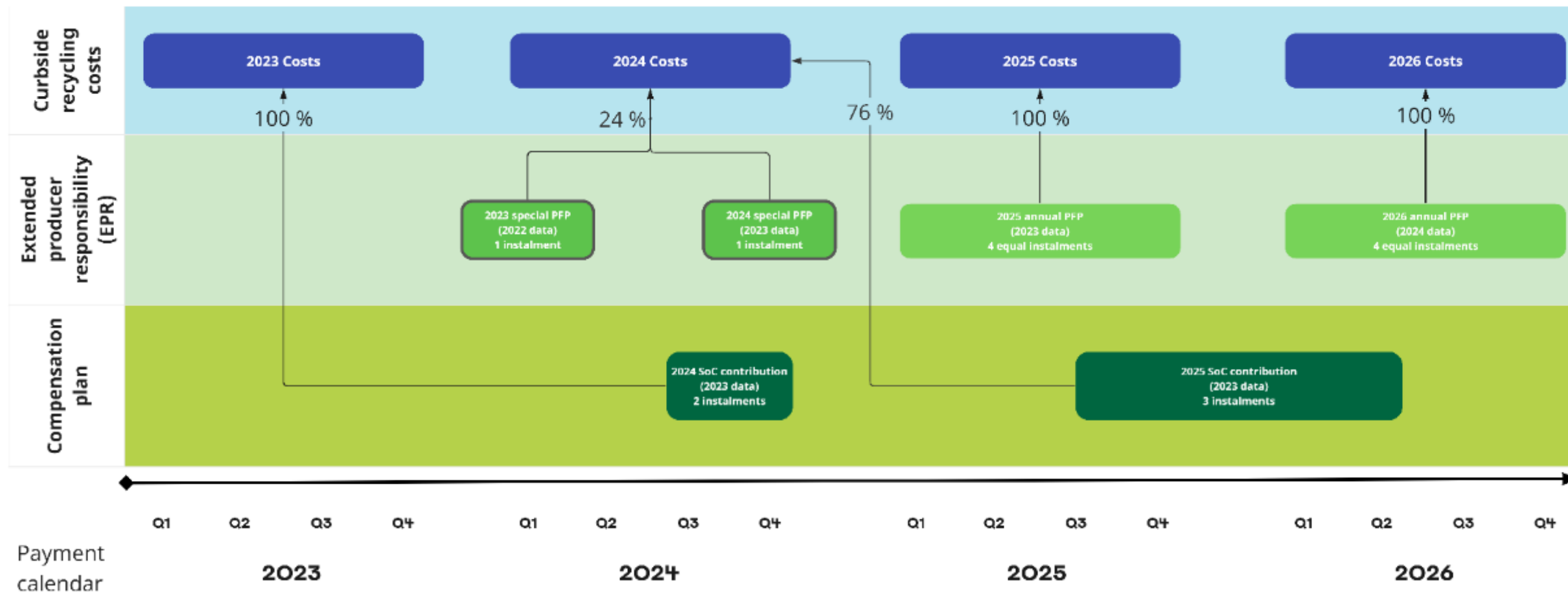


- Any **ÉEQ member producer** who reports quantities of materials

Particular cases:

- For **small producers**\*, the payment of the special 2023 PFP has been postponed to the 2024 report
- For materials that will be targeted by the **expansion of the deposit-refund system (ready-to-drink)**:
  - Considering that when the 2023 Schedule was published, those containers were supposed to transit to the deposit-refund system in 2023, no special PFP was charged for those containers
  - Following the amendment of the Regulation on the deposit-refund system, the postponement of the expansion was confirmed for 2025, which means that these materials will remain in the curbside recycling system in 2024
  - Thus, a special PFP for the 2024 report will need to be paid

*\*Less than 15 metric tonnes of materials generated*



- The **specific rates** per material for the special PFPs (2023 and 2024) were developed based on the current fee formula and estimated costs for 2024.
- Materials targeted by the **expansion of the deposit-refund system** will have their own rate for the 2024 special PFP (presented in a separate column in the following slides).
- **Why?**
  - These materials were not billed for the 2023 special PFP.
  - At the time of reporting (June 2023), these materials were supposed to transition to the deposit-refund system in November 2023\*.
  - However, the regulation amending the regulation on deposit-refund confirmed the postponement to 2025 (except for aluminum cans).
  - They will still be in the curbside recycling system in 2024 and will, therefore, need to cover the costs for that year.

It is important to note that these materials do not contribute to the financing of the reserve fund since they will have transitioned to another system (deposit system) in 2025.

- The PFPs (special and annual) are taxable.

\* With the exception of gabled containers and aseptic containers, already planned to transit to the deposit facility in 2025



Special PFP rates marked “To be provided” apply to materials that will possibly be designated under the extended deposit.

	Special 2023 PFP \$/t	Special PFP 2024 \$/t	Special 2024 PFP - To be provided \$/t
<b>Printed matter - Average rate</b>	<b>62</b>	<b>67</b>	<b>N/A</b>
Newsprint inserts and circulars	57	58	N/A
Catalogues and publications			
Magazines			
Telephone books	71	82	N/A
General use paper			
Other printed matter			

## Special PFP preliminary rates, 2024 – Paper, cardboard and other fibres

	Special 2023 PFP \$/t	Special 2024 PFP \$/t	Special 2024 PFP - To be provided \$/t
<b>Paper, cardboard and other fibres - Average rate</b>	<b>77</b>	<b>76</b>	<b>81</b>
Corrugated cardboard	64	60	N/A
Kraft paper bags and packaging	64	60	N/A
Boxboard and other paper packaging	80	80	N/A
Gable-top containers	90	12	70
Laminated paper	109	127	N/A
Aseptic containers	102	23	91
Cork, containers and wood packaging	126	76	155
Alternate fibers	N/A	80	N/A

# Special PFP preliminary rates, 2024 – Plastics

	Special 2023 PFP \$/t	Special 2024 PFP \$/t	Special 2024 PFP - To be provided \$/t
<b>Plastics – Average rate</b>	<b>145</b>	<b>142</b>	<b>82</b>
PET bottles, PET containers	112	77	79
HDPE bottles and containers <5l	62	48	72
Plastic laminates	171	182	268
Shopping bags, films (HDPE and LDPE)	178	193	N/A
Polystyrene (rigid, expanded food-grade, protection), PVC, PLA and other biodegradable plastics	297	262	N/A
Polypropylene (PP)	103	93	N/A
Other plastics, polymers and polyurethanes	117	120	176



# Special PFP preliminary rates, 2024 – Aluminium and steel

	Special 2023 PFP \$/t	Special 2024 PFP \$/t	Special 2024 PFP - To be provided \$/t
<b>Aluminium (aerosol containers, containers, other containers)</b>	68	29	N/A

	Special 2023 PFP \$/t	Special 2024 PFP \$/t	Special 2024 PFP - To be provided \$/t
<b>Steel (aerosol containers, other containers)</b>	61	56	79

	Special 2023 PFP \$/t	Special 2024 PFP \$/t	Special 2024 PFP - To be provided \$/t
<b>Glass – Average rate</b>	<b>67</b>	<b>44</b>	<b>59</b>
Clear (flint) glass	67	44	75
Coloured glass	68	21	51
Ceramic and porcelain	116	86	159

Eligibility criteria	Special 2023 PFP	Special 2024 PFP
> 1 MT and < 2.5 MT	N/A	\$380
> 2.5 MT and < 5 MT	N/A	\$720
> 5 MT and < 10 MT	N/A	\$1,420
> 10 MT and < 15 MT	N/A	\$2,180

A man in a white shirt and tie is smiling and gesturing towards an audience in a meeting room. The audience members' hands are raised in the foreground, indicating an interactive session. A large green triangle is in the top right corner.

3.0

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# Discussion Period

## For more information

**2024 Schedule of Contributions Consultation:** [eeq.ca](https://eeq.ca)

- Complete presentation of meetings
- Draft 2024 Schedule of Contributions, including the Contribution Table
- Development of the Schedule - Summary
- Questionnaire
- Meeting webcasts (a few days later)

### **Modernization of Curbside Recycling (EPR)**

- Updated policies



A recycling symbol composed of four cardboard boxes arranged in a circle. The boxes are brown and feature various shipping labels and symbols, including 'fragile', 'keep dry', '6', '9', and icons of an umbrella, a box with an 'X', and a box with a dot. A white circle is superimposed over the center of the symbol.

# Thank you