

March 28, 2013

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Subject: Public Comments on: Draft Bottle Bill and Single Stream Recycling Study

Dear Ms. Oakleaf:

Please accept TOMRA's comments to the March 4, 2013 report published by DSM Environmental titled, «Comparison of System Costs and Materials Recovery Rates: Implementation of Universal Single Stream Recycling With and Without Beverage Container Deposits».

TOMRA (www.tomra.com) (www.tomranorthamerica.com) – is a global leader in recycling and resource efficiency technology covering areas such as recycling, food sorting and mining.

In North America we work in all of the 10 deposit states plus 3 provinces; providing services that include RVM sales; material pick-up and processing from both retailers and redemption centers; billing services; and material reclamation and marketing. We provide these same services here in Vermont – our material recovery operation is located in Essex, VT and you are welcome to a tour anytime.

Working in deposit markets in North America, South America and Europe - we have had the opportunity to work with numerous stakeholders and policy reviews – just like this. Including the study to beat all «Understanding Beverage Container Recycling» produced by the BEAR coalition. A truly transparent, encompassing study that set the bar as to how these kinds of reports should be funded and designed.

To assist with the ANR's effort, TOMRA consulted with both DSM and TELLUS – on the basics to the confidential. As well as facilitated tours at our Essex facility and the glass reclaimer 2M.

Community support for deposit-return systems is consistently high. Likewise, the environmental and social benefits of deposit-return systems – including improvements in broad sustainability measures such as reduced litter, energy consumption, reduced CO2 emissions, closed loop

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reprocessing for avoidance of virgin material production, and opportunities for community group fund-raising – are well known to be successes.

There are plenty of good facts supporting the environmental and community benefits enjoyed by a BB – but I'll focus on the operational aspects of the system itself.

- Both the study and author's logic were clear enough to readbut like the authors pointed out in their introduction, they had to make many assumptions – some based on filtered input. We are concerned that this filtered input will significantly affect the final results and not reflect reality in terms of cost and recycling performance.
- (Ref. Table 9. Analysis of Costs Associated with the Bottle Bill) **Of particular concern is the use of a 5-cent per container cost for automated collection through RVMs.**
 - This figure was not provided by TOMRA – though this is our niche market.
 - Is this a cost for the RVM or is it possible that the consultants meant it to reflect the cost of Redemption at Retail; and the Manual figure to cover the cost of Redemption at Redemption Center?
 - Since I can only guess – intuitively, how could manual collection with its annual labor costs plus total overhead be less expensive than a machine capitalized over 7 years taking up the space of 3-5 vending machines?
 - DSM stated that they consulted with Price Chopper. Price Chopper has 15 stores out of the 50 we serve in Vermont. Price Chopper is unique in that it is the only retailer in the US that administers the billing and transportation of their redeemed containers. It is unclear but possible that DSM used these cost figures in their calculation – without considering the fact that PC is reimbursed these costs by the bottlers – and these wouldn't be costs found at the point of manual collection or a redemption center.
 - Our standard reference for this item to provide and install the equipment itself, including supplies and freight, is a cost range of 1-1.75cents +/- depending on the number of machines required, and volume. The major retailers are paying the low #.
 - The BEAR report, which both ENVIPCO and TOMRA recommended during our interviews as a 2nd reference, uses figures of 1.13 – 2.53 all-in. Some reference to the BEAR report's learnings would have been logical.
- (Ref. Table 9. Analysis of Costs Associated with the Bottle Bill) **DSM assigns 10% of the volume as being processed by the RVM system.**
 - The estimate we provided DSM during our Q/A was 5%.
- (Ref. Table 9) **Average Pick-up and Processing Fees used in the report is inflated by almost 2x the average market rate – and needs to be adjusted.**

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- TOMRA provides collection and processing services to all brands in Vermont except for CCNNE (a Coke distributor).
 - Northbridge Consulting commented, TOMRA negotiates with each brand owner separately – but was used as the source for this data point.
 - The number we recommended the consultants use was **0.01 cents per container**.
 - This figure is conservative in order to protect confidential pricing – but I can review these figures in detail if necessary.
- (Ref. Page 12 #6: Material Processors) **It was good to recognize the material quality, but in Appendix B the comments are misleading.**
 - It's a mistake to consider BB glass – even if color mixed – to be the same quality as curbside glass, thus requiring the same processing screens.
 - BB glass is sold and used by packaging manufacturers (bottle-to-bottle); versus curbside glass which due to its lower quality is used in roads and landfill cover.
 - This is relevant in terms of overall avoided GHG estimates, as well as some of the cost calculations.
- (Ref. Table 9 and 14) **Glass Pricing. BB glass is not valued at \$0 as referenced.**
 - For reasons unique to Vermont, glass its deposit-return program currently earns between \$8 - 10/ton for every ton.
- (Ref. Page 29-30) **Estimates of expansion suggest an increase of costs by 20%.**
 - The report doesn't consider opportunities to reduce costs through logically applied best practices and policy adjustments vs. simply adopting another state's program.
 - TOMRA provided a number of suggestions – none of which are evident in the report. Eventhough Single Stream – considered a 'best practice' itself vs. Dual-Stream curbside – was.
 - For example: Compaction at the point of redemption.
 - We see this today as a benefit provided by RVMs. And we are working on technology specifically to reduce costs at redemption centers.
 - In British Columbia and the Atlantic Provinces today, compaction is allowed at redemption centers.
 - For example: concerns about border fraud were highlighted – but they are very manageable through a use of unique deposit marks available and used today by all major beverage brand owners in one market or another.

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- **DSM’s consideration of the cost to travel to the store or “special trip” for a consumer to be an actual direct cost that must be included in the evaluation of deposit systems is unique.**
 - The data which was used to determine this “special trip cost”, is too small a sample size to have any statistical validity.
 - Consider eliminating it from this analysis and simply discussed in the text as a possible indirect cost.
- (Ref. Page 39) **Summary of findings off-sets the total cost with “Avoided disposal savings” which use a \$90/ton estimate.**
 - This includes avoided surcharges plus tip fees per ton. What it fails to include is the avoided cost of collection for both residential and commercial sector. This omission has a significant impact on the results promoted by the report.
- **Another standard established during the BEAR initiative was that to include some reference as to who is financially responsible for the costs and revenues of each program would provide the reader a transparent understanding of the program.**

Thank you again for inviting me to discuss the report in your offices with some of the other stakeholders. Unfortunately, because it was the first meeting of the process to which TOMRA was invited to participate, some of these challenging recommendations may seem to come at the end of a long process for you. But we hope you find these comments constructive – and are able to include the noted corrections aimed to improve the quality of this report. I look forward to working with you moving forward.

Sincerely,

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