



resources
remain resources

Vermont Senate Committee on Natural Resources and Energy March 24, 2022

Good morning Chairman Bray and members of the Committee.


My name is Elizabeth Balkan and I am the North America Director for Reloop, an international nonprofit organization that brings together government, non-governmental organizations, and industry to accelerate the transition to a circular economy.

I am here today to voice support for H.175.

In many jurisdictions outside the US, deposit return systems achieve a more than 90% redemption rate. By researching high-performing systems and their common elements, Reloop was able to formulate a set of 10 principles that define high-performing DRS.

Modern, High-Performing DRS: A Key Part of the Solution reloop

TEN HIGH-PERFORMING PRINCIPLES

 Accessible & Accountable

- 1 EASY & EQUITABLE
- 2 90% COLLECTION RATE
- 3 \$0.10 MINIMUM DEPOSIT
- 4 INCLUSIVE CIRCULAR SYSTEM

 Industry Financed

- 5 PRODUCER FUNDED
- 6 FAIR PAY FOR SERVICE PROVIDERS
- 7 FINANCIAL SUPPORT FOR MUNICIPAL RECYCLING PROGRAMS

 Well Managed & Regulated

- 8 CLEAR SYSTEM STANDARDS & FUNCTIONS
- 9 PRODUCER REPORTING ON UNITS SOLD
- 10 GOVERNMENT OVERSIGHT AND ENFORCEMENT

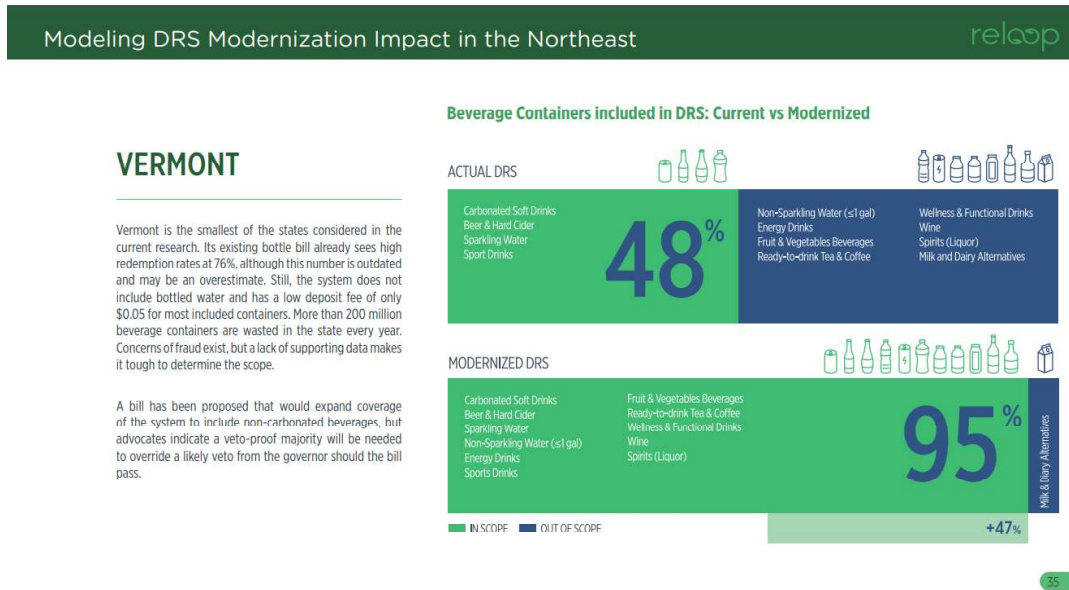
Over the past year, we modelled a high-performing system in each of the five Northeast bottle bill states against the current systems. The results of this analysis are included in a report and additional resources we released just last week, which is available at bottlebillreimagined.org. The findings for Vermont, and elsewhere, speak clearly to the benefits of and need for bottle bill modernization.

Program scope is one of the foremost pre-requisites for optimized bottle bills. Just as H.175 calls for all beverages, besides milk and non-dairy beverages to be included in the system, we called for a similar scope. This would increase the scope of beverages in the system from the less than half currently included today to 95%. At a 70% redemption rate, this translates into the collection of an additional 136 million glass, aluminum and plastic beverage containers: a stream mostly comprised of wine, hard cider, bottled

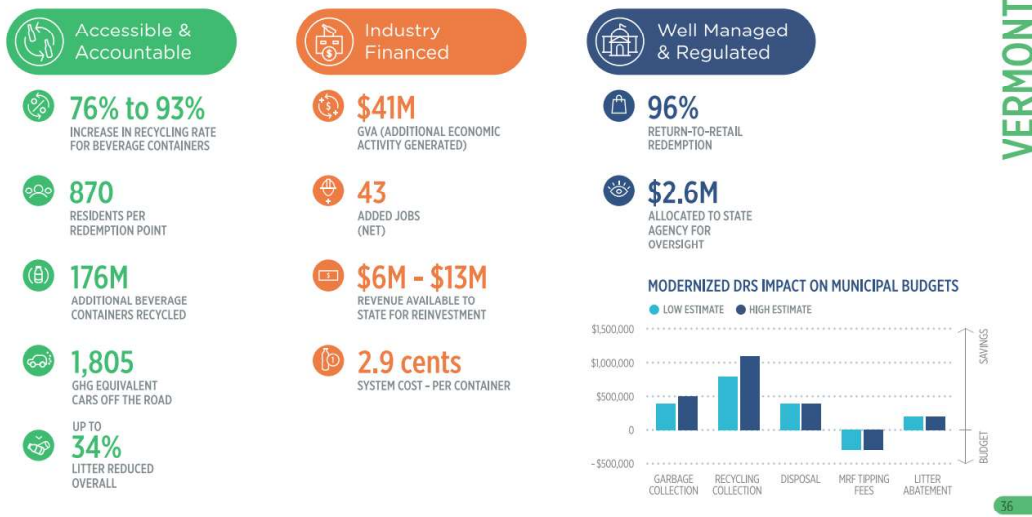
water and sports drinks, which are currently left out of the system. At a 90% redemption rate, the system will capture 176 million additional beverage containers.

Upon further examination, we see that the most dramatic impact with regard to beverage container flows is not from resources being stripped away from single stream recyclers, as some stakeholders suggest. Yes, there will be losses associated with materials flowing out of MRFs and to the bottle bill system, but they are a fraction of the most significant diversion impact: that of plastic containers being diverted from landfills. In a 90% redemption scenario with a program scope like that in H.175, we expect to see nearly 135 million plastic beverage containers diverted not from recycling processing facilities, but from landfills. Today, more than half of plastic beverage containers in Vermont are landfilled, owing in large part to the fact that bottled water and single serving alcohol containers (“nips”) are excluded from the system.

In addition to these numbers, we present a lot more of the key metrics associated with bottle bill reform in Vermont. As presented in the slides below, across a vast array of environmental, economic and social indicators, we see clear benefits from bottle bill reform and a system that can work for all stakeholders.



Modeling DRS Modernization Impact in the Northeast reloop



Our principles and analysis, in tandem, provide pragmatic tools and concrete steps to ensure reform implementation drives an equitable transition and to address most, if not all, of the real and perceived barriers to DRS modernization. This includes but is not limited to fraudulent activity in the system, impacts on existing industry players, budgetary implications and the need for recycling program support. The report seeks to dispel the common myths presented about bottle bills and ward off scare tactics that have stymied much needed modernization attempts.

We also considered the costs of the system. In our analysis, we allocate \$6-\$13 million annually in unclaimed deposits for the state to reinvest in recycling infrastructure and other improvements. Separately, we set aside \$2.6 million for VT DEP, to be used in oversight and enforcement. Even with these costs, the system can be operated at a cost of just 2.9 cents per container, assuming broader deployment of redemption technology. Under optimized conditions, this would equate to approximately \$412 per ton, not the 10x single stream cost figure some would have you believe is inevitable. We have high confidence that increasing material in the system will create more jobs and an expanded redemption network.

Modernizing bottle bills is not easy work, and so I commend you for your efforts and dedication. While achieving the vision we have laid out in our report goes beyond the capacity of H.175, and may be away off, this bill is a powerful step in the right direction and will help optimize Vermont’s bottle bill and, in doing so, deliver powerful environmental, economic and social benefits that every Vermonter can enjoy.

Thank you for your time.

HIGH-PERFORMANCE PRINCIPLES TO MODERNIZE DEPOSIT RETURN SYSTEMS



Accessible & Accountable

1 EASY & EQUITABLE

Make deposit return system (DRS) simple for all consumers to understand and use. Establish a large network of redemption points, focused on retailers, so returning empties becomes a routine part of everyday life. In jurisdictions where the informal sector plays a critical role in collection and redemption, legally recognize and protect the rights of canners.

2 90% COLLECTION RATE

Set a high redemption target through legislation to hold producers accountable for meeting it, with enforced penalties if they do not.

3 \$0.10 MINIMUM DEPOSIT

Motivate consumers to return containers by having a high-enough deposit, paired with easy access, to ensure higher levels of redemption.

4 INCLUSIVE CIRCULAR SYSTEM

Close the loop on recycling by including a full range of beverage containers and ensuring materials collected are uncontaminated and of good enough quality for reuse or remanufacture.



Industry Financed

5 PRODUCER FUNDED

Require beverage producers to finance a system capable of achieving a 90% target redemption rate.

6 FAIR PAY FOR SERVICE PROVIDERS

Set a fair handling fee for parties providing services and redemption infrastructure that covers the cost of their receiving and storing beverage containers.

7 FINANCIAL SUPPORT FOR MUNICIPAL RECYCLING PROGRAMS

Ensure an equitable transition to a modern DRS by reinvesting an adequate portion of revenue back into municipal systems and service providers in the initial phase of modernization.



Well Managed & Regulated

8 CLEAR SYSTEM STANDARDS & FUNCTIONS

Establish independent monitoring and safeguards to meet legislative requirements, and standards that producers can follow in the DRS process:

- Product Placement on Market (recycling design, labeling)
- Administration (registration, database, reporting)
- Redemption (technology use, recycled claim standards, clearing)
- Pickup and Recycling (contracts, processing, material ownership)
- Education and outreach (public campaigns)

9 PRODUCER REPORTING ON UNITS SOLD

Require containers to have barcode verification to ensure efficient annual reporting on audited sales and units collected.

10 GOVERNMENT OVERSIGHT AND ENFORCEMENT

Establish specific government audit, oversight, and enforcement responsibilities. Set enforceable reporting requirements for producers with penalties high enough to incentivize compliance and system improvement investments, including government ability to raise deposit value if producers do not meet targets.

Modernizing Vermont's Bottle Bill



When Vermont passed a bottle bill back in 1972, it was one of the first in the country. In 2015, Vermont's Universal Recycling Law Act banned recyclable containers from landfills and helped raise the state's collection rate. Today, the Green Mountain State has an opportunity to address severe environmental challenges even more effectively by implementing ten high-performance principles for modernizing its deposit return system (DRS).

BENEFITS DELIVERED BY MODERNIZED DRS

- ENVIRONMENTAL
 - ECONOMIC
 - SOCIAL
- + SAVES MILLIONS FOR VT TAXPAYERS & CITIES/TOWNS

NEW RESEARCH ON VERMONT SHOWS THE IMPACT:

8,000
METRIC TONS
OF CO₂

annually in reduced greenhouse gas emissions—the equivalent of taking over 1,805 cars off the roads in Vermont each year¹

176
MILLION

additional beverage containers recycled each year, yielding over 7,400 more tons of high-value material annually.

\$1.5+
MILLION
IN SAVINGS

for Vermont cities and towns by redirecting recyclables away from costly curbside collection systems

\$41
MILLION

added to Vermont's economy annually in Gross Value Added (GVA)³

85%
LITTER
REDUCTION

of beverage containers², creating far more livable communities

HOW SHOULD A MODERN DEPOSIT RETURN SYSTEM WORK?

Accessible & Accountable

Increases access for consumers
with 272 projected locations to return containers, so redemption becomes part of a Vermonter's daily routine

Industry Financed

Funded by producers
so Vermont consumers or their cities and towns do not pay for the management of these materials

Well Managed & Regulated

Government plays an oversight and enforcement role
to ensure performance standards are met by producers and retailers and enforce a 90% collection target in Vermont

Includes more beverages containers
leading to almost 900,000 "nips" removed from roadsides and landfill streams

Creates efficiencies
by establishing clear standards, oversight, and enforcement that optimize performance and reduce fraud

76% to 90% jump
in redemption rate for containers included in Vermont's deposit return system

Producers will pay
\$16.7 million annually - not Vermont municipalities and consumers, as they do now

¹ Calculated at: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>
² "National Litter Study", Keep America Beautiful, 2021 <https://kab.org/litter-study/>.
³ Gross value added (GVA) is an economic productivity metric that measures the contribution of the DRS to the state.