

Quality Incentive Payment Program Instructions

Objectives

The Department of Conservation (Department), Division of Recycling (Division) has prepared this bulletin to assist eligible curbside programs and dropoff or collection programs in improving the quality and marketability of their empty beverage containers collected for recycling in California and to assist eligible certified entities in qualifying and properly reporting for the Quality Incentive Payment (QIP) Program authorized under Public Resources Code (PRC), § 14549.1.

Quality Incentive Payment Program

The passage of AB 3056 (Chapter 907, Stat. 2006) amended PRC § 14549.1 to improve the quality and marketability of empty aluminum, glass, and plastic beverage containers collected for recycling by curbside recycling programs or dropoff or collection programs.

Subject to the availability of funds, the Department may pay up to \$15 million annually to registered curbside programs, or certified dropoff or collection programs, or other certified entities that sort and clean material to QIP specifications as determined by the Department. The Department may make only one QIP for each empty beverage container collected. The Department shall pay the QIP to eligible entities biannually.

This bulletin will discuss the quality specifications and reporting requirements for each of the eligible container material types.

Further eligibility and reporting requirements for the QIP Program and can be found in the California Code of Regulations, Title 14, Division 2, Chapter 5, Subchapter 2, Article 4, § 2850.

<http://www.consrv.ca.gov/dor/crcp/recyclers/Images/QIPemergRegText.pdf>

Contacts

Quality Incentive Payment Program

Department of Conservation
Division of Recycling
Market Expansion Section
801 K Street, MS 17-24
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Phone (916) 323-5878

Aluminum Quality Incentive Payment Specifications

The Department may pay up to one hundred and twenty-five dollars (\$125) per ton, as determined by the Department, for empty aluminum beverage containers that are sorted, cleaned of contaminants, and meet the guidelines for post-consumer aluminum scrap as specified in the most recent *Scrap Specifications Circular* published by the Institute of Scrap Recycling Industries (ISRI). www.isri.org

Glass Quality Incentive Payment Specifications

The Department may pay up to sixty dollars (\$60) per ton, as determined by the Department, for empty glass beverage containers that are color-sorted, substantially free of contamination, and meet "Container Glass Cullet Specifications," as specified in the most recent *Scrap Specifications Circular*

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published by the Institute of Scrap Recycling Industries (ISRI). www.isri.org

Plastic Quality Incentive Specifications

The Department may pay up to one hundred and eighty dollars (\$180) per ton, as determined by the Department, for empty plastic beverage containers that are resin sorted, cleaned of contaminants, and meet the "Commercial Guideline Baled Recycled Plastic Standard," as specified in the most recent "*Scrap Specifications Circular*" published by the Institute of Scrap Recycling Industries (ISRI). www.isri.org

Recommendations for obtaining and maintaining the highest quality material:

Single Stream Recycling Best Practices Manual

<http://ipw/dor/BestPracticesManual021407.pdf>

Single Stream Recycling Best Practices Implementation Guide:

<http://ipw/dor/BestPracticesGuide021407.pdf>

Reporting Instructions for Empty Aluminum, Glass, and Plastic Beverage Containers

General

For empty beverage containers that are processed to QIP specifications before completion of the Shipping Report Form (DR-6), the eligible entity shall be identified on the DR-6, and the DR-6 shall serve as the claim for QIP.

If the empty beverage containers are processed to QIP specifications subsequent to the completion of the DR-6, the Quality Incentive Payment Form (DOR 56 (06/07)) shall serve as the claim for QIP.

Shipping Reports (DR-6)

If empty beverage containers are processed to QIP specifications by the shipper and the shipper is claiming the QIP, indicate an "S" in the QIP box on the DR-6.

If empty beverage containers are processed to QIP specifications by the receiver and the receiver is claiming the QIP, indicate an "R" in the QIP box on the DR-6.

If neither the shipper nor the receiver have processed the material to QIP specifications and neither are claiming the QIP at time of shipment, leave the QIP box on the DR-6 blank.

SAMPLE SCENARIOS

Shipping Reports (DR-6) for QIP

Scenario 1

A curbside program ships single-stream loads to a certified processor or recycling center. The processor/recycling center processes the aluminum, glass, or plastic beverage containers to the appropriate QIP specifications and completes the DR-6 when the material is shipped. Because the processor/recycling center did the sorting prior to the completion of the DR-6, an "R" is placed in the QIP box on the DR-6.

Scenario 2

A curbside program contracts with an independent MRF to sort its QIP eligible materials. The materials are then shipped to a certified processor. An "S" is placed in the QIP box on the DR-6 because the materials were sorted and cleaned prior to shipment to the processor.

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Consolidated Shipping Reports (RC 8000 Reporters) for QIP

The QIP box on the cover shipping report (DR-6) is always left blank.

QIP reporting must be completed on the Consolidated Shipping Report Detail Form.

RC8000 reporters should record an "R" on the Consolidated Shipping Report Detail Form for all QIP eligible empty beverage containers that they process to QIP specifications, regardless of whether or not they are the curbside or dropoff or collection program operator.

RC8000 reporters should record an "S" on the Consolidated Shipping Report Detail Form for all QIP eligible beverage containers that they receive which already meet QIP specifications.

Scenario 1

A certified processor or a recycling center with an 8000 number receives mixed materials from curbside programs. The processor/recycling center processes the materials to the QIP specifications and then ships the materials. The Consolidated Shipping Report Detail Form and cover DR-6 is completed when the material is shipped. The Consolidated Shipping Report Detail Form should have an "R" in the QIP column for each of the curbside programs. The cover DR-6 QIP box should remain blank. The processor or the recycling center with the 8000 number would be entitled to claim the QIP.

Scenario 2

Processor #1 is dual certified as a recycling center with an 8000 series number. Processor #1 receives contaminated commingled aluminum food and beverage containers from dropoff or collection

programs. Processor #1 sorts and cleans the material, completes the Consolidated Shipping Report Detail Form and cover DR-6 and ships to processor #2. The Consolidated Shipping Report Detail Form should have an "R" in the QIP column for each of the dropoff or collection programs whose material processor #1 sorts and cleans. The cover DR-6 QIP box should remain blank. Processor #1 would be entitled to claim the QIP.

Scenario 3

Recycling center #1 with an 8000 series number receives loads of empty aluminum beverage containers meeting QIP specifications from dropoff or collection programs. Recycling center #1 ships the loads to processor #2. The Detail Form should have an "S" in the QIP column for each of the QIP eligible dropoff or collection programs. The cover DR-6 QIP box should remain blank. The dropoff or collection programs that sorted and cleaned their empty aluminum beverage container loads to QIP specifications would be entitled to claim the QIP.

Quality Incentive Payment Claim Form (DOR 56 (06/07)) (Attached)

For empty beverage containers that are processed to QIP specifications subsequent to completion of the DR-6, an eligible participant must obtain a Department approved methodology to attribute the eligible empty aluminum, glass, or plastic beverage containers to the types of programs from which they were received.

A certified participant proposing a methodology to submit a DOR 56 (06/07) must include a detailed description of how the entity will determine the QIP payment for only curbside and dropoff or collection programs from other beverage containers collected from other certified and non-

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certified entities. Additionally, it must indicate how it will reduce any residuals from the total received weight.

Upon receipt of the approved methodology for each appropriate empty beverage container material type, a certified entity shall submit a DOR 56 (06/07) for each empty beverage container material type to the Department for each calendar month in which the QIP is being claimed.

The Department shall calculate on an annual basis Statewide Average QIP Rates by material type that exclude empty beverage containers collected by non curbside and dropoff or collection programs (for example, recycling centers). The Statewide Average QIP Rates reflect an estimate of CRV material collected from curbside and dropoff or collection programs in a load of commingled material collected from all recyclers and are used for purchases without DR-6 Shipping Reports (for example, processor to processor transactions).

Statewide average commingled rates determined by the Department annually are used for direct purchases of material from curbside and dropoff or collection programs when not report through a DR-6 Shipping Report.

SAMPLE SCENARIOS

Quality Incentive Payment Claim Form (DOR 56 (06/07))

Scenario 1

A dropoff or collection program ships contaminated commingled aluminum food and beverage containers to a certified

processor or recycling center. The processor/recycling center completes a DR-6 upon receipt of the load and later cleans the aluminum beverage containers to QIP specifications. The QIP box on the DR-6 is left blank. The processor/recycler would complete and submit a DOR 56 (06/07) to the Department after the material is sorted and cleaned to QIP specifications.

Scenario 2

Curbside program ships mixed empty beverage containers to processor #1, which is dual certified as a recycling center with an 8000 number. Processor #1 completes a Consolidated Shipping Report Detail Form and cover DR-6, then ships the mixed empty beverage containers to processor #2. Processor #2 processes the containers to QIP specifications and ships to an end user. The QIP column on the Consolidated Shipping Report Detail Form should be blank and on the DR-6 the QIP box should also be blank. Processor #2 must submit a DOR-56 (06/07) to the Division to claim the QIP because the material was processed after the completion of the DR-6.

DOR 56 Reporting Methodology (Attached)

To assist certified participants in developing a DOR 56 reporting methodology, the Department has developed a DOR 56 Model Reporting Methodology (Model) that may be used. Certified participants choosing to use the Department's sample Model may do so by placing the Model on their letterhead and submitting it to the Department for approval.

If you need example reporting tools to maintain documentation for the Model, please contact the Market Expansion Section at (916) 323-5878.

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Quality Incentive Payment Claims Methodology Model

(On participant company letterhead)

Date

Participant Name

Certification Number

Insert Participant Name requests approval from the Department of Conservation, Division of Recycling, to submit Quality Incentive Payment (QIP) claims for empty beverage containers that were processed to QIP specifications received at our Insert facility location.

The following information will be collected and recorded from all certified or registered participants that QIP eligible material is purchased from:

- Participant Name
- Certification or Registration Number
- Total Received Weight in Tons
- Estimated Residue or Waste Percentage

Insert Participant Name will determine, by participant and material type, the QIP eligible material and estimated payment, as follows:

- 1) For material purchased directly from curbside programs and dropoff or collection programs:
 - a) The residue or waste tons total will be determined by multiplying the received weight tons by the residue or waste percentage.
 - b) The adjusted received weight tons will be determined by subtracting the residue or waste tons from the received weight.
 - c) The total QIP weight will be determined by multiplying the adjusted received weight tons by the statewide commingle rate.
 - i) If the material is purchased from a registered Curbside Program, the statewide commingled rate for Curbside Programs will be used.
 - ii) If the material is purchased from a certified Dropoff or Collection Program, the statewide commingled rate for Dropoff or Collection Program will be used.
 - iii) A Community Service Program is a type of dropoff or collection program, if the material is purchased from a Community Service Program, the statewide commingled rate for a Community Service Program will be used.
 - d) For glass only, the total QIP weight for each color fraction (flint, amber, green, and mixed color) glass will be determined by multiplying the total QIP weight for glass by a percentage for each color fraction. The percentage of each glass fraction will be estimated based on quarterly sampling to determine the amount (percentage) of color sorted material derived from the outbound material. For example only, based upon the 2007 first quarter sampling: 30% flint, 15% amber, 15% green, and 40% mixed color glass.
 - e) The total estimated QIP payment will be determined by multiplying the total QIP weight by the applicable QIP Rate per ton.

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- 2) For material purchased directly from certified processors:
 - a) A determination of non qualifying material, if any, will be made and subtracted from the total weight ticket to determine the Total Received Weight in tons.
 - b) The residue or waste tons total will be determined by multiplying the received weight tons by the residue or waste percentage.
 - c) The adjusted received weight tons will be determined by subtracting the residue or waste tons by the received weight.
 - d) The total QIP weight will be determined by multiplying the adjusted received weight tons by the Statewide Average QIP Rate.
 - e) For glass only, the total QIP weight for each color fraction (flint, amber, green, and mixed color) glass will be determined by multiplying the total QIP weight for glass by the percentage for each glass color fraction. The percentage of each glass fraction will be estimated based on quarterly sampling to determine the amount (percentage) of color sorted material derived from the outbound material. For example only, based upon the 2007 first quarter sampling: 30% flint, 15% amber, 15% green, and 40% mixed color glass.
 - f) The total estimated QIP payment will be determined by multiplying the total the total QIP weight by the applicable Statewide Average QIP Rate per ton.

Insert Participant Name will determine, by material type, the total QIP eligible material weight and estimated QIP payment, as follows:

1. The total Color Sorted Glass Redemption Weight (Tenths of Tons) will be determined by summing the total QIP eligible color sorted weight for each color fraction (flint, amber, and green).
2. The total Plastic Sorted by Resin Type Redemption Weight (Tenths of Tons) will be determined by summing the total QIP eligible sorted individual plastic resin types (#1 PET, #2 HDPE, #3 PVC, #4 LDPE, #5 PP, #6 PS, and #7 Other).
3. The total Aluminum Redemption Weight (Tenths of Tons) will be determined by summing the total QIP eligible aluminum weight.

The attached spreadsheet is submitted for your review for use in determining the total weight and estimated payment for QIP.

Insert Participant Name requests the Department of Conservation approve this methodology for submitting Quality Incentive Payment Claim Form. If you have any questions, I can be reached at Insert Phone Number. Thank you for your consideration in this matter.

Sincerely,

Insert Name
Insert Title

Attachment

FOR STATE USE ONLY
PROCESSOR CCN



PRINTED ON RECYCLED PAPER

FOR STATE USE ONLY
CCN

FOR STATE USE ONLY
ATTACHED TO CCN

FOR STATE ONLY

SHIPPING REPORT

STATE OF CALIFORNIA - The Resources Agency
DEPARTMENT OF CONSERVATION
Division of Recycling
DR-6 (06/07)

COMPLETED BY SHIPPER:

COMPANY NAME

ADDRESS

CERT. #

CONTACT PERSON

TELEPHONE NUMBER

RECEIVER INFORMATION

COMPANY NAME

CERT. #

MATERIAL TYPE

AMENDMENT TO FSN

RECYCLER PAYMENT REQUEST INFORMATION

	REDEMPTION WEIGHT (LBS)	REFUND
FROM Receipts & Logs	•	•
FROM Shipping Reports or Consolidated Reports	•	•
TOTAL	•	•

Receipt & Log Entries For Thru Number of Attachments or Consolidated Shipments

COMPLETED BY RECEIVER

Weight Ticket #	Received Wt. (Lbs.)	Refund Value (C)	Processing Pymt. (D)	Subtotal Due (C+D)
		•	•	•
Received Date: <input type="text"/> <input type="text"/> <input type="text"/>	Completed by receiver only: <input type="text"/>	% of Reduction Taken	ADMINISTRATIVE FEE	•
TOTAL PAYMENT DUE				•

Civil penalties of up to five thousand dollars (\$5,000.00) per day may be assessed for violation of the laws and regulations governing this report. In addition, the submission of false information with intent to defraud is a crime punishable by substantial fines, up to three years imprisonment, or both. Knowing this, I certify under penalty of perjury that the facts presented herein are true and correct to the best of my knowledge.

QIP S or R	% OF SHRINKAGE
<input type="text"/>	<input type="text"/>

<input type="text"/>	<input type="text"/>	<input type="text"/>
APPROVED FOR PAYMENT Shipper's Signature/Title	Shipper's Printed Name	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>
Receiver's Signature/Title	Receiver's Printed Name	Date



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QUALITY INCENTIVE PAYMENT CLAIM FORM

Application for the month of: _____ Year: _____

Certification Number: _____

Facility Name: _____

Mailing Address: _____

Contact Person: _____

Telephone Number: _____

Color Sorted Glass:	FLINT	AMBER	GREEN
Redemption Weight (Tenth of Tons)	<input type="text"/>	<input type="text"/>	<input type="text"/>

Plastic Sorted by Resin type:	#1 PET	#2 HDPE	#3 PVC	#4 LDPE	#5 PP	#6 PS	#7 Other
Redemption Weight (Tenth of Tons)	<input type="text"/>						

Aluminum:	<input type="text"/>
Redemption Weight (Tenth of Tons)	<input type="text"/>

To be eligible to submit Quality Incentive Payment Claim Forms DOR 56 (06/07), the sorting facility must have a Division approved methodology to attribute beverage container materials to the types of programs from which they were received.

The Division shall pay a Quality Incentive Payment for:
 Glass which is collected by curbside programs or dropoff and collection programs, color sorted and substantially free of contamination;
 Plastic which is collected by curbside or dropoff and collection programs, that are sorted by resin type and substantially free of contamination;
 Aluminum which is collected commingled by curbside, dropoff and collection programs, subsequently cleaned of any and all metallic and nonmetallic items other than aluminum containers.

To be eligible for payment, a Quality Incentive Payment Claim Form DOR 56 (06/07) must be submitted to the Division, no later than the first day of the second month following the reporting month. Applications postmarked after this date or incomplete applications may be denied payment.

I certify under penalty of perjury that the facts presented herein are true and correct to the best of my knowledge.

 Signature and Title of Authorized Representative

 Date