



REQUEST FOR PROPOSAL

To analyze the Environmental Handling Fee Schedules for Selected, Regulated, Industry-led, End-of-Life Electronics Recycling Programs in Canada

Section 1: Introduction, objective of the Request for Proposal (RFP), and reference documents

1.1 Introduction

- 1.1.1 Electronics Product Stewardship Canada (EPSC), along with the Retail Council of Canada (RCC) has spear-headed the development of industry-led and managed end-of-life electronics stewardship programs in response to provincial regulations.
- 1.1.2 Currently, three not-for-profit programs are operational in Canada: SWEEP in Saskatchewan <www.sweepit.ca>; ESABC in British Columbia <www.electronicrecyclingBC.ca>; ACES in Nova Scotia <www.ACEstewardship.ca>.
- 1.1.3 Each of these programs utilizes a visible Environmental Handling Fee (EHF) to provide program revenue for the collection, transportation, responsible recycling and administration of regulated electronics in their jurisdictions. Currently the EHF's in all three programs are used for "Phase I" regulated products: desktop and notebook computers, computer monitors, desktop printers, mice & keyboards, and televisions. This fee applies to all suppliers of the regulated product, including consumers and ICI sector purchasers. Currently these fees are harmonized across programs, ranging from \$5 for a notebook computer, up to \$45 for a television with a screen size of 46" or more. These fees have been based on the original calculations made by RIS International, under contract to EPSC. Alberta's ARMA program was the first province to adopt these fees and subsequent programs have adopted the same fees in the spirit of harmonization.
 - 1.1.3.1 The existing fees were originally set in 2003 with the best available data and served to create a harmonized basis for program start-up, to provide sufficient program funds to pay back start-up costs, and to allow for the measurement of true costs as programs were operationalized.
- 1.1.4 In Ontario, the province's regulatory framework prevents the industry-led approach there (Ontario Electronics Stewardship – OES) to use the same fees in the short term, and OES was required to set fees that as accurately as possible reflect the true costs of managing each product category under the program with no cross subsidization across product categories. OES adopted a fee setting methodology to accomplish this where costs specific to one category are borne only by the affected category and shared costs are allocated across all categories.
- 1.1.5 The advent of a regulated "phase II" in Nova Scotia's regulation, along with the province of BC's intent to expand its designated electronics, means that new fee calculations must be developed for a range of telecommunication (phones, modems, PDAs, etc) and audio-visual equipment (VCRs, DVD players, etc).

1.2 *Objective of this RFP*

- 1.2.1 The objective of this RFP is to select individuals or organizations to analyze & make recommendations for the EHF's used in these programs to ensure they accurately reflect the costs of managing each category of products based on the attached fee setting policy, as well as to develop same for "Phase II" regulated products as listed in the Nova Scotia regulation. This will require the development and implementation of a methodology in order to set the EHF's in a manner which ensures the nexus principle (i.e. the fees levied have a close nexus or connection to the service being offered) is maintained where the EHF does not exceed the sum of costs to develop, implement, and operate the program per product category.
- 1.2.2 A response to all of the requirements defined in the RFP is required.
- 1.2.3 The three programs (SWEEP, ESABC, ACES) are jointly the "Contracting Authority" for this RFP.

1.3 *Reference documents*

- 1.3.1 The websites of each of the operating programs, which contain the program stewardship plan, links to provincial regulations, etc: SWEEP <www.sweepit.ca>; ESABC <www.electronicrecyclingBC.ca>; and, ACES <www.ACEstewardship.ca>.
- 1.3.2 The background paper/policy document on the EHF which establishes common guiding principles and criteria across provincial programs < see appendix "a" >
- 1.3.3 Final OES Program Plan submitted for Ministerial Approval:
http://www.ontarioelectronicstewardship.ca/pdf/program_plan_mar11_08.pdf

Section 2: Submitting a response

2.1 *General information on response submission*

- 2.1.1 All proposals must be sent by e-mail in either Word or PDF format to: Jay@epsc.ca
- 2.1.2 All proposals must be received by the RFP closing date of 5pm EST, July 8, 2008. All bidders will be notified upon receipt of their e-mail submission.
- 2.1.3 Bidders must prepare a concise proposal which addresses all requirements detailed in the RFP.
- 2.1.4 Although the bidder may choose to structure their proposal in the manner they deem to be the most effective, it is strongly recommended that the proposals follow the same format and numbering as the RFP.
- 2.1.5 The Contracting Authority shall not be obligated nor bound to accept any bid nor the lowest bid quoted in any response
- 2.1.6 The Contracting Authority shall not be obligated to disclose any information about the winning response.
- 2.1.7 Failure to comply with the terms and conditions specified in the RFP could lead to the response being considered non responsive with no further evaluation of the vendors proposal.

- 2.1.8 The Contracting Authority shall not be responsible for any costs incurred by the bidder in preparing a response to the RFP.
- 2.1.9 The Contracting Authority will consider joint bids.
- 2.1.10 All responses received will be treated as confidential unless otherwise directed by a proponent. Information provided will not be used by any party other than the bid manager and his/her RFP Evaluation Team.

2.2 *Requests for RFP clarification*

- 2.2.1 It is the responsibility of bidders to request clarification of any details related to the RFP process by contacting jay@epsc.ca in writing. Verbal requests for clarification will not be considered.
- 2.2.2 Inquiries received less than 3 working days prior to the RFP closing date cannot be guaranteed a response.
- 2.2.3 In the period leading up to the closing date, the Contracting Authority will provide to those that register, notice of significant inquiries received and the reply to such inquiries, without revealing the source of such inquiries. If you wish to be included on these updates (should there be any) please register with bid manager by sending a contact name and e-mail address to jay@epsc.ca
- 2.2.4 The Contracting Authority will not meet with any individual bidders prior to the RFP closing date on matters pertaining to this RFP.

2.3 *RFP bid manager:*

Jay Illingworth
Vice President, EPSC
e-mail: Jay@epsc.ca

Section 3: Statement of Work

The statement of work covers data research, regulatory issue identification, methodology development and implementation (including recommended revised EHF's for both Phases I & II regulated products) and includes all requirements outlined in Section 3.0 as well as the additional mandatory requirements outlined in Section 4.0.

- 3.1. Brief description of the bidding entity and a summary of experience working on product stewardship projects previously.
- 3.2. Outline of staff and other resources / support infrastructure required to successfully produce the required deliverables under this contract, including roles, responsibilities and qualifications.
- 3.3. Outline the strategy for addressing each of the guiding principles and criteria outlined in the Environmental Fee Setting Background Paper (appendix "a").
- 3.4. Identify potential legal & regulatory issues by province, (including the nexus principle) and the strategy/execution plans for addressing them.

- 3.5. Strategy for executing the required steps to calculate the EHF's in each of the given provinces under consideration here, including public notice and industry consultation.
- 3.6. Detailed schedule of activities and timelines required to get to (potentially) launching of revised/new fees in each province.
- 3.7. Outline of final report, including major chapter headings.
- 3.8. Details for consulting fees to be charged in conducting this Review, including total hours and hourly rate charged

Section 4: Mandatory requirements

The following requirements must be met or a bid will be considered non compliant.

- 4.1 Each bidder must provide a response for each item of the statement of work. A nil response will not be considered as meeting this requirement.

Section 5: Evaluation process

- 5.1 Bids will be rated through a numerical scoring system with points provided for each section of the statement of work (see appendix "b" for bid scoring form and relative weighting)
- 5.2 Proposals received will be evaluated so as to achieve the greatest value.
- 5.3 Proposals received will be evaluated by an evaluation team of staff and/or board members from each of the three participating programs.
- 5.4 The awarding of any contract as a result of this RFP will be at the sole discretion of the Contracting Authority
- 5.5 Bids not meeting the mandatory requirements will not be rated.
- 5.6 The evaluation team reserves the right to award a contract to a bidder other than the bidder receiving the highest scoring.

<p>* RFP Submission Deadline * 5:00pm EST, Tuesday, July 8, 2008</p>
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Appendix "a": Environmental Fee Setting Background Paper

PURPOSE

To provide direction for setting Environmental Handling Fees (EHF) to ensure the nexus principle is maintained where the EHF does not exceed the sum of costs to develop, implement, and operate the program per product category

GUIDING PRINCIPLES IN EHF SETTING

In setting the EHF, the following Guiding Principles will be followed:

1. The EHF will be set for each obligated product category
2. The EHF will be based on the current estimated costs of each product category divided by the current estimated unit sales for product category.
3. The EHF will cover the costs of managing historic and orphaned products
4. The EHF will consist of the following cost elements:
 - a. Operational costs: The operating costs of managing each product category, based on weight, including the following elements:
 - i. Collection
 - ii. Transportation and consolidation
 - iii. Processing
 - b. Common costs: The non-operating costs that are shared amongst product categories including the following elements:
 - i. Administration
 - ii. Communication
 - iii. Contingency accrual
 - iv. Common research and development costs
 - c. Product specific costs: Non-operational costs that are attributed to specific categories including the following elements:
 - i. Category specific research and development costs
 - ii. Costs related to achieving category specific targets (i.e. recovery rates)
 - iii. Share of product category costs related to program development and implementation (i.e. sharing phase 1 start up with phase 2)
 - iv. Other non-operational, category specific costs

5. There will be no cross-subsidization of operational and product specific costs across product categories.
6. The costs of any obsolete product technology will be applied to the successive product technology (i.e. obsolete CRT TV costs applied to current products in the TV product category)
7. EHF will be set in a fair and transparent manner that is openly communicated with all program members
8. The program will not operate with an ongoing surplus or deficit. If market changes require the EHF to be updated, the deficit/surplus amount will be factored into setting the new EHF
9. Sufficient notification will be provided to all program members in the event of EHF changes and the revised EHF will not commence in the period between September 1 and January 31

EHF SETTING CRITERIA

1. EHF Period: The EHF will be based on estimated costs and product sales for a 3 year period with the intent of maintaining a consistent EHF throughout that period.
2. Common cost allocation: The total amount of common costs will be allocated to each product category as follows:
 - a. 15% of total amount allocated equally to each of the categories
 - b. 85% of the total amount allocated in proportion to each product category's share of operational and product specific costs
3. Contingency: The program will maintain an operating contingency, per product category, to cover a projected 1 full year of operating costs of each category.
4. Contingency accrual: The contingency will be accrued at a maximum rate of 5% of operational costs until the targeted contingency, per product category, is achieved.
5. Research & development accrual: Funds for research and development projects will be accrued at a maximum rate of 1% of operational costs per product category.

Appendix "b" - Environmental Handling Fees RFP – Scoring of Bids

Mandatory requirements	Y / N
Complete Response	

	Statement of Work	Points
3.1	Evidence of relevant experience with environmental stewardship programs	5
3.2	Staffing and other support (qualifications, roles and responsibilities)	10
3.3	Strategy for addressing background paper principles and criteria	15
3.4	Identify potential legal issues and strategy for compliance	10
3.5	Strategy for EHF calculation and implementation in each province	30
3.6	Detailed schedule for implementation	10
3.7	Final Report Outline	5
3.8	Details on consulting fees including total hours and hourly rate charged	10
	Total cost (binary - 5 for lowest, 0 for others)	5
	TOTAL	100