



Date: May 23, 2007

RE: ICI PRODUCTS AND PROPOSED PRODUCT DEFINITION CLARIFICATION

Summary

Potentially obligated “first sellers” have raised some concerns about the SWEEP product definitions and applicability of the Environmental Handling Fees (EHF). The two areas of concern are:

1. **ICI Products:** Applying the EHF to products sold into the industrial, commercial, and institutional (ICI) sector in small quantities and where the consumer operates their own end-of-life management program.
2. **Level Playing Field:** The use of the terms “medical imaging, EKG, or x-ray” and “Cash register/POS system” in the list of products excluded from EHF application may create an uneven playing field among obligated first sellers.

ICI Products

ISSUE: SWEEP must ensure that the program operates in compliance with the Saskatchewan Waste Electronics Equipment Regulation and the product management program plan prepared by Electronics Product Stewardship Canada and approved by the Government of Saskatchewan. The regulation does not exclude products that are sold into the ICI sector and the approved product management program plan includes provisions to collect and recycle regulated products from the ICI sector. Both the regulation and approved plan do not allow for small quantity exemptions. Although those companies operating in the ICI sector may decide to manage these end-of-life materials through their own asset management program, they are also able to recycle these products through the SWEEP program, and in fact, ICI organizations have begun to use the SWEEP program.

RESOLUTION: Since the regulation makes no exemption for ICI products or low volume sales, the approved plan includes collection of ICI products, and SWEEP has begun to collect ICI products, regulated products sold into the ICI sector are to have the EHF applied, regardless of sales volume, and the first sellers of those products join SWEEP. However, SWEEP may be contacted about making arrangements to accommodate reporting of low volume sales.

Level Playing Field

ISSUE: In addition to operating the program in accordance to the regulation and approved plan, SWEEP is accountable to its membership of obligated first sellers that have joined the program to satisfy their regulatory obligations. The vast majority of obligated first sellers are represented either through Electronics Product Stewardship Canada or the

Retail Council of Canada, which have indicated that an issue of utmost importance to their membership is ensuring the program provides a level playing field, where no company is at a competitive advantage or disadvantage through the application of the program.

Although the regulation provides general definitions of products to be included in the program, SWEEP is required to expand these definitions to allow first sellers to determine if they are obligated to participate in the program.

SWEEP's expanded definitions are intended to only capture standalone products as defined under the regulation (desktop computer, notebook computer, computer monitor, computer printer, and television) and not provide sector-specific exemptions to standalone products.

However, by including the terms “medical imaging, EKG, or x-ray” and “Cash register/POS system” in the list of products excluded from the program, SWEEP may have inadvertently caused some confusion among first sellers and created an uneven playing field. Some questions that have been raised include:

Does this only apply to computers/monitors/printers that are embedded with this exempted equipment?

Are standalone computers/monitors/printers used with this equipment exempt?

What about standalone or embedded products used with non-regulated products other than medical or POS equipment?

Depending on how these exemptions are interpreted and applied by first sellers, this could result in an uneven playing field. For example, if company A sells a notebook to an ICI customer, the sale of the notebook attracts the EHF even if it is ultimately used with medical or POS equipment. If company B sells a notebook that is bundled with the sale of medical or POS equipment it too should attract the EHF. However, if company B interprets the sale of the bundled product to being part of the medical or POS exemption and the EHF is not applied, company A would be at a competitive disadvantage. Therefore, SWEEP must clarify the product definitions to ensure a level playing field is maintained.

RESOLUTION: SWEEP proposes a clarification to the product definitions to clearly indicate that the EHF is to be applied to standalone products that if received at a SWEEP collection site would be accepted as a product defined under the regulation, and not be applied to products that are embedded into non-regulated products that would not be accepted at a SWEEP collection site as a product defined under the regulation. This clarification is outlined in the table below.

For example, with the proposed clarification a monitor embedded into a non-regulated product, such as an industrial device, would be excluded from the program because the device is not a "monitor" under the regulation and would not be accepted as a "monitor" at the collection site. However, a standalone monitor that is plugged into an industrial device is included in the program because it is a "monitor" under the regulation would be accepted as a "monitor" at the collection site, even if it is sold bundled with the industrial device. Therefore, all standalone monitors are included to ensure a level playing field

Table 1: Proposed product definition [clarifications/changes](#).

Obligated Products	Product Definition	Environmental Handling Fee (EHF)	Products Included	Product Not Included
Desktop Computers	Includes Central Processing Units (CPUs), mouse, keyboards, cables and other components within the computer. This includes desktop computers, desktop computers acting as servers, and all associated keyboards, mice and cabling.	CPU: \$10	<u>Standalone:</u> <ul style="list-style-type: none"> Computers <u>terminals</u> Servers 	<ul style="list-style-type: none"> Thin client Cash register/POS system Medical imaging, EKG, or x-ray CPU Rack mounted and floor-standing servers <u>Non-standalone computer terminals that are embedded into non-regulated products</u>
Monitors	A display device used for displaying images from computers or other sources that does not meet the definition of a television. This includes CRT and flat panel display technologies.	Monitor: \$12	<u>Standalone:</u> <ul style="list-style-type: none"> Computer monitors Video displays with no TV tuner Professional displays Closed circuit monitor screens 	<ul style="list-style-type: none"> Cash register/POS system Medical imaging, EKG, or x-ray system Electronics with imbedded displays, such as portable DVD players, gaming machines, automobiles, industrial equipment, etc. <u>Non-standalone displays that are embedded into non-regulated products</u>
Printers	This includes printing devices that are designed to reside on a work surfaces, and includes various printing technologies, including Laser & LED (electro-photographic), ink jet, dot matrix, thermal, dye sublimation, etc. and "multi-function" or "all in one" devices that perform different tasks such as copy, scan, fax, print, etc.	Desktop Printer: \$8	<u>Standalone:</u> <ul style="list-style-type: none"> <u>Desktop printers</u> Portable or PC-free photo printer Camera dock printers Desktop label, barcode, card printers Desktop fax machines 	<ul style="list-style-type: none"> Floor standing printers Printers with optional floor stand Point of sale (POS) receipt printers Handheld printers such as calculators with printing capability or label-makers Medical imaging, EKG, or x-ray printer <u>Non-standalone printers that are embedded into non-regulated products</u>

Although this change in product definitions may not be fully harmonized with other electronics stewardship programs, they are consistent with the regulation, approved plan, and assists in maintaining a level playing field.

NEXT STEPS

1. **Consultation:** This proposed product definition clarification will be sent to key organizations that represent obligated first sellers or that have an interest in SWEEP's activities to solicit feedback. Feedback deadline: June 15, 2007.

These organizations include:

- Electronics Product Stewardship Canada
 - Retail Council of Canada
 - Electro-Federation Canada
 - Information Technology Association of Canada
 - Saskatchewan Advanced Technology Association
 - Saskatchewan Ministry of Environment
 - Alberta Recycling Management Authority
 - Electronics Stewardship Association of British Columbia
 - British Columbia Technology Industry Association
 - British Columbia Ministry of the Environment
2. **Revision:** Based on the feedback received, the proposed product definition clarification may be revised by the SWEEP board of directors.
 3. **Member Notification:** Once the SWEEP board approves the clarification, all SWEEP members and the other interested organizations will be notified of the change. Completion deadline: June 22, 2007.
 4. **Implementation:** Sufficient time will be provided for SWEEP members to update their compliance system and allow potential new SWEEP members to register. Completion deadline: August 1, 2007.

NOTE: The final, board-approved changes will apply as of August 1, 2007 - there will be no back-dating of compliance.