



January 15, 2012

Mr. Fareed Ferhut
Materials Management and Local Assistance Division
California Department of Resources Recycling and Recovery (CalRecycle)
1001 I Street, P.O. Box 4025, MS 13
Sacramento, CA 95812-4025
Via email: carpet@calrecycle.ca.gov

SUBJECT: California Carpet Stewardship Plan (CARE Plan, 12/29/2011, version 1.4)
Comments on Initial Study and Negative Declaration (IS/ND),
Evaluating Impacts of State Approval of the California Carpet Stewardship Plan

Dear Mr. Ferhut:

We appreciate the opportunity to comment on the proposed Initial Study and Negative Declaration (IS/ND) Evaluating Impacts of State Approval of the California Carpet Stewardship Plan (SCH # 2011122052) prepared by the Carpet America Recovery Effort (CARE). Due to the interrelated nature of the program documents, we will first assess the CARE Plan and then the IS/ND. The CalRecycle has determined that its approval of the CARE Plan and implementing program constitutes a Project under the California Environmental Quality Act (CEQA), requiring formal impact assessment, public review and certification prior to adoption. In compliance with CEQA, we offer our comments on that evaluation of the significance of potential impacts associated with state approval of the California Carpet Stewardship Plan.

We understand that the CalRecycle has been in close collaboration with carpet industry representatives regarding compliance pathways for implementation of the recently adopted carpet stewardship statute (Chapter 681, Statutes of 2010 [Perez, AB 2398]; Public Resources Code Sections 42970 et seq.). In that dialogue, the carpet stewardship organization CARE submitted numerous iterations of a Plan to CalRecycle for consideration to fulfill in part the requirements of the law. CARE's current plan dated December 29, 2011 (Version 1.4) and appended documents as available for review on CalRecycle's Carpet Stewardship Program website¹ were reviewed in conjunction with the proposed IS/ND for these comments.

Our review of the CARE Plan and CalRecycle's preparation of the IS/ND has resulted in an overall position of support in consideration of the following comments.

We recognize that the entire implementation plan is developed to be modified over time as data are generated and conditions change. We are providing three General Comments, highlighting areas where we feel additional work should be focused both by the Industry and the CalRecycle.

¹ The current CARE plan dated December 29, 2011 (version 1.4), with staff and stakeholder comments to date, are posted <http://www.calrecycle.ca.gov/Actions/PublicNoticeDetail.aspx?id=614&aiid=588>

Social Acceptability as Market Driver

Implementation of manufacturer stewardship of any form denotes a shifting of the burden of overall end-of-life product management from the consumer and public agencies back to the originator of that product. This internalizes the ancillary cost of manufacturing and back-shipment, which increases cost of manufacturing and thus product cost to the consumer. Balancing this increase in product price resulting from cost factor internalization is the potential for improved consumer confidence in the manufacturer and the product. This customer selectivity is significantly aided by efforts on the part of the companies, associations and agencies involved to advertise the social and environmental value of the new program. Social acceptability will determine the overall program effectiveness and this should be a long-term goal of program implementation.

Supply Chain Output Considerations

Stewardship programs radically alter existing supply chains, and supply chain changes must be expected to have both positive and negative consequences. This effect results in an additional form of market unbalancing beyond the internalization of ancillary costs noted above. Supply chains are assessed as input/output mechanisms, and are most cost-effective and result in the best flow of products when there are viable options for input, process and output. Monitoring future impacts should take into account mandated supply chain alterations.

Recycling, Conversion and Incineration

The proposed CARE Plan emphasizes the Input (collection and return to manufacturer) and the Process (manufacturer/recycler management of collected wastes) but lacks sufficient attention to the final stage, that of Output, or the consideration of the availability of viable off-take options for the recovered and processed materials. CARE indicates potential off-takes include (a) production of carpet tiles and (b) energy generation from use of residual Carpet as Alternative Fuel (CAAF). This approach does not take into consideration two important aspects. First, if conversion to heat and electricity is to be considered an approved use, preference should be given to and the potential analyzed for on-site distributed waste to energy development for provision of combined heat and power. Second, discussion should include methods of conversion to fuels and other commodities. Conversion constitutes "molecular recovery" and expands the return of recycled carpet components back into the supply chain rather than being "rendered to ash". In many cases, this conversion could also occur on the manufacturer's own site, dramatically decreasing associated transport costs and increasing plant efficiency. Waste carpet conversion to intermediary chemicals, fuel components, and other value-added commodities should be considered a viable option. Therefore additional assessment is necessary.

Please contact me at mtheroux@jdmt.net or (530) 613-1712 if you have any questions.

Sincerely,

JDMT, Inc



Michael Theroux
Vice President

cc: Kathy Frevert, kathy.frevert@calrecycle.ca.gov