

ADDENDUM TO THE FINAL STATEMENT OF REASONS AND ECONOMIC AND FISCAL IMPACT ANALYSIS

September 25, 2020

Photovoltaic modules (PV modules) – Universal Waste Management

Department of Toxic Substances Control reference number: R-2017-04
Office of Administrative Law Notice Reference Number: Z-2019-0409-04

On April 17, 2020, the Department of Toxic Substances Control (DTSC) submitted to the Office of Administrative Law (OAL) the final regulation package that would allow hazardous waste PV modules to be managed according to universal waste management standards in California Code of Regulations, title 22, division 4.5, chapter 23. Concurrently, DTSC also submitted the Economic and Fiscal Impact Analysis (STD 399 and attachment) of the final regulation package to the Department of Finance (DOF) for its approval.

DTSC has prepared this Addendum to the Final Statement of Reasoning (FSOR) to summarize the changes DTSC made to clarify the assumptions made in the Economic and Fiscal Impact Analysis based on the comments from DOF.

Modification to the FSOR

(FSOR: Page 5)

Initially in the Economic and the Fiscal Impact Analysis, DTSC presented the total cost savings of the proposed regulation to be \$18,144,865, which was estimated based on the total sum of both costs and benefits of the regulation. DOF asked DTSC to separate the costs of the regulation from the benefits. The corrected estimate of the total cost savings, after removing costs associated with the regulation, is \$17,973,203.

(FSOR: Table 1 on Page 5)

Table 1, which shows the comparison of costs or savings before and after the proposed regulation, was updated after DOF's request to differentiate the costs and benefits for each impacted business category. The new **Table 1** is shown below:

Table 1. Comparison of Costs or Savings Before and After Proposed Regulation

COST CATEGORY	BASELINE			WITH REGULATION			COSTS SAVINGS (Benefits)		
	Generators	Storage Facilities	Disposal Facilities	Generators	Handlers	Disposal Facilities	Generators	Storage Facilities / Handlers	Disposal Facilities
One-time Costs (\$)	\$ 24,300	\$ 59,544	\$ 14,886	\$ 12,500	\$ 7,922	\$ 14,886	\$ (11,800)	\$ (51,622)	\$ -
Fixed Annual Costs (\$)	\$ 6,235,852	\$ 617,664	\$ 792,896	\$ 4,028,549	\$ 29,344	\$ 792,896	\$ (2,207,303)	\$ (588,320)	\$ -
Variable Costs (\$)	\$ 74,827,277	\$ 70,557,896	\$ 1,612,960	\$ 70,055,229	\$ 60,457,674	\$ 1,371,072	\$ (4,772,048)	\$ (10,100,222)	\$ (241,888)
Total Costs (\$)	\$ 81,087,429	\$ 71,235,104	\$ 2,420,742	\$ 74,096,278	\$ 60,494,940	\$ 2,178,854	\$ (6,991,151)	\$ (10,740,164)	\$ (241,888)
Total Costs (Generators, Storage Facilities /Handlers, and Disposal Facilities)	\$ 154,743,275			\$ 136,770,072			\$ 17,973,203		

(FSOR: DTSC’s Revenue Loss Estimation on Page 6)

Initially, the fiscal impact to the department was estimated to be \$661,944 based on a calculation of the Annual Facility Fee, hazardous waste Manifest Fee, Generator Fee, and Disposal Fee. This revenue loss was adjusted to be \$947,717 based on the reassessment of the fees associated with the waste. The difference in the fiscal impact to DTSC is from (1) the adjustment made for manifest fees that storage facilities incurred in the baseline; (2) the adjustment made to the manifest and generator fees for universal waste handlers based on assumption 2 described in the FSOR; and (3) the adjustment made on the disposal fees for generators in the baseline as described in assumption 2 of the FSOR. **Table 2** was updated as shown below to reflect these changes.

Table 2. Estimated Loss of Fees for DTSC with Regulation

DTSC Fee impact	Baseline	With Regs	Difference
Annual Facility Fee	\$ 93,840	\$ -	\$ 93,840
Manifest Fee	\$ 349,149	\$ 138,729	\$ 210,420
Generator Fee	\$ 677,810	\$ 276,240	\$ 401,570
Disposal Fee	\$ 1,612,960	\$ 1,371,072	\$ 241,887
Total Fees	\$ 2,733,759	\$ 1,786,041	\$ 947,717

Due to the anticipated growth for the solar industry in California and public interest in managing PV module waste as universal waste, DTSC expects significant public outreach would be required when the regulation becomes effective. DTSC may require additional resources for recordkeeping and the regulation roll-out, such as training, outreach, and subject matter expertise for the stakeholders. DTSC projects that its costs with the regulation will be an estimated \$187,583 in the year following its adoption, and \$134,985 annually in the subsequent years. DTSC included these costs that the department would incur in the FSOR.