

Tire Stewardship BC (TSBC)

SUMMARY OF POLICIES BY PROGRAM

As at October 01, 2014

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All policies are subject to review and revision from time to time at TSBC’s sole discretion.

GLOSSARY OF TERMS

Advance Disposal Fee or ADF means the eco-fee that Retailers remit to TSBC for every new tire sold and which funds the TSBC Program.

Form A means the waste manifest prescribed by TSBC as the authority to collect regulated BC scrap tires.

Generator means an organization that generates scrap tires and is registered with TSBC as a generator.

Hauler or Transporter means an individual or organization that has an agreement with a Processor to accept their tires.

Inventory means whole tires, semi-processed tires, and finished products or residuals from TDP or TDF processes and includes both regulated and unregulated tires.

Manufacturer means an organization that has executed a Manufacturer Agreement with TSBC.

Manufacturer Agreement or MA means the contract executed between TSBC and a Manufacturer to formalize the terms of participation in TSBC's Manufacturing program.

Manufacturing Incentive or MI means the support paid to a Manufacturer to create an eligible final product from a Processor's recycled scrap tires.

Processing Incentive or PI means the support paid to a Processor to process eligible BC scrap tires.

Processor means a participant engaged in an activity that converts a minimum of 75% of the scrap tire into a tire derived product (TDP) or derived fuel (TDF) for which there is an end market and has executed a Processor Agreement with TSBC.

Processor Agreement or PA means the contract executed between TSBC and a Processor to formalize the terms of participation in TSBC's Tire Collection and Processing (TCP) program.

Retailer means an organization that sells tires or equipment with tires on it and is registered with TSBC as a retailer.

TDF means tire derived fuel.

TDP means tire derived product.

Transportation Incentive or TI means the support paid to a Processor for scrap tires collected and transported to the Processor's facility by a Hauler or Transporter.

TSBC means Tire Stewardship BC.

TSBC Program means the collective suite of programs under TSBC, including the Tire Collection and Processing program (TCP), the Manufacturing program, the Research & Development program, and the Community Grant program.

PROGRAM: TIRE COLLECTION AND PROCESSING (TCP)

Becoming a Processor

Policy:

In response to a need for additional processing capacity in BC, as determined by TSBC from time to time, applications will be accepted from interested parties to become a Processor in BC.

Anyone wishing to become a Processor will be required to achieve “**more** new value from old tires” through (1) product/market innovation and/or (2) processing innovation, either of which will significantly reduce TCP program incentive costs without jeopardizing TSBC Program stability and environmental results.

Implementation:

The document [*“Becoming a Processor: Policy, Requirement, Process, Steps and Fees”*](#) outlines the criteria and application process to become a Processor.

Effective May 01 2014 and until further notice, TSBC has determined the need does not currently exist for additional processing capacity in BC, and as such will not be accepting applications. Any change will be published on the TSBC web site.

Audit Requirements

Policy:

TSBC may, at its sole discretion, require that participants who receive funds under the TCP program submit audited financial statements. The cost of these audits will be borne by the participants.

Exclusive Rights

Policy:

TSBC will not grant exclusive territorial collection rights to any participant in the TCP program.

Tipping Fees

Policy:

Tipping/collection fees on tires attracting an Advance Disposal Fee cannot be charged to Retailers and Generators that:

- Have a minimum of 50 scrap tires, clean and off rims, for pick-up; and

- Make scrap tires easily and readily accessible in that they are stored in a location that is clear of any obstructions and/or debris, allowing the tires to be directly loaded onto the Hauler’s truck.

Implementation:

Retailers and Generators who desire a higher standard of service than the norm should expect to pay additional service fees to cover the added expense incurred by Haulers and/or investigate their options for the best combination of rates and service.

Ownership of Tires

Policy:

TSBC is not the owner of scrap tires in the Province of British Columbia and makes no representation or warranty as the volume of scrap tires available for collection and processing.

Incentive Rates – Transportation

Policy:

The Transportation Incentive rates in effect are as follows:

Distance range (km)	\$ per km/per tonne	Distance range (km)	\$ per km/per tonne
0 – 30	2.738	901- 1000	0.199
31 – 75	1.912	1001 – 1100	0.190
76 – 125	1.265	1101 – 1200	0.181
126 – 200	0.932	1201 – 1300	0.173
201 – 300	0.456	1301 – 1400	0.162
301 – 400	0.363	1401 – 1500	0.161
401 – 500	0.321	1501 – 1600	0.157
501 – 600	0.272	1601 – 1700	0.155
601 – 700	0.244	1701 – 1800	0.152
701 – 800	0.226	1801 – 1900	0.148
801 – 900	0.211	1901 - 2000+	0.143

Implementation:

Transportation Incentive rates are reviewed periodically. See the TSBC policy [Incentive Rates – Review and Implementation](#).

Note that incentive payments may be subject to the TSBC policy [Eligible Distance for Transportation Incentives](#).

Incentive Rates – Processing

Policy:

(a) Tire Derived Product (TDP) incentive rates in effect are as follows:

Category	Rate	Description
TDP 1	\$370 per tonne	For scrap tires processed into a crumb rubber or powder form, having a particle size up to approximately 5/16" and free of steel and fibre.
TDP 2	\$140 per tonne	For scrap tires that are utilized essentially in their original form (e.g., blasting mats).
TDP 3	\$69 per tonne	For high-volume applications such as coarse shred used as road-fill (commonly known as Tire Derived Aggregate, or TDA).
TDP 4	\$0	For products made from the whole tire in its original form or where the tire will be sold as a used tire.
TDP 5	\$140 per tonne	For the shearing and disposal of BC generated scrap Logger / Skidder tires that have received an Advance Disposal Fee.
TDP 6	\$2.65 per MT	For Medium Truck (MT) Tires received for processing into either TDP 1 or TDP 7.
TDP 7	\$266 per tonne	For coloured rubber granules with a particle size range of >5/16 up to 3/4" and free of steel for use as recycled rubber mulch typically used as landscape cover.
TDP 8	\$168 per tonne	For steel (bead wire and fines) extracted from the scrap tire during the recycling process and sold to an end market.
TDP 9	\$168 per tonne	For fibre extracted from the scrap tire during the recycling process and sold to an end market.

NOTE: TSBC may consider additional TDP rates for processing categories not captured in this table.

On or before Jan 2018 TSBC will be eliminating the medium truck fee (TDP6) and reducing the incentive rates for processing a tire into crumb or mulch (TDP1, TDP7, TDP8 & TDP9).

(b) Tire Derived Fuel (TDF) incentive rates in effect are as follows:

Category	Rate	Description
TDF 1	\$127 per tonne	For shred processed for energy recovery.
TDF 2	\$73 per tonne	For whole tires processed for energy recovery.
TDF 3	\$168 per tonne	For fibre extracted from the scrap tire during the recycling process and sold for energy recovery.

NOTE: Medium Truck tires are not eligible for TDF Processing Incentives unless pre-approved by TSBC.

On or before Jan 2018 TSBC will be reducing the incentive rate for TDF3.

Implementation:

Processing Incentive rates are reviewed periodically. See the TSBC policy [Incentive Rates – Review and Implementation](#).

Incentive Rates – Ferry and Barge

Policy:

Eligible scrap tire loads qualify for a standard reimbursement of One-Way Ferry Incentives (either way, *as eligible*). One-Way Ferry Incentives include:

- One-way ferry fare for the truck and one driver; plus
- A flat downtime allowance.

Policy Exception: Scrap tire loads travelling by ferry from the Gulf Islands to a registered processing facility are eligible for reimbursement of the ferry fare, driver and downtime *both ways*, and the minimum load requirement (*see Implementation below*) is reduced to 50% from 75%. The Gulf Islands include Bowen Island. (This exception does not apply to the Queen Charlotte Islands.)

Implementation:

Load Size:

The one-way ferry fare including driver and downtime (if applicable) will be prorated based on the size of the load. TSBC has set a predetermined capacity for each load at .252 tonnes per linear foot of trailer space. Loads that do not meet this predetermined capacity will be prorated.

Load eligibility requirements:

- **All** loads travelling by ferry/barge, regardless of size/weight, **must** be weighed and the original weigh scale ticket submitted with the corresponding Form A(s);
- The original ferry fare receipt **must** be submitted with the corresponding Form A(s) to allow for pro rating based on the actual ferry fare paid;
- The Transporter **must** indicate on the ferry receipt the size of trailer (i.e., the area where the tires are stored) used to transport the load;
- The load **must** represent no less than 75% of the predetermined capacity; and
- Should the load exceed the predetermined capacity, the reimbursement will **not** exceed the maximum amount eligible, i.e., the actual ferry fare paid including driver, and downtime (if applicable).

Downtime Allowance:

No supporting documentation is required to claim the downtime allowance. For each eligible load, a flat allowance of \$100 is available for the Vancouver Island route. Assistance for other routes is based on the average downtimes for those specific routes.

Incentive Rate Restrictions - Eligible Distance for Transportation Incentives

Policy:

TSBC provides for the payment of Transportation Incentives for scrap tires shipped from the Generator or Retailer to the nearest eligible Processor *with the capability and capacity to accept the particular type of scrap tire for recycling (TDP) or energy recovery (TDF)*.

Implementation

It is not TSBC's intent to provide a geographic advantage to any one Processor. To ensure fairness, in invoking an Eligible Distance policy, access to scrap tires anywhere in the province would not be restricted to any specific registrant – only the Transportation Incentives related to the tires would be limited.

TSBC will invoke the Eligible Distance policy immediately upon approving an additional Processor. Once invoked, for purposes of the Transportation Incentive, TSBC will establish a table of eligible distances to each Processor's facility.

Incentive Rate Restrictions – Culled Tires

Policy:

Transportation Incentives and Processing Incentives are not available for used tires that are diverted into the used tire market for reuse as a tire.

Incentive Rate Restrictions – Export

Policy:

Processing Incentives are not available for the export of TDF, whole tires, or semi-processed tires (i.e., where further processing will be required to create the end product).

Incentive Rate Restrictions – Paying for Tires

Policy:

TSBC will not pay Transportation Incentives or Processing Incentives for TCP program tires received at a Processor facility that were not supplied free of charge to that Processor or Hauler.

Incentive Rates – Review and Implementation

Policy:

TCP program incentive rates will be reviewed by TSBC on a periodic basis. Where adjustments are determined appropriate, the changes will be communicated to affected parties on a timely basis.

Implementation:

1. *Approximate rate review schedule*

- a. Transportation Incentive rates
 - Every quarter for the fuel cost component
 - Every 2 years for the non fuel cost component
- b. Processing Incentive rates
 - At TSBC's sole discretion

2. *Effective dates of increases*

Changes which increase the level of an incentive may be implemented immediately but no later than 30 days following TSBC approval. **There will be no increases to Processing Incentive rates within the term of the current Stewardship Plan (2013 – 2017).**

3. *Effective dates of decreases*

With the exception of changes resulting from reviews of the TI fuel cost component, changes which decrease the level of an incentive will be effective following a period of one year, but may be implemented sooner if acceptable to directly affected parties, subject to item 4 below. **On or before Jan 2018, TSBC will be reducing specific [processing incentive rates](#).**

4. TSBC reserves the right to change incentive levels at any time when necessary for the viability of the TCP program or to achieve important program goals, following consultation with, and as much notice as possible to, affected parties.

Definition of “Eligible Sale”

Policy:

TSBC defines an eligible sale as **“an arm’s-length transaction”** for which the required **“proof of sale”** is rendered to the TCP program. Related persons and companies are deemed not to be dealing with each other at arm’s length.

Policy Exception: The requirement for an arm’s length transaction is waived when the registrant is both a Processor and Manufacturer. However, when the same entity is claiming both a Processing Incentive and a Manufacturing Incentive, the Processing Incentive, for the product that is also eligible for the Manufacturing Incentive, is only payable to the Processor once the eligibility for payment of a Manufacturing Incentive on that same product has been achieved.

Implementation:

Arm’s length transactions

The onus will be on the incentive claimant to prove by the facts of a situation that a transaction was at arm’s-length. If the incentive claimant fails to meet this onus, the transaction will be considered not at arm’s length and consequently will not qualify for the financial incentive.

Related persons are generally those connected by blood, marriage or adoption. Related companies include those in which one company owns a significant interest in the other, or where a shareholder of one company owns a significant interest in the other company. The determination of whether an interest is “significant” will be at the sole discretion of TSBC, and reasonableness will be the key. (*Company/shareholder* may be replaced with *partnership/partner*, for purposes of this definition.)

Proof of Sale

The proof of sale in support of a claim for Processing and/or Manufacturing Incentives includes but may not be limited to:

1. A copy of the sales invoice clearly indicating:
 - Purchaser’s name, address, and telephone number;
 - Seller’s name, address, and telephone number;
 - Date of the sale;
 - Date of product shipment (*see A*);
 - Name or description of product sold (*see B*);
 - Weight of product sold (with original weigh scale tickets) ;
 - Proceeds of the sales transaction (*see C*); and
 - Terms of payment.
 - A. *Product Shipment*: TSBC reserves the right to verify with the purchaser the receipt of a product for which a financial incentive is being claimed.
 - B. *Product*: Must be a product for which eligibility and incentive rates have been confirmed by TSBC. TSBC reserves the right to verify with the purchaser the final application of a product for which a financial incentive is being claimed.
 - C. *Proceeds*: TSBC reserves the right to verify the proceeds received by a participant for any sale for which a financial incentive is being claimed.
2. For submission to TSBC upon request:
 - Copies of the waybills, bills of lading, or other proof of product shipment to purchasers. At its sole discretion, TSBC may require submission of shipping documents to support each claim for financial incentives;
 - Copies of production records sufficient to support the quantity and quality of tire material contained in the final products claimed for financial incentives; and
 - Weigh scale tickets, acceptable to TSBC, to support the weight of the tire material contained in the product sold.

Maximum Inventory Limits

Policy:

A Processor will be permitted to accumulate a total maximum Inventory of whole tires, processed tires, semi-processed tires or finished products up to a maximum of six months sales. This is a maximum limit; at its sole discretion, TSBC may impose lower Inventory levels or further restrictions.

The maximum Inventory limit for a Provisional Processor will be determined by TSBC on a case by case basis.

Implementation:

The maximum permitted Inventory will be established by TSBC in consultation with the affected Processor.

A Processor may accumulate, up to the maximum Inventory limit, BC scrap tires including regulated and unregulated tires, in whole or processed form in aggregate at all sites controlled by the Processor or Provisional Processor.

At its sole discretion, TSBC may withhold incentive payments to a Processor that has exceeded their maximum Inventory limit and/or may redirect any surplus Inventory to an alternate location.

See also the TSBC policy [Security Requirement](#).

Security Requirement

Policy:

Each Processor with an Inventory limit of greater than 50 tonnes must post a TSBC-approved security based on the Processor's set Inventory limit, with a required minimum security of \$100,000 to assure fulfilment of the Processor's obligations to TSBC.

Implementation:

A security is defined as a non-cancelable commitment. The forms of security acceptable to TSBC are cash or irrevocable letter of credit; any other forms of security require pre-approval.

In the event a Processor abandons its site or is otherwise unable to process and/or sell its Inventory, the security must assure payment, to the extent stipulated, of any loss sustained by TSBC and/or costs incurred to clean up the site. The security may also be used to recover any overpayment of TCP program incentives.

Processors in continuous operation as a Processor for five or more years and during that period have

- undergone a TCP program risk and controls review,
- submitted, on an on-going basis, timely and accurate Inventory reporting and claim submissions, and
- operated in compliance with TCP program policy,

may, at TSBC's sole discretion, have the amount of required security reduced by 50% to signify the decrease in risk of the Processor's abandonment of the site.

Stockpile Removal

Policy:

Applications for additional assistance will be considered on a site-specific basis where the available Transportation Incentives are insufficient to cover scrap tire stockpile removal costs. Removal of tires from a privately owned site is not eligible for assistance.

Implementation:

All applications are subject to availability of TSBC funds. Any funding provided is a one-time contribution on the understanding that a tire management program will be initiated to avoid the need for any future cleanup project.

PROGRAM: MANUFACTURING

Manufacturing Incentives

Policy:

To promote the increased use of BC recycled rubber, TSBC will provide an incentive to eligible BC manufacturers for the use of BC recycled rubber in recycled rubber products. TSBC's goal is to create stable and sustainable markets for Processors and recycled rubber supplies for BC manufacturers.

Implementation:

1. Eligibility

Each manufacturer must apply to become a TSBC Manufacturer. The eligibility criteria include but may not be limited to the following:

- a. The applicant must be a BC registered company;
- b. The applicant should have the capability, capacity and commitment to use a minimum of one million pounds of recycled rubber annually in the manufacture of eligible recycled rubber products;
- c. The applicant must enter into a Manufacturer Agreement with TSBC in order to receive financial incentives under the Manufacturing program; and
- d. If the applicant qualifies as both a Processor and a Manufacturer, TSBC may deem the applicant to be both an approved Processor and Manufacturer and eligible for Processing Incentives separate from Manufacturing Incentive (MI) payments, and set conditions for that eligibility as well as adjustments to incentive rates.

2. Eligible Products

Each product or product type will be evaluated by TSBC for eligibility. The eligibility criteria for classification as an approved Recycled Rubber Product (RRP) include may not be limited to the following:

- a. The product must be manufactured in BC; and

- b. The recycled rubber used to produce the product must be sourced from a Processor and must be eligible for the Processing Incentive.

3. *Level of Funding*

The absolute value of incentives available in any given year will be established by TSBC according to the following principles:

- a. To protect overall stewardship program affordability and viability, the absolute value of funding available in any given year will be governed by TSBC's annual budgeting process. Input from existing and prospective Manufacturers on their recycled rubber requirements will be sought in an open and transparent process. In the event that TSBC is unable to fulfil all demands for the MI, the criteria for allocating recycled rubber commitments will be established in consultation with the key stakeholders affected; and
- b. To provide the level of continuity needed to achieve sustainable recycled rubber markets, the Manufacturer and TSBC will establish recycled rubber volume commitments in Schedule A of their Manufacturer Agreement, and these commitments will be updated annually for the life of the agreement.

The incentive rates available to Manufacturers will be established by TSBC according to the following principles:

- a. The maximum MI rate payable will be \$0.05 per pound (\$110 per tonne) for the recycled rubber content in approved RRP;
- b. The MI rate may vary by RRP;
- c. One or more MI rates and related payment terms will be established for each Manufacturer and documented in Schedule A of their agreement, and reviewed annually for the life of the agreement; and
- d. The MI rate schedule may be amended from time to time by TSBC.

4. *Other Restrictions*

- a. The MI will be paid to Manufacturers only.
- b. MI claims are subject to the documentation requirements outlined in the TSBC policy [Definition of "Eligible Sale"](#).
- c. Manufacturers shall provide all information and records relative to volumes, expenses and any matter relevant to a request for payment under the Manufacturing program as may be required by TSBC from time to time.
- d. Payments shall not exceed expenses of a Manufacturer in any event.

PROGRAM: RESEARCH & DEVELOPMENT

Research & Development Support

Policy:

TSBC will consider proposals for Research & Development (R&D) support for projects that support the achievement of [TSBC's vision and goals](#), as noted below:

VISION

All scrap tires are transformed to the environmental, economic, and social benefit of BC's citizens.

GOALS

- *To support the environmentally friendly and sustainable collection and management of 100% of regulated scrap tires available for collection.*
- *To sustain or reduce the "average" Advance Disposal Fee.*
- *To maintain TSBC financial stability.*
- *To foster and support innovation and research relative to higher valued solutions within the industry.*
- *To assist the industry in building sustainable markets for recycled rubber products.*
- *To support community projects that use BC recycled rubber.*
- *To support the pollution prevention hierarchy as referenced in the BC Recycling Regulation.*
- *To provide public education on the benefits of maintenance and inflation of tires to extend tire life thereby avoiding scrap tires entering the waste stream.*

Implementation:

- Projects must take place within BC and achieve one or more of the benefits identified in TSBC's vision:
 - Environmental, e.g. a better environmental footprint for TSBC but not to the detriment of other industry sectors
 - Economic, e.g. program cost reduction
 - Social, e.g. job creation
- Those who can apply are BC-based individuals or organizations, such as governments, universities, colleges, not-for-profits, private or publically-traded companies, institutions, or others.
- Support for up to 50% of eligible project costs for projects to a maximum of \$100,000 per project will be considered. Project duration should be no more than 2 years in length. This support may be provided as a grant, loan or incentives at the sole discretion of TSBC. TSBC will provide financial support commensurate with the opportunity to achieve TSBC's vision and goals. The disbursement schedule may include both upfront and/or milestone-based payments and will be finalized through negotiations between TSBC and the applicant.

- TSBC's financial support will only be applied to project costs that are directly associated with the execution of the project.
- Applicants and their partners collectively are expected to contribute a minimum of 100% of the amount of funding being requested of TSBC with the following restrictions:
 - In-kind contributions may be considered as part of the proponents contribution to the project;
 - Must not include amounts already contributed to get the project to its current state, i.e. it must be new contributions, not past contributions.

A full copy of the R&D program guide including the application process is available for download at www.tsbc.ca/tirerecyclinginbc

PROGRAM: COMMUNITY GRANTS

Community Grant

Policy:

The Community Grant program will consider financial support to communities that have decided to use and benefit from a wide range of recycled tire products in their projects. Eligible projects typically involve recreational facilities such as playgrounds, all weather sports fields, running tracks and arena flooring.

Implementation:

“**Community**” means not-for-profit organizations within the province of BC including: municipalities; registered non-profit community groups or organizations; schools; and First Nations and Métis settlements.

Grants are provided on a “**matching funds**” basis where the applicant must contribute an amount equal to or exceeding the grant requested, to a maximum of \$30,000 including freight costs and installation. Funding for installation will only be given where the installer provides a written warranty.

Project Eligibility Conditions

- Only products (a) made in BC (b) from BC scrap tires (c) that come with a written warranty will be eligible for funding.
- The project site must be fully accessible by all members of the public.
- The site must also be wheelchair accessible.

Applications will not be accepted for projects that are already completed.

Interested parties can visit <http://www.tsbc.ca/grant.php> to download the application form including detailed information on eligibility and approval requirements.
