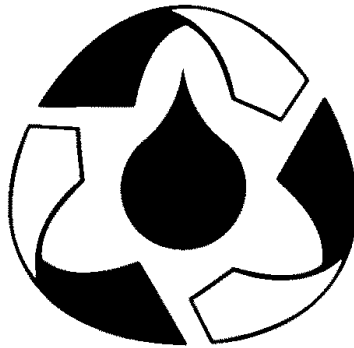


**BRITISH COLUMBIA USED OIL
MANAGEMENT ASSOCIATION**



**INCENTIVE PROGRAM FOR
COLLECTORS AND PROCESSORS**

**Approved by the Board of Directors
on
April 24, 2009**

British Columbia Used Oil Management Association

Incentive Program for Collectors and Processors

1. DEFINITIONS

- 1.1 **Collector** means a government-approved carrier that picks up used oil materials from Return Collection Facilities and/or Generators and delivers them to a Processor registered with the BCUOMA.
- 1.2 **Environmental Handling Charge (EHC)** means a levy paid to the BCUOMA by Wholesale Suppliers on the first sale or distribution of oil materials in the province to a customer not registered with the BCUOMA.
- 1.3 **DIY** means Do-It-Yourself consumers who purchase their own oil and service their own vehicles and equipment. These consumers include private motorists, farmers and small commercial generators such as fishers and loggers.
- 1.4 **Filter** means all spin-on or element style fluid filters that are used in hydraulic, transmission or internal combustion engine applications including all oil, oil-air separator, diesel fuel, coolant, storage tank, and household furnace oil filters, sump tank automatic transmission filters, plastic/paper filters and diesel fuel filters used at retail and commercial pump islands, but does not include gasoline fuel filters, air filters, household furnace air filters and sock-type filters.
- 1.5 **Generator** means the user of lubricating oil, filters and/or containers who through normal application of these products generates used oil materials.
- 1.6 **Ineligible used oil material** means used oil material that is not eligible under this Program as prescribed by BCUOMA from time to time.
- 1.7 **Infrastructure Development Incentive (IDI)** means a payment made by BCUOMA to registered Processors of plastic oil containers to provide an additional economic drive to encourage the processing of plastic oil containers.
- 1.8 **Lubricating Oil** means all petroleum-derived or synthetic crankcase oils, engine oils, hydraulic fluids, transmission fluids, gear oils, heat transfer fluids or other oils or fluids used for lubricating purposes in machinery or equipment.
- 1.9 **Oil Container** means all empty containers with a capacity of 30 litres or less that are manufactured and used for the purpose of containing lubricating oil.

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1.10 **Processor** means a government-approved receiver of one or more used oil materials, that processes these materials into saleable products. Processing requires that the receiver have the demonstrated capability to manufacture value-added recycled products that meet one of the following:

- a) Delisting of material as hazardous waste
- b) Approved industry standards (e.g. ASTM, CSA, CGSB)
- c) Regulatory standards or code of practice

NOTE: Landfilling, road oiling and used oil furnaces are not acceptable processes.

1.11 **Program** means a stewardship program approved under the Recycling Regulation.

1.12 **Regulation** means British Columbia's *Recycling Regulation* as may be amended from time to time.

1.13 **Recycle Docket** means a document that verifies the pick up of an eligible used oil material.

1.14 **Residual** means the portion of a product that remains after the consumer of the product has no further use for it, i.e. "Used Oil Material".

1.15 **Return Collection Facility** means a facility that agrees to receive used oil, filters or containers from the Do-It-Yourself consumers (DIY).

1.16 **Return Incentive (RI)** means a payment made by the BCUOMA to registered Collectors to provide additional economic drive to encourage the collection and processing of used oil materials.

1.17 **Used Oil Material** means lubricating oil, oil filters and oil containers after they have been used for their initial purpose, but does not include ineligible Used Oil Material.

2. PROGRAM PURPOSE

2.1 Under the Regulation all brand-owners (which include Generators) are required to either comply with the Regulation or join an association that carries out those

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requirements to implement a Stewardship Program. In compliance with the Regulation, BCUOMA has implemented the Stewardship Program.

- 2.2 The purpose of the Program is to:
- a) encourage responsible environmental handling and disposal of Used Oil Material through the exercise of active product stewardship, which includes landfill diversion and recycling of Used Oil Materials using environmentally acceptable options; and
 - b) aid in the collection, transportation, storage, processing, and disposal of Used Oil Material, having regard to general conservation, public education, the reduction of waste, and use of economic, efficient and environmentally-conscious methods of handling and disposing of Used Oil Material.
- 2.3 The Program will not support or fund any use or disposal of Ineligible Lubricating Oil Material, or Used Oil Material used in road oiling, landfilling, oil furnaces, or such other uses or materials that from time to time may be prohibited by any applicable legislation, bylaw, regulation or enactment.
- 2.4 BCUOMA is not a regulatory authority and will not become involved in, own or control collection and recycling facilities, or companies or businesses which are Collectors or Processors. BCUOMA will solely provide an administrative function which will encourage increased collection and recycling activity within the province of British Columbia through the administration of incentive-based programs.

3. RETURN INCENTIVES (RIs) AND INFRASTRUCTURE DEVELOPMENT INCENTIVES (IDIs)

- 3.1 RIs and IDIs shall be paid by BCUOMA to Collectors or Processors in accordance with the Program.
- 3.2 RIs are set by BCUOMA for each of the Used Oil Materials and for each of the zones. The rates of RIs and IDIs and zones are set out in Schedule "A" attached hereto. Rates and zone areas may be amended by BCUOMA from time to time, and amendments to the RIs will be communicated to Collectors.

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- 3.3 RIs are payable only in respect of Used Oil Material as set out on Schedule “B”, attached hereto. RIs shall not be payable by BCUOMA on products, containers or filters as set out on Schedule “C”, attached hereto, and as otherwise specified by BCUOMA from time to time.
- 3.4 IDIs are payable only to Processors of Used Oil Containers after the containers have been processed in accordance with requirements outlined in this Program.
- 3.5 RIs and IDIs may be claimed by Collectors or Processors that are registered with BCUOMA, and that are in compliance with the Program, BCUOMA’s policies, procedures and protocols relating to the Program, and the provisions of all applicable laws, regulations, codes and other requirements, including, without limitation, all applicable environmental, health, safety and fire codes, regulations, legislation and requirements.
- 3.6 RIs and IDIs shall be paid to Collectors and Processors upon receipt by BCUOMA of completed claim forms, and upon acceptance by BCUOMA of the claim.
- 3.7 RIs and IDIs may only be claimed by Collectors or Processors if the collection information is submitted to the BCUOMA office within 100 days from the date of collection. If a Collector is unable to submit the completed Return Incentive Claim Form with all required back-up information within 100 days from the date of collection, the Collector shall submit the Recycle Dockets documenting collection information with the completed Summary of Collection Recycle Dockets Form. Collectors will have an additional 80 days to submit the remaining information along with the completed Return Incentive Claim Form.
- 3.8 BCUOMA is not obliged to pay a RI or IDI where the claimant or the claim is not in compliance with any requirement of the Program or reasonable requirement of BCUOMA.
- 3.9 RIs and IDIs may only be claimed in respect of Used Oil Material on which Environmental Handling Charges were paid pursuant to BCUOMA’s Bylaws.
- 3.10 BCUOMA shall not be liable for any loss, damage or claim as a result of any payment or non-payment, registration or non-registration or non-acceptance of a claim, for any reason whatsoever.

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- 3.11 A Collector or Processor that has received notice, whether orally or in writing, of any investigations, inspections, complaints or advice from any government investigators or inspectors, pollution abatement orders, pollution prevention orders, remediation orders, Court orders, fines, penalties, or any other notices or instances of non-compliance with any environmental law or requirement, or where the Collector or Processor reasonably believes they are not in compliance with any aspect of the Program, including without limitation, the Program requirement to be in compliance with all environmental legislation and regulations, the Collector or Processor is required to notify BCUOMA immediately in writing, and provide where requested by BCUOMA, copies of all written notifications, and all details of any inspections, investigations, advice, and non-compliant activities or situations.
- 3.12 In addition to any other actions or remedies BCUOMA may take, failure by Collector or Processor to comply with section 3.5, 3.11 or any other Program requirement may result in suspension or termination of registration with BCUOMA, withholding of payment(s) of RI and IDI claims submitted, and/or a requirement to repay RIs and IDIs that were paid by BCUOMA where a false or misleading RI and IDI claim form was submitted by Collector or Processor or the payment was made by BCUOMA in respect of a period in which a breach has occurred, in the reasonable opinion of BCUOMA.
- 3.13 All RIs and IDIs paid by BCUOMA in error or under any false or misleading claim are held in trust by the payee for the benefit of BCUOMA and are to be returned to BCUOMA immediately upon request.

4. ELIGIBILITY

- 4.1 In order to be eligible to receive an incentive under the Program, used oil must be analyzed in accordance with government-approved methods and shown to meet the required industries and/or Government specifications as may be acceptable to BCUOMA from time to time.
- 4.2 In order to be eligible to receive an incentive under the Program, used oil filters must meet the following requirements:

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- a) oil and other impurities from the oil filter must be removed from the oil filter to the degree whereby they are accepted at a provincial or state government-approved steel smelter for processing into recycled steel; or
- b) the oil must be removed from the filters to less than 3% by weight, or the Director of Waste Management must de-list the filter as a special waste under section 53 of the *Hazardous Waste Regulation*, and the crushed oil filter material must be accepted by a metal broker.

4.3 In order to be eligible to receive an incentive under the Program, used oil containers must meet the following requirements:

- a) oil must be removed from the plastic container and the container pelletized into reusable plastic resin for sale into the market to produce new plastic containers or other uses; or
- b) the plastic container is recycled into value added products, such as plastic lumber or other similar uses where the oil is encased in the finished product and cannot be leached out; or
- c) the plastic container is chipped and cleaned to an oil-free state and the container is shipped to a government-approved company that pelletizes the plastic container.

5. REGISTRATION

5.1 Collectors and Processors must obtain from BCUOMA registration under the Program in order to be eligible to receive RIs and IDIs under the Program. The form of application for registration shall be set by BCUOMA, and all material required by BCUOMA by virtue of the application for registration shall be supplied by the applicant and shall be complete.

5.2 Incomplete applications for registration shall not be approved by BCUOMA.

5.3 Accepted or approved applicants shall be advised of the registration number assigned by BCUOMA.

5.4 Registrations may be revoked at any time by BCUOMA for any of the following:

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- a) failure of Collector or Processor to abide by the Program policies, rules, or procedures of BCUOMA;
- b) failure to comply with any law, legislation, regulation, judicial order, permit, license or agreement;
- c) false or misleading information being provided to BCUOMA, its agents or employees;
- d) bankruptcy or insolvency of the Collector or Processor.

5.5 Registration by BCUOMA is no way an approval of the Collector or Processor by BCUOMA for any purpose. Information collected by BCUOMA for the purpose of registration is solely to verify proper payment of incentives under this Program.

6. RECORDS

6.1 BCUOMA maintains the right to require further or more complete information from any Collector or Processor claiming an RI or IDI.

6.2 All Collectors and Processors shall complete recycle dockets in the form and manner prescribed by BCUOMA and shall maintain all records relating to the Program for not less than seven years. All such records shall be made available to BCUOMA upon the request of BCUOMA.

7. AUDIT

7.1 BCUOMA reserves the right at all times to conduct audits or reviews on the books and records of any Collector, Processor, supplier or end user as it may relate to the Program, Environmental Handling Charges, RIs, IDIs, or any other related matter.

8. NO LIABILITY

8.1 BCUOMA administers this Program for the purposes described herein, and accepts no liability for any damages, costs, expenses, liabilities or charges, caused by any Generator, Collector or Processor or in relation to any Used Oil Material, including without limitation, the generation, storage, transportation, processing or use thereof.

8.2 BCUOMA does not direct, prohibit or discourage, or encourage any particular generation, storage, transportation, processing or use decisions of any Generator,

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Collector or Processor, and does not own or control any Generator, Collector or Processor, except insofar as RIs and IDIs may or may not be payable under this Program.

- 8.3 While BCUOMA does not prohibit the export of any Used Oil Material from British Columbia, BCUOMA neither encourages nor discourages such export. Any references to laws, legislation, or regulations in this Program shall be construed to refer to the laws, legislation or regulation of any applicable jurisdiction.
- 8.4 In consideration of receiving RIs and IDIs under this Program, each Collector and Processor who is registered with BCUOMA agrees to be liable for and indemnify and hold harmless BCUOMA, its directors, officers, employees and agents from and against any and all liabilities, actions, causes of action, damages, claims, losses, costs, penalties, demands, suits, proceedings and expenses whatsoever (including without limitation, the full amount of all legal fees and expenses of a solicitor and his own client basis and consultants' fees and expenses) which may be paid by, incurred by or asserted against any Collector or Processor as the case may be arising out of:
- a) the death or bodily injury of any agent, employee, customer business invitee or business visitor of the Collector or Processor as the case may be;
 - b) the damage, loss or destruction of any real or personal property owned or leased by the Collector or Processor as the case may be;
 - c) the violation by the Collector or Processor as the case may be of any laws, legislation or regulations;
 - d) any error, act or omission, or conduct or misconduct (whether negligent or otherwise) which is in breach of this Program by the Collector or Processor as the case may be;
 - e) any legal or administrative action, proceeding, investigation, demand, claim, or notice of any third party, including without limitation any governmental authority, against any Collector or Processor as the case may be pursuant to or under Environmental Laws; or
 - f) any release or alleged or potential release of any hazardous substance, Used Oil Material, Residual, or contaminant into the environment.

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SCHEDULE "A"



Zone Chart
Return Incentive (RI) Program

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SCHEDULE "A"

RI and IDI Rates

ZONE	USED OIL (\$/litre)	USED OIL FILTERS (\$/kg)	USED OIL CONTAINERS (\$/kg)
1	\$0.05	\$0.68	\$1.19
2	\$0.09	\$0.76	\$1.46
3	\$0.11	\$0.94	\$1.46
4	\$0.08	\$0.74	\$1.37
5	\$0.16	\$1.19	\$1.67
6	\$0.13	\$0.90	\$1.50
7	\$0.08	\$0.74	\$1.37
8	\$0.11	\$0.94	\$1.46
9	\$0.11	\$0.94	\$1.67
10	\$0.16	\$1.19	\$1.67
11	\$0.27	\$1.50	\$5.40

An IDI of \$0.30/kg is paid to registered Plastic Processors.

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SCHEDULE "B"

List of EHC Applicable Products and Containers

All members have to pay an EHC based on sales volumes, as follows:

- * \$0.05 per litre of lubricating oils
- * \$0.05 per litre of capacity of containers of 50 litres or less
- * \$0.50 per filter of less than 8 inches or 203 mm. (in length), and \$1 per filter of 8 inches or 203 mm. and more
- * \$0.50 per sump type automatic transmission filter
- * \$0.25 per spray lubricant container (aerosol) (Quebec only)

Description	Product	Container (50 L or Less)
EHC applicable on both product and container		
petroleum crankcase or engine oil	yes	yes
synthetic crankcase or engine oil	yes	yes
hydraulic fluid	yes	yes
polyolester fluids	yes	yes
circulating oil or turbine oil	yes	yes
paper machine oil	yes	yes
transmission fluid	yes	yes
power steering fluid	yes	yes
gear oil	yes	yes
vegetable oil for lubrication	yes	yes
re-refined oil	yes	yes
electrical insulating oil	yes	yes
refrigeration system oil	yes	yes
compressor oil	yes	yes
mineral heat transfer fluid	yes	yes
marine engine oil for vessels operating domestically	yes	yes

EHC applicable on container only

aerosol propelled lubricant (Quebec only)	no	yes
metal working oil	no	yes
form release oil	no	yes
textile oil	no	yes
chain oil	no	yes
rock drill oil	no	yes
2-cycle engine oil	no	yes
gasoline / 2-cycle engine oil mixes	no	yes
saw guide oil	no	yes
drawing, stamping and shaping oil	no	yes

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Description	Product	Container (50 L or Less)
process oil	no	yes
dedusting oil	no	yes
marine cylinder oil	no	yes
machine tool and slideway lubricant	no	yes
natural gas compressor oil	no	yes
conveyor lube	no	yes
dripless lube	no	yes
quenching oil	no	yes
pneumatic system oil	no	yes
rustproof oil	no	yes
food grade white mineral oil	no	yes
agricultural spray oil	no	yes

EHC applicable on filters

spin-on or element style filter that is used in hydraulic, transmission or internal combustion engine applications including diesel fuel filter	yes
household furnace fuel filter	yes
coolant filter	yes
storage tank diesel fuel filter	yes
sump type automatic transmission filter	yes
plastic / paper element style filter	yes
diesel fuel filter used at retail & commercial pump islands	yes
oil / air separator filter	yes

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SCHEDULE "C"

Description	Product	Container (50 L or Less)
EHC applicable on neither product nor container		
ethylene glycol heat transfer fluid	no	no
propylene glycol heat transfer fluid	no	no
silicone heat transfer fluid	no	no
synthetic aromatic hydrocarbon heat transfer fluid	no	no
glycol-based heat transfer fluid	no	no
water glycol hydraulic fluid	no	no
phosphate ester hydraulic fluid	no	no
hydraulic oil dye	no	no
polyglycol synthetic compressor oil	no	no
base oil, including re-refined base oil	no	no
grease	no	no
oil additive	no	no
oil treatment	no	no
diesel fuel treatment	no	no
cleaning/flushing fluids for motors/equipment	no	no
winter start fluid	no	no
brake fluid	no	no
undercoating	no	no
penetrating oil	no	no
hydraulic jack oil	no	no
3-in-1 household oil	no	no
aerosol propelled lubricant (Except Quebec)	no	no
gun oil	no	no
kerosene	no	no
urethane coating	no	no
sewing machine oil	no	no
export oil sales	no	no
cooking oil	no	no
windshield washer fluid	no	no
emulsified oil	no	no
wax	no	no
marine engine oil for vessels operating internationally	no	no

EHC not applicable on filters

gasoline fuel filter	no
air filter	no
household furnace air filter	no
sock-type filter	no

Note: If you have any further questions on applicable products, please contact BCUOMA at (604) 703-1990