

**MANITOBA ASSOCIATION
FOR RESOURCE RECOVERY CORP.
(MARRC)**

**USED LUBRICATING PRODUCTS
STEWARDSHIP PROGRAM**

**MANUAL FOR COLLECTORS
AND
PROCESSORS**

DECEMBER 2004

MANUAL FOR COLLECTORS AND PROCESSORS

This manual is designed to provide collectors and processors with a broad knowledge of MARRC's Used Lubricating Products Stewardship Program and specific details regarding systems and procedures that affect their business.

This manual is an update to the original manual of February 1998.

OVERVIEW

The Manitoba Association for Resource Recovery Corp. (MARRC) in 1997 applied to Manitoba Conservation to operate a *Used Oil Products and Material Stewardship Program* (“Program”) in accordance with the requirements of the *Used Oil, Oil Filters and Containers Stewardship Regulation* (“Regulation”). The original application period was from August 1997 to August 2002. An extension approval has been given to August 2007.

This industry-operated program was initiated by manufacturers and marketers of lubricating products to improve the collection and recycling of used oil, oil filters and containers in Manitoba.

The need for this program was illustrated by the fact that, of the approximately 15 million litres of used oil generated each year in Manitoba, less than half was being collected and recycled. The balance - was largely unknown, though much of it was thought to be improperly discarded. A *single* litre of used oil has the potential to contaminate one *million* litres of drinking water. In addition, millions of used oil containers and used oil filters were being discarded to landfills. The proper recovery and management of these used lubricating products is the focus of MARRC.

The program was developed with input from industry, environmental groups, governments and other stakeholders. It is being managed by the *Manitoba Association for Resource Recovery Corp. (MARRC)* - a non-profit, private-sector organization comprised of companies which manufacture and/or market lubricating products.

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1.0 DEFINITIONS

- a) COLLECTOR – Means an organization which is licensed to collect used lubricating products from generators, return depots and EcoCentres and transport them to approved recycling processors.
- b) CONTAINER – Means a container with a capacity of less than 30 litres that is manufactured for the purpose of holding oil or in which oil is supplied.
- c) CONSIGNOR – Means a Generator, Return Depot, EcoCentre or Intermediary from which a collector obtains used lubricating products.
- d) DESIGNATED PRODUCTS – Means those lubricating products subject to our Environmental Handling Charge and to a Return Incentive.
- e) ECOCENTRE – Means a depot which is affiliated with MARRC and which accepts used lubricating products from small volume generators free of charge.
- f) END-USER – Means an organization which is licenced to receive used lubricating products for its own, internal, use.
- g) ENVIRONMENTAL HANDLING CHARGE (EHC) – Means a payment to MARRC by its members on the first use, sale or supply of Designated Products in Manitoba as listed in the EHC payment schedule.
- h) GENERATOR – Means an individual or organization which generates used lubricating products.
- i) INTERMEDIARY – Means a site or agent which accepts used lubricating products from large commercial and/or industrial enterprises.
- j) LUBRICATING PRODUCTS – Means lubricating oil, oil containers and oil filters.
- k) OIL – Means any petroleum or synthetic crankcase oil, engine oil, hydraulic fluid, transmission fluid, gear oil, heat transfer fluid, or other fluid capable of use for lubricating purposes in machinery or equipment.
- l) OIL FILTER – Means any spin-on or element style oil filter used in hydraulic, transmission, or internal combustion engine applications and includes a diesel fuel filter but does not include a gasoline fuel filter.
- m) OIL CONTAINER PROCESSOR – Means a processor that converts used oil container source material (loose containers, baled containers or shredded containers) into: (a) oil free plastic flake or pellets, using cleaning procedures which remove residual oil bearing plastic clean enough to be sold into value-added recycled plastic applications; or (b) value-added consumer products, made directly from the used oil container source material.
- n) PROCESSOR – Means a government-approved receiver of used oil products that recycles and changes them into value-added products.

- o) REGISTERED COLLECTOR – Means a collector which is registered with MARRC so as to be eligible to receive Return Incentive payments.
- p) RETURN DEPOT – Means a service station, quick lube, mass merchandiser, etc... which accepts used lubricating products from consumers.
- q) RETURN INCENTIVE (RI) – Means a payment by MARRC to registered collectors (serving mainly medium to large volume industrial, commercial and institutional (ICI) generators, return depots and EcoCentres) based on the volumes of used lubricating products delivered to government-approved processors of used lubricating products.

2.0 INTRODUCTION

2.1 Background

At the request of the Canadian Council of Ministers of the Environment, the Canadian Petroleum Products Institute (CPPI) researched and developed recommendations for the improved management of used oil throughout Canada. These recommendations were presented to a broad group of stakeholders (federal and provincial governments, environmental organizations, manufacturers and marketers of lubricating products) in 1991.

Oil and oil filter manufacturers and marketers recognized that they have the primary responsibility to exercise active product stewardship throughout the life cycle of their products. In 1993, a group of industry stakeholders, under the sponsorship of the CPPI, formed the *Western Canada Used Oil/Container/Filter Task Force* (WCTF) to determine how to address this responsibility.

The goal of the WCTF was stated as follows.

“It is our goal to design and manage a system that encourages responsible environmental handling and disposal of our industry’s used lubricating products through the exercise of active product stewardship which includes programs providing landfill diversion and recycling of used oil, oil filters and oil packaging products using environmentally acceptable options. Such a system shall be designed to achieve the optimum combination of: Efficiency, Effectiveness and Fairness to consumers and industry stakeholders”

The WCTF considered a range of options before adopting the strategy reflected in the programs now in place with AUOMA, SARRC, MARRC & BCUOMA.

From the beginning, MARRC realized the importance of the existing private sector recycling industry in Manitoba and accordingly plans to build on its success. MARRC’s objective is to further develop and enhance the systems required to increase the collection and recycling of used lubricating products in Manitoba.

2.2 Primary Objectives of MARRC’s Used Lubricating Products Stewardship Program

- a) Maximize the cost-effective collection of used lubricating products in Manitoba, with the optimum combination of efficiency, effectiveness and fairness to consumers and industry stakeholders.
- b) Establish a province-wide used lubricating products collection system that meets the requirements of the Used Oil, Oil Filters and Containers Stewardship Regulation, enacted by the province of Manitoba on April 11, 1997.

2.3 Key Components

- a) A province-wide system of EcoCentres and Licenced Depots to serve small volume generators of used lubricating products. The depots were phased in over the initial years.
- b) A “Return Incentive” (RI) to be paid by MARRC to registered collectors of used lubricating products serving medium to large volume industrial, commercial and institutional (ICI) generators and the EcoCentres. The purpose of the RIs is to provide an economic driver to encourage collectors to expand their collection activities throughout all markets in the province.
- c) An “Environmental Handling Charge” (EHC) to be paid to MARRC by its members on the first use, sale or supply of Designated Products in Manitoba. The EHCs are the sole source of funding for MARRC’s program and all funds collected are dedicated to achieving the program’s objectives.
- d) A series of public awareness and education initiatives to promote widespread understanding of, and active support for, MARRC’s program.

2.4 Interpretative Framework

The following interpretative framework was used in the development of this used lubricating products stewardship program.

1. All stakeholders shall be equally responsible for their proportionate share of the program. There are no exemptions.
2. The consumer of any product shall pay, through an Environmental Handling Charge (EHC), for the responsible disposal of the product. All EHCs collected are dedicated specifically to the solution of the environmental issues associated with the products to which the EHC is applied. The EHCs are distributed across market segments in approximate proportion to the contribution of each segment. Collection and administration of EHCs are managed by an Industry Funding Organization (presently MARRC).
3. Governments must support the program by enacting enabling legislation and regulations.
4. Industry stakeholders will distribute point-of-purchase and/or point-of-display information for the program.
5. Results are achieved through the private sector recycling industry.
6. National harmonization of the program is encouraged.

2.5 Program Summary

The focus of this program is a Return Incentive (RI) paid to private sector collectors to recover used oil materials from the environment. The funding method for the RI is an Environmental Handling Charge (EHC) which applies to sales of new oil, filters and containers. Each litre of oil, each oil container and each oil filter has an EHC applied to it at the first point of sale in Manitoba. The EHC is paid into a fund managed by a non-profit industry funding association called the Manitoba Association for Resource Recovery Corp. (MARRC). The EHCs have become an additional cost to first sellers in serving their customers' needs.

MARRC established the EHC and RI rates and administers the day-to-day operations of the system in compliance with the guidelines approved by MARRC's Board of Directors. The EHC is the sole source of funding for the program and all funds collected are dedicated to achieving the program's objectives.

MARRC pays collectors a Return Incentive (RI) for the amount of used oil materials returned for recycling. Collectors pick up used oil, filters and containers available from generators, collection depots and EcoCentres. The flow of products and funds under this program is illustrated in Figure 1.

General Operating Description - Oil, Filters and Containers

1. The simplified model in Figure 1 illustrates the desired flow of material from the generators (DIY, farm, commercial and industrial users) through the network of return depots, EcoCentres and intermediaries to collectors to processors.
2. The funding flow also illustrates the EHC remitted on all sales of collectable oil, filters and containers. The EHC is applied by a MARRC member at the first point of sale in Manitoba to either a person or an organization that is not a member of MARRC.
3. MARRC stimulates the return of material by providing an RI to registered collectors. The RI is set at a level that will allow the collector to compensate the generators, EcoCentres and return depots for their used lubricating products, dependent on the competitive market. This will provide the economic driver to draw used lubricating products into the system.
4. MARRC established freight-equalized zones and included a transportation equalization component of the RI.
5. A significant feature of this program is the existence of collection centres which are independent of manufacturers and marketers of oil products, and of collectors. Because these EcoCentres do not directly profit from the sale of new oil and filter products, or from collector activities, they may require another economic driver to exist.

Operating Guidelines - Oil

1. All lubricating oils are subject to a “cents per litre” EHC with the exception of oils either consumed in process (two cycle engine oil, chain oil, dedusting oil, etc.) or requiring abnormal special handling (e.g. glycol based hydraulic fluid). Collectible oils covered under the program are defined in Appendix 1.
2. Registered end users with government approved on-site programs for self-generated used oil are treated as collectors under the program.

Operating Guidelines – Oil Filters

1. The EHC is universally applied to filters sold, used or supplied. An oil filter is defined as any spin-on or element style oil filter used in hydraulic, transmission, or internal combustion engine applications and includes a diesel fuel filter but does not include a gasoline fuel filter. The specific filters covered under the program are defined in Appendix 1.
2. A two-tiered EHC structure has been implemented based on filter size. All filters under 203 mm (8 inches) in length will be subject to one EHC rate, and filters 203 mm (8 inches) in length and over are subject to another EHC rate.

Operating Guidelines - Containers

1. An EHC is charged on a “cents per litre of container size” for oil containers of less than 30 litres capacity. Although all products of construction are included in the program, virtually all containers today are made from plastic and therefore are the focus of the program. The specific containers covered under the program are defined in Appendix 1.
2. In addition to the RI paid to collectors of oil containers, a processing incentive (PI) is paid to processors recycling used oil containers. This PI recognizes the current market in oil container recycling and is set and managed in the same manner as collector RIs.
3. After the program matures, the EHC rate may be set to encourage the most environmentally-friendly packaging. For example, a multi-material package may be levied at a higher rate if it contributes to recycling costs higher than those of a single material container.

2.6 Program Benefits

- a) Improves promotes and facilitates the recovery of valuable, non-renewable resources.
- b) Protects the environment by diverting materials from landfills and inappropriate areas such as yards, fields, roads and water courses.
- c) Fosters continued development of the private sector recycling industry.
- d) Provides a simple, comprehensive, cost-effective, sustainable and province-wide program which is in harmony with similar programs in British Columbia, Alberta and Saskatchewan and other anticipated programs in provinces across Canada.
- e) Creates new business opportunities.
- f) Has support from a broad stakeholder group

3.0 RECYCLING INDUSTRY RETURN INCENTIVE (RI)

3.1 RI Objective

The objective of the Return Incentive (RI) is to provide an additional economic driver to encourage the collection of used lubricating products throughout all markets of the province by the private-sector recycling industry.

Under normal circumstances, where the used lubricating products have not been contaminated or commingled with other waste, these RIs are set at a level to allow collectors to compensate the generators (collection depots and commercial generators) for their handling and storage activities. The value of the RIs is public knowledge.

MARRC also pays a processor allowance directly to oil container processors. This allowance RI recognizes the current market in oil container recycling and may be paid on the quantity of used oil containers received by the processors from collectors.

MARRC is not involved in any way with the commercial agreement between collectors and generators or between collectors and processors. The competitive market is the deciding factor in these transactions.

3.2 RI Guiding Principles

The following guiding principles are used in the setting RIs for all three materials:

- a) RIs are set to achieve collection objectives; EHCs are set to provide required funding.
- b) RIs are paid for specific performance only.
- c) Only one RI rate per product is set for each zone for all participants.
- d) RIs are adjusted in a timely fashion with the objective of causing minimal disruption to the normal course of business.
- e) Any information provided is held in the strictest of confidence and only released in aggregate form.
- f) The MARRC Board of Directors will make all final decisions relative to the RIs

3.3 Setting and Changing RIs

As the key element in increasing the collection and recycling of used lubricating products, the amount and term of the RIs are crucial to the success of the program.

The RIs are set and managed by MARRC with input from stakeholders. The following three step method was used to set the RIs:

- a) An independent third party survey was conducted in August 1997 to determine today's market baseline in Saskatchewan and Alberta.
- b) Recommendations for zones and rates were obtained from their collectors in September 1997.
- c) Using the SARRC and AUOMA information as a guideline, the collectors in Manitoba met with MARRC's Executive Director in October of 1997 to establish criteria for zones and rates in Manitoba.

3.4 RI Term

With the program, the effectiveness of these incentives are monitored. Changes may be made as required to meet our objectives. The “triggers” for change are:

- economic impacts to the private sector recycling industry
- used lubricating products collected vs. plan
- dollars spent vs. plan
- changes in business economic fundamentals
- inflation and increased costs associated with recycling operations
- input from all stakeholders

4.0 RI SYSTEMS REQUIREMENTS

4.1 Systems Objective

MARRC established the supporting systems for this program with the objective of achieving the simplest method that will meet normal accounting procedures while recognizing the current practices of today.

4.2 Systems Guiding Principles

The following guiding principles were used in the development of the program systems:

- a) All processes must be simple and easy for participants to use
- b) RI system will cause minimal disruption to existing private sector recycling systems
- c) System must leave appropriate audit trail
- d) Payments only for deliveries to approved processors
- e) System must not discriminate among approved processors
- f) System must allow for payment closure at collector/processor and generator.
- g) System must not restrict the free flow of products in the competitive market
- h) All collectors and processors participating in the program must register with MARRC and the appropriate regulatory authority

4.3 Registration Requirements

MARRC is not a licensing body. MARRC relies on existing government approvals and licenses to screen eligible industry participants. MARRC requires that each collector and processor register with the Association by submitting the appropriate forms and providing documentation verifying that the registrant has the required government approvals with respect to their specific operations.

Please see Systems Flow Chart “Registration” Figure 2 for graphical presentation of registration requirements.

Upon receipt of the registration application, MARRC will review the information, approve the application based on the applicant’s ability to provide appropriate registration documentation, and assign a company specific registration number for each collector and processor.

MARRC will maintain a data base of registered collectors and processors who will provide the services required by MARRC to fulfill the mandate of the used lubricating products stewardship program.

The following documents are required to meet MARRC's registration requirements.

Used Oil, Filter and Container Collectors

Used oil, filter and container collectors must submit Form MARRC RC-500 (Appendix 5) along with a copy of their valid Provincial Collector ID Number.

Used Oil, Filter and Container Processing/End Use Facilities

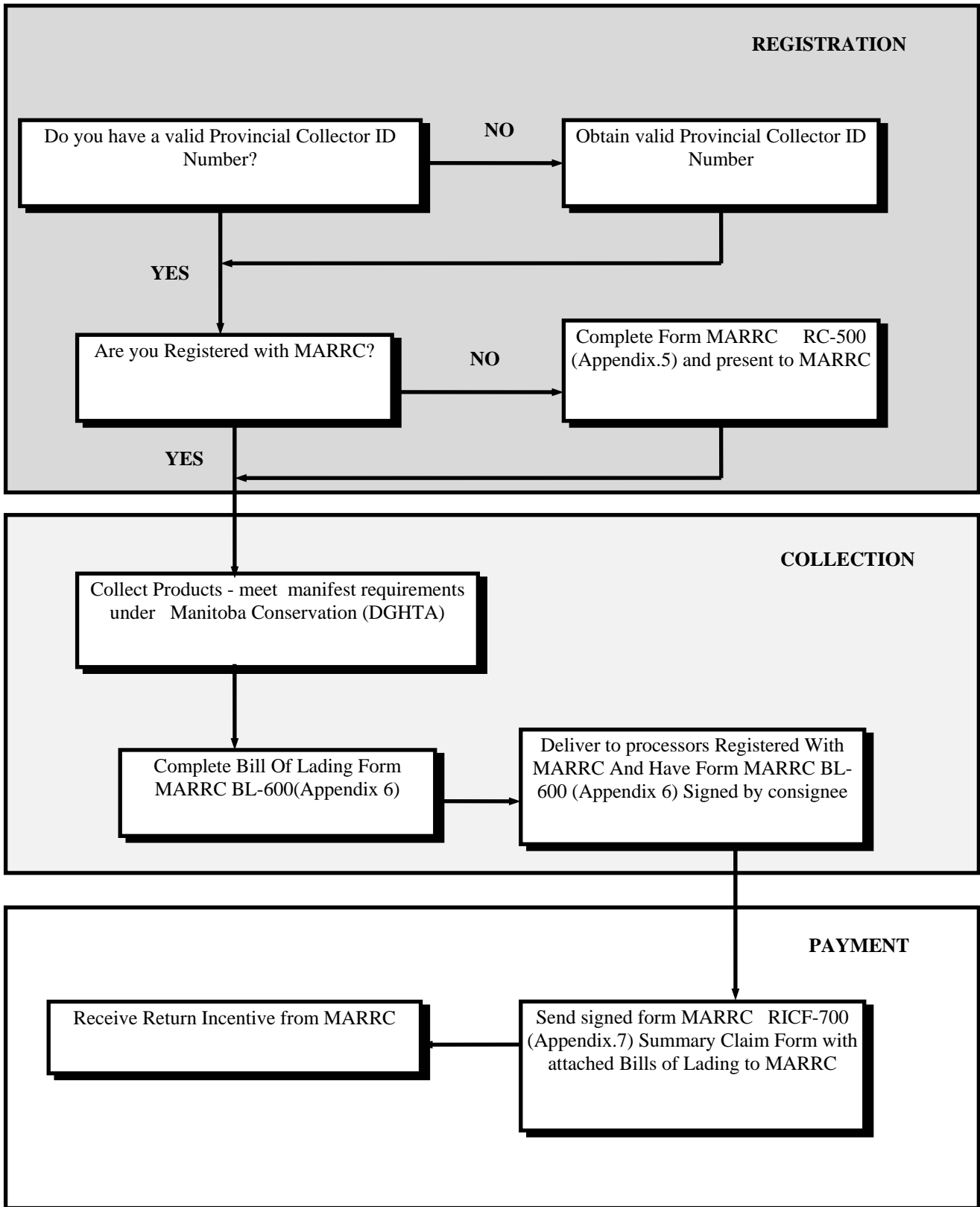
Processors must also register with the Association by submitting Form MARRC EU-400 (Appendix 4). Processors of used oil, filters and containers must also attach a copy of their valid Provincial Consignee ID Number and valid Provincial Operating Permit where applicable.

For collectors wishing to use out of province processors, it is their responsibility to ensure that these processors are registered with MARRC. These out of province processors must also register with the Association by submitting Form MARRC EU-400 (Appendix 4) as well as the appropriate governing jurisdiction approvals/permits.

On-Site End Use Receivers

Registered end use receivers with government licence approvals for their on-site self-generated used oil burner may apply in writing to MARRC for registration. Applicants must provide details of collection, recycling, volume verification and copies of government approvals/permits. If approved, these end use receivers are registered as collectors and as such are eligible for applicable RIs.

Figure 2: COLLECTOR SYSTEMS FLOW CHART



4.4 Payment Basis

MARRC recognizes the current practices of verification of volumes and weight by collectors today

used oil - litres determined by tank dips

oil filters – weight in kilograms determined by portable or platform calibrated scale

oil containers - kilograms determined by portable scale and weigh scale ticket from processor

4.5 Payment System

Using these measurement methods, a Bill of Lading Form MARRC BL-600 (Appendix 6) must be completed indicating the amount of material collected at each generator location, the applicable zone, the generator's printed name and phone number all verified by the generator's signature. Where the generator and collector represent the same company, two signatures are required unless approval for a single signature has been authorized by MARRC.

Manitoba Conservation's registration and manifest system can also be used to verify the origin and movement of used oil and oil filters. The consignor number on the manifest will identify the generator location within a particular zone.

Upon delivery of material to a processor registered with MARRC, the processor must sign the Bill of Lading Form MARRC BL-600 (Appendix 6) accompanying the delivery. Where the collector and processor represent the same company, two signatures are required unless approval for a single signature has been authorized by MARRC.

Most consignors (those with generator numbers and transfer facilities) and consignees (processors) are now using contract truckers for the movement of used oil from a transfer facility to a processor. It is common for either the consignor or consignee to contract these services directly with the trucking company. This is not expected to change, but both the consignor and trucking company must agree that the trucking company waives the RI as indicated by checking the appropriate box on the Bill of Lading MARRC BL-600 (Appendix 6), and the RI will then be paid directly to the collector.

Invoices sent to MARRC for RI payment must be supported by utilizing Summary Claim Form MARRC RICF-700 (Appendix 7) which summarizes the volume of used oil, number and weight of filter drums and weight of plastic containers collected by collector by zone. The Summary Claim Form MARRC RICF-700 (Appendix 7) must reference the collector's Bill of Lading Forms MARRC BL-600 (Appendix 6). **Please note that Return Incentives may only be claimed in respect of used oil, filters and containers collected within the previous 100 days of the date the properly completed claim form is received by MARRC.** MARRC will process RI payments within 30 days.

Documentation administered by the collectors and processors/end-use receivers must be maintained for a two-year period. This information must be retained for audit purposes.

Used Oil

Used oil volumes collected by the collector are based on tank gauging. Collectors are responsible for dipping their truck tanks before and after each pick-up to determine the volume of used oil collected from each generator location. Generators are responsible for verifying the volume of used oil picked up and must sign off on the collector's Bill of Lading MARRC BL-600 (Appendix 6). Approved processors are also responsible for verifying the volume of used oil delivered to them, and also must sign off on the collector's Bill of Lading MARRC BL-600 (Appendix 6) upon delivery.

Recognizing that used oil contains entrained water, collectors are paid an RI for used oil containing $\leq 5\%$ water. All used oil Processors and Carriers must sample and test all incoming loads. Samples for the required test must be representative of the entire load being received by using one of the following methods:

- In-Line sampling (discharge line)
- Bottle or beaker sampling (all levels sample)
- Tube sampling (all-levels sample)

All used oil received for processing must be tested for water at point of delivery to the processor using one of the following methods (or approved equivalent):

ASTM	D86	Karl Fisher
	D95	Retort
	D96	Dean Stark Method or equivalent.

Used oil containing water greater than 5% and/or excessive solids, heavy metals, PCBs or organic chloride concentrations could be subject to a surcharge administered by the collector. The generator is responsible to pay any surcharge directly to the collector. The surcharge is not included within the scope of the MARRC program. This surcharge, if any, and administered by the collector and market driven, is a part of the normal commercial transaction between collector and generator.

Processors receiving contaminated used oil could surcharge the collector for the additional operating costs associated with processing these used oils. Used oil containing water in excess of 5%, which is received by the processor, will require a volume adjustment.

Collector/processors will be responsible to account for the disposition of their product, in particular at the time of a compliance review audit.

The processor will deduct the volume of water greater than 5% from the total volume of used oil received, and note the corrected volume on the Bill of Lading MARRC BL-600 (Appendix 6). The water corrected volume of used oil will in turn be used by the collector to substantiate a claim to MARRC

Used Oil Filters

MARRC pays a RI to collectors for drums of acceptable used oil filters delivered to a registered processor based on the total unprocessed weight prorated by zone, determined by the number of 205L drums of filters collected in each zone. All weights must be verified with weigh scale tickets.

Collectors must document the number of oil filter drums collected from each generator location. The generator must sign the collector's Bill of Lading verifying the number of full and partially full drums collected.

The RI is paid for weights of used oil filters that do not contain any other products or commingled waste. Drummed oil filters containing other solid waste could be subject to a surcharge administered by the collector. The surcharge, if any, is administered by the collector and be market driven, and could be part of the normal commercial transaction between collector and generator. The surcharge is not included within the scope of the MARRC program. The generator is responsible to pay any surcharge directly to the collector.

Processors will be responsible for verification of load weight and number of full and partially full drums received. The processor must weigh all incoming loads and provide a weigh scale ticket to the collector. **Collectors who are also processors must treat all internal loads received at their processing facility to the same weight and quality checks as external collector loads.**

Processors receiving drummed oil filters contaminated with other solid waste could surcharge the collector to cover the additional operating costs associated with sorting and waste removal. The processor must deduct the weight of waste received and note the corrected weight on the collector's Bill of Lading. The corrected weight must be used by the collector to substantiate an invoice to MARRC.

All Filter RI claims submitted to MARRC must be completed with an attached weigh scale ticket from the end-user (i.e. metal broker or other approved end-user). The RI is paid to the collector as outlined earlier upon submission of Forms MARRC BL-600(Appendix 6) and MARRC RICF-700 (Appendix 7) to MARRC. The payment is in \$/KGs at the rate outlined in Appendix 2.

Batching filter drums is important for balancing purposes to ensure that the number of unprocessed drums being claimed closely approximates the number being taken to the end-user/metal broker. While MARRC recognizes that this is difficult given some operational procedures, a best-effort basis to match as closely as possible the number of unprocessed drums to the number of drums being transported to the metal broker, is important.

Weight-based system requirements effective May 1, 2003, are as follows:

Example for Collectors that are not Processors

- ◆ Zone RIs will change to \$ / Kilogram effective May 1, 2003.
- ◆ Continue filter collection with drum sign-off by Generator.
- ◆ Continue to record number of drums on Bill of Lading (if weighing each drum also record weights).
- ◆ When delivered to a Processor obtain Bill of Lading sign-off AND signed weigh-bill.
- ◆ Prorate total weight by zone based on drums collected in each zone or on actual weights if weighing each drum.
- ◆ Make claim to MARRC based on weights as described above AND on summary of drums on Bill of Lading as before.
- ◆ Lids are to be included in the total weight for each drum.

Example for Integrated Collector/Processors

- ◆ Zone RIs will change to \$ / Kilogram effective May 1, 2003.
- ◆ Continue filter collection with drum sign-off by Generator.
- ◆ Continue to record number of drums on Bill of Lading (if weighing each drum also record weights).
- ◆ Weigh each day's load and prorate weight by zone based on drums collected in each zone or on actual weights if weighing each drum.
- ◆ Record weight on Bill of Lading and attach supporting weight print out ticket.
- ◆ Make claim to MARRC based on weights as described above AND summary of drums on Bill of Lading as before.
- ◆ Processors continue to support claim with weigh-bill from end user (metal broker) and detail of all Bills of Lading included in the batch.
- ◆ Lids are to be included in the total weight for each drum.

Used Oil Containers

MARRC pays Collectors an RI for used oil containers based on the weight of the empty containers collected from each generator and delivered to an approved processor.

The bags or bundles must only contain plastic containers as outlined in Appendix 1, and be free of any other products or commingled waste. Bagged or bundled containers that contain other solid waste could be subject to a surcharge administered by the collector. The surcharge is administered by the collector and is market driven, and could be part of the normal commercial transaction between collector and generator. The generator is responsible to pay any surcharge directly to the collector.

Processors receiving bagged or bundled plastic commingled with other solid waste could surcharge the collector to cover the additional operating costs associated with sorting and waste removal. Collectors and processors are responsible to inform MARRC of quality issues associated with oil containers prepared by the generator and must ensure that the containers are accurately weighed.

The RI is paid to the collectors as outlined earlier upon submission of Forms MARRC BL-600(Appendix 6) and MARRC RICF-700 (Appendix 7) to MARRC. The payment is in \$/kilogram at the rate outlined in Appendix 2.

Used Oil Container Processing

The processing incentive (PI) is paid in \$/kilogram at a rate determined by the MARRC Board on the quantity of used oil containers received from collectors. However, these registered processors would be required to submit monthly reports on products received, inventories, and products disbursed if requested.

The PI is paid to the collectors as outlined earlier upon submission of Forms MARRC BL-600(Appendix 6) and MARRC RICF-700 (Appendix 7) to MARRC. The payment is in \$/kilogram at the rate outlined in Appendix 2.

4.6 Cross Border Movement of Used Lubricating Products

MARRC's objectives are to maximize the cost effective collection of used lubricating products in Manitoba. MARRC will not restrict Manitoba based collectors from transporting used lubricating products to approved processing facilities outside of Manitoba.

Collectors wishing to use an out-of-province processor must ensure that the processor is registered with MARRC. The out-of-province processor must provide documentation verifying that all requirements of the governing jurisdiction are met for that facility. RI payments will then be handled the same as outlined in Figure 2. Out-of-province processors are included within the scope of MARRC's audit protocol.

4.7 Audit Requirements

MARRC will audit all registered collector and processor operations. These audits may in the future be administered by a third-party. The audits will ensure system integrity.

MARRC's audits will take two forms:

- (1) spot audits, which will focus on identifying gross errors
- (2) detailed audits, which will assess the documentation requirements, accounting practices and invoicing processes

The audits verify the amount of collected used oil materials claimed versus actual. Audit results are used to determine the frequency of future audits.

MARRC may cancel or suspend the registration of any collector or processor if they fraudulently contravene MARRC's operating system or procedures of the product management program.

4.8 Program Confidentiality

Information with respect to specific generators, collectors and processor is kept confidential. Volumes or weights of used lubricating products collected and the corresponding financial disbursements to individual collectors will not be disclosed. Information released by MARRC is in aggregate form only.

5.0 FREIGHT – EQUALIZED ZONES

5.1 Zone Objective

Recognizing that transportation costs are a key component of used lubricating product collection, MARRC established 7 freight-equalized zones within Manitoba. These zones are based on provincial demographics, the volume of used lubricating products available for collection and the primary and secondary road systems.

The freight-equalized zones are required to ensure that collectors are appropriately reimbursed for costs associated with collection, and to promote enhanced capture rates and recycling of used lubricating products in market segments which have historically not been fully developed. The establishment of freight-equalized zones is an important component of the RI system administered by MARRC. Each zone will have 3 RIs, one for each used lubricating product (oil, oil filters and containers).

5.2 Zone Chart and Map

The Return Incentive Zone and Material Rate Chart is presented in Appendix 2 and the Return Incentive Zone Map and Legend is presented in Appendix 3.

The zones are an integral component of the documentation required to substantiate the collectors' invoices to MARRC for RI payment. The zones will determine where the bulk of used lubricating products are being collected and where improvements in the system are required to enhance collection and recycling.

6.0 ECOCENTRES

6.1 General Information

MARRC has established a province-wide network of 53 collection depots called EcoCentres which exceeds the requirements of the Used Oil, Oil Filters and Containers Stewardship Regulations. In addition there are six other licenced rural depots along with 11 in Winnipeg.

These EcoCentres provide drop-off facilities for do-it-yourself (DIY) consumers, further defined as private motorists, farmers and small commercial operators who service their own vehicles and equipment. Collectors will pick up used lubricating products generated by the EcoCentres.

MARRC expects that its program will encourage other return depots to collect used lubricating products from DIY consumers where there is an economic business opportunity, however they must be acceptable operations under the Manitoba Used Oil Collection Depot Guidelines.

EcoCentres are designed and operated to meet regulatory requirements of Manitoba Conservation.

7.0 ANNUAL REPORTING

MARRC is required by the Used Oil, Oil Filters and Containers Stewardship Regulation to provide an Annual Report to the Minister of Conservation describing the activity of the Used Lubricating Products Stewardship Program during the previous year, along with an update to the Stewardship Business Plan every 2 years.