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October 1, 2024

The Honourable Andrea Khanjin
Ministry of Environment, Conservation and Parks
5th Floor, 777 Bay Street
Toronto, Ontario M7A 2J3

Re: Panasonic Canada's Response to Proposed Amendments to the *Batteries Regulation* in Ontario

Dear Minister Khanjin,

On behalf of Panasonic Canada, I am pleased to submit comments on proposed amendments to the *Batteries Regulation (O. Reg. 30/20) Resource Recovery and Circular Economy Act, 2016.* We recognize the intention of the draft amendments is to increase flexibility, reduce administrative burden, and simplify compliance requirements for battery producers. However, there are additional amendments that Panasonic Canada believes are needed to accomplish these goals.

We have outlined five recommendations below that we strongly encourage the Ministry to consider that would strengthen the Batteries Regulation by bringing them in line with other leading jurisdictions while enabling producers to achieve better environmental outcomes without driving up costs for consumers.

1. Recycling Efficiency Rate (RER) and Resources Recovered requirements should be removed for both processors and producers.

Recommendation: Remove RER and resources recovered requirements for both processors and producers to ensure accurate calculation of collection/management target achievement.

Rationale: The proposed amendments do not remove the RER and resources recovered requirements for ***producers,*** which is problematic for a number of reasons. First of all, we understand the intention of the Ministry is to fully remove the RER and resources recovered requirement for processors **and producers.** However, in the plain language description of the regulations, the requirement seems to only be removed for processors (Section 16 (3) of the *Batteries Regulation*). As such, Section 16 (1) should also be amended to remove the RER and resources recovered requirement from producers. Furthermore, if the RER is not removed for producers this significantly increases total aggregate collection requirements, without any added environmental benefits.

Secondly, by removing RER and resources recovered requirements for producers, this would align Ontario with other leading jurisdictions. As far as we know, Ontario is the **only** jurisdiction that does not count one kilogram of collected batteries as one kilogram towards the management/collection target,

thereby artificially deflating performance outcomes and in so doing, skewing Ontario's performance and adding related burdensome processes, relative to other jurisdictions across the globe. The RER is an outlier and means that our company has to have different systems to account for recycling, which is more complicated and therefore costly.

2. Single-use and rechargeable batteries should be reported into one collection/management target.

Recommendation: Combine single-use and rechargeable reporting categories into one collection/management target.

Rationale: Ontario is one of the only provinces in Canada, and one of the only jurisdictions globally that splits collection/management targets into single-use and rechargeable categories. Streamlining this area of the regulation will provide more flexibility for producers while enabling a greater ability to reach management/collection targets.

We recommend that small-sealed-lead acid (SSLA) batteries be included in the single collection performance target as well. SSLA plays a relatively minor role in volume available for collection. The added costs and complexity of keeping these categories separated impedes our ability to accelerate collection in both categories. This is another example of added complexity that adds unnecessary costs to the system and ultimately the consumers. Ontario is one of the most expensive battery collection systems in the world and across Canada. The fact that Ontario is so expensive only hinders efforts to collect more batteries as we need to spend an inordinate amount of time, management and funds to collect batteries. Simplifying the regulatory requirements and matching them to other provinces and countries will only improve the system and reporting requirements.

There is precedent for this recommendation. On pages 22 and 23 of the Plain Language Description of Proposed Regulatory Amendments, MECP proposes to remove reporting requirements for replacement parts from ITT/AV equipment. Producers of ITT/AV equipment would no longer have to report on supply weight of those parts, and would not have obligations related to that supply weight. Part of MECP's rationale for this proposal is to "reduce administrative burden for producers of replacement parts for ITT/AV equipment", and it notes that the change "would not have a negative impact on environmental outcomes as producers' collection networks would still have to collect and manage these parts".

Alternative Approach: The requirement to report on single-use vs. rechargeable batteries could be kept in the regulations as a separate and distinct reporting requirement that is not linked to overall collection performance targets and environmental outcomes. This change will assist with the achievement of Ontario's waste diversion goals and allow for greater public education efforts to drive recycling outcomes.

The collection of small-sealed-lead acid batteries (SSLA) will not hinder this approach because collection/management targets are driven mainly by the weight of single-use batteries.

3. Collection/Management Targets Need to be Readjusted.

Recommendation: Assuming that items #1 (RER/resource recovery removal) and #2 (category targets combination) above are changed, collection/management targets are achievable using the following framework:

- 2023: 30% (one combined target)
- 2024: 40% (one combined target)
- 2025: 40% (one combined target)
- 2026 onwards: 50% (one combined target)

Rationale: While we appreciate that the Ministry has extended 2024's collection/management target of 45% to 2029, performance data from other more mature jurisdictions validates our experience with the timeframe required for fulsome consumer adoption of battery recycling practices.

Our calculations validate that there no is doubt producers will face challenges with collectively achieving a 45% collection/management target until approximately 2026. This is due to a number of factors, but notably the investment and effort required to raise awareness among consumers about the need to recycle batteries, educating them on how and where to do so safely and easily, and ultimately, altering consumer habits. This is an area of focus for producers, and as we continue to make investments in consumer awareness for battery recycling (and battery safety), we're starting to see results.

While we continue to see progress in driving collections, maintaining a 45% target will mean that producers would not be able to achieve targets for a number of years and thus face non-compliance orders and administrative penalties. These are costs that will impact producers and consumers, without having an impact on environmental outcomes.

While we appreciate that reducing the collection/management target presents challenges optically, it is critical for producers that the targets be adjusted. We are confident that the target framework outlined above is more realistic and reflective of the rate of growth we're seeing in Ontario, particularly if we are no longer hampered by the need to communicate different messaging for different material streams to the same audience.

There is precedent for decreasing management targets in Ontario's EPR framework. In the 'Regulation Specific Changes' section on page 19 of the Plain Language Description of Proposed Regulatory Amendments, MECP is proposing to reduce the collection/performance targets for the Tires program by 20 per cent, from 85 per cent to 65 per cent for 2025-2029. It states its rationale is to "align with the results that have been achieved to date." Applying this rationale of basing targets on actual historic results, the targets within the Batteries regulation should also be adjusted down to those proposed above.

4. Effective date of the regulation changes should be from the 2023 performance year and onwards.

Recommendation: amend items #1 to #3 above to be effective for the performance years 2023 onwards.

Rationale: We have been proactively advocating for these changes to the battery recycling regulations in Ontario since 2023. We hope that through this consultation period, the Ministry will consider our three proposed amendments and put them into effect retroactively for the 2023 performance year and onwards.

Given the good-faith efforts of producers to call out concerns with the regulations and provide input on how they may be improved, we ask that flexibility be granted when it comes to enforcement action. With the regulations still being refined with the input of industry and other stakeholders, we believe that producers should not be unfairly penalized.

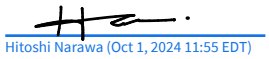
5. Record-keeping requirements for large transactions should remain in place.

Recommendation: Record-keeping requirements should not be amended.

Rationale: Given that there is a current market gap in total collected volume versus collection/management targets, it is recommended that no amendment be made to the record-keeping requirement. If the record-keeping requirement was removed, we believe that it may incentivize out-of-province volume entering Ontario.

I would like to take this opportunity to thank you again for considering Panasonic Canada's feedback on the proposed amendments to the regulations. By increasing efficiencies within the regulations, producers can increase efforts aimed at public participation in battery returns with simplified consumer calls to action, and thereby focus on environmental outcomes while keeping costs down for consumers.

Sincerely,



Hitoshi Narawa

President

Panasonic Ltr Minister Khanjin - Battery Regulation

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