



February 14, 2024

The Honorable Pam Marsh
Chair
House Committee on Climate, Energy and Environment
Oregon House of Representatives

RE: Hearing(s) on HB 4103

Dear Chair Marsh and Members of the Committee:

I am Scott DeFife, President of the Glass Packaging Institute, the trade association for the glass container manufacturing and glass recycling industries. We offer our testimony as background for the Committee as it relates to the issues presented in HB 4013, regarding EPR fees for wine producers and the viability of moving wine bottles into the state's bottle bill program. The question related to EPR fees on wine bottles is closely related to the decision of the state to potentially expand the bottle bill and include wine (and for that matter, spirits).

Glass is sustainable, reusable, and infinitely recyclable. Recycled glass is a key ingredient in making new bottles, and there is a tremendous environmental benefit to using more recycled content in making new glass containers. Glass has a circular economy in Oregon with bottle manufacturing and glass processing in Portland. A majority of the bottles made in Oregon are wine bottles and the glass made in Oregon has some of the highest recycled content of any bottles made in the country. This is largely due to the fact that Oregon has long been one of the top glass recycling states due to the efficiencies of the high performing OBRC program, along with the presence of some "glass on the side" in the Metro area for the glass that is not in the bottle bill. A high recovery rate for the bottle bill, and higher quality from bottle bill recovery streams are keys to this success.

Glass in most commingled single-stream recycling programs, however, has a much higher contamination rate, and more restricted end-markets. As DEQ suggested in its' testimony, the EPR (Recycling Modernization Act, or RMA) implementation efforts in Oregon have struggled with the determining the proper disposition of glass in the program. In our opinion, this is in large part due to the fact the glass is a highly recyclable material with viable, circular end-markets in the Pacific Northwest serving the wine, food, and beverage industries, but the dominant residential recycling systems rely on commingled single-stream recycling, which was not designed to handle glass well, but to lower collection rates of local governments.

I also sit on the EPR Advisory Board in Colorado, and based on the implementation there, I have some concerns that despite a strong circular economy for glass in that state, like Oregon, that majority of the PRO interests are focused on plastic and paper, and the details needed to properly determine the fate of glass are secondary and may require need more time to get it right. One PRO may not be the system that works well here. While the underlying OR system

and RMA law are different than the Colorado system and law, they share a common feature that outside the Portland metro area, they rely on commingled single stream. The RMA disposition of glass looks like it will be to suggest a hybrid of continuing the collection of “glass-on-the-side” in the Portland metro area, but largely rely on a new, to be determined series of drop-off depots in the majority of the state, but not have it in the commingled system.

So, in summary, as far as the glass is concerned, glass containers are likely to fare far better under the bottle bill system than the emerging EPR system. We are concerned that relying on a remote undetermined number of glass depots, with admittedly better quality, but with lower expected consumer participation rates, we may lose thousands of glass tons that could be recovered and made back into new glass bottles. More Oregon wine glass is likely to end up in state landfills if consumer participation does not pan out with the depot system.

Additional data points that I think are helpful for your consideration of support of HB 4013:

- We estimate that roughly 60 percent of the glass in Oregon is already in the bottle bill.
- Leaving 40 percent of the glass – food, wine, spirits and personal care to be covered in the EPR program; and wine constitutes roughly 25% of that covered EPR glass.
- Over the course of the next year and a half, the PRO will need to develop a plan to deal with the EPR glass. Moving wine glass or spirits from EPR to OBRC would be materially significant to the EPR plan for glass and should be done thoughtfully.
- Adding wine bottles to OBRC is completely feasible, but there are important logistical issues that must be worked out and seemingly are leading to a delay in expansion of the bottle bill.
- Wine (and spirits) is included in the Maine, Iowa and now California programs, and expansion of wine and spirits being considered in CT/VT and NY.
- Importantly, wine and spirits would both be included in the new DRS bill being actively considered in Washington state that we are working to pass along with OBRC support.
- Lastly, for policymakers that want to see the growth of refill and reuse, a deposit return program and infrastructure are critical for success and need investment to be investigated. It is difficult to imagine a reuse/refill program for Oregon wine to emerge from an EPR wine glass regulatory environment.

The glass industry supports maximizing the recovery and use of glass in Oregon. More wine bottles will be recovered and recycled and made into new wine bottles in Oregon if they are in the bottle bill system. The stewardship element of OBRC should mean that the best path for highest return of the materials should bear significant support to expand of a system that already handles a majority of the glass in the state. We understand there is an organizational state administrative issue that further complicates the expansion of the bottle bill to spirits that should also be discussed if there is an interim solutions workgroup.

There are – to be certain – some transition issues for wine as a product and as more large format bottles are to be recovered – that must be addressed to expand the bottle bill to include wine, but none of those issues are so difficult to the operational question of whether wine bottles could be added to the bottle bill program – they can and should be added. The Oregon Liquor Control Commission agreed in its letter accompanying the Oregon Audits review of the system in November 2020 <https://sos.oregon.gov/audits/Documents/2020-36.pdf> that wine and spirits should be added to the bottle bill system. We offer our time and effort to continue to work with stakeholders to improve glass recycling in Oregon.

Glass Container Recycling Background

Glass is a core circular packaging material which is reusable, refillable, and endlessly recyclable. Public sentiment strongly rates glass as one of the most supported materials in the recycling stream. The glass container manufacturing industry has a significant stake in the effectiveness of glass recycling programs. Recycled glass is a key component of the manufacturing process. For every 10% of recycled glass included in the manufacturing process, energy costs can be reduced 2-3 percent, with additional corresponding reductions in greenhouse gas emissions for every additional 10 percent recycled glass remelted to make new containers. Recycled glass substitutes directly for raw materials in the furnace batch, adding to the sustainability of glass beverage containers.

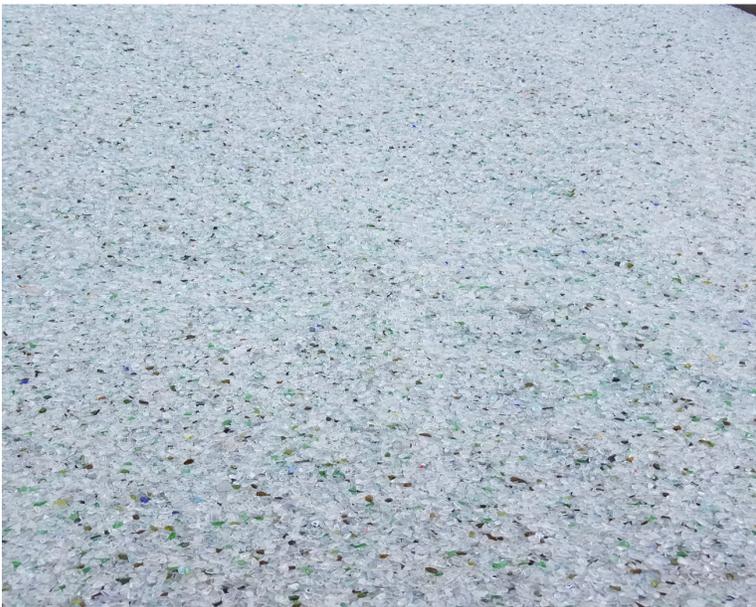
The glass container industry is serious about utilizing recycled glass as part of our manufacturing processes. The U.S. glass container industry purchases between two and three million tons of recycled glass each year and the average bottle or jar produced in the U.S. generally contains 1/3 recycled glass. The industry released a report in 2021 with a goal of increasing the national glass recovery rate to a 50 percent recycling rate by 2031, consistent with objectives set out by the United States Environmental Protection Agency last year, as well as a set of policy and value-chain investments that are needed on a regional basis to achieve that goal and increase the recycled content percentage of containers as well.

Quality and contamination are key differentiators to the value and potential end-markets for recycled glass. We estimate that nearly 60 percent of the glass cullet that makes it back to a container plant for reuse nationally originates from the ten deposit states. This is the highest volume stream of clean, source-separated glass.

This separation drastically reduces contamination, increases the value, and provides the best opportunity to return the glass to a manufactured product. Data shows that material in a deposit program has 3 or 4 times the recycling rate of the same material in single-stream recycling. This in turn saves taxpayers (or ratepayers) money through diversion of material from landfill and associated landfill tip fees.



Picture of typical Commingled Single Stream Recycled “Glass” - as delivered from a Materials Recovery Facility for processing. Intensity of secondary processing (additional sorting and cleaning prior to meeting furnace-ready specifications) depends on contamination levels. This also impacts MRF “market price” due to hauling higher percentages of residual material that then must be landfilled.



Picture of Clear Recycled Glass (Flint) – Furnace Ready. – this is end market product with stable positive market price.

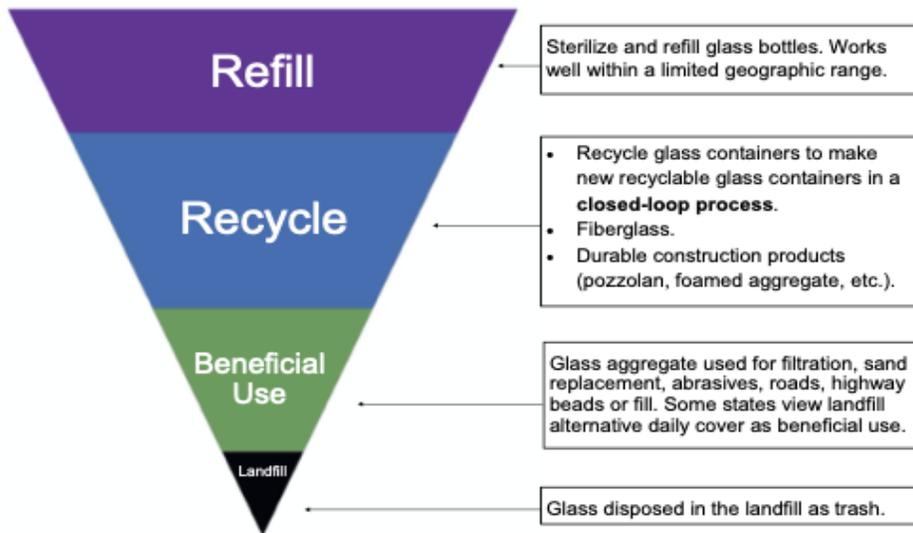
Glass bottles redeemed through Oregon’s bottle bill program are part of a critical supply chain in the manufacture of glass containers and fiberglass insulation throughout the West Coast. Importantly, these bottles avoid the fate and costs associated with landfill disposal. Curbside material that flows through many material recovery facilities can be recycled into new bottles, but the yield loss from single-stream recycling can be high, and the ultimate outcome is completely dependent on the capabilities of the facility receiving and sorting the

material, especially if that requires secondary processing. Smaller particles generally less than 3/8th inch are referred to as “fines” in the industry and can be used for roadbed, mineral replacement, or emerging products such as pozzolan.

There are suggestions that aggregate replacement has the same environmental benefits as recycling back into container manufacture. This is not accurate. The Northeast Recycling Council’s report on glass hierarchy is included. That is not to say that aggregate replacement does not have environmental benefit, but that is in comparison to traditional concrete, not compared to bottle reuse or recycling.

Glass Recovery Hierarchy

Glass bottles and containers are a valuable and versatile material resource. This hierarchy prioritizes common uses for glass including reuse, recycling and substitution for raw materials.



As the glass recovery hierarchy graph above shows, disposing of recycled glass in landfills is of no benefit, and should never be prioritized within sound environmental policy.

Oregon is a leader in environmental sustainability, the state’s bottle bill program is a significant contributor to that status. Thank you for your consideration of our testimony highlighting the importance of maximizing Oregon wine glass recycling.

Sincerely,

Scott DeFife
President