



# Interchange 360

## Fee Setting Policy

*Consultation Summary*

# Working Group Overview

## Background

In the Fall of 2025, Interchange 360 convened a Working Group comprised of producers, distributors, retailers, and industry experts committed to providing necessary input in the organization's future fee/dues structures. The group was open to all participating producers in Interchange 360 and was designed to be fully transparent in how Interchange 360 determined its future fees/dues. In addition to this summary, all supporting materials from the Working Group are publicly available (Slide 4)

## Purpose

For Interchange 360 Participating Producers to provide input and assist in the development of the organization's fee setting and eco-modulation policies.

## Objective

To develop a fee setting policy that guides Interchange 360 for setting EPR program fees in each jurisdiction.

# Participants

- Comprised of a mix of manufacturers, distributors, and retailers:
  - CITGO – Vishal Patel, Scott Riebel
  - Ford Motor Company – Matthew Kielty, Lydia Seiter
  - Highline Warren – Lisa Gochenour
  - Omni Specialty Packaging – Christina Littleton
  - TotalEnergies – Melissa Greenberg
  - Tractor Supply Company – Pat Perry
- Teresa Conner, Signalfire Group (Facilitator)
- Staff Contact: Interchange 360 Director of Membership Services Mark Carpenter

# Meetings Overview

## Session 1: Introduction to Fee Setting & Eco-Modulation

Wednesday, October 15

[Presentation Deck](#)

## Session 2: Fee Setting Principles, Policy, and Proposed Methodology for Eco-Modulation

Wednesday, November 19

[Presentation Deck](#)

## Session 2: Fee Setting Principles, Policy, and Proposed Methodology for Eco-Modulation

Wednesday, December 3

[Presentation Deck](#)

# Guiding Principles for Fee Setting

## 1. Consistency

- Fee-setting methodology will be used consistently across all states in which Interchange 360 administers an EPR program

## 2. Equity

- Fees will be assessed based on the costs of managing each product type supplied to market. Fees may vary by material type, size and recyclability.
  - Cover Program Costs: Fees must cover compliance costs in each state.
  - Recalibrating to True Cost: Interchange 360 will regularly assess the costs of managing each product type and recalibrate applicable product fees.

# Guiding Principles for Fee Setting

## 3. Clarity

- Fee-setting setting will be clear and transparent
  - Advanced Lead Time: Interchange 360 will provide affected participating producers with reasonable notice of any changes to fees in advance of implementation dates.

## 4. State Compliance

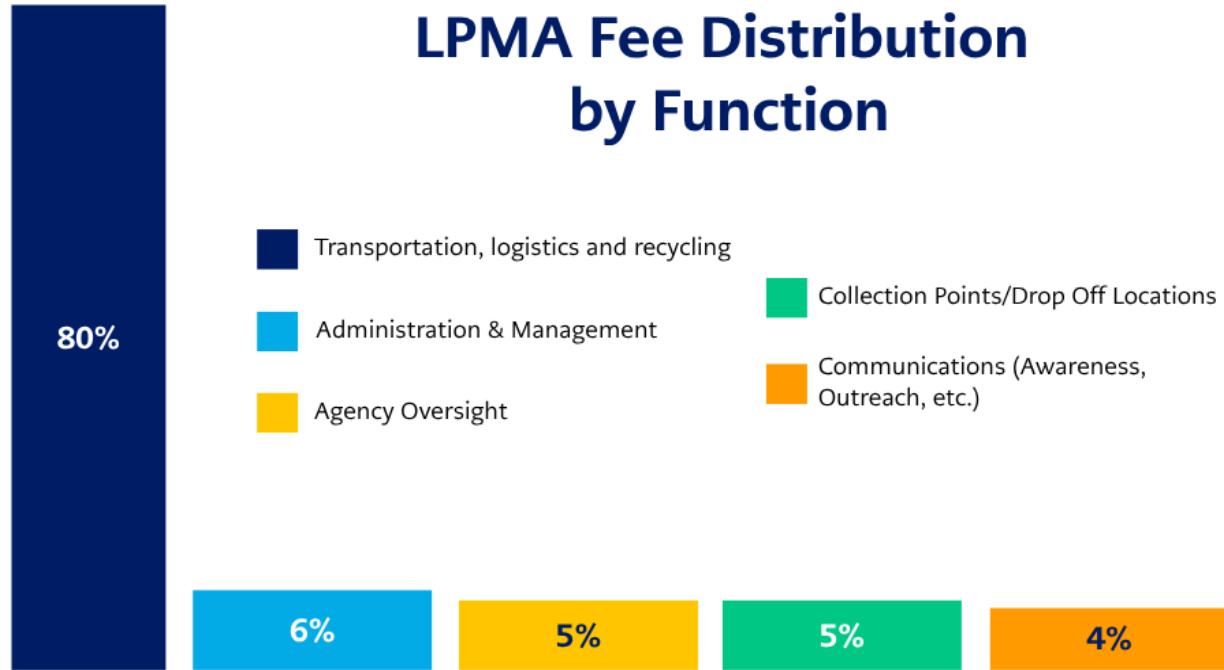
- Fees will account for and comply with applicable state requirements, including eco-modulation requirements, collection targets, and other program fees, as applicable.

# Four-Step Process

1. Assess the costs to manage each product type.
2. Establish a cost-based fee for each product type.
3. Apply state eco-modulation requirements, if applicable.
4. Provide notification within a reasonable time frame (e.g. 90-days) to affected participating producers of any fee changes. Exceptions may be necessary to implement changes in a shorter time frame if required by law, rule, regulation, or the relevant government authority.

# Target Program Costs Spend

## LPMA Fee Distribution by Function



*\*Note: These are targeted estimates and may vary by state do to state specific requirements and actual program costs.*

# What is Eco-Modulation

Eco-Modulation is a tool within extended producer responsibility policies that is used to incentivize packaging design to be more recyclable, compostable, and/or reusable through the adjustment of base fees. It can include:

- Bonuses – Reduction in fees based on certain criteria deemed to make the packaging more environmentally friendly
- Maluses – Increase in fees for packaging designs deemed less environmentally friendly based on set criteria.

# Eco-Modulated Fees in EPR for Paper & Packaging Laws

CA	CO	MD	ME	MN	OR	WA	Fee Incentives	State	Fee Disincentives
CA	CO	MD	ME	MN	OR	WA	Use of post-consumer recycled content	CA	<ul style="list-style-type: none"> <li>Presence of hazardous material</li> <li>Contain toxic heavy metals, pathogens, or additives.</li> </ul>
CA	CO		ME	MN		WA	Reductions in the amount of packaging material and/or paper products (source reduction)		
	CO		ME	MN		WA	Enhanced recyclability or commodity values of covered materials.	CO	<ul style="list-style-type: none"> <li>Designs and practice that increase the cost of recycling, reusing, or composting materials</li> <li>Designs and practice that disrupt the recycling of other materials</li> <li>Covered materials not on minimum recyclable list</li> </ul>
	CO		ME	MN		WA	Increased reuse / refill of covered materials**		
CA*			ME	MN		WA	Decreasing / eliminating toxicity		
CA			ME			WA	Use of compostable materials	MD	<ul style="list-style-type: none"> <li>Higher fee for low Recycled Content</li> </ul>
CA			ME				Labeling to improve consumer behavior / reduce confusion		
CA				MN			Use of renewable materials	ME	<ul style="list-style-type: none"> <li>Further rules will be set to incentivize or disincentivize packaging design</li> </ul>
	CO				OR		High (relative) recycling rates of covered materials		
CA							Standardize material to simplify downstream management	MN	<ul style="list-style-type: none"> <li>Rules will be set to discourage materials and packaging design in covered materials with negative environmental and health impacts</li> </ul>
			ME				A reduction of litter from packaging material		
					OR		The product-to-package ratio	OR	<ul style="list-style-type: none"> <li>PRO may establish further criteria</li> </ul>
					OR		The producer's choice of material		
					OR		Life cycle environmental impacts		
						WA	<b>Increasing the amounts of inputs derived from renewable and sustainable sources without reducing its ability to be recycled</b>	WA	<ul style="list-style-type: none"> <li>Discourage the use of covered materials that are not on the statewide lists</li> </ul>

\*California specifies that compostable materials must not contain toxic additives

\*\*Reuse/refill criteria varies among statutes. See statutes for additional details

\*Most states allow or require the department and/or the PRO to establish additional rules.

## Program Cost Factors

Depot infrastructure, collection, transportation and processing.

Staffing, legal support, data and financial services portal, program audits, annual reports.

Communications, marketing and awareness efforts.

Department oversight costs, contributions to state needs assessment studies, specific requirements on contingency funds, and contributions to special account.

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## Eco-Modulation

Must meet statutory and regulatory requirements in each state.

LPMA to ensure eco-modulation factors are meaningful to registered producers while fitting within the guidelines of the law.

LPMA to strive for as much consistency as possible in setting both threshold criteria and rates to provide consistent market signals to producer members.

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**Material Fee  
Determination**

# Policy in Practice: Colorado PCR Example

- The use of Post-Consumer Recycled (PCR) content is currently the only incentive criteria that is required in all seven packaging EPR laws.
- PCR will be one of the most meaningful & measurable eco-modulation criteria for the Interchange 360 program.
- In Colorado where Interchange 360 has an approved Individual Program Plan, the state is proposing a specific incentive via rule, as well as requiring programs to provide additional incentives.

# Policy in Practice: Colorado PCR Example

In considering thresholds (e.g., the PCR percentage) and criteria (e.g., the geographic area for content sourcing), as well as the incentive amount (e.g., percentage of dues reduction), Interchange 360 will gather data and model the impacts of each scenario, for example:

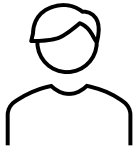
- The current PCR content for each packaging material type covered in the program.
- Review program PCR goals.
- Model scenarios of various thresholds and incentive amounts to determine potential impact on overall program revenues/expenses.
- Consider how this will interact with any other eco-modulation incentives / disincentives under consideration.

# Additional Resources



[Interchange360.com/fee-setting](https://Interchange360.com/fee-setting)

Policy will be posted once approved



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