



September 19, 2017

RE: SUBSIDY CHANGE UPDATE INFORMATION: AB 2398

Dear California Subsidy Participant,

You will recall last September (2016) CARE notified each of you that an analysis of subsidies was underway with potential changes to be implemented in Q4 of 2017. A copy of that original notice is attached for your reference.

After considerable analysis of current market dynamics and challenges, along with financial modeling, the following decisions are being communicated:

1. No reduction to existing subsidies will be implemented at this time
2. ***A new Tier 2 pilot subsidy for nylon 6 of 10 cents/lb will begin on October 1st***
3. Several additional new or modified subsidies are under consideration as part of the new 5-Year Plan to be submitted on October 19th. Note: this submission date may be delayed as a result of AB 1158.
4. Any changes to subsidies being considered would become effective with approval of the new Plan. That means January 1, 2018 – assuming approval by CalRecycle at the December 19th hearing. Should AB 1158 result in a delay, the new effective date will be announced as soon as it is known.
5. Once the Plan is finalized and submitted to CalRecycle, a copy will be available for review to help you prepare for any changes that might impact your operations.

If you have any questions, please do not hesitate to me directly.

Sincerely,

A handwritten signature in black ink that reads "Robert Peoples".

Robert Peoples, Ph.D.
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cc: CalRecycle
California Council on Carpet Recycling
Sustainable Planning Committee (SPC)