California Carpet Stewardship Program
An initiative of CARE: Carpet America Recovery Effort

CARE Capacity Goal – 2022

CARE has now completed a revised and updated analysis of capacity for carpet processing in the United States. The analysis was completed at the individual company level. In most cases companies were responsive for updates to capacity requests, but in cases where that did not occur, CARE used best estimates based on historic reporting, current performance, and known capacity coming on line. CARE also references the June 30, 2021 **Capacity Survey Report** as background information and context.

A total of 18 companies (footnote 1) are part of the tracking matrix and 9 are considered active recyclers. Nine are either no longer in business or not operational using California carpet as of this time.

To ensure consistency, CARE employed the current approved discards formula to calculate annual California discards based on sales. The resulting discards were then analyzed against maximum available capacity for California-based and California and non-California processors combined. Due to the limited number of participants in each category, the cumulative impacts were calculated. It should be noted that the results tabulated below are projections for the year 2022 and include additional capacity expected to be online in early 2022.

The following Table 1 summarizes the total projected California discards using the approved discards formula and based on the budgeted 68.0 million square yards of sales, measured against the amount of available maximum capacity that would be needed to process 100% of the discards. The total projected discards for 2022 is 245.2M pounds. In such a scenario, processing 100% of all discards would result in utilization of 48.4% of total U.S. capacity. However, if the total discards were to be processed by only California processors, there would be a 113.6% shortfall in available capacity within the State.

Table 1: Calculated Total Current Capacity and Utilization Projected in 2022 at Theoretical 100% Collection of Discarded Pounds

Capacity	Pounds	Used	Excess
CA Only Capacity	114,798,400	213.6%	-113.6%
Capacity (CA + non-CA)	506,058,400	48.4%	51.6%

In reality, only a portion (approximately 1/3) of the projected discards will be processed at the targeted 2022 Recycling Rate ("RR") of 27% in 2022. At a 27% Recycle Rate, the corresponding targeted Recycled Output (RO) would be 66.2M pounds. Under these real-world conditions, the processing capacity utilization for the entire U.S. would be only 13.1% while California-only based processing capacity usage would be 57.7%. This scenario leaves sufficient additional unused, but available capacity for processing in the State. The following Table 2 summarizes this real-world scenario.

Table 2: Projected Capacity Utilization in 2022 at a 27% Recycling Rate

Capacity	Pounds	Used	Excess
CA Only Capacity	114,798,400	57.7%	42.3%
Capacity (CA + non-CA)	506,058,400	13.1%	86.9%

California capacity ended 2021 at 98.8M pounds. CARE projects new capacity coming on line in 2022 will be 16.0M pounds bringing the total 2022 capacity in State to 114.8M pounds, or a 16% increase.

However, like most aspects of the carpet recycling infrastructure, this is not the whole picture. The growth of continuous loop commercial broadloom carpet processing has resulted in slower line speeds while the growth of entry level PET for the builders market has resulted in lower yields/pound of input. Finally, tile processing is completely different and slower than broadloom. Thus, the post-consumer carpet mix that goes into the processing line, coupled with output specifications, are not necessarily commensurate with increases new capacity is installed.

It should be appreciated that over the last 2 years, the market dynamics have been turbulent as a result of the pandemic and its related impacts on many economic factors such as: transportation costs, labor costs, labor availability, utility costs and lease rates, etc. All geographic areas of the country have seen adverse consequences. As a result, some recycling activities east of the Mississippi have modified or minimized operations relating to CA-sourced post-consumer carpet (PCC) and one has terminated PCC recycling at this time.

The CAPACITY GOAL for 2022 is 16.0M additional pounds on the 2021 base of 98.8M pounds. All of the new capacity is slated for California.

At the current time there is ample capacity both inside and outside California to meet the Approved Plan 2022 Recycling Rate Goal of 27%. This is a direct result of CARE efforts on Plan Goal 7 (approved Plan, page 13) and consistent with Advisory Committee recommendation (approved Plan, page 292, Priority 7) to ensure that 75% or more of grant funds are awarded to capacity projects within the State, and CARE support for product and market development and technical assistance.

Footnote 1: 18 companies being tracked:

Aquafil Carpet Recycling 1
Aquafil Carpet Recycling 2
Aquafil Carpet Recycling LLC
Circular Polymers

Interface
LA Fiber Co
Pret/Wellman
Shaw
Tarkett/Tandus

Aquafil USA	inactive
Brotex	closed
CarpetCycle	inactive
Carpet Solutions	closed
Cedar Plastics	closed
Columbia Recycling	inactive
GISCA	inactive
GoldPond Recycling	inactive
Wetsel Oviatt	inactive

END