



**Inclusion of intermediates in the cost-sharing formula**  
**Date: 17 February 2010**

**I. INTRODUCTION AND BACKGROUND**

This document aims at justifying the proposal to adjust the PMC cost-sharing formula in order to include all intermediates in the allocation of the PMC Metal-specific costs. It takes account of the comments made by the participants of the LWG and CWG meeting (Brussels, 2 February 2010), five Members who have been asked to comment on the options discussed at this meeting on an informal basis, and the PMC Management Committee.

The current cost-sharing formula of the PMC allocates the budget of the PMC according to the number of Members, the number of Substances in any tonnage, and the number of Transported Isolated Intermediates in the > 1000 t/a tonnage band.

Transported Isolated Intermediates in a tonnage band different from > 1000 t/a and On-site Isolated Intermediates are not taken into account when allocating the budget of the PMC, although they represent in some projects a significant part of the scope of work and in average 30% (Table 1).

Table 1. Magnitude of the intermediate-related REACH work in the projects of the PMC

Project	N° of substances	N° of intermediates	Total in scope	% of scope corresponding to intermediates
Ag	5	3	8	38
Au	3	2	5	40
PM CN-	4	0	4	0
PGM total	51	17	68	25
Pt	11	4	15	27
Pd	16	4	20	20
Ir	5	2	7	29
Rh	14	4	18	22
Ru	5	3	8	38
Re	3	3	6	50
			Average	30

It was originally agreed (as per Appendix 9 of the Consortium Agreement version 2, dated 6 May 2008) that the work performed on intermediates would be charged at the end of the registration process to the concerned companies, on the basis of work actually performed for and the associated cost of preparing a Registration Dossier for each intermediate, as per REACH "light" requirements described in Articles 17 and 18 of the REACH regulation, i.e.:

- Literature search to gather any existing available information
- Classification notification preparation
- IUCLID 5 file preparation

**II. INTERMEDIATE REGISTRATION DOSSIER COST CALCULATION**

When trying to calculate every company's share to the costs associated to the three tasks listed above, the following questions arise:



a. One intermediate, one cost → price “à la carte”

Each task can require more or less time depending on the data richness or poorness of the concerned intermediate; the cost associated to each would hence not be applicable to all intermediates of the PMC scope and perhaps not even to the intermediates belonging to a same project (e.g.: PGM).

PMC would end up charging in a “à la carte” manner which is not transparent and very cumbersome from an administrative point of view.

b. Dual situations → “double purpose” Registration Dossiers

In some cases, a same material is declared as a substance by a given Member of the PMC and as an intermediate by another Member. This happens in average with 20% of the materials in the scope of activity of the PMC (Table 2).

Table 2. Number of dual situations occurring in each project of the PMC

Project	Total scope	Number of dual situations	% of scope corresponding to dual situations
Ag	8	4	50
Au	5	1	20
PM CN-	4	0	0
PGM total	68		0
Pt	15	4	27
Pd	20	4	20
Ir	7	1	14
Rh	18	3	17
Ru	8	3	38
Re	6	1	17
		Average	20

This is therefore a dual situation where the preparation of the “double purpose” Registration Dossier would require more work, i.e.:

- Literature search to gather any existing available information
- Data gap analysis
- Read-across, waiving and testing strategy
- Testing programme
- Classification notification preparation
- IUCLID 5 file preparation

In the event the Member declaring this material as a substance declares it in a tonnage of 10 tonnes per year or more, the preparation of a Chemical Safety Report needs to be added to the above list as well.

Because of the many overlaps and interdependences that exist between the above items, it is almost impossible to come up with a transparent number of hours dedicated to each one and from there, the share that corresponds to the company(ies) having declared the material as an intermediate.



### c. Pay for an intermediate Dossier, get a substance one

As per Article 4.7.2 e) of the Consortium Agreement, each Member of the PMC is entitled to receive a copy of the non-confidential sections of the Registration Dossier submitted by the Lead Registrant on behalf of the joint registrants. In the above "dual situation", the companies registering the material as an intermediate would be granted an access to more information than the one directly resulting from the three original tasks listed in section I above.

Although it would not be fair to charge such companies for a full substance Registration Dossier, it is fair to ask them to contribute to the overall budget in a proportionate manner.

### III. SUGGESTED APPROACH

Should the cost-sharing formula described in Appendix 9 remain unchanged, the Secretariat and the Members would be confronted with a cumbersome discussion on price calculation; it is therefore recommended to add intermediates in the existing cost-sharing formula to prevent future complications.

In doing so, three options were considered:

- Option 1: include intermediates in the first part of the Metal-specific costs only (f2)
- Option 2: include intermediates in the second part of the Metal-specific costs only (f3)
- Option 3: include intermediates in both parts of the Metal-specific costs (f2 and f3)

Options 1 and 3 were not strongly supported based on the following arguments:

- f2 is a sum of all materials declared by a given Member and therefore gives the same weight to all types of materials, whether these are substances or intermediates; this is naturally unfair as very light requirements are foreseen in the REACH regulation for intermediates
- All PMC Members are already contributing in an equal way by paying a share of the Generic costs so their contribution for intermediate-specific workload and associated costs should only be minimum

In light of this, the recommended option is option 2, where intermediates are integrated to the cost-sharing formula in the weighted part of the Metal-specific costs only. The weight assigned to intermediates which are not Transported > 1000 t/a is 1.

Applying this change results in different cost-share increases due to the specificity of each project, e.g.: total budget of the project, number of Members sharing this budget, number of substances in each weight, number of intermediates, etc.

While the contribution having declared intermediates to the Consortium will slightly increase as a result of this change, it will also formally entitle them to receive a copy of the Registration Dossier of this intermediate at the end of the process, for no additional cost then.