October 26, 2010

VIA EMAIL AND REGULAR MAIL

Secretary Linda S. Adams, Chair
Environmental Policy Council
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Re: Comments for October 27, 2010 CEPC Hearing - On the Need for the CEPC to Review a Multimedia Evaluation of DTSC’s Safer Consumer Product Alternatives Regulations

Dear Secretary Adams:

On behalf of the Green Chemistry Alliance we appreciate this opportunity to provide comments on the need for the Environmental Policy Council to review a multimedia evaluation for the Green Chemistry Safer Consumer Product Alternatives Regulations pursuant to California Health and Safety Code Section 25252.5. As discussed below, Council review of a full multimedia analysis is critically important to ensure that all adverse impacts to public health and the environment are considered in the creation of this groundbreaking new regulatory framework.

The Green Chemistry initiative in California represents a sea change in the regulation of toxicants in our environment. In 2008, the California Legislature passed “Green Chemistry” legislation intended to reduce toxic chemicals in products. Unlike previous laws which focused on regulating pollution from facilities, the new Green Chemistry law regulates products sold in California. The Legislature directed DTSC to draft regulations to implement the groundbreaking new law, and on September 14, 2010 DTSC released its draft Green Chemistry Regulations. These sweeping regulations would likely cover thousands of chemicals, which are likely to be found in tens of thousands of products.

Recognizing the far-reaching impact of the new law, the Legislature also directed DTSC to conduct, as part of its rulemaking process, a multimedia evaluation of adverse impacts the proposed regulations could have on public health or the environment. Thus, in its effort to comprehensively regulate products sold in California to keep consumers of those products safe, DTSC must also consider the possible impacts such expansive regulations could have on other media such as air, water, waste disposal, or public health. The Legislature did not leave responsibility for this important holistic analysis to DTSC alone, however, but specifically drafted the new law to expand the role of the Environmental Policy Council to review such analyses.
Council, thereby enlisting the expertise of the directors of the state's key environmental agencies. This legislative expansion of the Council's role is almost unprecedented, having occurred only once in the Council's nearly 20-year existence.

Despite the Legislature's express direction that the Council consider potential adverse impacts from this far-reaching, largely unprecedented new regulatory scheme, DTSC now recommends that instead of taking a close look, the Council should simply accept DTSC's determination that the process could not possibly result in significant adverse impacts to public health or the environment. DTSC's recommendation appears to be based on the premise that the regulations are intended to benefit public health and the environment, so therefore they could not have an adverse impact and a multimedia review is not required.

The question for the Council, however, is not whether the regulations will do more harm than good. Instead, the Council's legislatively mandated task is to help DTSC consider and address any and all adverse impacts that may be the unintended result of these regulations. This is a historic mandate by the Legislature to the Council. The Council cannot fairly and legally carry out this mandate by making a determination based solely on DTSC's cursory summary and review of its own regulations. Moreover, as a matter of public policy the Council should not simply take a pass, but should instead fulfill the purpose for which the Council was created by providing the agencies, industry, and public with the benefit of Council members' unique ability to provide a holistic review and refinement of these landmark regulations. See additional detailed comments in Attachment 1 below.

**Conclusion**

Even though the proposed regulations are designed to benefit public health and the environment, they may result in significant adverse impacts. These significant adverse impacts may be offset by benefits, but cannot be discounted by the Council when making a determination whether there is any possibility of a significant adverse impact. In other words, the Council cannot conclusively determine that the proposed regulations will not, in any way, adversely impact public health or the environment. The Legislature required that the Council conduct a thorough review of the process put in place by DTSC intended to reduce public health and environmental impacts from chemicals. We ask that the Council fulfill its role in this vitally important process. A full multimedia review will allow EPC, DTSC and the public to become better informed about the options available to DTSC to implement the Green Chemistry laws.

Thank you again for this opportunity to comment.

Sincerely,

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CC: Cindy Tuck, Undersecretary, CalEPA  
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John Moffatt, Legislative Affairs, Office of the Governor  
Scott Reid, Cabinet Secretary, Office of the Governor  
The Honorable Joe Simitian, California State Senate  
The Honorable Mike Feuer, California State Assembly
Green Chemistry Alliance Signatories

Alliance of Automobile Manufacturers
American Apparel & Footwear Association
American Chemistry Council
American Forest & Paper Association
American Honda Motor Company, Inc.
Amway
Association of Home Appliance Manufacturers
Association of International Automobile Manufacturers
BASF
The Boeing Company
California Aerospace Technology Association
California Chamber Commerce
California Grocers Association
California Healthcare Institute
California League of Food Processors
California Manufacturers & Technology Association
California New Car Dealers Association
California Paint Council
California Restaurant Association
California Retailers Association
Can Manufacturers Institute
Chemical Industry Council of California
Chevron
Chrysler
Citizens for Fire Safety Institute
Consumer Healthcare Products Association
Consumer Specialty Products Association
Dart Container Corporation
Defoamer Industry Trade Association
Del Monte
Dow Chemical Company
DuPont
Ecolab
Ellis Paint
ExxonMobil
Fashion Accessories Shippers Association
Florida Chemical Company, Inc.
Fragrance Materials Association
Goodrich Corporation
Grocery Manufacturers Association
Honeywell
Independent Lubricant Manufacturers Association
Industrial Environmental Association
Information Technology Industry Council
International Sleep Products Association
Johnson & Johnson
Kern Oil & Refining Company
Koch Industries
Metal Finishing Associations of Northern & Southern California
National Aerosol Association
National Paint & Coatings Association
Northrop Grumman
OPI Products Inc.
Personal Care Products Council
Phoenix Brands
Plumbing Manufacturers Institute
Procter & Gamble
Reckitt Benckiser
Silicones Environmental Health & Safety Council
Soap & Detergent Association
Solar Turbines
TechAmerica
Toy Industry Association
Travel Goods Association
United Technologies
Western Growers
Western Plant Health Association
Western Wood Preservers Institute

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I. Regulatory Background

In 2008, the enactment of Assembly Bill 1879 (Stats. 2008, Ch. 559) established Health and Safety Code sections 25252 and 25253, requiring DTSC to adopt regulations, on or before January 1, 2011, to do the following:

1) Establish a process to identify and prioritize those chemicals or chemical ingredients in consumer products that may be considered a chemical of concern. (H&S Code § 25252);

2) Establish a process for evaluating chemicals of concern in consumer products, and their potential alternatives, using an alternatives analysis, to determine how best to limit exposure or to reduce the level of hazard posed by the chemical of concern. (H&S Code § 25253); and

3) Establish a range of regulatory responses that DTSC may take following the completion of the alternatives analysis. (H&S Code § 25253).

In addition, before adopting any regulations, Health and Safety Code section 25252.5 requires DTSC to prepare and submit to the Council a multimedia life cycle evaluation of its proposed regulations. The multimedia evaluation must identify and evaluate any significant adverse public health or environmental impacts that may result under the regulations from the production, use or disposal of a consumer product or consumer product ingredient. The evaluation must, at a minimum, address impacts associated with: air pollutant emissions; surface water, groundwater, and soil contamination; disposal or use of byproducts and waste materials; worker safety and impacts to public health; and other anticipated impacts to the environment. Health and Safety Code section 25252.5 provides:

(a) Except as provided in subdivision (f), the department, in adopting the regulations pursuant to Sections 25252 and 25253, shall prepare a multimedia life cycle evaluation conducted by affected agencies and coordinated by the department, and shall submit the regulations and the multimedia life cycle evaluation to the council for review.

(f) Notwithstanding subdivision (a), the department may adopt regulations pursuant to Sections 25252 and 25253 without subjecting the proposed regulation to a multimedia evaluation if the council, following an initial evaluation of the proposed regulation, conclusively determines that the regulation will not have any significant adverse impact on public health or the environment.

Subdivision (f) of H&S Code § 25252.5 provides that a multimedia life cycle evaluation is not required only if the Council, following an initial evaluation of the proposed regulations, "conclusively determines" that the regulations "will not have any significant adverse impact" on public health or the environment. The question the Council will face at the October 27, 2010 hearing, then, is whether any part of the proposed regulatory process could possibly result in significant adverse public health or environmental impacts. As discussed below, this legislative mandate cannot be fairly carried out based on DTSC's brief conclusions about its own regulations. A more rigorous analysis is needed. Therefore, the Council should review the
regulatory process proposed in the Green Chemistry regulations after DTSC presents a full multimedia evaluation to the Council.

II. The Council’s Legislative Mandate is to Prevent DTSC from Adopting Green Chemistry Regulations with Potentially Significant Adverse Impacts to Public Health or the Environment

The Council was established in 1993 and brought together first to consolidate permitting at California’s environmental agencies and then expanded in the wake of the adverse impacts from the Air Resources Board’s MTBE fuel additive. (H&S Code § 43830.8.) MTBE was a fuel additive required under the directive of ARB and intended to improve air quality, but it also resulted in controversial and adverse environmental consequences including water contamination. Consequently, MTBE’s addition to gasoline caused significant environmental and public health impacts across the state. After a review by the Council, ARB phased out MTBE as a fuel additive. To ensure that such regrettable outcomes would be avoided in the future, the Legislature required that ARB perform a multimedia evaluation of any future fuel additives to identify and evaluate any significant adverse impact on public health or the environment, including air, water, or soil, that may result from the production, use, or disposal of the motor vehicle fuel that may be used to meet the state board’s motor vehicle fuel specifications. (H&S Code § 43830.8.) Since receiving this mandate, the Council has met only a few times and only to consider a limited number of fuel additives.

As DTSC points out, in contrast to the Council’s previous assessments of fuel additives which involved only a single product, DTSC’s proposed Safer Consumer Product Alternatives regulations establish a multi-step process for chemical and product prioritization, alternatives assessment, and imposition of regulatory responses intended to reduce or eliminate exposure to hazardous chemicals. DTSC’s proposed process represents a sweeping change, including regulation of many thousands of products, and creation of a joint-and-several liability scheme similar to the landmark CERCLA law, where any responsible entity in the supply chain can be held accountable and all responsible entities must take responsibility. This comprehensive, complex process is more difficult to review, especially under a multimedia analysis, than a single fuel additive because it involves many more possibilities and a much more complex scheme. Complexity of the analysis, however, is no reason to avoid performing the statutorily required review, and in fact the comprehensive coverage of these unprecedented regulations makes a rigorous analysis by DTSC and review by the Council even more critical to considering all the possible implications.

In short, the Council, consisting of the chairs and directors of some of the most important environmental agencies in California, is specially situated to provide an outside view and assess potential unforeseen consequences of the regulations of these sweeping new regulations. This is an opportunity to provide some oversight to a significant regulatory scheme that has the potential to cause major changes to the State’s environmental regulatory framework.

III. The Council Has Never Invoked the Exception to a Multimedia Analysis Without Some Level of Multimedia Review and Should Not Do So Here

The Council has met three times to consider fuel additives since it was tasked by the Legislature with reviewing ARB’s fuel additives multimedia analysis in 1999.¹ On all three occasions, the Council reviewed a multimedia analysis prepared by ARB to assess whether the additives would

¹ See the California Environmental Policy Council’s posted information on prior hearings: http://www.calepa.ca.gov/CEPC/Archives.htm
have a significant adverse impact on public health or the environment. By contrast, for the first
time ever, the agency that is required to conduct a multimedia analysis - DTSC - has provided
no multimedia analysis at all. Instead of considering impacts to public health or the
environment, including air, soil, and water, DTSC claims that because the regulations are
designed for protect public health and the environment, no adverse impacts will result from the
regulations. Such a cursory and circular analysis cannot be sufficient for the Council to "conclusively determine" that there "will not" be "any" adverse impact from the regulations.

DTSC also concludes that a multimedia analysis of each chemical or product at a future date,
after a Tier II alternatives assessment, will be sufficient to prevent significant adverse public
health and environmental impacts. But that future evaluation cannot replace an evaluation now.
The Legislature's mandate was for DTSC and the Council to consider all potential adverse
impacts from the process established by DTSC's proposed regulatory framework. To conclude
that this step can simply be skipped over, or somehow met by DTSC's future review of particular
chemicals and products - a review that is not designed to receive input from the Council or other
agencies - would be directly counter to the Legislature's express intent that the Council provide
careful, holistic consideration of the implications of this new regulatory framework.

IV. Proposed Green Chemistry Regulations May Result in a Significant Adverse Impact
to Public Health or the Environment. Therefore a Multimedia Analysis is Required.

We note that the public was given only two weeks to consider DTSC's analysis before the
Council's hearing on October 27. Additional time is needed to consider all the implications of
these far-reaching regulations. We provide, however, the following summary of ways in which
the proposed regulations may adversely impact public health or the environment:

- Reformulation or substitution required by the regulations may result in different but
  still significant adverse impacts to public health (even if those impacts are
  outweighed by the benefits of reformulation). Without a requirement to consult with
  relevant agencies or experts, DTSC may either ignore or discount impacts on other
  media.

- Regulatory responses like end-of-life product stewardship or product bans may result
  in significant adverse impacts that DTSC is unable to analyze, like foreign air
  emissions, which may result in significant impacts to human health in those
  jurisdictions.

- Increased regulatory burdens and lack of protection for intellectual property will likely
  stifle innovation, slowing progress in development of products that will ultimately
  benefit the environment.

These and other serious issues with the proposed Green Chemistry regulations, which may
cause significant adverse impacts to public health or the environment, need to be addressed
through a full multimedia analysis and review. (H&S Code § 25252.5). Each of these adverse
impacts is discussed in more detail below.

A. DTSC's regulations may result in different but still significant adverse impacts
to public health, which may be ignored or discounted by DTSC without a
requirement to consult other agencies or experts.

A Tier II alternatives assessment includes a multimedia life cycle evaluation, referred to as "Tier
II-B AA" under the regulations. (Proposed Regulation 6903.5(a)(2)(B). DTSC suggests in its
recommendation to the Council that this built-in multimedia life cycle analysis will protect against significant adverse impacts to human health and the environment, and, therefore, the Council should not require a multimedia analysis of the proposed regulations. As discussed above, the legislative mandate was for Council to review the overall regulatory process, not each product-specific determination. Moreover, the built-in multimedia analysis does not preclude significant adverse impacts that may result from the proposed regulations.

For example, even if a reformulation is beneficial to public health or the environment overall, that does not preclude significant adverse impacts that are different than the benefits gained by reformulation. A reformulation could remove all chemicals of concern from a product, but result in an increase in air emissions due to increased transportation requirements, changes in the amount of material required, or changes to the method of manufacturing. DTSC (or Tier II consultants) could determine that the reformulation has a net benefit because a chemical has been removed, even though asthma and other diseases from air pollution may increase. The possible significant adverse environmental impact from air pollution, however, precludes the Council from conclusively determining that there will be no significant adverse impact from the regulations.

As another example, it is possible that a product like a plastic bag containing a chemical of concern could be reformulated. The reformulated bag may be considered highly beneficial in all aspects of the multimedia environmental review, but it may also cause one small, new impact on public health. The new manufacturing process for the reformulated bag requires the release of one toxic air contaminant linked to asthma and the manufacturing plant is within a mile of a school. DTSC could hypothetically weigh that one impact on public health, which may be a significant impact, and still conclude that the benefits outweigh the adverse impacts. That conclusion, however, does not mean that there is no significant adverse impact from reformulation - it only means that the significant impact is outweighed by other, positive impacts. In other words, a reformulation could have a significant adverse impact to health or the environment, like asthma, and still be required by DTSC. Since this is possible under the regulations, DTSC cannot say with certainty that the regulations will not result in significant adverse environmental impacts.

Thus, while reformulation may result in overall benefits to public health and the environment, certain significant adverse impacts may result nonetheless. This is particularly true in light of the fact that without consultation, DTSC will be responsible in its sole discretion for reviewing and weighing impacts on all aspects of a multimedia analysis, including impacts to soil, water, air and public health. Since this possibility exists, the Council must require DTSC to perform a multimedia life cycle analysis. Indeed, in the context of CEQA, courts have consistently held that projects intended to benefit the environment must nonetheless be reviewed for their environmental impacts because those projects often have unintended adverse environmental impacts. See, e.g., California Unions for Reliable Energy v. Mojave Desert Air Management District (2009) 178 Cal.App.4th 1225 (holding that a paving rule intended to reduce PM emissions from projects required environmental review); Dunn-Edwards Corp. v. Bay Area Air Quality Mgmt. Dist. (1992) 9 Cal.App.4th 644 (holding that a rule intended to reduce volatile organic compounds (VOCs) in architectural coatings required environmental review).

B. Some Regulatory Responses May Result in Significant Adverse Impacts to Public Health or the Environment

Further, some regulatory responses may also result in significant adverse impacts. For example, DTSC may choose to ban a product that cannot be reformulated even if that product provides significant environmental benefits, like solar panels or other renewable energy
technology. Likewise, an end-of-life product stewardship program may result in long-distance shipping of waste that may result in severe increases in PM emissions. Yet the regulations provide no safeguard against such an outcome or any way to consider the consequences.

Upon receipt of the Tier II Alternative Assessment, DTSC has authority to take a range of regulatory responses. DTSC may ban the product upon a showing that there is a functionally equivalent alternative that is safer, available, and affordable. Additionally, DTSC may restrict the use of the product and/or require the Responsible Entity to institute a take-back program or engineer safety measures. Some of these regulatory responses may have unintended adverse public health or environmental impacts.

If the alternative product (or the Priority Product, if the manufacturer chooses to retain the Priority Product) is required to be managed as a hazardous waste at end-of-life, the responsible entity and/or manufacturer must establish, maintain and fund within 2 years an end-of-life product stewardship program, and provide product information to consumers. While this requirement is clearly intended to avoid exposure to hazardous waste, it may result in impacts to air quality and public health. Those impacts may be relatively less important to DTSC, but cannot be ignored.

For example, an end-of-life product stewardship program may result in shipping or transporting of Priority Products to specialty recyclers that only operate in certain parts of the world. Transporting those products may result in the use of large quantities of diesel fuel with air quality impacts to coastal communities and communities close to major transportation arteries. Such an end-of-life stewardship program could be proposed by the responsible entity and accepted by DTSC without any appropriate analysis on the impacted communities. In fact, DTSC would not be able to properly analyze public health impacts in foreign countries (or even locally) from the shipping or transportation of these products. Cumulatively, increased transportation related to waste management could have very negative health impacts that cannot be analyzed by DTSC and most likely will not be analyzed by the relevant resource agency (because there is no consultation requirement built into the regulations). In short, the end-of-life stewardship program may have significant adverse impacts on public health or the environment and those impacts are not mitigated in the regulations in any way.

Additionally, DTSC has authority to ban a product entirely. It is possible under the proposed regulations that a company with an environmentally beneficial product, like solar panels or electric car batteries, may be forced to cease selling their products in California if reformulation is possible. This may drive up the cost of products that benefit the environment and pose very little risk to public health. This may result in significant adverse impacts by stunting growth in the renewable energy market.

For example, DTSC could ban an electric car battery that can be reformulated even if the reformulation results in slightly reduced energy storage. The reformulation may put the car company at a competitive disadvantage, but that may not be a significant factor for DTSC. Then the car company faces a choice of either withdrawing from the market or selling an inferior (even if slightly) product. Economically, it may be worth it to withdraw the product. California would then lose the significant benefits that may be realized from having the product on the market that may reduce air emissions – causing significant environmental impacts. The air impacts from that decision could have a significant adverse impact on public health or the environment not protected by the regulations.

In sum, even though the regulatory responses are intended to benefit the environment, there are certain significant adverse impacts to public health or the environment that may result. The
possibility of these impacts precludes the Council from finding that no adverse impact may result from the proposed regulations. These examples discussed above are just a few of the hundreds of possible significant adverse impacts to public health or the environment that may result from the regulations.

C. The Alternatives Assessment May Discourage Environmentally Beneficial Innovation

The regulations may also cause unintended environmental impacts by stifling or slowing product innovation. While DTSC maintains that the regulations encourage early reformulation, it is possible that in some circumstances a manufacturer (or responsible entity) will choose not to undergo any innovation or reformulation because the Tier I Alternatives Assessment report would require the company to reveal too much information about its business and product, including its reformulation. This could result in a subtle but cumulatively significant impact by slowing improvements to products that could reduce or avoid significant adverse impacts to human health or the environment.

For example, a chemical manufacturer may be able to reformulate an intermediate chemical used in the manufacturing process by using bio-chemicals that costs less and provide benefits to the manufacturing process. However, the manufacturer may then be forced to reveal the reformulation in the Tier I AA Report, even if the intermediate chemical would never have been subject to the final regulatory process of undergoing a Tier II AA and report because it was never listed as a Priority Product. Instead of putting efforts into reformulating that intermediary product, which may benefit the manufacturing process but also all of the competitors, the manufacturer may instead devote resources elsewhere because it would never realize the benefit of the improved reformulation over its competition. This disincentive to innovate, cumulatively, could have a very serious impact on public health or the environment - not by harming it, but by slowing the progress California has made over the last 40-years towards reducing our environmental impacts.

Also, the regulations may stifle innovation by increasing the regulatory burden on new technologies. Specifically, by excluding nano-technology from the de minimis exemption, so that nano-materials can never meet the exemption and will always be required to conduct an expensive time-consuming Tier II review, DTSC is putting a particularly high burden on those companies innovating with this vital technology. Nano-technology is becoming increasingly important for thin-film solar technology and other renewable energy product developments. The technology often allows manufacturers to significantly reduce the amount of overall material required for manufacturing as well as a reduced use of solvents and other ancillary chemicals. Yet by adding an additional burden to nano-technology innovators, the regulations could slow or stall these reductions in hazardous chemicals, along with slowing advances in renewable energy technologies and more energy and water efficient products. On a cumulative level, this impact could significantly slow the progress towards a cleaner environment, which may also result in a significant impact to public health or the environment. There is simply no way to know based on the process in place.

Lastly, the regulatory process may discourage the reuse of products already in the marketplace, causing significant increases to landfills and preventing useful innovations. For example, if a product is listed as Product of Concern and ultimately banned from sale, then marketplaces like eBay, recyclers or resellers may be banned from reselling products that are already in the marketplace. This will add to landfill and may cause increased exposure to some communities. More broadly, due to the inherent variability in the composition of recycled plastics and other complex recycled materials, it is difficult for manufacturers to know exactly what chemical
impurities such as low level additives are present at what levels in each batch of materials. Therefore any use of a Priority Product in the downstream markets, like recyclers, may violate product sale bans by (accidentally) reusing Priority Products as part of the recycling process. To avoid this outcome, recyclers may need to stop recycling and reusing certain products. This will limit productive reuses and innovations in the recycling markets, and may create an adverse impact by discouraging innovation in the use of recycled materials, resulting in adverse solid waste impacts.

In sum, the disincentive to innovate could result in significant adverse impacts to public health and the environment. By overstating the benefits of the regulation and forcing the regulated community to go through an expensive process with little ultimate value, DTSC’s regulation will also have an unintended adverse impact on economically disadvantaged populations through increased cost of necessary products sold in California. This will have a disproportionate impact on these populations denying them choice because of limited income and fewer products being available in the marketplace. The Council must therefore require DTSC to conduct a multimedia analysis of its regulations as the Legislature required.

V. Conclusion

Even though the proposed regulations are designed to benefit public health and the environment, they may result in significant adverse impacts. These significant adverse impacts may be offset by benefits, but cannot be discounted by the Council when making a determination whether there is any possibility of a significant adverse impact. In other words, the Council cannot conclusively determine that the proposed regulations will not, in any way, adversely impact public health or the environment. The Legislature required that the Council conduct a thorough review of the process put in place by DTSC intended to reduce public health and environmental impacts from chemicals. We ask that the Council fulfill its role in this vitally important process. A full multimedia review will allow EPC, DTSC and the public to become better informed about the options available to DTSC to implement the Green Chemistry laws.

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