ARNOLD & PORTER LLP

Key California Environmental Regulations and Legislation & Impact on EHS



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Agenda: How California Chemical Regulations Are Shaping EHS Policy

- California Green Chemistry Initiative
- Other California and State Programs
- Chromium-6 Drinking Water Standard
- TCE and Vapor Intrusion
- Trends and Policy Implications



California's Green Chemistry Initiative

- Governor Schwarzenegger signed Green Chemistry Legislation in 2008
 - Requires "process to identify and prioritize those chemicals or chemical ingredients in consumer products that may be considered as being a chemical of concern"
 - Establishes Toxics Information Clearinghouse



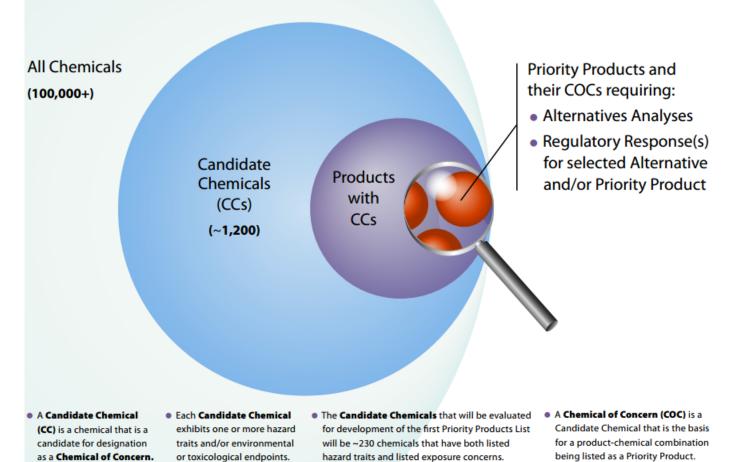


California's Safer Consumer Products Program

- Step 1: Chemical List The regulations establish an immediate list of Candidate Chemicals (~1,200)
- Step 2: Products –DTSC must develop a list of "Priority Products" for which Alternatives Analyses must be conducted



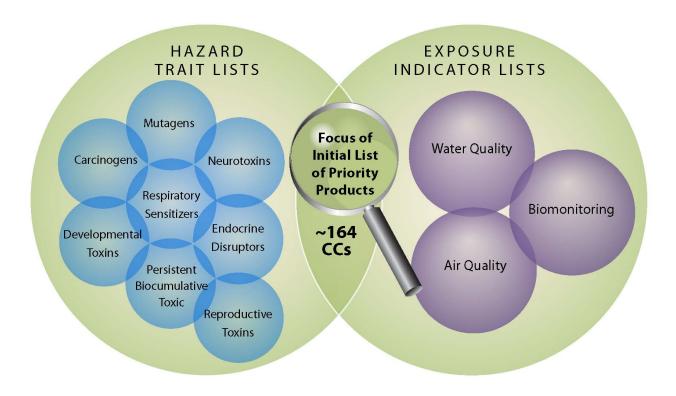
Overview: The Safer Consumer Products Regulations



Department of Toxic Substances Control

January 2013

Initial Candidate Chemical List



Department of Toxic Substances Control

September 2013

California's Safer Consumer Products Program

Step 3: Alternatives Analysis



- Responsible entities (manufacturers, importers, assemblers, and retailers) must notify DTSC when their product is listed as a Priority Product.
- DTSC posts this information on its web site
- Manufacturers (or other responsible entities) must perform an Alternatives Analysis (AA) for the product
- Adverse health impacts and environmental impacts considered, as well as product life cycle



California's Safer Consumer Product Program

Step 4: DTSC Regulatory Responses

- Require labeling
- Restrict sale and/or use
- Ban sale
- Require engineered safety measures
- Require end-of-life (disposal) managem
- Require R&D program
- "any other outcome the agency determines accomplishes the requirements of this law"



Who is Liable?

- Manufacturers, importers, distributors, retailers
- Primary obligation is on manufacturer
- Downstream distributers and retailers largely depend on contracts for protection
 - Certifications
 - Indemnities





Proposed Initial List of Priority Products



- Target List (Sept 2013):
 - Paint and varnish strippers, and surface cleaners with methylene chloride
 - Spray polyurethane foam (SPF) systems containing unreacted diisocyanates
 - Children's foam-padded sleeping products containing TDCPP (tris(1,3-dichloro-2-propyl) phosphate)

Sept 2014 Draft Priority Product Work Plan

 Identifies 7 product categories that DTSC will evaluate for the Priority Products list in the next 3 years





Sept 2014 Draft Work Plan's Seven Target Product **Categories**

- Beauty, personal care and hygiene products
- Building products, specifically paints, adhesives, sealants and flooring
- Household, office furniture and furnishings
- Cleaning products
- Clothing
- Fishing and angling equipment
- Office machinery







Examples of Chemicals in Beauty Products

- Beauty, personal care and hygiene products (Skin Products, Personal Hygiene Products, Hair Products, Cosmetics/Fragrances)
 - Aldehydes, formaldehyde
 - Alkyl phenols & ethoxylates
 - Azo dyes, coal tars, lead, and lead acetate
 - Phthalates
 - Triclosan
 - Toluene





Drinking Water Standard for Chromium-6

- Effective July 1, 2014, Maximum Contaminant Level (MCL) of 10 ppb for chromium-6 in public drinking water (previously 50 ppb)
- California is first jurisdiction to regulate chromium-6 separately from total chrome in drinking water
- Chromium-6 is a "known human carcinogen", if inhaled
- Lawsuit has been filed alleging that the California Department of Public Health did not adequately consider the costs of compliance

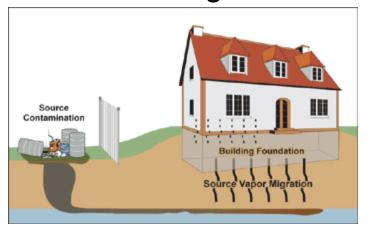




TCE in Indoor Air

EPA Region 9 and California now looking at TCE in

indoor air



- 2013 IRIS risk assessment cited as evidence that TCE causes birth defects in women exposed in 1st trimester to very small amounts of TCE for periods as short as 24 hours
- Major re-evaluation of federal Superfund sites and new DTSC and SF Water Board policies

Case Study: MEW Superfund Site



- After \$150 million cleanup, remedy reopened for vapor intrusion
- Homes and commercial buildings tested – only a few showed intrusion
- Estimated additional \$19 million in VI remedy
- Potential "evacuation" causing alarm

TCE in Indoor Air

- New standards are very low: 7
 ug/l commercial for "accelerated
 response" and 21 ug/l for "urgent"
 response
- Federal OSHA PEL: 537,000 ug/l
- Cal/OSHA PEL: 134,000 ug/l
- Significant scientific controversy about the P. Johnson study and finding of teratogenicity
- Huge implications:
 - Costs of investigation and mitigation
 - Scope (Superfund, RCRA, DOD and state sites)
 - Disruption to building owners, tenants, occupants



Trends

- Plethora of chemical regulations in California
 - Exposure Based: Proposition 65 (1986)
 - Detection Based: California Cosmetics Disclosure Law
 - California Green Chemistry
 - Various Bans
 - Lead in candy, wheel weights, jewelry
 - BPA in children's products
 - VOCs in personal care products
 - Rigid Packaging Container Act
 - Electronic Waste Disposal
 - Alameda County Pharmaceutical Ordinance

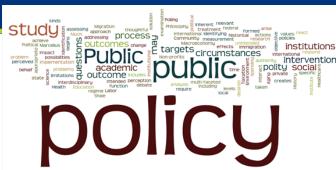


Other States Are Experimenting Too

- The Big Three
 - California (Comprehensive Framework)
 - Washington (Child Safe Products reporting only)
 - Maine (Toxic Chemicals in Child Products more regulatory tools)
- The Little Five
 - Connecticut
 - Massachusetts
 - Michigan
 - Minnesota
 - Vermont



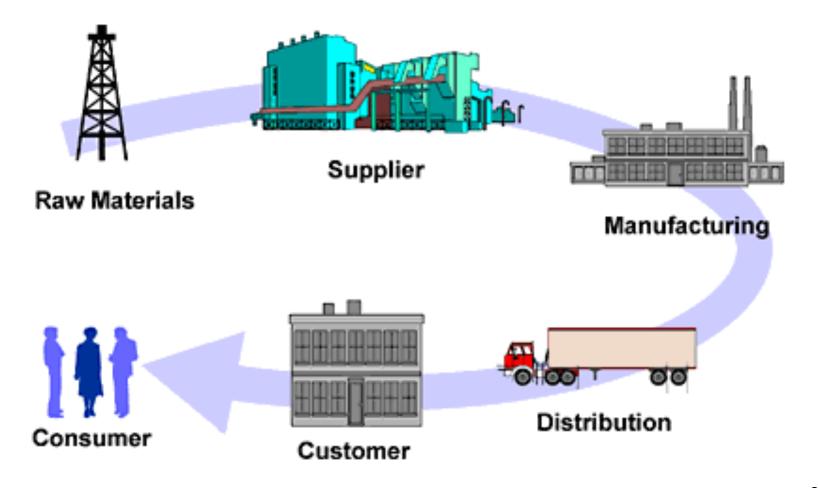
Policy Implications What Does It All Mean?



- Major challenges for international supply chain management
 - The economy is global, so is the supply chain
 - Products, not just stationary industries are regulated
 - The most stringent standard often controls
 - Testing, labeling and certification are complex
 - Independent consultants and IT solutions help
 - Chemical disclosure is being forced
 - Retailers are becoming non-governmental regulators



The International Supply Chain



Managing Chemicals: International Supply Chain

Step One

- Survey retailer standards/approved chemical list
- Search for most restrictive laws and regulations

Step Two

- Develop list of restricted chemicals
- Create standards/product specifications

Step Three

- Develop testing and supplier certifications
- Develop label review protocol

Policy Implications What Does It All Mean?



- State chemical regulations:
 - Laboratories for experimentation?
 - Or undue burdens on commerce and pre-empted by federal programs?
- Trade secret protection is challenging
 - Solutions: Black box certification, NDA disclosure, turn-key consulting businesses
- Expect more plaintiff litigation on chemicals in products
- Expertise of industrial hygienists now needed for chemical exposure assessment and alternatives analysis