August 14, 2026

To: Circular Action Alliance
From: California Retailers Association

Re: CAA California Program Plan - June 15 - Aug. 14 Public Comment Period

Submitted Electronically via Circular Action Alliance's Public Comment Portal

The California Retailers Association (CRA) appreciates the opportunity to provide comments on Circular Action Alliance's (CAA) California Program Plan for the implementation of California's SB 54 Plastic Pollution Prevention and Packaging Producer Responsibility Act.

CRA is the only statewide trade association representing all segments of the retail industry including general merchandise, department stores, mass merchandisers, on-line marketplaces, restaurants, convenience stores, supermarkets and grocery stores, chain drug and specialty retail such as auto, vision, jewelry, hardware and home stores. The California Retailers Association works on behalf of California's retail industry, a driving force of California's economy, with over 400,000 retail establishments, an annual gross domestic product of $330 billion and one fourth of California's total employment.

The retail industry is committed to the goals of SB 54, has made investments in sustainable practices and appreciates the opportunity to provide feedback and comments on the Producer Responsibility Organization (PRO) plan for SB 54. The California Retailers Association's President and CEO Rachel Michelin is an appointee to the SB 54 Advisory Board and serves as an ex-officio member of the CAA PRO California board furthering the retail industry's commitment to moving towards a circular economy. As such, retailers are deeply invested in ensuring this groundbreaking extended producer responsibility (EPR) program for creating a more circular economy for plastics and packaging is successful both for producers, local governments and, most importantly, consumers.

Below, CRA summarizes our comments on CAA's California Program Plan. We look forward to ongoing dialogue, and we are happy to make our subject matter experts available to answer specific questions or provide additional information that may be useful as CAA finalizes the PRO plan for the implementation of SB 54.

General, Overall Comments on the California Program Plan

California Retailers Association encourages CAA to strengthen the California Program Plan through greater implementation certainty, harmonization of packaging design and eco-modulation requirements across states; increased transparency around future fee obligations; clearer guidance regarding source reduction compliance for growing businesses; and stronger linkage between compostable packaging incentives and available end-of-life infrastructure.

Additionally, we recommend greater accountability and performance reporting for producer-funded investments, which will help ensure resources are deployed effectively and deliver measurable progress toward California's recycling, circularity, and source reduction goals.

Greater Implementation Certainty and Visibility Needed
Reference: Introduction; Pages 1-3

CAA acknowledges that the California Program Plan was developed amid significant regulatory delays and uncertainty. We recognize these challenges; however, producers are being asked to make substantial long-term packaging, sourcing, supplier, and capital investment decisions with limited clarity regarding future requirements.

The California Retailers Association recommends that CAA publish a more detailed implementation roadmap identifying anticipated timing for:

- Fee methodology updates and annual fee-setting decisions;
- Eco-modulation criteria development and implementation;
- Producer reporting requirements and data requests, including level of detail expected and required in reporting;
- Material designation updates;
- Exemption and phase-in decisions;
- Source reduction compliance milestones and specific and concrete incentives and consequences shared well in advance of enforcement of such mechanisms; and
- Processes and expectations for required reporting revisions or adjustments, with a particular focus on the 2023 baseline.

Providing greater visibility into future program requirements will allow producers to more effectively plan business investments, avoid unnecessary redesign efforts, and better support achievement of SB 54 objectives.

Additionally, significant future program changes should be communicated with sufficient lead time to allow for operational implementation.

Improve Fee Predictability and Transparency

Reference: Chapters 8-10

The California Program Plan contains a projected five-year budget ranging from approximately $9.4 billion to $17.2 billion and includes several future program elements that remain under development. This creates significant uncertainty regarding producers' future financial obligations.

The California Retailers Association requests CAA publish annual variance analyses comparing budgeted versus actual expenditures. Additional requests to address producer uncertainty around their financial obligations for SB 54 also include providing greater transparency regarding assumptions driving low- and high-cost budget scenarios; providing opportunities for producer review and feedback before significant fee methodology changes are adopted; and enhancing transparency, which will improve producer confidence and support more accurate business planning.

Materials Strategy and Covered Material Category Compliance Plan

Reference: Chapter 3 Packaging Design Interventions; Pages 105-107

CAA proposes future packaging design interventions and additional criteria for identifying packaging attributes that negatively affect recyclability.

The California Retailers Association recommends CAA prioritize alignment with nationally recognized packaging design standards, such as the APR Design Guide, and seek harmonization with design requirements being developed across other EPR programs.

We encourage CAA to avoid establishing California-specific design requirements where existing nationally recognized standards are available. Divergent state-by-state design expectations could:

- Increase producer compliance costs;
- Create supply chain complexity;
- Slow implementation timelines; and
- Reduce the environmental benefits gained through scale and harmonization.

To the extent additional California-specific requirements are proposed, CAA should clearly demonstrate the incremental environmental benefit and provide extended implementation timelines.

Growth, Acquisitions and Portfolio Changes

Reference: Chapter 6 Source Reduction; 6.2.3.1; 6.2.3.3

CAA's California Program Plan notes that source reduction performance will be measured against a 2023 baseline and that no allowance exists for future growth.

The California Retailers Association requests that CAA provide additional guidance regarding how source reduction performance will be evaluated for producers that experience:

- Business growth;
- Acquisitions;
- Divestitures;
- Portfolio changes; and
- New product introductions.

Given normal business evolution over a nearly decade-long compliance period, clearer guidance is needed to ensure requirements remain equitable while preserving incentives for innovation and growth. CRA believes compliance pathways should appropriately recognize material changes in business structure that occur after the baseline year.

Further, there is no allowance for growth in 6.2.3.1 of the California Program Plan. SB 54 does not allow CAA to account for increases in packaging usage that may result from increases in consumer sales between 2023 and the target years. This does not account for packaging reduction or conversion efforts that may have occurred prior to 2023.

And in 6.2.3.3 dealing with alternative compliance, SB 54 denotes the use of Post Consumer Recycled (PCR) as Alternative Compliance with SB 54 targets. Up to 8% of the 25% source reduction target can be achieved through alternative compliance. This is a positive allowance, but it would be more realistic to consider the distinction between necessary plastics that outperform or weigh less (therefore creating fewer transportation emissions) than paper packaging.

CRA acknowledges that these latter two points in our letter under Chapter 6 of the California Program Plan are likely concerns and comments related more to the SB 54 statute than the PRO's California Program Plan, but we feel it is important to highlight the issues for the record with Circular Action Alliance.

Specific questions that raise concern for the California Retailers Association in this section of CAA's California Program Plan is if a company reduces packaging on a per product level, for example, a polybag is right-sized/weighs less or recycled material is introduced reducing virgin content, but overall packaging volumes increase based solely on that company's sales increasing, is there no accounting for those decreases? Does the company just pay more because it sold more? If so, where do the eco-modulated fees come in? This is hugely problematic because, as a result, the SB 54 statute then punishes good business performance despite reduction/conversion success.

Lead Time for Packaging Design

Reference: Chapter 10; Eco-Modulation

CAA proposes phased eco-modulation implementation beginning in 2027, with additional criteria introduced in future years.

Producers require substantial lead time to:

- Redesign packaging;
- Source alternative materials;
- Validate product performance;
- Conduct regulatory reviews; and
- Coordinate with suppliers and manufacturers.

The California Retailers Association recommends CAA publish eco-modulation criteria and associated fee impacts at least 12-24 months prior to implementation whenever feasible. Adequate lead time will help producers implement meaningful design changes while minimizing unintended business disruption.

Eco-Modulation Harmonization

Reference: Chapter 10; Eco-Modulation

The California Retailers Association requests CAA continue prioritizing harmonization with other United States EPR programs when developing future eco-modulation requirements. Consistent requirements across states are more likely to drive meaningful packaging improvements than unique state-specific requirements.

Accountability for Producer-Funded Investments
Reference: Chapters 2,3, and 8

The California Program Plan anticipates significant investments in collection systems, Material Recovery Facility (MRF) upgrades, secondary sorting infrastructure, end market development, and reuse systems. Producers will ultimately fund these investments through program fees.

The California Retailers Association recommends CAA establish transparent performance metrics and reporting requirements for funded projects, including:

- Additional tons recovered;
- Contamination reduction;
- Recycling rate improvements;
- Cost-per-ton efficiency metrics; and
- Demonstrated environmental outcomes.

Annual reporting should clearly communicate whether funded investments are delivering expected results and achieving measurable progress toward SB 54 objectives. In addition, CRA recommends that Circular Action Alliance establish objective project evaluation criteria and publicly report project-level outcomes to improve accountability and ensure producer funds are being directed toward the most effective solutions.

Cosmetic and Personal Care Products

The California Retailers Association recommends CAA establish a process for producers to submit sector-specific technical evidence before a Covered Material Category (CMC) or packaging format is deemed to have no viable pathway and is assigned to phase-out. For cosmetics and personal care products, packaging selection may be necessary to maintain formula compatibility, microbial protection, product stability, controlled dosing, consumer hygiene, and overall product safety.

Cosmetic and personal care packaging plays a critical role in protecting formula integrity, controlling dosage, preventing contamination, preserving active ingredients, and enabling safe product use. The California Program Plan acknowledges that CAA may submit health-and-safety or “unsafe to recycle” exemption applications on behalf of producers, generally at the packaging or product-class level. However, it does not explain the review timeline, submission process, or how CAA will address industries with validated technical constraints. CAA should consider allowing producer-supported health-and-safety and unsafe-to-recycle exemption requests.

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Mitigation Fund General Comment

The California Retailers Association strongly recommends that Circular Action Alliance put guardrails in their California Program Plan with local governments, which should not be able to receive monies out of the mitigation fund or from SB 54 to push any type of EPR programs at the local level. We cannot have a philosophy in California or anywhere else where we pass laws only to fix them later. It is extremely expensive for consumers and the rest of the economy to look at policymaking that way. We must fix existing policies before piling on new ones.

We, again, appreciate the opportunity to share our comments on CAA's California Program Plan and stand ready to continue assisting CAA in ensuring this monumental Packaging Extended Producer Responsibility Program decreases plastic waste, moves California closer towards a circular economy and sustainable waste management system while also keeping affordability for consumers top of mind and at the forefront of implementation.

If you have any questions or need additional information on any of the issues raised in this letter, please do not hesitate to contact me directly either at 916/443-1975 or Sarah@calretailers.com.

Sincerely,

Sarah Pollo Moo
Vice President, Operations and Sustainability Compliance
California Retailers Association