November 13, 2026

Department of Resources Recycling and Recovery (CalRecycle)
1001 I Street
Sacramento, CA 95814

Re: PRO Plan Comments

Submitted Electronically to Packaging@CalRecycle.ca.gov

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. CRA encourages both CalRecycle and CAA to implement the SB 54 Packaging EPR program in a way that reduces unnecessary administrative complexity, provides sufficient transition time, rewards measurable packaging improvements, and ensures that producer investments deliver measurable environmental outcomes. 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

Timing and compliance: The California Retailers Association is concerned about Covered Material Categories (CMCs) being phased in to meet recycling-rate targets, particularly given merchandise's approximately two-year product development cycle and additional material testing. Greater flexibility

or extended deadlines will be needed where materials cannot meet the 2028 recycling-rate targets.

Demonstrating and validating recyclability remains a concern.

Complex recyclability standards: California's recyclability requirements involve numerous factors beyond the base material, including color, inks, adhesives, additives/barriers, contaminants, size and packaging format, making compliance and recyclability determinations more complex.

Limited packaging alternatives: Viable alternatives are not currently available for certain applications, including small packaging components and fasteners, multilaminate pouches and films, moisture-barrier coatings, and flexible film for shrink/tamper seals.

Ensure eco-modulation rewards measurable packaging improvements
CRA supports eco-modulation that creates clear incentives for better packaging design. Producers that demonstrate improved recyclability, component elimination, lightweighting or other verified design improvements should receive predictable recognition in their fee treatment. CAA should leverage established standards, wherever appropriate, while providing adequate notice before introducing new penalties or detrimental-feature classifications.

Develop practical recovery pathways for film and flexible packaging
CalRecycle should ensure that CAA continues to recognize that film and flexible packaging requires multiple recovery pathways rather than relying primarily on curbside collection. Commercial retail and distribution operations can generate relatively clean, consolidated film streams. CAA should therefore explore dedicated pathways and incentives for back-of-house PE film, distribution-center stretch and shrink film, consolidated retailer collection and verified delivery to responsible end markets.

Account appropriately for health, safety and other functional packaging requirements
CAA's exemption and eco-modulation frameworks in the PRO plan should account for packaging characteristics necessary to meet legitimate health, safety, product-protection, tamper-evidence or regulatory requirements. This is especially important for healthcare-related products. The SB 54 Packaging EPR program should continue to encourage environmental improvement while avoiding incentives that unintentionally compromise product integrity, consumer safety or regulatory compliance.

Simplify reporting and harmonize requirements across state EPR programs
CRA encourages CAA to harmonize material classifications, component definitions, reporting methodologies, templates and evidence requirements across California and other CAA-administered programs wherever state law permits. Companies operating nationally can face substantial complexity when essentially the same packaging must be classified or reported differently by state. A common core data structure would reduce administrative burden without diminishing program outcomes.

Improve reporting tools for large SKU portfolios and supplier-dependent data

CAA's reporting infrastructure should recognize that producers managing large product portfolios frequently depend on suppliers for packaging composition and weight information. CAA should provide standardized supplier templates, bulk-upload capabilities, SKU-to-CMC mapping support, clear validation/error reports and reasonable mechanisms for correcting good-faith reporting errors. Material changes to reporting guidance should also be finalized with sufficient implementation lead time.

Strengthen accountability for the use and environmental impact of producer funds
Given the scale of producer funding contemplated under SB 54, CAA should provide clear visibility into how fees translate into infrastructure investments and environmental outcomes. Material-specific investments should have defined objectives, budgets, implementation timelines, and performance measures, with regular reporting on whether investments are achieving anticipated improvements in recycling, source reduction, reuse and responsible end-market development.

In Summary on our generalized comments, the 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.

Specific Concerns Centered Around Unpredictable Costs, Burdensome Data Collection, and Unclear Reporting Expectations all of which will increase costs on producers and, more importantly, consumers.

Unpredictable fees (PRO Plan reference: Ch. 8, §§8.2–8.3; Ch. 9, §§9.3–9.7):
Fees can change annually, making budgeting difficult for producers, which can drive up costs for consumers as producer budgets become unpredictable and unmanageable.

CRA urges CalRecycle and CAA to improve fee transparency and predictability in the PRO plan. We recommend that CalRecycle require CAA to provide greater transparency into how producer fees are calculated, including Cost-to-Manage assumptions, material-level cost allocations, program investments and the drivers of significant year-over-year fee changes.

Producers should receive sufficient advance notice of changes to support normal budgeting, sourcing and packaging-planning cycles. CAA should also consider a producer-facing fee calculator and clearly itemized invoices distinguishing base fees, eco-modulation, reuse investments and other assessments.

Plastic component fees (PRO Plan reference: §9.6):
Fees based on both weight and component count will increase costs for lightweight apparel packaging for both producers and, more importantly, consumers.

Reporting burden (PRO Plan reference: §11.3):
Detailed packaging data from suppliers may be difficult to collect.

Source reduction requirements (PRO Plan reference: Ch. 6, §§6.2, 6.4, 6.6; §11.3):
This section in the PRO plan will require documenting historical packaging reductions and future reduction plans.

Limited fee incentives (PRO Plan reference: Ch. 10, §§10.5–10.6):
Some eco-modulation incentives aren't available until 2029, delaying savings from sustainable packaging improvements.

Audit and penalties (PRO Plan reference: §11.3):
Additional documentation requirements and penalties for reporting errors or noncompliance.

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.

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.

Key Questions for CalRecycle and the PRO:

Fee transparency (Ch. 9): Can Circular Action Alliance provide predictable fee estimates and a detailed fee calculator?

Reporting burden (Ch. 11): Can reporting be simplified and aligned/harmonized with other state EPR programs?

Historical data (Ch. 6): What flexibility exists for estimating historical packaging reductions when companies lack records?

CRA, again, appreciates the opportunity to share our comments on CAA's California Program Plan and stand ready to continue assisting CalRecycle and 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