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VOC CONCENTRATION LIMITS FOR CERTAIN PRODUCTS REGULATIONS - APPLYING FOR ALTERNATIVE COMPLIANCE OPTIONS

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Mary Ellen Perkin
Manager, Consumer and Cleaning Products
Chemical Production and
Products Division



Canada

VOC CONCENTRATION LIMITS FOR CERTAIN PRODUCTS REGULATIONS

- Establishes VOC limits for approximately 130 product categories and subcategories including:
 - Personal care products
 - Automotive, household maintenance and cleaning products
 - Adhesives, adhesive removers, sealants and caulks
 - Other miscellaneous products
- Applies to products **manufactured in or imported into Canada**
 - No restriction on sale; products in Canada prior to January 1, 2024 (January 1, 2025 for disinfectants) have no limit on sell-through
- Important dates
 - **January 1, 2023:** companies can start applying for alternative compliance options including permits and generation of compliance units
 - **January 1, 2024:** limits in effect for all products (except disinfectants)
 - Permits must be in place prior to manufacture or import of products that exceed the limits
 - **January 1, 2025:** limit in effect for disinfectants

COMMON QUESTION – SELECTING PRODUCT CATEGORIES

- Does your product appear in Schedule 1 or 2 of the Regulations?
- To classify a product, consider:
 - the information on the product's container/label and/or
 - any documentation relating to the product that is supplied by the product's manufacturer or importer or their authorized representative.
 - Vendors that are linked to your own web site are considered as authorized representatives.
- Note: It is possible for products to have multiple purposes. In most cases, if a product belongs to more than one product category, the applicable maximum VOC concentration is the lowest for the product categories to which the product belongs.

SCOPE AND APPLICATION (CONT'D)

- **Products that fit in more than one category** need to meet the lowest limit
 - Except antiperspirants, deodorants, hair shine products and general purpose cleaners
- For **concentrated products**, limits apply once diluted as per instructions on the label or accompanying documentation
 - Except multi-purpose solvents and paint thinners
- Manufacturers and importers must **label the product** with date of manufacture (or date code)
 - If a date code is used, you must inform the Minister how to read the code
- **No mandatory testing** requirements
 - ECCC published guidance materials to identify test methods to verify regulatory compliance
- **No general reporting** requirements
 - Companies choosing to participate in alternative compliance programs may have reporting obligations
- **Records and supporting documents must be kept at the person's principal place of business in Canada** or any other place in Canada where they can be inspected
 - If records are not kept at the person's principal place of business, the person must provide the Minister with the civic address in Canada of where they are kept
 - Records and supporting documents must be retained for at least five years after the day on which they are made

ALTERNATIVE COMPLIANCE OPTIONS (ACO) OVERVIEW

1. Permit – Technical or Economic Non-feasibility (TENF)

- Temporary permit for products that will be otherwise unable to comply when the regulatory limits come into effect for technical or economic reasons
- Application must include evidence, and a plan and timeline to reach compliance

2. Permit – Product Whose Use Results in Lower VOC Emissions (PULE)

- Allows innovative products to exceed the VOC concentration limit if, as a result of product design, formulation, delivery or other factors, it results in lower total VOC emissions than a comparable compliant product when used according to manufacturer's written instructions

3. VOC Compliance Unit Trading System (CUTS Permit and Credit)

- Allows companies to:
 - Generate compliance units for products reformulated to reduce VOCs below the regulatory limits
 - Transfer unused compliance units to other companies
 - Balance emissions from products that exceed regulatory limits using compliance units
 - Permits are needed for products that exceed regulatory limits
- **Information regarding permits issued and the associated products will be made public to promote transparency**
 - Company and product names.

1. PERMIT – TECHNICAL OR ECONOMIC NON-FEASIBILITY

- Temporary permit for products that will be otherwise unable to comply when the regulatory limits come into effect for technical or economic reasons
- Provides temporary flexibility for manufacturers and importers to meet requirements in the Regulations.
- Conditions for issuance include:
 - Evidence that it is not technically or economically feasible to reduce the concentration of VOCs in the product at the time of application
 - A plan identifying detailed steps to ensure the product will meet the limit
 - Specification of the period of time (not more than two years from date of issue of the permit) in which the plan will be fully implemented
- Permits must be applied for in advance of January 1, 2024 (or January 1, 2025 for disinfectants)
 - Would be valid for up to 2 years from the date issued.
 - Renewable once for a second period up to 2 years.
 - Applications for renewal must be submitted 90 days prior to expiry

2. PERMIT – PRODUCTS WHOSE USE RESULTS IN LOWER VOC EMISSIONS

- Allows innovative products to exceed the VOC concentration limit if, as a result of product design, formulation, delivery or other factors, it results in lower total VOC emissions than a comparable compliant product when used according to manufacturer's written instructions.
- Conditions for issuance of this type of permit include providing:
 - Contact information
 - Trade name, concentration and applicable product category
 - Estimated quantity manufactured or imported in a calendar year
 - Evidence that establishes that the product use results in lower VOC emissions than a compliant product from the same category
- Valid for up to 4 years from the date issued.
 - Renewable - Applications for renewal must be submitted 90 days prior to expiry

3. VOC COMPLIANCE UNIT TRADING SYSTEM

- **Companies with products that exceed regulatory limits can comply by balancing their emissions with:**
 - Other products with VOC levels reformulated to below the regulatory limits (averaging); or
 - By purchasing compliance units (trading)
- **A Permit** would be required for products that exceed regulatory limits to facilitate enforcement.
 - Permits would be cancelled if annual reporting of actual quantities shows emissions are not balanced (or lower)
- **To apply** companies need to provide information on:
 - Products that will exceed limits
 - A plan to compensate for VOCs in excess of limits by earning or trading compliance units. Companies provide forecasted manufacture and import data to demonstrate that overall emissions will be neutral or reduced
 - Please reference the specific notification that will generate the compliance units
- Calculations and issuance of compliance units based on a calendar year.
- **Companies trading compliance units must jointly apply to the Minister.**

3. VOC COMPLIANCE UNIT TRADING SYSTEM (CONT'D)

- **Generating Compliance Units:**

- Companies must submit a **notice of intent to generate compliance units** before **October 1 of the year in which they want to start earning compliance units** including product information, forecast quantities, reformulation details, etc.
- Compliance units can be earned from the date of application or reformulation to the end of year for products that have been reformulated to reduce VOCs
 - The reformulated products must be the same product before and after reformulation
- Requires **reporting** of actual quantities in Canada (manufactured + imported – exported) **by March 1** of the following year
 - Companies must also signal intent to continue in the program and update quantity forecasts
- Companies will be issued compliance units within 60 days of a complete report.

- **Using Compliance Units:**

- Earned compliance units are available for use or trade for 2 years
- Requires **reporting by March 1** of the following year for any year where there is an active permit or where compliance units are used
- If a company holds a permit but does not submit a report, or if the report does not demonstrate how they will balance emissions, the permit will be cancelled

ACO STATUS – AS OF NOV 14, 2023

ACO Type	# Applications	# Companies	Eligible	Not Eligible	Under review	Withdrawn by Company
TENF	34	11	-	12	21	1
PULE	8	1	8	-	-	-
CUTS – Notification to Generate	31	4	10	2	4	15
CUTS - Permit	12	2	2	-	10	-

HINTS FOR A SUCCESSFUL ACO SUBMISSION

- The application must be from a manufacturer or importer in Canada
 - The authorized representative can be from outside of Canada
- Requirements for each of the alternative compliance options are outlined in the corresponding application or reporting form.
 - Ensure that you address all the requirements outlined in the forms
 - Where evidence is requested, you may be required to provide copies of testing or technical data to allow ECCC to verify the information provided.
 - When asked for a plan, ensure it is sufficiently detailed and shows clearly how you will meet the objective within the timeframe requested in the permit application.
- Double check your math, and ensure your calculations and conversions are correct
 - It is helpful if you show your calculations
- The application must be signed
- To help us process your request more quickly, please follow the format/storyline of the application form
 - If we have to search for the required regulatory requirements in your application, it takes longer, and risks that we may miss important information

USEFUL REFERENCES AND CONTACT INFO

For more information:

VOCs in certain products: <https://www.canada.ca/en/environment-climate-change/services/managing-pollution/sources-industry/volatile-organic-compounds-consumer-commercial/certain-products.html>

- [Alternative Compliance Options](#) Information and forms

ECCC published two guidance documents:

- [Regulatory Fact Sheet](#)
 - Overview of the key aspects of the Regulations and guidance on the manufacturing and processing exemption
- [Laboratory test method](#) - Based on CARB 310
 - Analytical Methods for Determining VOC Concentrations and VOC Emission Potential for the *Volatile Organic Compound Concentration Limits for Certain Products Regulations*
 - This methodology will be used by enforcement personnel to determine compliance with the regulatory provisions

CONTACT US:

Chemical Production and Products Division

- Email address: produits-products@ec.gc.ca
- Phone number: 819-938-4483 / 1-888-391-3426