**Alert**

Privacy Act Rules: Business Needs More Time to Comply

The California Chamber of Commerce is urging the Attorney General to delay the enforcement date for regulations implementing the California Consumer Privacy Act (CCPA). The CCPA requires business owners to be in full compliance by July 1 of this year, but there are no regulations with which to comply.

The Attorney General posted the second draft of the regulations on February 10, seeking comments for 15 days. Under the typical regulatory timeline (see below), it will be at least another 30 days, plus time for the Attorney General to review the comments received, before a final regulation can be in place.

As CalChamber Policy Advocate Shobh Mohammed pointed out in a *Capitol Insider* blog post this week: “The rushed compliance timeline means that a beauty salon owner who is ready to pay her lawyer to make sure she's following the rules can't do it today. It means the real estate agent who is ready to pay her web designer to update her website to

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HR Experts Explain Leaves of Absence

Bianca Saad, CalChamber employment law subject matter expert, covers a few of the wide variety of California leave laws (such as jury duty/witness leave, domestic violence, sexual assault and stalking leave, and school activities leave) at a recent CalChamber seminar. More dates for the seminar, “Leaves of Absence: Making Sense of It All,” are scheduled later this year. For more information, visit calchamber.com/store.

New Recycling Paradigm Fraught with Challenges

“Living is easy with eyes closed.” John Lennon wasn’t talking “trash” when he said this, but the quote fairly describes how California approached recycling for decades.

In the early 1990s, several California communities pioneered “single-stream” recycling to simplify and encourage more household participation in the recycling system. Subsequently, large and small municipalities across the United States began single-stream programs of their own.

The thought was that single-stream recycling meant households no longer had to painstakingly separate every material type, which was laborious and led to less participation. Instead, consumers could simply throw all their recyclables—whether it’s paper, plastic, glass or metal—into a single bin, drag it to the street, and have it emptied each week. Who knew saving the planet could be this easy?

Unfortunately, it isn’t.

Unintended Consequences

While single-stream recycling programs increased household participation in the recycling system, it came with some significant unintended consequences, one of which was contamination. And lots of it.

Today, the average contamination rate among communities and businesses

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Inside

Key Employment Law Issues When Addressing Workplace Illnesses

Our employee has recently returned from traveling in an area where there is an illness epidemic. What can we do to address the employee’s exposure and protect our workplace?

Under the federal and California Occupational Safety and Health Act (OSHA), an employer has an obligation to provide a safe and healthy work environment. However, managing illnesses in the workplace implicates a number of medical and privacy concerns that an employer must balance.

Injury/Illness Prevention Plan

Part of an employer’s OSHA obligation to provide a safe and healthy work environment is the creation and implementation of an Injury and Illness Prevention Plan (IIPP). The IIPP should contain a communicable disease policy and procedure that includes employee awareness training regarding diseases, procedures for reporting and addressing symptoms, and procedures for issuing personal protective equipment, if necessary.

Medical Screenings, Exams, Vaccinations

Employers must use caution and should consult with legal counsel before requiring current employees to undergo medical screenings or examinations to test for illnesses.

Under these circumstances, a medical screening or examination can occur only when the employer, based on objective evidence, observes symptoms which indicate that an employee may suffer from a medical condition that impairs that individual’s ability to perform essential job functions or poses a direct threat to the safety of others.

This means that an employee who has returned from a region experiencing an epidemic, but without symptoms, likely cannot be subject to a required medical examination.

If an employee is demonstrating symptoms, you may require the employee to leave the workplace because that individual is a direct threat to the safety of others, and may require the employee to undergo a medical examination to verify that it is safe for the employee to return to work.

For diseases for which there are vaccinations, most employers may not require employees to be vaccinated unless the employer can show that the immunization is job-related and consistent with business necessity.

Even in situations where an employer may require vaccinations, there may be additional religious accommodation issues to explore with legal counsel.

Leaves of Absence

Although most cases of seasonal illnesses do not constitute a “serious medical condition,” complications from an illness may create a serious medical condition that requires the use of available job-protected leave under the federal Family Medical Leave Act and the California Family Rights Act.

Of course, any contraction of an illness is a qualifying reason to use California Paid Sick Leave time.

Maintaining Privacy

As with any issue involving an employee’s health and medical conditions, any information the employer receives must be held private.

When employees inquire about the steps the employer is taking to protect workers from illnesses, the employer needs to prepare an appropriate message that addresses employees’ concerns while also protecting employee privacy.

Column based on questions asked by callers on the Labor Law Helpline, a service to California Chamber of Commerce preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.
Workers’ Compensation Retaliation Claim Pitfalls to Avoid

**The Workplace**

Employees who get injured at work, whether due to an accident or an illness, can file a workers’ compensation claim. What employers may not know is that employees who file a workers’ compensation claim are protected from retaliation. In Episode 50 of The Workplace podcast, CalChamber Executive Vice President and General Counsel Erika Frank and employment law expert Jennifer Shaw discuss workers’ compensation retaliation claims and provide tips on how to avoid common problems.

**Labor Code Section 132a**

California Labor Code Section 132a prohibits employers from retaliating against any employee who has filed a workers’ compensation claim. Shaw reminds listeners, “Don’t be driven when making representations. There is the workers’ compensation claim. This thinking is just settle under the underlying workers’ compensation system, Shaw comments.

On one hand, there are “serious and willful” claims where employers didn’t protect the employee, so in that case there is a fault. But for basic, generic workers’ compensation claims, “It doesn’t matter why it happened, it happened, let’s fix the problem,” Shaw says.

“Retaliation is all about fault,” Shaw notes. “It’s all about blaming the employer for something that has happened.” A causal connection is needed for any retaliation claim.

“Fine, I filed a workers’ comp claim and I was fired, but was I fired because I filed the workers’ compensation claim? Where is that causal connection?” Shaw asks.

**Claim Adjuster’s Advice**

Questions about laying off an employee or an employee’s performance issues before going out on leave for a workers’ compensation reason need to be brought up with your human resources department and employment law counsel, not your workers’ compensation counsel, Shaw clarifies.

Employers can struggle with the advice they receive from their workers’ compensation carrier. A carrier may say, “Don’t ever fire someone who has an open workers’ compensation claim” or “Never change anybody’s work environment if they filed a claim,” but you have to run your business, Shaw explains. It’s unrealistic to abide by this advice, Frank adds.

When employers are dealing with workers’ compensation claims and working with their adjuster/carer, employers also need to be working with HR, outside counsel and whomever to ensure that the work can still get done even if someone has been injured on the job, despite worries that the “132a gremlin” will get you, Frank says.

“Don’t be driven when making employment decisions by something that’s going on in the workers’ compensation arena,” Shaw emphasizes.

**Retaliatory Actions/Retaliation**

The issue that creates the most exposure when talking about retaliatory actions and retaliation is when an individual files a workers’ compensation claim and then is terminated.

In some cases, the individual was going to be fired anyway and HR didn’t have a chance to have the conversation yet. The individual gets hurt, files a workers’ compensation claim, but HR has the documentation to support the termination, Frank comments.

In other cases, retaliation is based on how an employee was perceived or treated in the workplace after filing a workers’ compensation claim.

The important fact to discuss is that the employee will have two different representations. There is the workers’ compensation system, and the labor and employment road dealing with the 132a claim, Frank explains.

**Workers’ Comp System Different**

The workers’ compensation system is different. The Workers’ Compensation Appeals Board is nothing like a courtroom, Shaw explains. The rules of evidence generally don’t apply and “it’s very tricky for employers.” Employers need to make sure they have a legitimate reason for what they’re doing. Obviously, an employer cannot pick on someone because they’ve filed a workers’ compensation claim.

**Return to Work Programs**

Employers can also run into problems when crafting a “Return to Work” program. The program should not be just for employees hurt on the job, Shaw says.

“…If it was reasonable accommodation for John, because he had a workers’ comp claim, it could be a reasonable accommodation for Jill, who was hurt skiing,” she says.

If an employer has a system where employees who were injured at work get reasonable accommodation, but those who weren’t injured at work still have to perform the essential functions for their current or similar job, then the employer is sunk, Shaw explains.

The best takeaway, Shaw says in closing, is that employers should not ignore workers’ compensation claims, and consult with labor and employment law counsel should they receive a claim.
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From Page 1 follow the new rules can’t do it today. Why? Because there are no regulations to comply with.”

He adds, “…the CCPA’s high pressure timeline is as unfair to our AG as it is to California’s business owners. CCPA deprives the AG of the time he needs to develop a stable and predictable set of regulations.”

The newness of the regulations means it will take time for lawyers and business owners to digest the law and build compliance into their daily practices.

For this reason, business owners and the CalChamber are asking the Attorney General to find a way to delay enforcement until January 1, 2021. If the Attorney General is willing to hear California business owners on this issue, everyone will benefit from the additional time.

Issues of Concern

In its letter submitted to the Attorney General this week, the CalChamber identified the following among key sections of the regulation still in need of clarification or change:

- handling of requests to opt out;
- notice of financial incentive;
- responding to requests to know and requests to delete data;
- definitions that affect how businesses will comply with the act;
- how notices are provided when information is collected;
- training/record keeping;
- consumer requests to opt in after opting out of the sale of personal information;
- process for verifying/authenticating consumer requests;
- presentation of privacy policy;
- requirements for service providers; and
- notice of right to opt out of sale of personal information.

Process

After the comment period that ended February 25, the Attorney General will go back and review the regulations to decide whether to incorporate any feedback received through the comments, then edit the regulations accordingly.

Next, the Attorney General must decide whether to open the third draft up for more comments or submit his regulations to the Office of Administrative Law (OAL) for review.

Once the regulations are submitted to the OAL, the OAL will either reject or approve them. This process generally takes 30 days.

If the rules are rejected, the Attorney General will have to edit and resubmit them to the OAL. This process is repeated until the regulations are approved.

After approval, the regulations can finally be enforced. Unless the enforcement date is delayed, the Attorney General will begin enforcing the new regulations against California business owners on July 1.

More Lead Time

Generally, when sweeping regulations that affect all industries take shape, business owners need some lead time to get adjusted and follow the rules. But right now, the regulations business owners need to follow are still not finished.

The only person who has the power to forgo enforcement at this stage is the Attorney General himself. Business owners are hopeful that the Attorney General is willing to work together on this issue, delaying enforcement until January 1, 2021.

Staff Contact: Shoeb Mohammed


Energy Policy

Smart Choices Balance Climate Change, Renewables, and Energy Stability

California energy policy is a complex interaction of economics, technological challenges, and environmental considerations, all of which must work together to create a reliable and cost-effective system for delivering energy to millions of homes and businesses across California.

Those responsible for the energy grid must balance these considerations while accounting for a constant stream of electrons across the entire West—all of which is interconnected between and among the western states to form the Western Interconnection shown at right.

Every electron produced in California—whether renewable, nuclear, natural gas, or otherwise—must be carefully integrated into a complex series of wires, switches, and transformers before flowing into your home or business. All these maneuvers come together to ensure you can turn on the lights when you hit a switch, but also that your toaster doesn’t burst into flames.

Energy rates resulting from these decisions affect every California consumer, whether directly through your home energy bills or through increased prices of goods and services. Smart and planned integration of renewables into this complex system of interconnected electrons must be evaluated carefully and not reduced to tag lines.

The Basics

• California Energy Grid Is Hybrid Federal and State System. All the electricity in the Western Interconnection is tied together and, by design, must operate at a constant frequency of 60 hertz (Hz). This complex series of interconnections is managed by a series of balancing authorities, the largest of which, the California Independent System Operator (CAISO), is located in California and encompasses part of California and Nevada.

The legal authority to regulate the energy grid across the United States is split between the state and federal government. The federal government, through the Federal Energy Regulatory Commission (FERC) governs transmission of energy, as molecules of energy do not respect state boundaries and travel in interstate commerce, which the U.S.

California’s abundant natural resources when the wind is blowing and the sun is shining, but still allows for sufficient power to ensure that you can turn on your lights at night or charge your electric car when these natural resources are scarce.

To that end, natural gas, large hydroelectric plants, nuclear, and minor amounts of coal are still in the portfolio mix. The largest portion of renewables (approximately 70%) consists of solar. While solar is a vast resource during the daytime, it also can be an unpredictable and intermittent energy resource.

In response to growing climate change concerns, California adopted the Renewable Portfolio Standard (RPS) program in 2002, requiring first private utilities, and then public utilities, to procure a certain percentage (20% at the time) of “renewable” energy resources. Categories of resources that qualified as “renewable” initially included solar, wind, municipal waste combustion, and small, existing geothermal plants.

Over the last 17 years, the Legislature has fussed with the definition of renewable. In 2018, the Legislature passed SB 100 (de León; D-Los Angeles), which increased the goal from 60% to 100% by 2045. California’s utilities are currently on track to meet the increased RPS requirements.

The Policy Concerns

• Peak Energy Usage Has Changed. As each new bill pushes the renewable energy threshold, regulators, utilities and ratepayers alike have to decide how to meet and pay for demand to maintain the complex grid described above. At peak sunlight, California produces too much energy and must curtail (shut down) production at solar and wind facilities. At the same time, California must ramp up its production at peak energy usage.

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hovers around 25%. With roughly 1 in 4 items placed in recycling bins not actually recyclable, contamination has reshaped the international recycling market and created serious financial and environmental issues here in California.

For decades, California operated just fine under its current recycling regime. Even with its large and sprawling populations with high consumption and contamination rates, international markets continued to purchase the bulk of California’s recyclables. The state historically exported between one-third and two-thirds of all its curbside recyclables. The export of recyclable materials became the key component of California’s recycling infrastructure, allowing California to forgo developing domestic recycling infrastructure necessary to process its own recyclables. Local jurisdictions profited by selling curbside recyclables and recycling remained easy for consumers.

China Policy Disrupts Markets

But in 2017, China shocked much of the western world by announcing a new policy called “National Sword” that banned all imports of 24 categories of recyclables, including low-grade plastics and unsorted mixed paper, and set strict 0.5% contamination standards for allowable bales of recyclable material.

China’s National Sword policy substantially disrupted global markets and exposed California’s fragile and undeveloped recycling system. The key component of California’s recycling infrastructure, China, effectively closed its doors. The value of recyclable materials shortly thereafter crashed and local jurisdictions started having to pay, instead of being paid, to now dispose of otherwise recyclable materials.

Recycling System Revamp

Today, California is scrambling to quickly revamp its entire recycling system as international end markets for once-valuable recyclables dried up and values collapsed.

SB 54 (Allen; D-Santa Monica) and AB 1080 (Gonzalez; D-San Diego), two identical bills titled “the California Circular Economy and Pollution Reduction Act,” currently sit inactive in the California Legislature but could become active at any time this legislative session.

These bills have a stated goal of reducing the proliferation of all single-use packaging and some single-use products in the natural environment by mandating that all single-use packaging and some single-use products be recyclable and compostable, be source reduced to the maximum extent feasible, and achieve unprecedented 75% recycling rates by 2030.

Need for Recycling and Composting Infrastructure

Unequivocally, the stated goals of both bills are laudable but unachievable without further amendments addressing major deficiencies such as inadequate in-state recycling and composting infrastructure, high contamination rates and statewide standardization, to name a few.

According to the Department of Resources Recycling and Recovery (CalRecycle), California needs at least 300% more facilities in order to be able to process the paper, plastic and glass necessary to achieve the state’s 75% waste reduction goals. This likely underestimates the domestic infrastructure deficit because that figure predates China’s National Sword policy.

Sufficient domestic recycling and composting infrastructure, not to mention addressing consumer behavior and contamination rates, will be critical for manufacturers to even have a chance at meeting the 75% recycling requirement.

Without amendments creating a pathway for compliance, the bills’ steep fines of up to $50,000 per violation per day with no caps, an amount twice the penalty for a major oil spill, and requiring retailers to pull products from shelves for noncompliance, will negatively impact consumers as products become more expensive or disappear entirely from store shelves.

Packaging Functions

Packaging serves several functions in modern economies beyond merely distinguishing one brand from its competitors. Packaging protects products from damage, extends product shelf life, provides more efficient means to move goods through the economy, provides sterility for medicines and allows companies to communicate directly with and provide important product information to customers.

While packaging provides several critical functions in the market economy, when otherwise recyclable or compostable packaging is not properly disposed of, it becomes waste or pollution that could harm the natural environment. Manufacturers have a responsibility to minimize waste, place only recyclable and compostable products into the marketplace and support a working recycling system.

The era of “easy” recycling, at least as we knew it, is likely over. A paradigm shift is underway that will determine whether a better system emerges, allowing economies and environments to thrive.

Let’s make sure to get it right.

Story adapted from the Capitol Insider blog post.

Staff Contact: Adam Regele
Smart Choices Balance Climate Change, Renewables, and Energy Stability

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Over the years, as a result of many factors, including electrification of buildings, cars, and increases in population, California’s peak energy usage has shifted slightly later, after sunset. Therefore, solar cannot provide the power needed to meet peak demand. Fast-ramping, responsive resources must be available to meet this demand if Californians are going to continue to keep the lights on.

In 2019, the CAISO predicted a significant shortfall in reliability capacity at peak usage (when solar cannot help) starting in the summer of 2021. Historically, natural gas has been used to handle the shortfall and to keep the lights on, but these facilities have been closing in increasing numbers due to legislative and regulatory targets on fossil fuels. Solutions must keep sight of cost-effective mechanisms to meet short- and long-term reliability demands.

• Storage Technology Is Still in Its Infancy. Environmental groups have targeted natural gas plants in California, either by sponsoring legislation to ban all fossil fuel energy production, or banning new natural gas hookups in construction. Bills introduced each year attempt to ban natural gas power production, or limit new natural gas connections, increasing reliance on intermittent resources. Natural gas remains our go-to for reliability and peak usage because natural gas is cleaner burning than coal and is “fast-ramping,” meaning that we can easily turn up or turn down the volume as needed when renewables are not available to meet demand. Reliability depends upon flexible resources that can be summoned on demand.

Much interest surrounds development of storage solutions, with studies to evaluate batteries, pumped hydro or kinetic storage (where water or heavy objects are hoisted up a hill using cheap and abundant solar electricity during the day until peak demand, where gravity is hoisted to create energy when the water or objects are allowed to move back downhill), conversion of hydrogen to natural gas, and other technology.

Storage solutions are discussed as if they are already in place, waiting to be utilized. The problem arises because this technology has not fully developed to the extent that it constitutes a significant portion of California’s energy mix. Batteries currently make up less than 1/10th of 1% of renewables in California. California does not yet have energy storage at anything approaching the scale necessary to meet peak energy demand and still needs natural gas to keep the lights on. Even if planned energy storage projects are pursued, they take years to obtain proper permits, build and become operational. Relying too heavily on one technology over another caused this reliability shortfall.

• Rates Are High and Increasing. Every energy policy decision the state and federal government make has a direct impact on California ratepayers. Utility companies must comply with these mandates, and these costs are passed along to California ratepayers by the California Public Utilities Commission.

The U.S. Energy Information Administration, which conducts independent analysis of energy data, notes that California has the nation’s sixth highest retail price of electricity in the residential sector.

In 2018, industrial consumers paid an average retail price of 13.2 cents per kilowatt hour (kWh)—compared with 6.92 cents nationally—and commercial ratepayers paid more than 16 cents—compared with 10.27 cents nationally.

It often is touted that Californians use less in terms of kWh than residents in many states, which is true largely because of the shift toward electrification and end-user conservation efforts. However, California rates per kWh remain among the highest in the nation—even in states that similarly use little to no coal.

CalChamber Position

Legislation that continues to push the renewable threshold without consideration of grid capacity, pricing, or energy stability misses the whole picture. The California Chamber of Commerce supports legislative and regulatory solutions that bring new businesses to California and help employers and the state reduce greenhouse gas emissions in the most cost-effective, technologically feasible manner while allowing flexibility to ensure a stable energy future. California cannot achieve its stated goals as a leader on climate change if it cannot demonstrate a sustainable balance between renewable integration, grid reliability, and cost containment.

Article adapted from CalChamber Business Issues and Legislative Guide.

Staff Contact: Leah Silverthorn

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