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Ms. Yanrong Zhu
Planning, Rule Development and Implementation
South Coast Air Quality Management District
21865 Copley Dr.
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Electronic submittal: Yanrong Zhu (yzhu1@aqmd.gov)

Re: Johnson Controls Comments to South Coast Air Quality District Proposed Amended Rule 1111 - Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces

Ms. Zhu:

Johnson Controls appreciates the opportunity to provide comments on South Coast Air Quality District (SCAQMD) Proposed Amended Rule 1111 - Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces.

Johnson Controls is a leading global provider of heating, ventilating and air conditioning equipment, building controls, security and fire/life safety solutions which includes brands such as York, Metasys, Simplex, Grinnell, Zettler and Tyco. The company has nearly 100,000 employees and over 1,000 locations globally and has long been a leader in sustainable and energy efficient technology. Johnson Controls first set sustainability goals in 2002, and the company has reduced its Scope 1 and 2 greenhouse gas absolute emissions by 42% in 2022 compared to a 2017 baseline year. Further, we are AAA rated by MSCI and are recognized as among the Top 100 Most Sustainable Companies by Corporate Knights, and number one in our industry segment.

JCI recognizes the value of SCAQMD's air quality management plan and the pursuit of NOx emissions reduction, including the goal of a 70 percent reduction for residential and commercial sources by 2037 as highlighted in SCAQMD's 2022 AQMP. The inclusion of manufactured housing (MH) as part of that goal is understandable but, as noted by South Coast staff in the July 19, 2023 public meeting, MH is a small portion (i.e., less than 4%) of the NOx emissions problem. Understandably, SCAQMD faces a true dilemma regarding balancing the positive benefits of emissions reduction with the negative economic impact to MH residents. When considering the income segment of the population most commonly residing in MH, those below the 100% poverty level, the impact of requiring conversion to ultralow NOx is disproportional to other populations.

JCI strongly encourages SCAQMD to adopt a path forward similar to that incorporated in Bay Area AQMD (BA) Rule 9-4 and exempt MH from the SCAQMD Rule 1111 ultralow NOx mandate. To do otherwise would have a negative impact on the 28% of California's population the Public Policy Institute of California identifies as poor, i.e., with a mean household income of only \$36,900¹ in a state with a mean household income of \$84,097².

Exemption of MH from Rule 1111 would seem to especially make sense when considering the parallel efforts by CARB, SCAQMD and BAAQMD to move to zero emissions technology requirements. While there are legal questions to be resolved, California will move forward in significantly reducing the use of natural gas fueled heating appliances. JCI supports these efforts³ but would encourage harmonization of these efforts by recognizing the

¹ Public Policy Institute of California Fact Sheet, <https://www.ppic.org/publication/poverty-in-california/>

² California State Water Board Drinking Water and Wastewater Programs, American Community Survey 5-Year Estimates to determine MHI. Data Effective April 1, 2023, https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/mhi.pdf

³ JCI Public Comments, 2022 Scoping Plan Update – CARB Building Decarbonization Workshop

value in creating regulatory consistency of ultralow NOx rules across California and deferring district level negative impacts to those who most need the assistance.

To be clear, JCI is not making a policy recommendation relative to the extension of natural gas use and the delaying of associated NOx emissions but emphasizing the need for a balance of reducing NOx emissions with consideration of the impact to a segment of the population least able to afford the ultralow NOx technology. We support SCAQMD's and the state of California's continuing efforts to address these issues in future revisions to Rule 1111 and other state and district rules. Rather, our recommendation is that for existing buildings, when the effective operational life of the gas infrastructure has been reached, electrification can occur. However, prior to that time, continued use of the natural gas infrastructure serving MH should be allowed to the extent that it can facilitate more impactful building emissions measures and minimize the negative impact to the lower cost heating option MH is intended to serve.

JCI is committed to the achievement of sustainable and healthful environment in SCAMQD, California and across the globe. We are eager to collaborate with SCAQMD and other stakeholders in California to pursue policies that maximize the benefits of space heating electrification and yield optimal, cost-effective, and equitable building outcomes.

Thank you again for the opportunity to comment on the SCAQMD Proposed Amended Rule 1111 - Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces. Please feel free to contact undersigned with any questions; JCI looks forward to our continued partnership with SCAQMD.

Respectfully,



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