

Proposed Amended Rule (PAR) 1111

*Reduction of NO_x Emissions from Natural-Gas-Fired, Fan-Type
Central Furnaces*

And Clean Air Furnace Rebate Program

Public Consultation Meeting

April 13, 2018

**SCAQMD Headquarters
Diamond Bar, California**

Agenda

- Rule 1111 overview
- Existing labeling requirement
- Proposed labeling requirements and comments
- California Environmental Quality Act (CEQA)
- Clean Air Furnace Rebate Program
- Future activities and schedules

Rule 1111 Overview

- Reduces NOx from residential and small commercial natural gas-fired fan-type central furnaces
- Regulates manufacturers, distributors, sellers, and installers of these units
- First adopted in 1978 with NOx emission limit (40 ng/J) established
- NOx emission limit lowered to 14 ng/J in 2009
- Delayed compliance date and added mitigation fee option in 2014
- Extended and increased mitigation fee option on March 2, 2018
- Implementing the Clean Air Furnace Rebate Program as a companion to Rule 1111 to incentivize consumers to purchase units certified to 14 ng/J
 - Selected Electric & Gas Industries Association (EGIA) on March 2, 2018 to implement the Rule 1111 rebate program

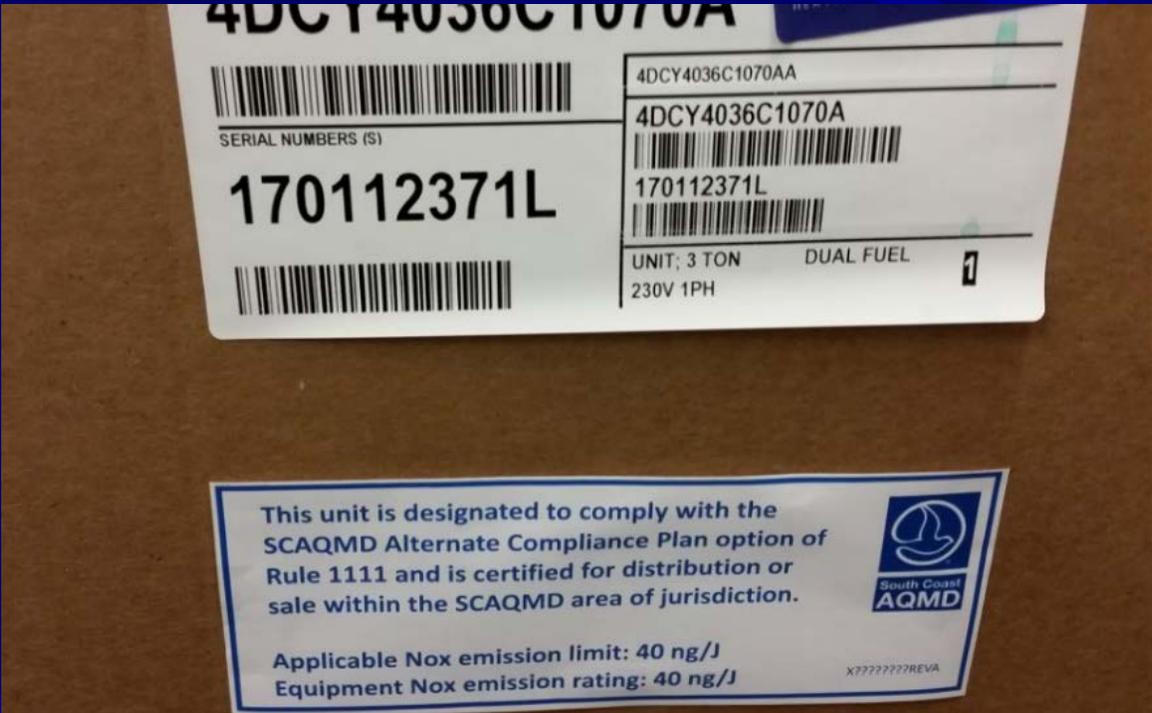
Labeling Requirements

- At the March 2018 Public Hearing to adopt amendments for Rule 1111 the Governing Board directed staff to return to the Board with a labeling requirement
 - Inform consumers that they are purchasing a unit that does not meet the current NOx limit and the unit is subject to a mitigation fee
- Proposed labeling would better inform consumers that:
 - Units that do not meet the NOx emission limit are subject to the mitigation fee
 - Units that meet the NOx emission limit are eligible for a consumer rebate

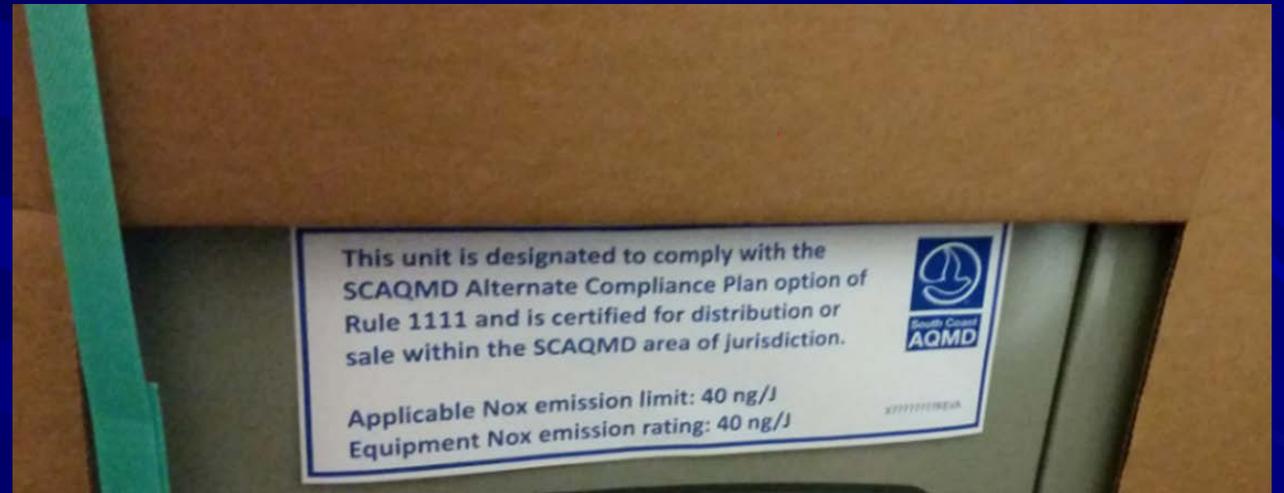
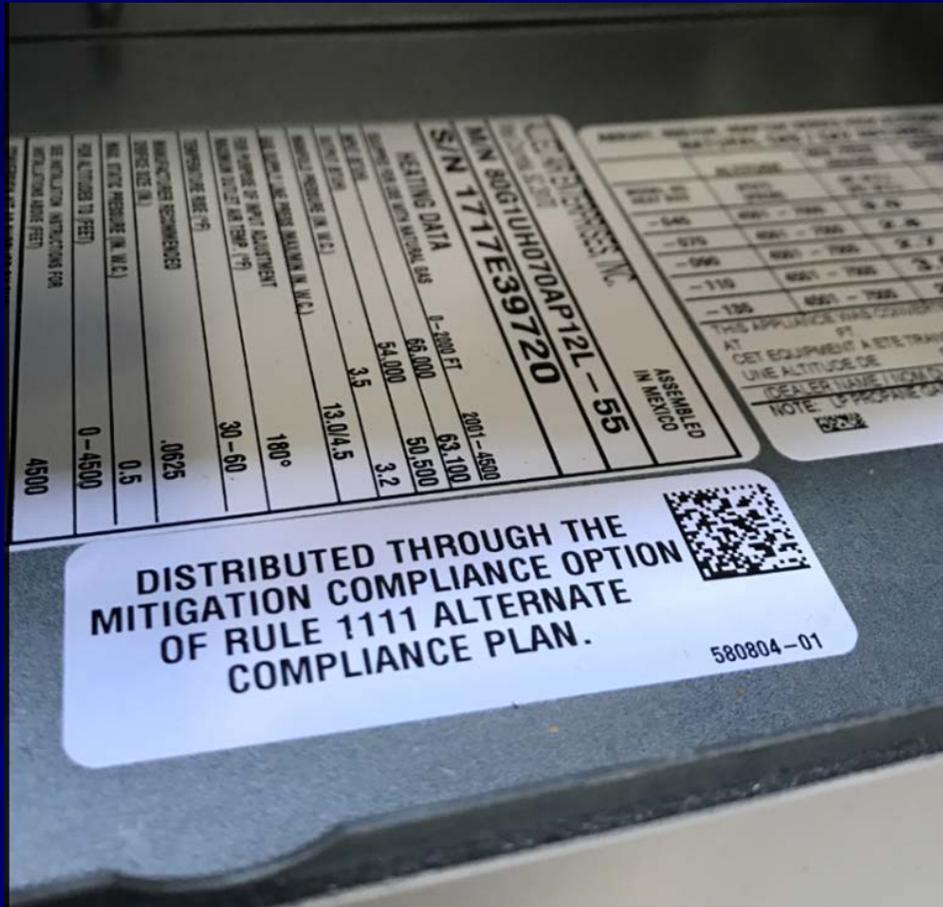
Labeling Requirements (cont.)

- There is an existing Rule 1111 labeling provision and Compliance Plan Conditions which require the display of the following information on the shipping container and furnace:
 - Applicable NOx emission limit; and
 - Application of the Alternate Compliance Plan
- Compliance status of the existing labeling requirement:
 - All manufacturers are required to label the shipping box and unit; and
 - All units in a distribution center have this label regardless where the units will eventually be sold

Examples - Existing Label on the Shipping Box



Examples - Existing Label on the furnace



Rule Development - Proposed Labeling Provision

- Working Group meeting on March 28, 2018
 - Staff's recommendations for adding new language to Rule 1111 as new paragraph (e)(3):

Any furnace that is for distribution or sale inside of the South Coast Air Quality Management District that is not certified to meet 14 ng/J certification limit shall have a label on the furnace and the shipping container that clearly displays the following, or other language as approved by the Executive Officer: **“This is NOT a low-NOx furnace and under SCAQMD Rule 1111 is subject to a mitigation fee of up to \$450. This furnace is not eligible for the Clean Furnace Rebate Program. Check on REBATE WEBSITE for more information about furnaces that are eligible for the Clean Furnace Rebate Program.”**

Stakeholder Key Comments

- Labeling both the shipping box and unit is burdensome to the manufacturers; there could be some alternative ways to convey information to consumers, such as only labeling the shipping box or providing informational flyer instead of label
 - *Manufactures are already implementing the existing Rule 1111 labeling requirements on the shipping box and unit*
 - *Manufacturers could use the existing label and updated the label language with the proposed to satisfy both the existing and proposed requirements*
- The terminology of “low NOx” in the proposed label language could be confusing as industries have various understanding on the emission level of low NOx
 - *The label language has been updated to specify the emission limit*

Proposed Labeling Provision - Updated

- Update to the proposed addition of new language to the rule as new paragraph (e)(3):

Effective October 1, 2018, any furnace that is for distribution or sale inside of the South Coast Air Quality Management District that is not certified to meet the 14 ng/J certification limit shall have a label on the furnace and the shipping container that clearly displays the following, or other language as approved no later than July 31, 2018 by the Executive Officer: **“For installation in SCAQMD only: This furnace does not meet the SCAQMD Rule 1111 14 ng/J NOx emission limit, and thus is subject to a mitigation fee of up to \$450. This furnace is not eligible for the Clean Air Furnace Rebate Program. [Website link to the rebate program.](#)”**

California Environmental Quality Act (CEQA)

- PAR 1111 is considered a project subject to CEQA.
- SCAQMD determined that PAR 1111 is exempt from CEQA because the proposal to add a new labeling requirement for units subject to the mitigation fee alternate compliance option are for informational purposes only and will not result in any environmental impacts.
- It can be seen with certainty that there is no possibility that the PAR 1111 may have a significant adverse effect on the environment.
- SCAQMD staff will prepare a Notice of Exemption (NOE) per CEQA Guidelines Section 15061(b)(3) – Activities Covered by General Rule.
- If PAR 1111 is approved by SCAQMD Governing Board, a NOE will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

Clean Air Furnace Rebate Program

- Clean Air Furnace Rebate Program is a consumer rebate for furnaces that are certified to meet the 14 ng/J NO_x emission limit
- EGIA was selected through a competitive bidding process (RFP #P2018-05) to administer the rebate program
- Current funding for consumer rebates:
 - \$3 million for the first 6,000 rebates (\$500/furnace)
 - Incremental portion of R1111 mitigation fee (\$300/condensing furnace; \$200/others)
 - May seek additional funds based on program performance
- Expect to begin receiving applications in May 2018

Future Activities and Schedules for PAR 1111

- Stationary Source Committee meeting – April 20, 2018
- Public Comment End Date – April 24, 2018
- Set Hearing – May 4, 2018
- Public Hearing – June 1, 2018

Staff Contacts and Rulemaking Materials

■ Rule Development

- Yanrong Zhu, yzhu1@aqmd.gov, (909) 396-3289
- Gary Quinn, gquinn@aqmd.gov, (909) 396-3121

■ CEQA

- Barbara Radlein, bradlein@aqmd.gov, (909)396-2716
- Ryan Bañuelos, rbanuelos@aqmd.gov, (909) 396-3479

■ PAR 1111 Materials available online:

- <http://www.aqmd.gov/home/regulations/rules/proposed-rules>