Proposed Amended Rule (PAR) 1111

Reduction of NOx 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
  - Manufacturers 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 NOx 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

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- PAR 1111 Materials available online: