PROPOSED AMENDED RULE 1111

WORKING GROUP MEETING #2
JUNE 3, 2021, 10 AM (PST)

Zoom meeting: https://scaqmd.zoom.us/j/91065534303
Meeting ID: 910 6553 4303
Conference Call: (669) 900-6833
AGENDA

- Background
- Summary of Last Working Group Meeting
- Meeting With High Altitude Stakeholders
- Key Remaining Issues
- Summary of Proposal and Next Steps
The compliance date for implementing 14 ng/J NOx is October 1, 2021, for:
- Condensing/non-condensing furnaces for high-altitude\(^1\) installation
- Weatherized furnaces
- Mobile home furnaces

Staff has been meeting with individual manufacturers regarding the availability of furnaces for the October 1, 2021 deadline.

Since the April 14, 2021 Working Group Meeting staff has:
- Conducted a high-altitude stakeholder meeting on April 29, 2021
- Follow-up meetings with manufacturers and distributors regarding high-altitude furnaces
- Provided an implementation update to the Stationary Source Committee on May 21, 2021

\(^1\) For elevations >4,200 feet above sea level
Provided update from discussion with manufacturers on availability of compliant furnaces for high altitude areas

Provided update on availability of compliant weatherized furnaces
- One manufacturer projects a potential delay for commercial weatherized furnaces

Discussed that no manufacturers have developed a compliant 14 ng/J furnace for mobile homes

Initial recommendations:
- No further extension to high-altitude exemption
- No further extension of weatherized furnace mitigation fee end date
- Extend mitigation fee end date to September 30, 2023 for mobile home furnaces
- Staff committed to continue working with stakeholders regarding recommendations for Proposed Amended Rule 1111
MEETING WITH INSTALLERS IN THE MOUNTAIN COMMUNITIES

- On April 29, 2021, staff held a meeting with installers in mountain communities to further discuss the product availability for the high-altitude areas.

- Installers commented that:
  - Distributors that they contacted do not have compliant products for high-altitude areas;
  - Compliant downflow furnace will not be available for above higher altitude areas; and
  - Staff should consider the need to regulate furnaces in the high-altitude areas due to the small emission reduction potential.

- At the May 21, 2021 Stationary Source Committee meeting:
  - Installers commented that large size furnaces rated at 100,000 btu/hr are needed for high altitude but will not be provided by manufacturers.
  - Supervisor Rutherford suggested that staff consider exempting furnaces in high altitude areas if the emission reductions are minor.

\[1 \text{ For elevations }>5,400 \text{ feet above sea level}\]
Weatherized furnaces implementation

Product availability for high altitude installation (including large size and downflow)

High altitude installation exemption
The September 2020 rule amendment provided a 12-month delay for implementing 14 ng/J NOx for weatherized furnaces from October 1, 2020 to October 1, 2021.

All other manufacturers expect to meet the compliance date, except one manufacturer that projects a potential delay for commercial weatherized furnaces.

- Requested a two-month delay at the May 21, 2021 Stationary Source Committee meeting.
- Extending the compliance date for one manufacturer is not fair to the manufacturers that have compliant furnaces.
- Staff is continuing to work with the manufacturer to identify potential compliance options.

Staff recommends no further extension of weatherized furnace mitigation fee end date.
Exemption for furnaces in high altitude installation ends October 1, 2021

Four manufacturers will have compliant furnaces available by October 1, 2021, for elevations up to 7,500-7,800 feet
  - Three of them have all their certified compliant units capable for high-altitude with or without kits

Special consideration may be needed for downflow and large size models, which received less priority for development due to their small markets
PRODUCT AVAILABILITY FOR HIGH ALTITUDE – STAFF RECOMMENDATION

High altitude installers comment:
• Distributors do not have compliant products for high-altitude areas, especially for downflow and large size furnaces

Product availability issues:
• Four manufacturers will have 85 to 100 percent of their certified units ready for high altitude installation
• No downflow for altitude higher than 5,400 ft
• Two manufacturers provide large size models (up to 100,000 btu/hr) for high altitude

Staff recommendation for downflow units:
• Consider an exemption for downflow furnaces – no compliant downflow units for high altitude areas
Manufacturers invested time, money and resources in high altitude testing to address availability concerns raised two years ago.

All manufacturers have made progress and have variety of products at different elevations.

As with new technology, more models and product lines become available over time.

The niche exemption (e.g., downflow) could be addressed separately.

The emission reductions for high altitude area are minor for each year, however:
- A general exemption for the high-altitude community raises concerns with equity and compliance; and
- The emission reductions forgone would be permanent and add up over time, estimating 0.03 tons per day reduction forgone in 30 years, and 0.05 tons per day reduction forgone in 50 years.

Staff will continue the discussion with manufacturers, distributors, and installers to resolve communication disconnect.
- May consider extending the high-altitude exemption if the disconnect could not be resolved.
MITIGATION PERIOD FEE FOR MOBILE HOME FURNACES ENDS OCTOBER 1, 2021

Discussed at previous meetings that no manufacturers have developed a compliant 14 ng/J furnace for mobile homes.

The manufacturers will need to:
- Develop propane kits for compliant split systems to meet HUD requirement for propane compatibility; and

STAFF RECOMMENDATION:
- Extend the mitigation fee to September 30, 2023.
SUMMARY OF PROPOSAL AND NEXT STEPS

- Staff recommendations:
  - No further extension of weatherized furnace mitigation fee end date
  - Extend mitigation fee end date to September 30, 2023 for mobile home furnaces
  - No extension for high-altitude exemption
  - Provide exemption for high-altitude downflow furnaces
  - Will meet with manufacturers, distributors, and installers for any remaining issues

- Preliminary draft rule and staff report - June 2021
- Stationary Source Committee - June 18, 2021
- Public Workshop - July 2021
- Public hearing - September 3, 2021
- Continue to work with stakeholders through the rulemaking process
## CONTACTS

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<thead>
<tr>
<th>Proposed Amended Rule 1111</th>
<th>General Questions</th>
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<tbody>
<tr>
<td>Yanrong Zhu</td>
<td>Susan Nakamura</td>
</tr>
<tr>
<td>Air Quality Specialist</td>
<td>Assistant Deputy Executive Officer</td>
</tr>
<tr>
<td>(909) 396-3289</td>
<td>909-396-3105</td>
</tr>
<tr>
<td><a href="mailto:yzhu1@aqmd.gov">yzhu1@aqmd.gov</a></td>
<td><a href="mailto:snakamura@aqmd.gov">snakamura@aqmd.gov</a></td>
</tr>
<tr>
<td>Shawn Wang</td>
<td></td>
</tr>
<tr>
<td>Air Quality Specialist</td>
<td></td>
</tr>
<tr>
<td>(909) 396-3319</td>
<td></td>
</tr>
<tr>
<td><a href="mailto:swang@aqmd.gov">swang@aqmd.gov</a></td>
<td></td>
</tr>
<tr>
<td>Gary Quinn, P.E.</td>
<td></td>
</tr>
<tr>
<td>Program Supervisor</td>
<td></td>
</tr>
<tr>
<td>(909) 396-3121</td>
<td></td>
</tr>
<tr>
<td><a href="mailto:gquinn@aqmd.gov">gquinn@aqmd.gov</a></td>
<td></td>
</tr>
<tr>
<td>Michael Krause</td>
<td></td>
</tr>
<tr>
<td>Planning and Rules Manager</td>
<td></td>
</tr>
<tr>
<td>(909) 396-2706</td>
<td></td>
</tr>
<tr>
<td><a href="mailto:mkrause@aqmd.gov">mkrause@aqmd.gov</a></td>
<td></td>
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