February 6, 2026

Submitted via email

South Coast Air Quality Management District
Stationary Source Committee
GO ZERO Program
February 20 Committee Meeting
21865 Copley Dr.
Diamond Bar, CA 91765

RE: "Formal Comments of Solaray Corporation on GO ZERO Solar Thermal Inclusion Proposal"

Dear Members of the South Coast AQMD Stationary Source Committee,

I am writing to provide formal comments regarding the January 23, 2026 meeting materials that suggested adding solar thermal hot water systems to the GO ZERO energy efficiency rebate program at a level comparable to heat pump water heaters in advance of the February 20, 2026 Stationary Source Committee meeting. We strongly support the inclusion of solar thermal technologies and would like to offer several recommendations to help ensure the program's effectiveness and long-term success.

As background, SunEarth Inc. is the United States' largest and oldest manufacturer of solar thermal systems. We have manufactured and designed systems installed across all 50 states in the US and throughout the world. Our manufacturing plant is located in Fontana CA, where we have been producing high quality solar thermal and thermal energy storage products for decades. We are a proud part of the Solaray Corporation, a 100% employee owned 50-year-old renewable energy small business.

1. **Program Simplicity and Market Adoption**

Based on our experience, the most successful energy efficiency rebate programs—particularly at the residential level—are simple, transparent, and easy for customers and contractors to understand. Clear price signals encourage adoption and allow developers to present straightforward value propositions to customers.

If the AQMD expands incentives to additional sectors such as commercial, industrial, agricultural, multi-family, or hospitality applications, the program may naturally become more complex. Larger end-use projects typically require more detailed system modeling and financial analysis and have greater internal resources to evaluate performance and payback. We recommend maintaining a streamlined structure for residential incentives while allowing appropriate flexibility for larger projects.

2. **Incentive Design and Return on Investment**

A key feature of successful solar thermal programs is setting incentive levels that drive a customer return on investment (ROI) of approximately one year or less. From a residential customer perspective, a very short payback period is critical to adoption of high-efficiency technologies.

Similar to heat pump water heaters, solar thermal incentives can be layered with federal tax credits and other state or regional programs to significantly reduce net system costs. We recommend structuring AQMD incentives so that, when combined with other available programs, they create a compelling near-term ROI that accelerates early market growth.

3. **Performance Standards and Verification**

We recommend establishing a minimum performance threshold using a Solar Uniform Energy Factor (SUEF) requirement, similar to the SoCalGas program. A defined SUEF floor ensures that only high-efficiency, independently verified systems are incentivized. Solar thermal systems can be certified through established third-party standards and testing organizations, including ENERGY STAR® and the Solar Rating & Certification Corporation (SRCC). Because SUEF aligns directly with the Uniform Energy Factor (UEF) metric used for other water heating technologies, it provides a consistent framework for comparing performance.

Lessons from Existing Programs

Two long-standing programs provide useful models for structuring an AQMD incentive:

1. **Hawaii Energy – Solar Water Heating Rebate Program**

Hawaii Energy offers a $2,000 instant rebate for residential solar water heater installations and a $200 rebate for system tune-ups, delivered through participating contractors. The program is available to residential electric utility customers across most Hawaiian counties and operates on a first-come, first-served basis subject to funding availability. By routing rebates through contractor billing, the program simplifies customer participation and promotes installation by qualified professionals. When combined with state and federal tax credits (the federal credit sunset in 2025 for residential systems), the incentive structure can produce a sub-one-year ROI for typical residential systems.

Several market conditions contribute to Hawaii's strong performance: competitive installed pricing, relatively simple system designs, and high electricity costs. These factors illustrate how incentive design interacts with local market conditions to drive adoption.

2. **SoCalGas – Solar Thermal Water Heating Rebate Program**

The SoCalGas program provides tiered rebates ranging from $2,500 to $5,000 for ENERGY STAR-certified solar thermal systems paired with qualifying natural gas backup water heaters. Eligibility requires a solar system SUEF of at least 1.8, and higher rebates are tied to more efficient backup equipment. This tiered structure rewards higher overall system efficiency and encourages pairing solar thermal with advanced backup technologies.

Despite relatively generous nominal rebate levels, average payback periods in California remain approximately five to seven years due to higher installation costs, more complex system requirements, and lower relative energy price signals compared to Hawaii. Providing price signals through an expansion to the GO ZERO program and tying it to system performance and possibly approved contractors will grow an underserved market and provide room for competition to exert downward pressure on system prices. In addition, providing equal incentives on par with heat pumps allows plumbers and contractors to differentiate their product offerings to their customer base.

Recommendation on Initial Incentive Levels

Given these comparisons, we recommend that any new AQMD solar thermal incentive initially be set at a higher rebate level designed to achieve an approximate one-year customer ROI. Establishing strong early incentives can accelerate market adoption, increase contractor participation, and drive economies of scale. As the market matures and installation costs decline, incentive levels can be adjusted accordingly.

We appreciate the Committee's consideration of solar thermal technologies within the GO ZERO program and believe that well-designed incentives can deliver significant energy savings and emissions reductions. We would be pleased to connect AQMD staff with administrators of the programs discussed above or to participate in further discussions regarding program development.

Please feel free to contact me with any questions. I would welcome the opportunity to schedule a follow-up discussion to explore these recommendations in greater detail.

Respectfully submitted,

Will Giese
Senior Director of Government Affairs
Solaray Corporation/SunEarth Inc.
E: wgiese@solaraycorp.com