

March 20, 2025

Ms. Heather Farr
Planning, Rule Development, and Implementation
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Ms. Jen Vinh
Planning, Rule Development, and Implementation
South Coast Air Quality Management District
21865 Copley Drive
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(Submitted electronically via jvinh@aqmd.gov and HFarr@aqmd.gov)

RE: AHRI Comments in Response – South Coast Air Quality Management District (SCAQMD) Proposed Amended Rule 1111 – Reduction of NO_x Emissions from Natural-Gas-Fired Furnaces (PAR 1111) and Proposed Amended Rule 1121 – Reduction of NO_x Emissions from Small Natural-Gas-Fired Water Heaters (PAR 1121)

Dear Ms. Farr and Ms. Vinh:

The Air-Conditioning, Heating, and Refrigeration Institute (AHRI) respectfully submits this letter in response to the third preliminary drafts of Proposed Amended Rule 1111 – Reduction of NO_x Emissions from Natural-Gas-Fired Furnaces (PAR 1111) and Proposed Amended Rule 1121 – Reduction of NO_x Emissions from Small Natural-Gas-Fired Water Heaters (PAR 1121) from South Coast Air Quality Management District (SCAQMD or District).

AHRI represents more than 330 manufacturers of heating, ventilation, air conditioning, and refrigeration (HVACR), and water heating equipment. It is an internationally recognized advocate for the HVACR industry and certifies the performance of many of the products manufactured by its members. In North America, the annual economic activity resulting from the HVACR industry is more than \$211 billion. In the United States alone, AHRI member companies, along with distributors, contractors, and technicians employ more than 700,000 people.

AHRI and its members are committed to, and support, greenhouse gas (GHG) emission reductions, while promoting sustainable, safe, reliable, and affordable access to the essential air-conditioning and water heating provided by the products they manufacture.

I. Comments to PAR 1111 and PAR 1121

A. Mitigation Fee Structure

AHRI appreciates the District offering alternative paths for compliance and allowing for consumer choice. However, Table 3, *Zero-Emission Manufacturer (ZEM) Alternative Compliance Option Targets and Mitigation Fee Schedule*, of both PAR 1111 and 1121 introduce burdensome fees to manufacturers, who have no recourse against if consumers chose ultra-low NO_x products. Rather

than the proposed fee schedule, AHRI recommends replacing the current fee structure with a flat fee for each phase of compliance or an escalating annual flat fee over several years rather than over targeted percentages.

Additionally, AHRI requests clarification on how the mitigation fees in Table 3 of PAR 1121 were calculated and how they will be implemented. AHRI's members are concerned that if implemented, the mitigation fees will reduce the affordability of existing ultra-low NOx products in the District.

B. Annual Reporting Requirements and Record Keeping

Both PAR 1111 and PAR 1121 require manufacturers to maintain records of the model number and serial number of each zero-NOx unit, furnace, and water heater sold; the number of units sold; and the contact information of the distributor for at least five years and produce the information upon request. AHRI and its members are concerned about the amount of proprietary information required to be held by manufacturers, specifically serial numbers. In the past, manufacturers have provided shipment data by zip code rather than serial numbers.

AHRI emphasizes that the data that District staff is requiring to be provided is proprietary information of product manufacturers. AHRI strongly urges District staff to add language clarifying that the District will treat such data as Confidential Business Information and will not be share the data with third party entities. Such language would provide assurances to manufacturers that the confidential business information they are being compelled to disclose, specific to their organization, will not be accessible to parties other than the District.

C. Product Labeling

AHRI does not support the requirement for a label on furnaces and water heaters to enforce PAR 1111 and PAR 1121. Manufacturers do not have a way to know where the equipment will ultimately be installed, as our members work through distributors and wholesalers, labeling specific to a state air district is impractical and overly burdensome. SCAQMD maintains a database¹ of equipment with NOx levels and an inspection agency therefore could look up equipment compliance.

AHRI requests clarification on whether the labeling requirements are applicable to all products following the January 2029 effective date.

II. Comments specific to third preliminary draft of Proposed Amended Rule 1111 – Reduction of NOx Emissions from Natural Gas-Fired Furnaces (PAR 1111)

A. Furnace Size

AHRI supports the District retaining the less than 175,000 British thermal units (Btu)/ hour scope for furnaces.

B. Acceptable Alternatives

AHRI members are concerned that allowing electric furnaces as an acceptable zero-emission product to replace a furnace could lead to increasing the winter demand on the electric grid and result in large electric bills for customers that would not see those utility costs if using a gas furnace. This could be a substantial issue for low- and moderate-income families. While the District's focus is on air quality, California Energy Commission (CEC) Title 24, Building Standards Code, only allows

¹ <http://www.aqmd.gov/home/programs/business/business-detail?title=certified-equipment>

electric resistance heating in a few exceptions. AHRI recommends that this should not be listed as an acceptable alternative, except as allowed by Title 24.

C. Verification Procedures

AHRI members also note there are currently 1,666,000+ matched Air Source Heat Pump (ASHP) sets listed on the AHRI Directory of Certified Product Performance². It would be largely burdensome for manufacturers to list both the ASHP indoor/outdoor matched models and there must be a less obtrusive path to allow for verification.

III. Comments specific to third preliminary draft of Proposed Amended Rule 1121 – Reduction of NOx Emissions from Small Natural-Gas-Fired Water Heaters (PAR 1121)

A. Zero-Emission Limits Compliance Path and Compliance Schedule

For the zero-emissions compliance path in PAR 1121, AHRI supports removing NOx requirements for existing mobile homes, and recommends maintaining Table 2, *Zero-Emissions Limits and Compliance Schedule*. Additionally, AHRI supports the modification of the proposed compliance dates and notes that the dates should not be sooner than proposed in this third draft.

IV. Conclusion

AHRI appreciates the opportunity to submit these comments and welcomes the opportunity for further discussion. If you have any questions regarding this submission, please do not hesitate to contact me.

Sincerely,



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² AHRI Directory of Certified Product Performance. <https://ahridirectory.org/>