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March 20, 2025

Chair Vanessa Delgado & Members of the Governing Board

South Coast Air Quality Management District

21865 Copley Drive

Diamond Bar, CA 91765

Email: cob@aqmd.gov

Subject: Support for PAR 1111 and 1121 – Reduction of NOx Emissions from Natural Gas-Fired Furnaces and Small Water Heaters

Dear Chair Delgado and Members of the Governing Board:

The Energy Coalition appreciates the opportunity to express our support for Proposed Amended Rules (PAR) 1111 and 1121, which are critical in advancing the reduction of NOx emissions from natural gas-fired furnaces and small water heaters. These rules will significantly contribute to cleaner air and healthier communities in the South Coast region and will provide local residents approximately \$191 million in cost savings, according to your staff.

As an organization dedicated to implementing an accessible and affordable clean energy future for all, The Energy Coalition has been actively engaged in outreach, training, and installation of clean energy solutions. The Go Zero Incentive Program presents an essential stimulus on top of other funds available at the state, local, and utility level and helps to ensure that residents have access to cost-effective, zero-emission technologies for their homes during these uncertain times of federal funding. In the course of developing local policy and delivering appliance retrofits in homes and local government buildings, our organization has found these strategies to often have lower first costs, and lower operating costs, while also yielding additional non-energy benefits.

The current proposal for PAR 1111 and 1121 utilizes mitigation fees on polluting equipment to fund much-needed incentives that enable residents to meet – and exceed – the incremental cost gap to transition to cleaner alternatives. To enhance the effectiveness of the current rule proposals, we support an augmentation of this mitigation fee structure. A modest \$50 increase in per-unit fees on HVAC and water heating equipment could generate more than \$25 million in additional revenue per year, which would be instrumental in expanding the reach of clean energy programs and accelerating the adoption of zero-emission technologies.

We strongly urge the adoption of these rule amendments to further the installation of clean zero-emission HVAC and water heating technologies, which are crucial for achieving the agency's air quality targets and



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accruing public health benefits for the region. By moving this rule forward with higher mitigation fees, the South Coast AQMD will help drive meaningful change in both air quality and clean energy accessibility.

Thank you for your time and consideration. We appreciate your commitment to clean air and look forward to your support for these vital amendments.

Sincerely,

Craig Perkins
President & Executive Director
The Energy Coalition