

Proposed Amended Rule (PAR) 1111
**NOx Emissions from Natural-Gas-Fired, Fan-Type
Central Furnaces**

Working Group Meeting

January 9, 2018

**SCAQMD Headquarters
Diamond Bar, California**

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Agenda

- Considerations for proposed amendments
- Updates to staff's recommendations for PAR 1111
- Rebate program
- Future activities and schedules

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Staff Considerations Based on Input from Stakeholders

- OEMs have their product development targeted at 14 ng/J
- Compliant condensing and non-condensing furnaces are being certified below 10 ng/J for NOx
- Ensure sufficient consumer choices and more reasonably priced units
- Sustain the fee schedule for the current compliance plan with no fee increase prior to its end
- Should condensing units have higher incentive and higher fee?
- Should smaller units and mobile home that are mostly for lower income customers have lower or no fee?
- OEMs who have “invested heavily” and developed compliant products should be rewarded and not disadvantaged
- Emission reductions are needed for the AQMP

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Staff's Proposal for PAR 1111

- Maintain the 14 ng/J NOx limit but with the following mitigation fee extension:
 - Condensing (High Efficiency): 1.5 years (From April 2018)
 - Non-condensing (Standard): 1 year (From October 2018)
 - Weatherized: 1 year (From October 2019)
 - Mobile Home: *No change*
- * *This approach supports manufacturers that are at and working toward 14 ng/J furnaces; 14 ng/J units are achievable based on recent certifications*
- Prevent the installation of propane furnaces capable of being fired on natural gas without proper certification

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Staff's Proposal for PAR 1111 - continued

- Mitigation fee increases implemented at the beginning of the next compliance plan cycle
- Increases in the mitigation fee for non-compliant products based on size and phased in over time as in Table 1 (exemplified in Figures 1 and 2)
 - Phase one fee increase, implementing 50% of the full mitigation fee increase at the beginning of the next compliance plan cycle
 - Phase two fee increase, implementing the full mitigation fee increase 6 months later
 - Furnaces are tiered by three size ranges for difference fee increases, imposing lower fee increase for smaller units (≤ 60 kbtu/hr) and higher fee increase for larger units (> 90 kbtu/hr)
 - There is no mitigation fee increase for mobile home units (compliance date, fee, and payment schedule remain unchanged)

* This approach considers size and type variation in the market, and maintains the current alternate compliance plan cycle

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Table 1 –Mitigation Fee Increase Based On Size and Phased In Over Time

Size Range	Furnace Equipment Category	Baseline Mitigation Fee	Phase One Mitigation Fee Increase			Phase Two Mitigation Fee Increase			Mitigation Fee End Date
			Mitigation Fee Increase Start Date	Mitigation Fee Increase from Baseline (\$/Unit)	Phase One Mitigation Fee (\$/Unit)	Mitigation Fee Increase Start Date	Mitigation Fee Increase from Baseline (\$/Unit)	Phase Two Mitigation Fee (\$/Unit)	
≤ 60 kbtu/hr	Condensing Furnace	\$200	April 1, 2018	\$75	\$275	October 1, 2018	\$150	\$350	September 30, 2019
	Non-condensing Furnace	\$150	October 1, 2018	\$75	\$225	April 1, 2019	\$150	\$300	September 30, 2019
	Weatherized Furnace	\$150	October 1, 2018	\$75	\$225	April 1, 2019	\$150	\$300	September 30, 2020
	Mobile Home Furnace	\$150	October 1, 2018	\$0	\$150	April 1, 2019	\$0	\$150	September 30, 2021
> 60 kbtu/hr and ≤ 90 kbtu/hr	Condensing Furnace	\$200	April 1, 2018	\$100	\$300	October 1, 2018	\$200	\$400	September 30, 2019
	Non-condensing Furnace	\$150	October 1, 2018	\$100	\$250	April 1, 2019	\$200	\$350	September 30, 2019
	Weatherized Furnace	\$150	October 1, 2018	\$100	\$250	April 1, 2019	\$200	\$350	September 30, 2020
	Mobile Home Furnace	\$150	October 1, 2018	\$0	\$150	April 1, 2019	\$0	\$150	September 30, 2021
> 90 kbtu/hr	Condensing Furnace	\$200	April 1, 2018	\$125	\$325	October 1, 2018	\$250	\$450	September 30, 2019
	Non-condensing Furnace	\$150	October 1, 2018	\$125	\$275	April 1, 2019	\$250	\$400	September 30, 2019
	Weatherized Furnace	\$150	October 1, 2018	\$125	\$275	April 1, 2019	\$250	\$400	September 30, 2020
	Mobile Home Furnace	\$150	October 1, 2018	\$0	\$150	April 1, 2019	\$0	\$150	September 30, 2021

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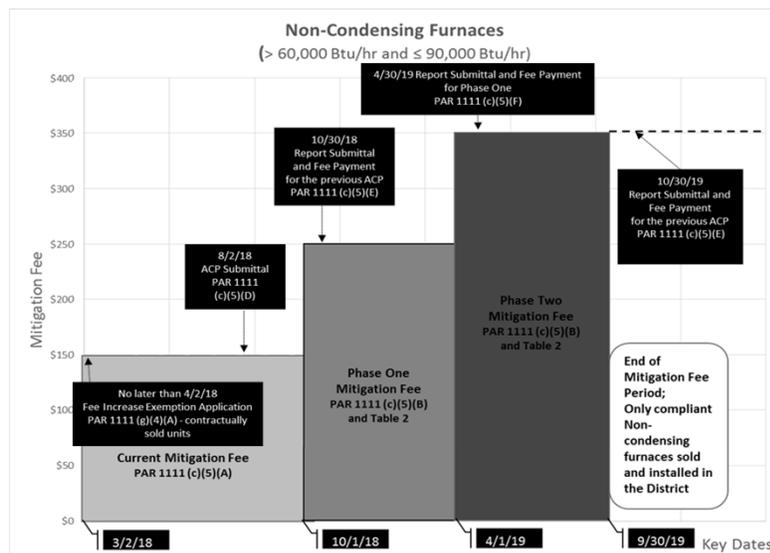
Staff's Proposal for PAR 1111 - continued

■ Mitigation fee payment due date

- Phase one period: no later than thirty (30) days after the end of the phase one period;
- Any other period: according to the current compliance cycle payment due date
- The last payment: no later than thirty (30) days after the end of mitigation fee extension

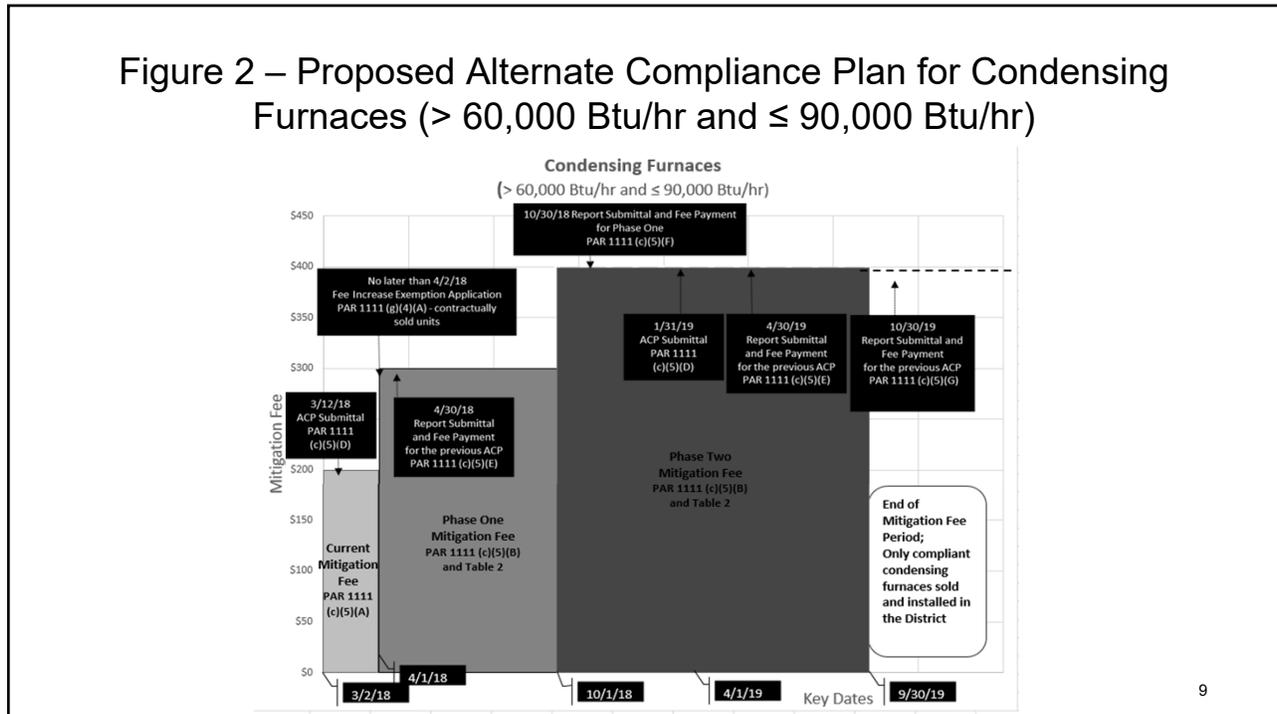
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Figure 1 – Proposed Alternate Compliance Plan for Non-condensing Furnaces (> 60,000 Btu/hr and ≤ 90,000 Btu/hr)



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Figure 2 – Proposed Alternate Compliance Plan for Condensing Furnaces (> 60,000 Btu/hr and ≤ 90,000 Btu/hr)



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Staff's Proposal for PAR 1111 – continued

- Staff previously proposed a rule concept by which facilities would be exempt from the mitigation fee increase due to early compliance, provided a plan was submitted and a fee of \$20/unit sold was submitted
- This proposal has been removed from consideration

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Staff's Proposal for PAR 1111 - continued

- OEMs, in a contractual agreement signed prior to January 1, 2018 may apply for exemption of the mitigation fee increase provided:
 - The application for exemption is submitted prior to April 2, 2018
 - The total quantity of furnaces in application(s) by any one manufacturer does not exceed 15% of furnaces distributed and sold in the previous compliance plan period
 - Those furnaces are sold no later than their mitigation fee option end dates
 - The following documents and information are provided, including but not limited to:
 - Contractual agreement for the units sold or will be sold in the District at a specified unit cost or total cost that was based on a specified unit cost
 - Quality, unit price, model number and serial number of the subject units
 - Contract execution date
 - Names(s) of the contractor (s)
 - Failure to comply with the requirements above requirements would result in paying or retroactively paying the corresponding mitigation fee specified in paragraph (c)(5) within 30 days upon notification

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Rebate Program

- Implement a rebate program
 - \$500 for the first 6,000 compliant furnaces
 - \$300 for the remaining condensing furnaces and \$200 for the remaining non-condensing, weatherized, and mobile home furnaces
 - Rebate will be implemented until funds are exhausted
 - RFP to solicit proposals and have a third party contractor administer the rebate program was issued on December 1, 2017 and closes on January 9, 2018
- Seek input on designating rebate funds for certain number of high efficiency units
- Program outreach
 - The SCAQMD
 - OEMs
 - The third party contractor for the implementation

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Future Activities and Schedules

- Continue individual stakeholder meetings
- Stationary Source Committee meeting – January 19, 2018
- Set Hearing – February 2, 2018
- Public Hearing – March 2, 2018

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