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April 10, 2025

Faye Thomas, Clerk of the Boards  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

**Subject: Comments on Proposed Amendments to Rule 1111 and Rule 1121**

Dear Ms. Thomas and Governing Board Members:

Southern California Gas Company (SoCalGas) appreciates the opportunity to provide public comments on the South Coast Air Quality Management District (South Coast AQMD) Proposed Amendments to Rule (PAR) 1111 and Rule (PAR) 1121. While staff has acknowledged affordability and consumer choice concerns, we stand by our concern that the proposed rules are still preempted by federal law and that the proposed amendments do not protect affordability or consumer choice.

Natural gas is an affordable energy source for households. To put affordability concerns in context, natural gas contributes 2/3 of California residential energy use yet only accounts for 1/4 of the total household energy bill.<sup>1</sup>

SoCalGas's comments highlight the following concerns: 1) The proposed rules still effectively ban certain appliances covered by the federal Energy Policy and Conservation Act (EPCA); 2) Staff's

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<sup>1</sup> Calculated based on household energy use (6,174 kWh for electricity and 360 therms for gas) from the California Energy Commission's (CEC) 2019 California Residential Appliance Saturation Study (RASS) and electricity price (\$0.26/kWh) from CEC's California Energy Demand Forecast - 2024 - 2040 Baseline Forecast and gas price (\$1.61/therm) provided by CEC staff and energy conversion ratio of 29.3 kWh/therm, available at: <https://www.energy.ca.gov/sites/default/files/2021-08/CEC-200-2021-005-ES.pdf> and <https://efiling.energy.ca.gov/GetDocument.aspx?tn=260931> and historical gas prices provided by CEC staff.

proposed amendments to PARs 1111 & 1121 deny consumers choice of affordable appliances and are not cost-effective and; 3) Staff should hold a public workshop to discuss alternative cost-effective options for public consideration; and 4) Rather than moving forward with the current proposal, South Coast AQMD staff should conduct a feasibility analysis to evaluate lower NOx alternatives that are fuel neutral.

**1. The proposed rules still effectively ban certain appliances covered by EPCA**

**a. *The zero-NOx emissions standard bans covered appliances***

The District first proposed amendments to Rule 1111 and Rule 1121 that, like the amendments adopted in June 2024 to Rule 1146.2 (tankless gas water heaters, boilers, process heaters),<sup>2</sup> imposed zero-NOx emissions standards on covered appliances, phased in by varying deadlines. SoCalGas expressed concern that the District’s zero-emission requirements are preempted by EPCA because the rules effectively ban natural gas appliances by prohibiting any combustion emissions and thereby prohibiting using gas for combustion. This concern is supported by the Ninth Circuit’s recent decision in *Cal. Restaurant Ass’n v. City of Berkeley*, 89 F.4th 1094 (9th Cir. 2024), which held that EPCA preempts regulations “that relate to ‘the quantity of [natural gas] directly consumed by’ certain consumer appliances at the place where those products are used.” *Id.* at 1101. The Ninth Circuit noted that, “[A] regulation on ‘energy use’ fairly encompasses an ordinance that effectively eliminates the ‘use’ of an energy source.” *Id.* at 1102.

In its recently released Draft Staff Report, the District argues that Rule 1111 and Rule 1121 are not preempted by EPCA because the holding was limited to building codes. This misapprehends the Ninth Circuit’s holding. Under that court’s interpretation of EPCA’s plain text and structure, the zero-NOx emission standards in Rules 1111 and 1121 are functionally indistinguishable from Berkeley’s ordinance and do exactly what the Ninth Circuit held is preempted by EPCA. By effectively banning NOx emissions from covered appliances, the District is doing “indirectly what Congress says they can’t do directly,” just as the City of Berkeley tried to do by banning gas piping. *Cal. Rest.*, 89 F.4th at 1106.<sup>3</sup>

The Draft Staff Report also suggests that its rules are different because they are “fuel neutral.” However, Rules 1111 and 1121 by their terms apply expressly to “natural gas” appliances, and their intended purpose and effect is to ban natural gas appliances, not any other type of appliance. That impermissible *effect* on covered products is preempted by EPCA. *Cal. Rest.*, 89 F.4th at 1107.

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<sup>2</sup> A broad-based coalition of plaintiffs filed suit in December 2024, asserting that Rule 1146.2 is invalid and unenforceable because it is preempted by the Energy Policy & Conservation Act (“EPCA”), 42 U.S.C. §§ 6291 *et seq.* *Rinnai, et. al. v. South Coast Air Quality Management District*, Civ. No. 2:24-cv-10482 PA (C.D. Cal).

<sup>3</sup> In the Draft Staff Report, the District points to a recent federal district court ruling in the Southern District of New York that upheld New York City’s gas ban. That decision is irrelevant here, where *Cal. Rest.* is binding precedent and the decision in fact, adopted the reasoning of the dissenting opinion, *Cal. Rest.*, 89 F. 4<sup>th</sup> at 1119.

b. *The alternative compliance approach phases in an effective ban on covered appliances*

In February, the District presented a revised rule concept for Rules 1111 and 1121 which retains the zero-NOx emission limits but adds an “alternative compliance approach.” This alternative approach, however, does not avoid preemption. The alternative approach imposes percentage limits on sales of EPCA-covered products that, if exceeded, require the imposition of a significant fee (starting at \$250 for water heaters and \$500 for furnaces) on the sale of that covered product, in addition to the \$50-\$100 mitigation fee imposed on all gas units sold after 2027. These fees would increase annually by the consumer price index (CPI). While these covered appliances are theoretically available under the alternative compliance approach, the significant fee imposed on them means they will be de facto unavailable. Congress was concerned about this very thing. They noted that EPCA, “upon a sufficient showing, would forbid a standard for small gas furnaces being set at a level that would increase the price to the point that the product would be noncompetitive and that would result in minimal demand for the product.” S. Rep. No. 100-6, at 8-9.<sup>4</sup> These sales limits are, in effect, a phased-in zero-NOx emission rule and therefore a phased-in gas appliance ban.

This 90% effective ban is preempted by EPCA for the same reasons as a complete ban via a zero-NOx emission limit. *See Cal. Rest.* at 1107 (cannot do indirectly what cannot be done directly). That the alternative approach still allows 10% of overall water heater and space heater sales to be gas appliances without the payment of a large fee does not make it any less a ban; there is no meaningful distinction between an effective ban on 90% of sales, 99%, or 100%. The alternative compliance approach has the same impermissible effects on manufacturers’ decisions as to what appliances to design, market, sell, distribute, and service, and on builders’ and consumers’ ability to use appliances of their choice. Indeed, the proposed alternative approach directly regulates manufacturers, creating the very patchwork of regulations and burdens on manufacturers that EPCA sought to prevent. *Cal Rest.*, 89 F.4th at 1120. Therefore, SoCalGas is concerned that both the original compliance approach (gas appliance ban via a zero-NOx emission requirement) and the alternative compliance approach (effective gas appliance ban via phased-in zero-NOx requirements with the imposition of significant fees for exceeding the targets) are preempted by EPCA.

c. *The proposed mitigation fee appears to be a tax*

Additionally, SoCalGas is concerned that the significant “mitigation fee” on natural gas appliances proposed in connection with the EPCA-preempted alternative compliance option would constitute a tax that the District lacks the authority to impose. As drafted, Rule 1111 and Rule 1121 do not provide manufacturers of EPCA-covered products with a lawful compliance option. Effectively, manufacturers are left with the illusory choice to either (1) comply with zero-NOx limits that are

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<sup>4</sup> This legislative history addresses the limitation on the authority of the Department of Energy on establishing standards that would result in the unavailability of covered products. *See* 42 U.S.C. 6295(o)(4).

preempted by EPCA—and not sell natural gas appliances—or (2) sell gas appliances and pay a significant fee for sales over the target percentage that will broadly apply to units purchased by residents living in the South Coast Basin. Given this construct, if manufacturers do not comply with the preempted percentage limits on sales of EPCA-covered products, they are required to pay the “mitigation fees” that appear to amount to a tax on natural gas appliance manufacturers. The “mitigation fee” has all the hallmarks of a tax, with no constitutional compliance option to save it.

## **2. Staff’s proposed amendments to PARs 1111 & 1121 deny consumers choice of affordable appliances and are not cost-effective**

Staff’s proposed amendments to PARs 1111 & 1121 are not affordable or cost-effective<sup>5</sup> and provides two compliance options to manufacturers, both of which effectively deny consumers their choice of appliances. Our comments focus on two economic issues that sound similar but refer to two separate issues: affordability and cost-effectiveness.

Affordability refers to how much it will cost to purchase and install an appliance. For example, if an electric heat pump appliance cost \$5,400<sup>6</sup> to purchase and install, and the equivalent natural gas appliance costs \$3,300<sup>7</sup> to purchase and install, the electric heat pump would cost the consumer an additional \$2,100. If the consumer cannot recover the additional price difference through operational savings, then the electric heat pump is more expensive and raises affordability concerns.

Cost-effectiveness, on the other hand, refers to the cost of a control measure relative to the amount of emissions it reduces.<sup>8</sup> Cost-effectiveness values for proposed rules are compared to the threshold of \$383,000 (adjusted for CPI) per ton of NO<sub>x</sub> reduced that was set by the 2022 Air Quality Management Plan (AQMP)<sup>9</sup> to evaluate the economic feasibility of the proposed control measures. If a cost-effectiveness value exceeds the benchmark, the control measure is deemed not cost-effective.

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<sup>5</sup> South Coast AQMD, “Proposed Amended Rules 1111 and 1121 Public Consultation,” March 6, 2025, Slide 72, [https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1111-and-1121/par-1111-and-1121-pc-march-2025.pdf?sfvrsn=5a728161\\_14](https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1111-and-1121/par-1111-and-1121-pc-march-2025.pdf?sfvrsn=5a728161_14).

<sup>6</sup> South Coast AQMD, “Proposed Amended Rules 1111 and 1121 Public Consultation,” March 6, 2025, Slide 59, [https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1111-and-1121/par-1111-and-1121-pc-march-2025.pdf?sfvrsn=5a728161\\_14](https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1111-and-1121/par-1111-and-1121-pc-march-2025.pdf?sfvrsn=5a728161_14).

<sup>7</sup> South Coast AQMD, “Proposed Amended Rules 1111 and 1121 Public Consultation,” March 6, 2025, Slide 59.

<sup>8</sup> South Coast AQMD, “2022 Air Quality Management Plan,” December 2022, p. 4-4, <https://www.aqmd.gov/docs/default-source/clean-air-plans/air-quality-management-plans/2022-air-quality-management-plan/final-2022-aqmp/final-2022-aqmp.pdf?sfvrsn=16>.

<sup>9</sup> South Coast AQMD, “2022 Air Quality Management Plan,” December 2022, p. 4-76, <https://www.aqmd.gov/docs/default-source/clean-air-plans/air-quality-management-plans/2022-air-quality-management-plan/final-2022-aqmp/final-2022-aqmp.pdf?sfvrsn=16>.

In this context, cost-effectiveness refers to the difference in total costs of purchasing, installing and operating a heat pump compared to a natural gas appliance, divided by the estimated lifetime NOx emissions reductions. For example, if switching from a natural gas appliance to a heat pump costs an additional \$1,356 over an estimated 15-year lifetime of the equipment and the estimated lifetime NOx emissions from the equipment is 0.0033 tons of NOx, the cost-effectiveness to go from a gas water heater to a heat pump water heater is \$405,000 per ton of NOx reduced<sup>10</sup>. Since this cost is above the benchmark, this means that the emissions reductions achieved from the proposed rule are not cost-effective—meaning it does not provide good value for the money spent, or that the costs are disproportionately high compared to the benefits.

*a. The compliance options proposed are more expensive and raises affordability concerns*

South Coast AQMD staff have acknowledged that zero-emission appliances are expensive<sup>11</sup> and consumers will not recover the high upfront additional costs of a heat pump appliance through the lifetime operations of the equipment.<sup>12</sup> Without extensive incentives, compliance with the default zero-emissions standard is less affordable for the average consumer.

In response to stakeholder concerns around affordability, staff proposed the alternative compliance option. In theory, the alternative compliance pathway should allow consumers to continue to choose affordable natural gas appliances to install in their home. However, the manufacturer mitigation fees being proposed will be passed through to consumers<sup>13</sup>, unnecessarily increasing the price of natural gas appliances and thereby making affordable appliances unavailable.

Over time, the public will be forced to pay hundreds of dollars more to replace their gas appliances, ultimately making gas appliances much more expensive, even where theoretically available. **The proposed zero-emission standards and proposed alternative compliance options are more expensive for consumers, when they don't have to be.** It is not in the public interest, especially at a time when consumers are demanding affordable energy solutions,<sup>14</sup> to raise upfront costs of

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<sup>10</sup> South Coast AQMD, “Proposed Amended Rules 1111 and 1121 Stationary Source Committee,” March 21, 2025, Slide 11, <https://www.aqmd.gov/docs/default-source/Agendas/ssc/ssc-agenda-3-21-2025.pdf>.

<sup>11</sup> South Coast AQMD, “Proposed Amended Rules 1111 and 1121 Stationary Source Committee, December 20, 2024, Slide 12 and 14, <https://www.aqmd.gov/docs/default-source/Agendas/ssc/ssc-agenda-12-20-2024.pdf>.

<sup>12</sup> Staff’s analysis estimates that consumers would pay upfront costs of \$8,000 to replace a furnace with a heat pump, resulting in a lifetime energy savings of approximately \$1-3 per month. Staff estimates consumers will pay \$2,100 to replace a water heater with a heat pump water heater, resulting in a lifetime energy savings of approximately \$6 per month.

<sup>13</sup> Rheem, Rinnai, and Johnson Controls Appliance submitted comment letters on March 20, 2025 to the South Coast AQMD stating that mitigation fees will ultimately be passed through onto consumers under the alternative compliance option due to the uncertainty in future market demand and sales.

<sup>14</sup> Governor Newsom, Executive Order N-5-24, <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>.

the most affordable options. These proposed amendments will put unnecessary financial strain on California families, particularly those in senior living and low-income housing.

In a recent Washington Post article, one California consumer wrote about her experience replacing her gas furnace with an electric heat pump and ultimately decided to pursue replacing all of her gas appliances.<sup>15</sup> Even with all the available subsidies, she still needed a subsidized loan for the \$41,000 upfront cost; this includes \$8,700 for the heat pump water heater and \$23,000 for the heat pump heating, ventilation, and air conditioning (HVAC) unit and necessary duct work. Once all her appliances were installed, she had hoped her total energy bill would be less, but it was nearly double what she paid for gas and electricity the same month the year before, all while still paying back her loan with interest. While she had the resources and availability to work through what she describes as a major remodel, her experience is not something that should be forced on consumers.

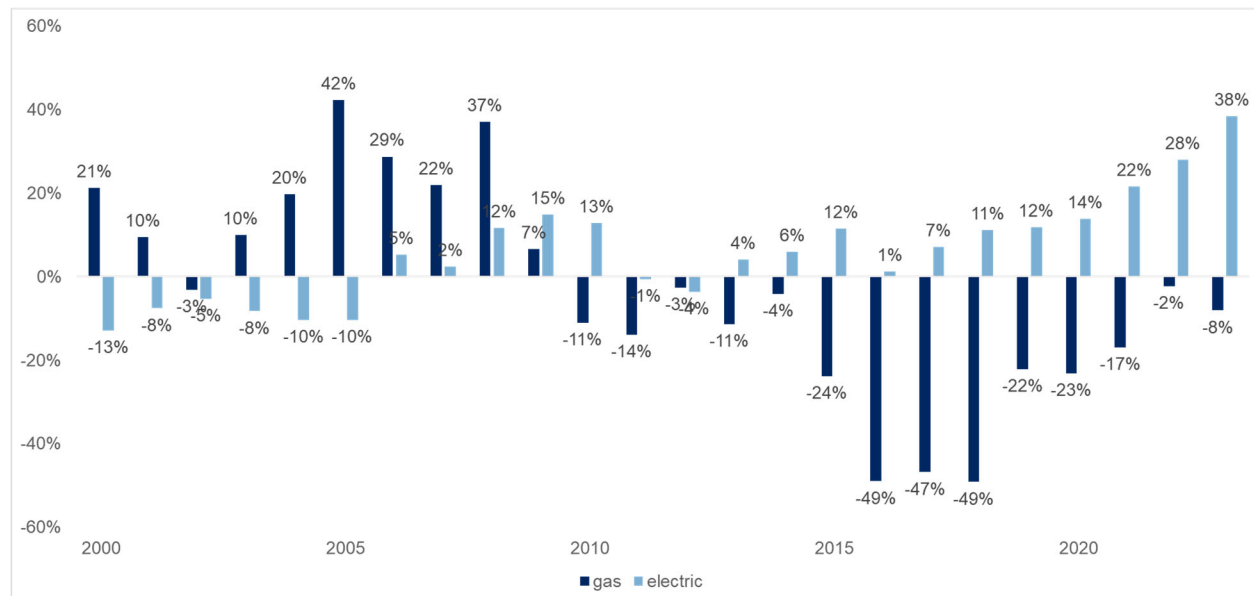
The higher upfront monthly bills this customer experienced can be better understood by current energy prices. Today, residential electricity prices on average are 5 times more expensive than natural gas prices per delivered energy unit.<sup>16</sup> Over the past decade, electricity rates have increased significantly, while natural gas rates have declined. Figure 1 below shows the 10-year price difference per year.

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<sup>15</sup> Sarah Bowman, “I Made My Home Fossil Fuel-Free. Why Did My Utility Bills Nearly Double?” *MSN*, April 3, 2025, <https://www.msn.com/en-us/news/us/i-made-my-home-fossil-fuel-free-why-did-my-utility-bills-nearly-double/ar-AA1C8MYb>.

<sup>16</sup> Based on natural gas price of \$1.72 per therm and electric price of \$0.32 per kWh, using conversion rate of 29.3 kWh per therm. Natural gas rate provided by CEC staff for SoCalGas 2024 residential rates (2023\$) and electric rates based on 2024 IEPR Demand Forecast 2024 statewide rates (2023\$), available at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=260931>.

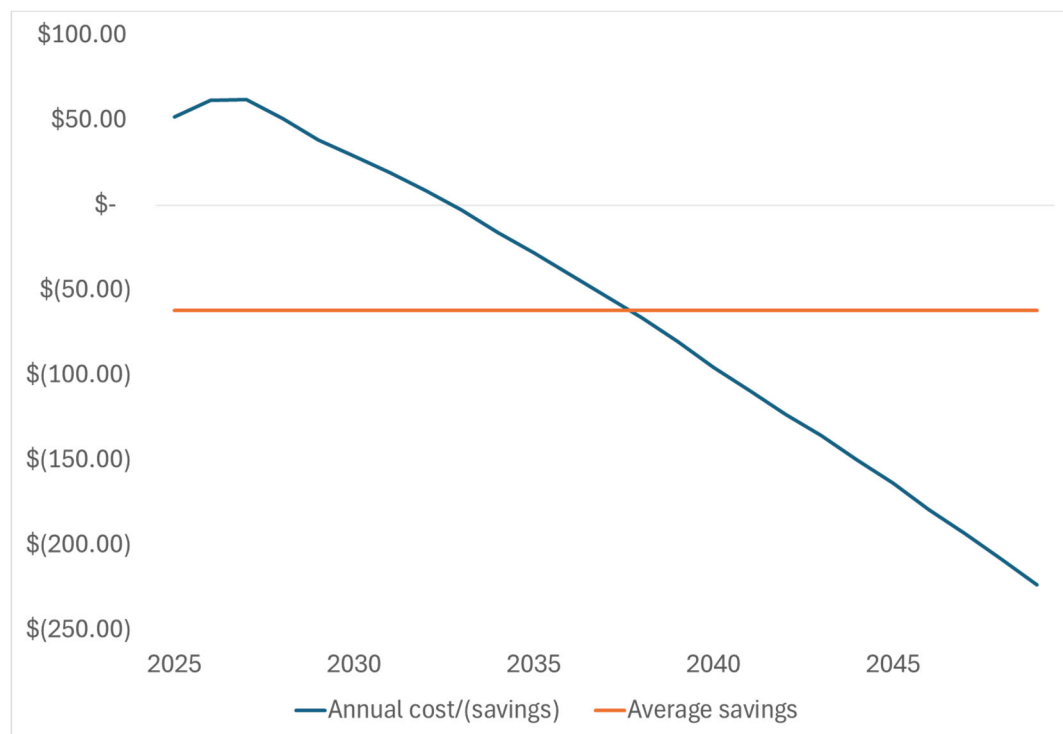
**Figure 1: Historical 10-year Deltas – Electric vs. Gas Residential Rates<sup>17</sup>**



An example of what consumers can expect to pay overtime is depicted in Figure 2 below. This shows the fuel switching costs and savings over the lifetime of the appliance for the Furnace & AC and Furnace Only replacement by heat pump scenarios. Positive numbers represent costs while negative numbers represent savings due to fuel switching. The dark blue line shows the annual costs/savings, and the orange line shows the average savings over the entire lifetime, which corresponds with SCAQMD staff's calculation. As shown below, there will be annual costs associated with the new heat pump appliance in the beginning years and eventually there will be savings in the latter years, resulting in overall operational savings over the lifetime of the appliance. However, the time the consumer will experience any savings will be nine years after installation and the consumer will not see savings on par with average lifetime savings until 14 years after installation. This lengthy wait period before fuel switching savings come into fruition places extra financial burden on the consumer immediately upon replacement (along with the higher upfront cost). Note that this example assumes relatively flat electricity prices and more than doubling of gas prices. If electricity prices increase, consistent with the historic trend, this would decrease savings and could lead to overall higher operational costs.

<sup>17</sup> Natural gas rates provided by CEC staff for SoCalGas residential rates (2023\$) and electric rates based on 2024 IEPR Demand Forecast statewide rates (2023\$), available at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=260931>.

**Figure 2: Fuel switching costs and savings over lifetime for Furnace & AC and Furnace Only replacement by heat pump (PAR 1111)<sup>18,19</sup>**



*b. It is not cost-effective to switch from gas appliances to heat pump appliances*

Staff conducted a cost-effectiveness analysis for PAR 1121 and found that switching from a gas water heater to an electric heat pump water heater is not cost-effective (the costs are disproportionately high compared to the benefits). Additionally, PAR 1111, which governs space heaters, is not cost-effective for single family homes. It is only cost-effective when assuming the consumer would also be replacing the AC unit (~\$9,000) as well, which is not an appliance governed by SCAQMD.<sup>20</sup> Since the proposed amendments are not cost-effective for replacements of the regulated appliances, staff should not move forward with this rulemaking.

<sup>18</sup> Annual energy demand for gas and electric appliance based on SCAQMD's Draft Socioeconomic Impact Assessment For PAR 1111 and PAR 1121 (April 2025), page 9, available at [https://www.aqmd.gov/docs/default-source/rule-book/proposed-rules/1111-and-1121/draft-sia-for-1111-1121\\_03282025.pdf?sfvrsn=fe6d9f61\\_2](https://www.aqmd.gov/docs/default-source/rule-book/proposed-rules/1111-and-1121/draft-sia-for-1111-1121_03282025.pdf?sfvrsn=fe6d9f61_2).

<sup>19</sup> Projected natural gas prices provided by CEC staff for SoCalGas residential rates (2023\$). Projected electricity price based on 2024 IEPR Electricity Rate Forecast for Southern California Edison residential rates (2023\$), available at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=260210&DocumentContentId=96439>.

<sup>20</sup> South Coast AQMD, "Proposed Amended Rules 1111 and 1121 Public Consultation," March 6, 2025, Slide 72, [https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1111-and-1121/par-1111-and-1121-pc-march-2025.pdf?sfvrsn=5a728161\\_14](https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1111-and-1121/par-1111-and-1121-pc-march-2025.pdf?sfvrsn=5a728161_14).



*c. The compliance options effectively deny consumer choice*

Manufacturers that comply with the default zero-emission standard will only offer zero-emission units beginning in 2029, reducing the inventory of affordable natural gas appliances available to consumers. Should manufacturers follow the default option, consumers will not have a choice to purchase a lower cost natural gas appliance. Consumers will be required to pay all the additional expenses of panel upgrades, structural modifications to their homes and apartments, and the upfront expense of the equipment.

Furthermore, limiting market availability of gas appliances via the alternative compliance option will effectively force some consumers to buy more expensive electric appliances, as this could be the only option available to them. For example, the manufacturer sales target schedule ends in 2036 with a 90/10 split of purchases of electric to natural gas appliances. By setting these sales targets, South Coast AQMD is establishing a market where only one out of every ten consumers will have the option to purchase a natural gas appliance without having to pay exorbitant mitigation fees. This does not protect consumer choice but rather creates a scenario where consumers will be faced with choosing between an expensive electric unit or a limited supply of gas appliances at an increased cost. Overall, the alternative compliance option is very convoluted<sup>21</sup> and could obfuscate cost pass throughs to consumers.

**3. Staff should hold a public workshop to discuss alternative cost-effective options for public consideration**

During the March 6 South Coast AQMD Public Consultation Meeting, staff presented findings from their updated cost-effectiveness analysis and concluded that PAR 1121 is not cost-effective.<sup>22</sup> The 2022 AQMP states that if a cost-effectiveness threshold is exceeded, staff is required to hold a public meeting to discuss rule options with cost-effectiveness above and below the threshold.<sup>23</sup>

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<sup>21</sup> For instance, existing manufacturers are only given until November 2026 to decide if they want to opt-in to the ZEM compliance option. This short opt-in window gives manufacturers little time to assess how they might comply with the rules. For those that do opt-in, manufacturers will be required to pay per unit mitigation fees, track all product sales across multiple regions and points of sale, submit annual reports to the South Coast AQMD, and pay additional mitigation fees for every appliance sold over the sales targets. It is unknown if such tracking is feasible and if the additional requirements would be too burdensome to comply with.

<sup>22</sup> South Coast AQMD, “Proposed Amended Rules 1111 and 1121 Public Consultation,” March 6, 2025, Slide 72, <https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1111-and-1121/par-1111-and-1121-pc-march-2025.pdf>.

<sup>23</sup> South Coast AQMD, “2022 Air Quality Management Plan,” December 2022, p. 4-83, <https://www.aqmd.gov/docs/default-source/clean-air-plans/air-quality-management-plans/2022-air-quality-management-plan/final-2022-aqmp/final-2022-aqmp.pdf?sfvrsn=16>.

The 2022 AQMP outlines the public process required when a cost-effectiveness threshold is exceeded, making it clear that the intent of the public meeting should be to specifically discuss alternative standards or compliance options. Staff did not evaluate the cost-effectiveness of the alternative compliance pathway during the March 6 Public Consultation Meeting. Instead, staff presented their cost-effectiveness analysis results at the March 21 Stationary Source Committee Meeting, changing course and finding the alternative compliance option to be below the cost-effectiveness threshold.<sup>24</sup> This information and the details of how staff arrived at this conclusion have not been shared with the public.

To ensure compliance with the 2022 AQMP's requirements and public transparency, staff should hold an additional meeting to present lawful cost-effective alternatives to the proposed rule. Until such a meeting is held, these rules should not go to the Board for adoption.

**4. Rather than moving forward with the current proposal, South Coast AQMD staff should conduct a feasibility analysis to evaluate lower NOx alternatives that are fuel neutral**

Given the concerns regarding the affordability and feasibility of the proposed rule concepts, it is imperative that the South Coast AQMD conduct a comprehensive feasibility analysis. This analysis should evaluate the emissions reductions that can be achieved through technological advancements in lower NOx technologies and hybrid solutions. Lower NOx alternative technologies can help achieve meaningful emissions reductions while maintaining reliable, affordable, and efficient options for consumers. This would help balance emission reduction goals with economic realities, ensuring that the proposed rules are both practical and sustainable. Eliminating entire categories of appliances raises legal concerns, affordability concerns, and cost-effectiveness concerns. It is crucial these rules offer affordable, cost-effective options to consumers, especially during a time when many California families are already under financial strain. Failing to conduct this analysis risks implementing regulations that are not fuel neutral and costly for consumers.

Finally, we understand that the California Air Resources Board (CARB) has withdrawn Bay Area AQMD's zero-NOx furnace and water heater rules (Rule 9-4, Nitrogen Oxides from Natural Gas-Fired Furnaces, and Rule 9-6, Nitrogen Oxides from Natural Gas-Fired Boilers and Water Heaters) from consideration for inclusion into the California State Implementation Plan (SIP). Assuming CARB will likewise not submit South Coast AQMD's similar proposed rules for zero-NOx furnaces and water heaters to EPA for inclusion into the SIP, the development of a feasible, fuel

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<sup>24</sup> South Coast AQMD, "Proposed Amended Rules 1111 and 1121 Stationary Source Committee," March 21, 2025, Slide 12, <https://www.aqmd.gov/docs/default-source/Agendas/ssc/ssc-agenda-3-21-2025.pdf>.

neutral regulation that imposes lower NO<sub>x</sub> limits could achieve both meaningful emissions reductions and SIP credit while maintaining affordability and true consumer choice.

## **Conclusion**

SoCalGas has been an active participant in the South Coast AQMD rulemaking on PAR 1111 and 1121 and appreciates staff's efforts in updating these rules. However, we stand by our concern that these proposed zero-emission standards and alternative compliance options are preempted by EPCA and still create affordability concerns for consumers. We urge South Coast AQMD to delay adoption of these rules and take the time to conduct a feasibility study and evaluate lower NO<sub>x</sub> options. **If South Coast AQMD still moves forward with these proposed amendments at the June Board Meeting, we recommend the Board vote against them as written.**

Delaying these rules does not prevent consumers from purchasing electric heat pumps. Consumers that have the financial resources and space required for heat pumps do not need a zero-emission appliance regulation to purchase and install electric appliances in their homes, they already have the option to do so. However, if these rules are adopted, it is crucial to recognize that consumer choice will be impacted and homeowners and renters, rather than industry, will be the ones forced to reach deep into their pockets to comply with these rules. We believe it is reasonable to conduct a feasibility study in order to develop a cost-effective, feasible and affordable lower NO<sub>x</sub> rule, especially considering the significant financial impact to homeowners and businesses and the challenges they will likely face with rule implementation.

Respectfully,

*/s/ Kevin Barker*

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