

April 4, 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

*RE: Support for Proposed Amended Rules 1111 and 1121*

Dear Chair Delgado and Members of the Governing Board:

The Northeast States for Coordinated Air Use Management (NESCAUM) is writing in support of the South Coast Air Quality Management District (AQMD) Proposed Amended Rules (PAR) 1111 and 1121, which are designed to reduce NOx emissions from residential-scale furnaces and water heaters. NESCAUM is the association of state air pollution control agencies in the eight Northeast states of Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont. Our member agencies are responsible for implementing clean air programs that achieve the public health, environmental protection, and greenhouse gas (GHG) reduction goals of the federal Clean Air Act and state climate and environmental laws. Additionally, NESCAUM often works beyond our region, with states from across the country, to support multistate efforts to address air and climate pollution.

NESCAUM strongly supports PAR 1111 and 1121 and we encourage their adoption as soon as possible. Adopting these rules will significantly improve air quality and health in the South Coast region, which has the worst ozone air pollution in the nation. In addition to their direct benefits for South Coast residents, adoption of these rules will send a strong signal to other states and regions who are also considering zero-emission standards for space and water heating. South Coast AQMD is among the first air districts in the nation, following the Bay Area AQMD, to enact zero-emission standards for space and water heating equipment, having adopted amendments to Rule 1146.2 in June 2024 that incorporate zero-NOx standards for large water heaters and small boilers and process heaters.

South Coast AQMD's zero-emission standards are likely to serve as a model for other states and air districts that plan to adopt similar rules. For that reason, it is crucial to get them right. In these comments, NESCAUM suggests a few areas where the proposed rules can be strengthened. Most notably, the latest updates to PAR 1111 and 1121 significantly weaken the targets and timeline for the transition to zero-emission residential equipment. The original proposal would have required that 100% of water heaters and furnaces sold and installed in existing buildings in the South Coast region be zero-emissions equipment starting in 2027 and 2028, respectively. The revised proposal calls for 50% of manufacturer sales of water heaters and furnaces to be zero-emission equipment in the 2029-2032 period. This falls short of a target that California has already set as part of a multistate, NESCAUM-led Memorandum of Understanding (MOU) it

signed in 2024. The [Multistate MOU: Accelerating the Transition to Zero-Emission Residential Buildings](#) sets a target for at least 65% of residential-scale heating, air conditioning, and water heating equipment sales to be zero-emission heat pump equipment by 2030, across the ten signatory states.

Given the urgency of acting to address air pollution in the South Coast region, NESCAUM believes that South Coast AQMD's zero-emission standards for residential-scale water heaters and furnaces should set the pace for the rest of the state. Accordingly, PAR 1111 and 1121 should establish targets that align with or even exceed the goal that California has already set for 65% of manufacturer sales to be zero-emission equipment by 2030.

We are also concerned that the latest proposals never actually phase out sales of NOx-emitting equipment, since even after 2036 manufacturers can pay a mitigation fee for any non-compliant equipment they continue to sell. While mitigation fees could rise over time, it's not clear that the fees will be high enough to actually deter sales of non-compliant equipment. To ensure that sales of NOx-emitting equipment actually do decline over time, at a pace that meets the target that California has set, South Coast AQMD could consider limiting or phasing out the ability for manufacturers to pay mitigation fees after a certain date or increasing the mitigation fee to further incentivize compliance. For example, the rules could incorporate higher fees the further out of compliance a manufacturer is.

Additionally, to the extent possible without delaying the timeline for rule adoption, NESCAUM recommends that South Coast AQMD consider opportunities to align PAR 1111 and 1121 with our [Model Rule: NOx and GHG Emissions Standards for Space and Water Heaters](#), which we published in 2024, in collaboration with the Regulatory Assistance Project (RAP). The Model Rule was developed with significant input from a multistate working group, the Equipment Emission Standards Cohort (EESC), which includes a dozen states working together to develop model policies for zero-emission standards that support states' air quality and climate goals. This follows a commitment by ten states in the U.S. Climate Alliance to "[explore the adoption of zero-emission standards for space and water heating equipment.](#)"

NESCAUM's Model Rule sets zero-NOx and zero-GHG emission standards for small water heaters, furnaces, and boilers, as well as ultra-low-NOx standards for both small and large water heaters. It is a template regulation that state and local agencies can use as a starting point to develop their own zero-emission heating equipment standards. The Model Rule is accompanied by a Technical Support Document (TSD) designed to assist regulators and other stakeholders in understanding the Model Rule. It provides information on key provisions of the Model Rule, stakeholder input received, implementation guidance, and supporting analyses on the emissions, health, and cost impacts of transitioning to zero-emission heating technologies. The Model Rule, TSD, and related resources can be found on NESCAUM's [website](#).

Aligning PAR 1111 and 1121 with the Model Rule, to the extent feasible without slowing the timeline, would increase consistency of regulatory approaches between jurisdictions that adopt

zero-emission standards, making it easier for manufacturers to comply. Specific elements of PAR 1111 and 1121 that could potentially be aligned with the Model Rule include the definitions and sizes of covered equipment and inclusion of other fuel types. NESCAUM understands that Rules 1111 and 1121 were originally adopted in 1978 and that those original rules serve as the basis of the equipment definitions and sizes covered. If there is an opportunity to adjust those definitions without slowing the timeline to adopt the rules, NESCAUM would recommend aligning definitions of covered furnaces and water heaters with the U.S. Department of Energy (DOE) appliance and equipment category definitions<sup>1</sup> that are used to define these equipment types in the U.S. market. During Model Rule development, NESCAUM heard from manufacturers that alignment, to the extent possible, with DOE definitions and size categories would help with market understanding and ensure comprehensive coverage of covered equipment types.

Including propane furnaces and water heaters presents another opportunity to better align the South Coast AQMD proposal with NESCAUM's Model Rule. PAR 1111 and 1121 only apply to natural gas-fired equipment. The Model Rule, on the other hand, covers equipment that uses fuel oil and propane, fuel types that are prevalent in the Northeast, in addition to natural gas. Propane is commonly used in some parts of the South Coast region, particularly more remote areas, so propane furnaces and water heaters are readily available. These propane units can be converted to run on natural gas using a conversion kit, creating a potential loophole to compliance with PAR 1111 and 1121. Covering propane furnaces and water heaters would strengthen South Coast AQMD's proposed rules while also increasing alignment with NESCAUM's Model Rule.

NESCAUM intends to update the Model Rule over time based on new information and, as such, is closely monitoring developments in California related to zero-emission standards for space and water heaters. We appreciate the opportunity to offer these comments and look forward to further coordination with South Coast AQMD. **Most importantly, we urge the Governing Board to adopt these zero-emission standards as soon as possible.** PAR 1111 and 1121 will improve air quality and health in the South Coast region and create momentum for other jurisdictions considering similar rules.

Sincerely,

Paul J. Miller Digitally signed by Paul J. Miller  
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Paul Miller  
Executive Director  
NESCAUM

cc: NESCAUM Directors

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<sup>1</sup> US DOE 10 Code of Federal Regulations (CFR), Section II, Subchapter D, Part 430.  
<https://www.ecfr.gov/current/title-10/chapter-II/subchapter-D/part-430>.