



Rule 9-6: Consideration of Concepts for Affordability and Availability Amendments

Stationary Source Committee

December 10, 2025

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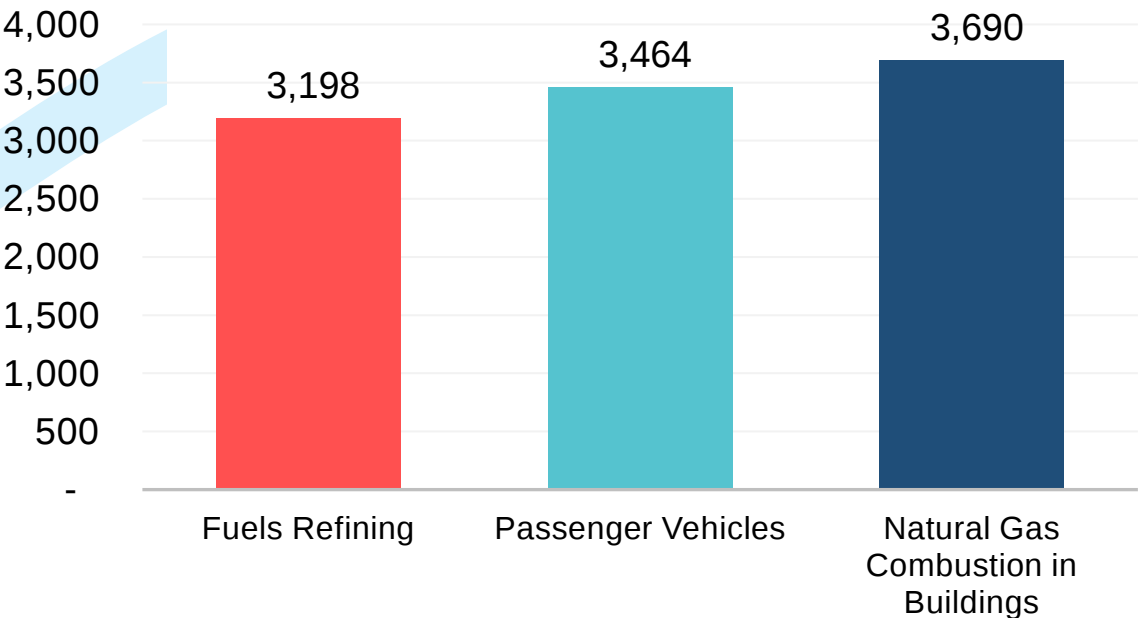
Rules and Strategic Policy Division

Presentation Outline

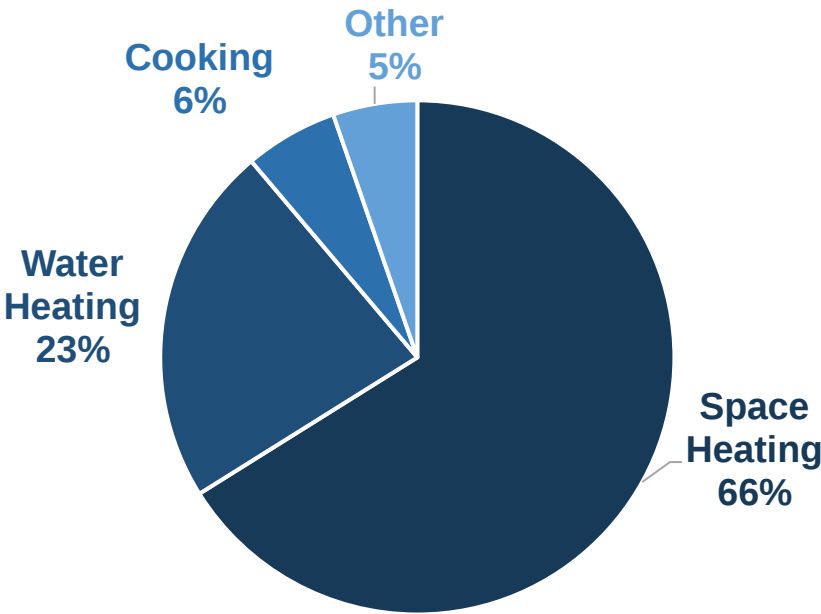
- General Background
- Overview of Potential Flexibility Concepts
- Detailed Review of the Concepts
- Brief Discussion of the Public Comments Received
- Possible Timeline for Future Actions

Building Nitrogen Oxides (NOx) Emissions Overview

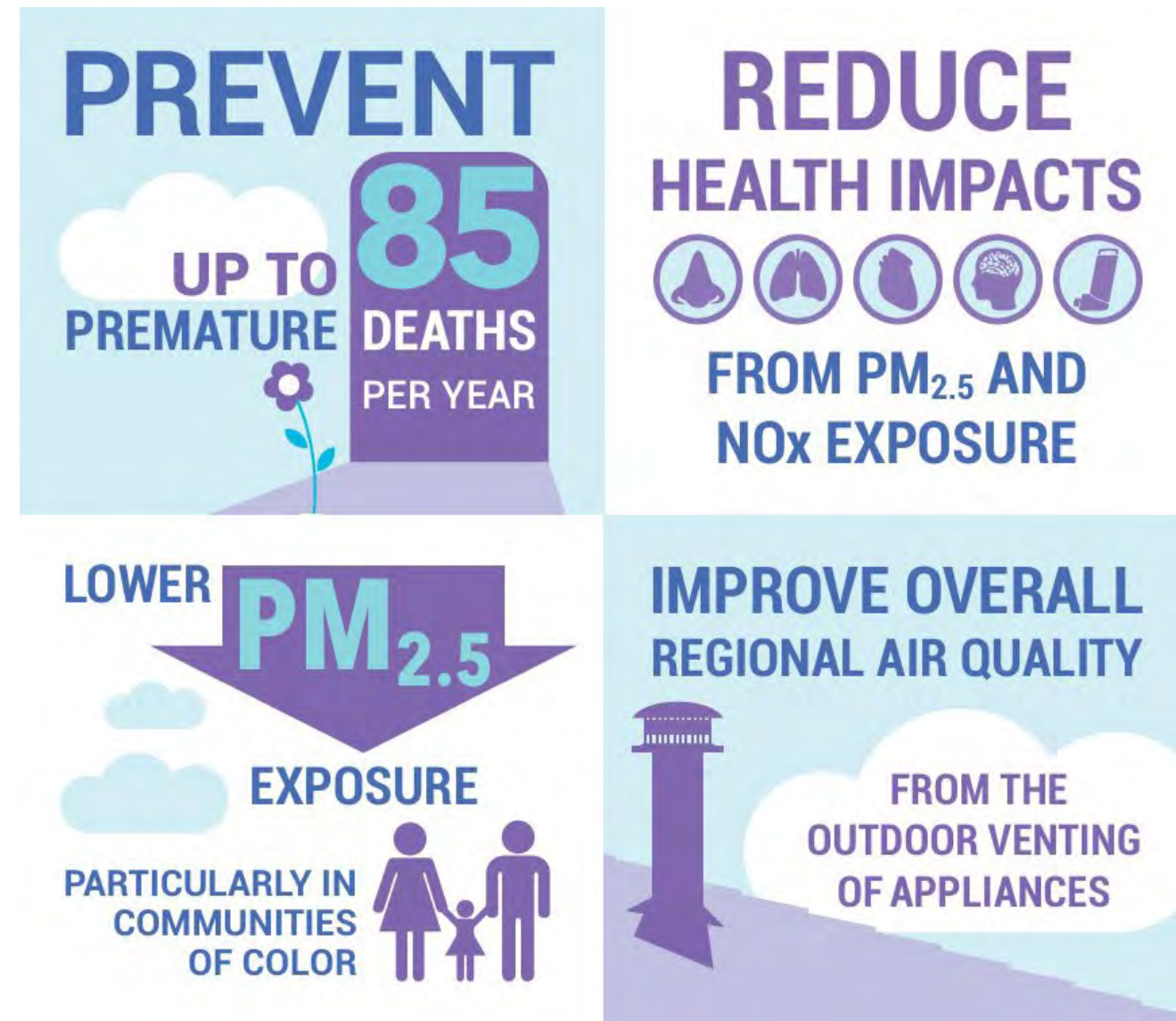
2019 Air District NOx Emissions (tons)



Air District Residential Natural Gas Combustion NOx Emissions (2019)



Health Benefits Overview



Upcoming Implementation Timelines

- Regulation 9, Rule 4: Nitrogen Oxides from Fan Type Residential Central Furnaces
- Regulation 9, Rule 6: Nitrogen Oxides from Natural Gas-Fired Boilers and Water Heaters
- Zero NOx amendments adopted on March 15, 2023, with future implementation dates

1/1/2027	Rule 9-6: Water heaters less than 75,000 BTU/hr*
1/1/2029	Rule 9-4: All applicable natural gas-fired furnaces (e.g., residential and commercial; including direct-vent units)
1/1/2031	Rule 9-6: Water heaters 75,000 to 2 million BTU/hr

**BTU/hr = British thermal units per hour*

Overview of the Concept Paper

Potential concepts on flexibilities for Rule 9-6 (Small Water Heaters)

1. Equipment type sales exemption
2. Limited certified exemptions

- Published in October for 30-day comment period
- Comment period closed on November 24th
- Approximately 375 comments sent in response to concept paper

[Link](#) to concept paper

Flexibility Concepts: Smallest Units

Small Capacity Units

- Continued sales of 35 gallons and less tank size water heaters

Challenge Addressed:

- Market gap for small sized water heaters

Benefits:

- Equity benefit for homes with small capacity water heaters and limited space

Flexibility Concepts: Project Constraints

Certified Exemptions

- Issue self-certified exemption based on information about project constraints that would increase costs and/or timeline

Challenges Addressed:

- High-heat demands, home configurations (hydronic), electrical constraints, space constraints

Benefits:

- Address concerns for high-cost installations

Flexibility Concepts: Emergencies

Emergency Replacement Stock

- Licensed contractors issued exemptions to purchase (potentially limited amount of) equipment into inventory to temporarily install

Challenges Addressed:

- Short term needs and emergencies

Benefits:

- Address concerns for emergencies and scenarios with additional planning needed

Flexibility Concepts: Income Qualification

Income-Qualified Property Owners

- Applicant issued exemption for purchase of non-compliant water heater based on enrollment in existing program

Challenges Addressed:

- High-cost installations, Cost concerns for low-income homeowners

Benefits:

- Ease burden on low-income property owners

Potential Impacts from the Concepts

Health and Air Quality Impacts

- Delayed emissions reductions and delayed public health and equity benefits compared to 2023 estimates

Socioeconomic Impacts

- Reduced costs of implementation for the public

Air District Impacts

- Resources would be required to administer program
- Compliance and Enforcement resources needed to audit exemptions

Public Comment Summary

Apartments/Condominiums

- Request for a solution for homes configured with hydronic water heaters

Cost Concerns

- Comments on potential higher upfront costs in certain projects and ongoing electric bills
- Some commenters requested repeal or delay of zero NOx requirements

Support for rule and proposed amendments

Public Comment Statistics

Comments Sent to the Rule Development Mailbox during comment period:

Generally Supportive of Rules and Proposed Changes	Generally Opposed to Zero-NOx Standards	Neutral Comment
152	178	12

Comments Sent to the Clerk of the Boards in recent months:

Generally Supportive of Rules and Proposed Changes	Generally Opposed to Zero-NOx Standards
734	197

Other input received:

- Petition in support of the zero-NOx standards and flexibility amendments: 812 unique signatories
- Contractor letter in support of the zero-NOx standards and flexibility amendments: 10 signatories
- Letter of support from local government elected officials: 53 signatories
- Resolutions of support from local governments: 4 resolutions

Next Steps

Considerations for Discussion

Self-Certification of Exemptions

- Property owner vs. licensed contractor?
- Burden of proof for qualifying exemptions?
- Complexity of exemption application?
 - Simpler exemption applications are faster for the end user
 - More detailed exemption applications can provide more information for improving the program

Considerations for Discussion

Limitations on Exemptions

- One-time or re-apply for every installation?
- Phase out of certain exemptions over time?
- Trade offs:
 - A one-time exemption gives the property owner about 15 years to address implementation challenges and ensures emissions reductions occur
 - Some properties may be so difficult to retrofit, the cost may not be worth the benefit
 - Technology improvements will reduce costs in the future

Considerations for Discussion

Income Thresholds/Cost Exemption

- What level of income qualifies for an exemption?
 - 200% of federal poverty level
 - 80% of area median income
- How is income level demonstrated?
 - Membership in assistance programs
 - Separate self-attestation

Bureau of Indian Affairs General Assistance
CalFresh/Supplemental Nutrition Assistance Program (Food Stamps/SNAP)
CalWorks/Tribal Temporary Assistance for Needy Families
California Alternate Rates for Energy (CARE)
Family Electric Rate Assistance Program (FERA)
Free or Reduced National School Lunch Program (NSLP)
Head Start Income Eligible (Tribal Only)
Women, Infants and Children (WIC)
Supplemental Security Income (SSI)
Low Income Home Energy Assistance Program (LIHEAP)

Additional Steps



Consider Board feedback and direction on staff's potential flexibility concepts



Conduct Public Workshop(s) to discuss potential amendments with stakeholders to better inform staff on strategy development



Report back to the Board with updates and recommendations

Questions & Discussion

For more information:

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