



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

Stationary Source Committee

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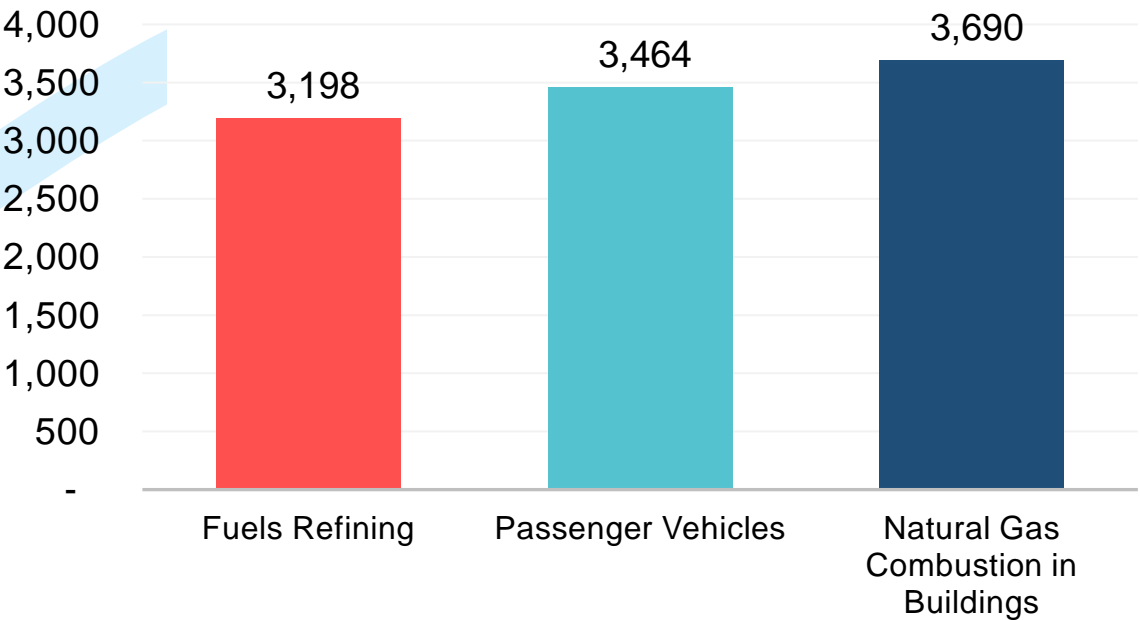
# Presentation Outline

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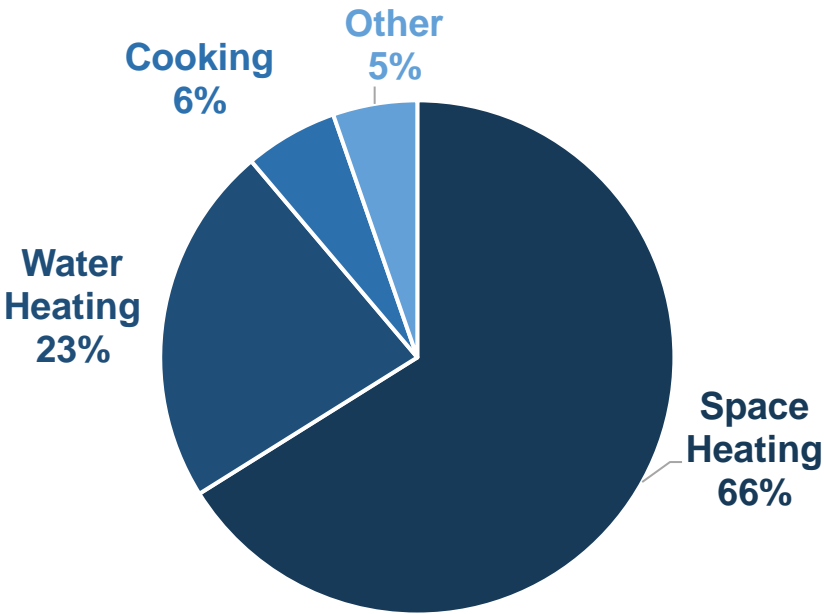
- General Background
- Overview of Potential Flexibility Concepts
- Detailed Review of the Concepts
- Brief Discussion of the Public Comments Received
- Possible Timeline for Future Actions

# Building Nitrogen Oxides (NOx) Emissions Overview

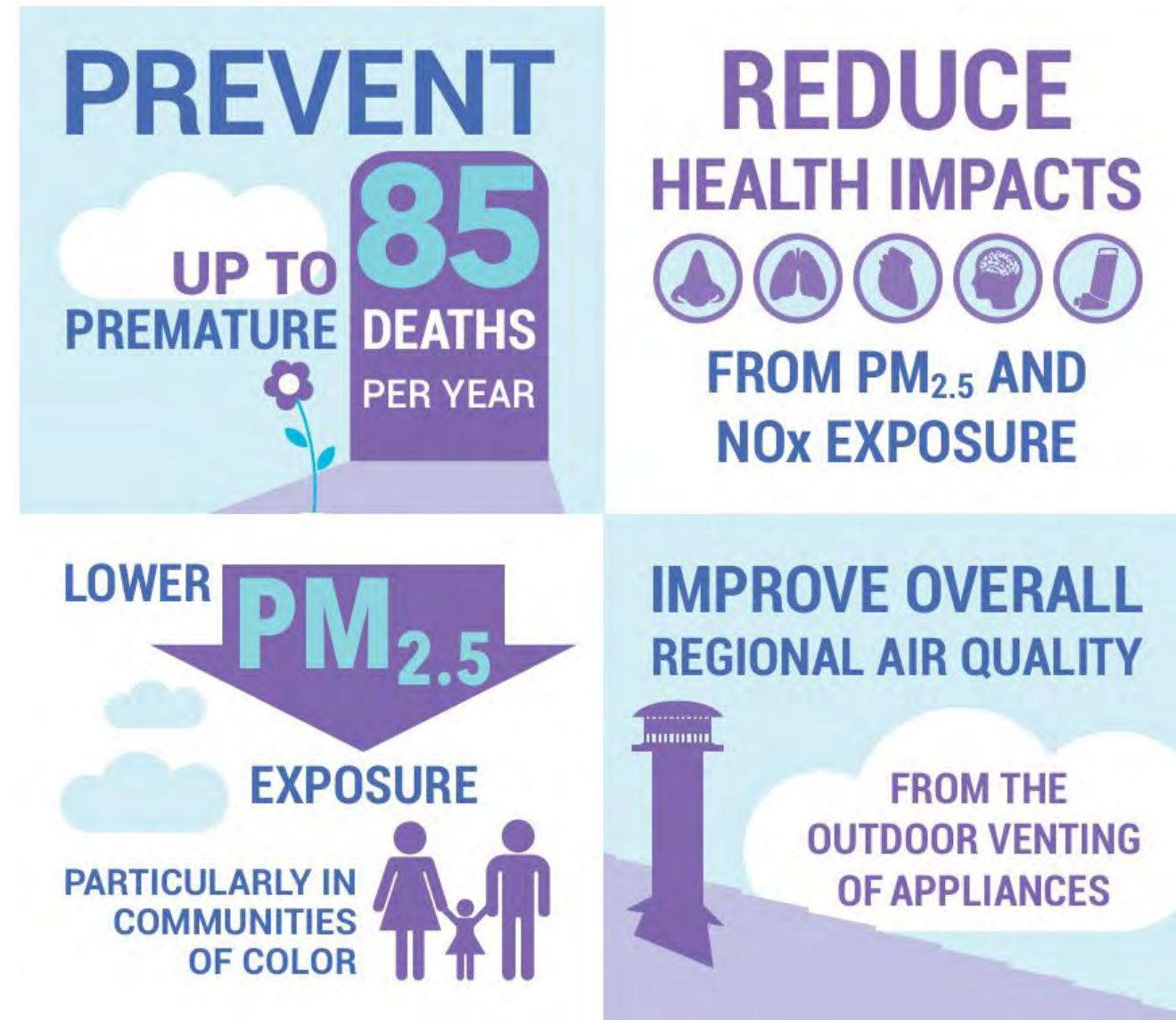
2019 Air District NOx Emissions (tons)



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

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## 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 24<sup>th</sup>
- Approximately 375 comments sent in response to concept paper

[Link](#) to concept paper

# Flexibility Concepts: Smallest Units

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## **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

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## **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

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## **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

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## **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

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## **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

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## **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**

# Next Steps

# Considerations for Discussion

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## **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

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## 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/SNAP (Food Stamps)
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

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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

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## **For more information:**

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