Clean HEET Program

PROGRAM REQUIREMENTS, GUIDELINES, AND TERMS AND CONDITIONS

PROGRAM OVERVIEW

Residential wood burning is the largest source of woodsmoke and particulate matter, a harmful air pollutant, in the Bay Area during the winter.

Heat pumps provide a clean heating alternative to wood-burning with warm, reliable heat in the winter and powerful, efficient air conditioning in the summer – all in one easy-to-use system. These devices are now required in all new construction in California and are very common outside of California and the United States. To help Bay Area residents learn about this technology and to reduce particulate matter in the Bay Area, the Bay Area Air District (Air District) awards funding through the Clean Heating Efficiently with Electric Technology (Clean HEET) Program. Clean HEET helps qualifying homeowners reduce the cost of replacing a wood-burning stove, pellet stove, fireplace insert, or open-hearth fireplace with an electric heat pump; or the cost of decommissioning and removal of a dirtier wood-burning device without a replacement.

Individual awards range from $10,000 - $15,000 for one (1) wood-burning device heat pump replacement project and $1,500 for decommission-only projects. Additional plus-up funding of $10,000 may be available for residents who participate in qualifying low-income programs (see Table 1b) and up to $3,000 for residents who apply to replace a second device in the same residence.

All Bay Area homeowners are eligible to apply. Homeowners can check to see if their property is located within the Bay Area by visiting the Air District's website.

Applicants must receive a *Notice to Proceed* from the Air District before beginning any project work. This program does not cover previously purchased heat pumps or work already completed. Grant funding will be paid to homeowners on a reimbursement basis after all project work has been completed, the homeowner has paid all eligible expenses, and the completed project work and documentation has been verified and approved by the Air District.

Applicants/Program Participants must adhere to the Program Requirements, Guidelines, and *Terms and Conditions* (Attachment A).

Funding for this Program is provided by the EPA Targeted Airshed Grant (TAG) program and the Air District.

BASIC ELIGIBILITY

- Applicants must be the legal owner of the home. The home must have an Assessor Parcel Number (APN) and be located within Air District boundaries.
- Existing wood-burning stoves or pellet stoves, fireplace inserts, or open-hearth fireplaces that are used indoors, operational, manufactured before 2020, and currently in use to burn wood as a significant source of heat for the home are eligible for replacement with an electric heat pump.
- Applicants must currently burn the equivalent of at least 0.1 cord/12 cubic feet of wood per year, which is approximately a 3-foot by 4-foot pile of logs, or at least 6 boxes of firewood 2 cubic feet each.
- A decommission-only option is available for older (uncertified) wood stoves and open-hearth fireplaces without installing an electric heat pump.
- Examples of eligible and ineligible wood-burning devices can be found in Attachment B.
- For replacements, Clean HEET will only fund the permanent installation of a ducted or ductless electric heat pump system. The system must be fully electric and zero-emission and may not be paired with any new or existing combustion heating device. Electric fireplaces, gas fireplace inserts, gas or dual fuel furnaces, air conditioners, portable devices, and other electric (resistance) heating devices are not eligible as replacement devices. For more information about heat pumps, please visit www.energy.gov/energysaver/heat-pump-systems.
- For replacements, Clean HEET will fund no more than one heat pump per wood-burning device being decommissioned. For the purposes of this program, one heat pump is defined as one outdoor compressor unit and any associated indoor units. The heat pump installed must replace the existing wood-burning device by providing heat to the same living space within the same dwelling. Heat pumps installed in, or providing heat to, a different dwelling or separate unit (such as a detached ADU, duplex,

or others separate residence) are not eligible. The heat pump must be installed in the same dwelling as the original wood burning device and may be required to be installed on the same floor or within the same portion of the home.

- Wood-burning devices previously funded by the Air District, and homes owned by Air District employees, are not eligible.

KEY REQUIREMENTS

- **No Retroactive Funding**. Program Participants must receive approval and a *Notice to Proceed* from the Air District before starting any work (i.e., placing a deposit or work order, purchasing equipment, beginning physical work). Projects that started work before receiving Air District approval do not qualify for funding.
- **Licensed Contractor Required**. All construction, demolition, installation, and electrical work must be performed by a Contractor licensed to do the work performed by the California Contractors State License Board. Program Participants must obtain a completed and signed Contractor Certification Form for each contractor that performs project work. Project work performed by an individual or entity that is unlicensed, improperly licensed, or deemed unlicensed by the California Contractors State License Board (CCSLB) is ineligible for Clean HEET Program funding.
- **Decommission and Disposal**. Existing stove(s) and insert(s) must be permanently destroyed, rendered inoperable, and disposed of at a licensed dismantler or recycling facility by a licensed contractor. Projects involving open-hearth fireplaces or fireplace inserts must also permanently render the fireplace inoperable by permanently sealing it or removing the fireplace structure. At a minimum, fireplace sealing must involve: 1) installing a chimney cap or permanent weather-proof seal to the flue, and 2) sealing the fireplace opening with materials such as tile, drywall, or another permanent alternative. Temporary methods, such as a balloon insert in the chimney or fireplace plug, do not meet the requirements. The acting contractor must attest to the destruction and disposal on the Contractor Certification Form.
- **W-9 Required**. Program Participants must submit a Form W-9 with their reimbursement request. The grant funding will be reported as taxable income of the homeowner for the calendar year in which the homeowner is reimbursed after the project is completed.
- **Permits Required**. Program Participants must obtain all permits related to project work required by their local building department or provide documentation showing that a permit is not required.
- All project work must be completed within 120 days from the date the *Notice to Proceed* is issued.
- The Air District is a government agency and any documents and information submitted by applicants and Program Participants may be subject to disclosure through Public Records Requests.

FUNDING

AWARD AMOUNTS

The amount of funding that can be awarded to an applicant will vary depending on two primary "Base Funding" factors as shown in Table 1a below: 1) the manufacture date of the existing wood-burning device and 2) the number of devices being replaced or decommissioned. Older devices are more polluting and receive higher funding for replacement.

TABLE 1a: BASE FUNDING AMOUNTS

Project Type	Existing Device	Manufacture Year	Maximum Base Funding
Replace Existing Device with an Electric Heat Pump	Free-standing Wood Stove or Wood-burning Fireplace Insert	2014 and earlier	**$15,000**
		2015-2019	**$10,000**
	Pellet-burning Stove or Fireplace Insert	2014 and earlier	**$15,000**
	Open-hearth Fireplace	Any	**$12,000**
	Second Wood-Burning Device (if applicable)	2019 and earlier	**$3,000**
	Second Pellet-Burning Device (if applicable)	2014 and earlier	**$3,000**
Decommission Only	Wood-burning Stove or Insert	1987 and earlier	**$1,500**
	Open-hearth Fireplace	Any	**$1,500**
	Second Device (if applicable)	1987 and earlier	**$1,500**

Applicants who participate in a qualifying low-income program may apply for additional Plus-Up funding as shown in Table 1b. Plus-Up funding is limited, so this funding may not be offered to all qualifying applicants depending on the volume of eligible applications.

For applicants that are eligible and approved for Plus-Up funding, the grant amount will be calculated by **adding together the Base Funding amounts and Plus-Up Funding amounts.**

TABLE 1b: PLUS-UP FUNDING

Up to $10,000 additional funds for heat pump projects
to qualifying low-income assistance program participants

Qualifying low-income assistance programs are listed below:

Bureau of Indian Affairs General Assistance	Head Start Income Eligible (Tribal Only)
CalFresh/SNAP (Food Stamps)	Women, Infants, and Children (WIC)
CalWORKs (TANF) or Tribal TANF	Supplemental Security Income (SSI)
Free or Reduced National School Lunch Program (NSLP)	Low Income Home Energy Assistance Program (LIHEAP)

This requirement can only be met by the legal property owner.

MATCHING FUNDS

Funding from this program may be matched with funds from other local state and federal programs, including IRS tax credits. A document listing other opportunities for funding that can be used with this program or as an alternative to this program is available in the "Additional Opportunities for Funding" section of the Clean HEET website.

ELIGIBLE COSTS

The actual amount of funding paid to the Program Participant **may not exceed the total actual eligible costs of the project, after all discounts and other incentives ("Match Funds") are applied.** Examples include discounts, tax credits, rebates, or other program incentive opportunities. All costs must be confirmed with appropriate documentation, as discussed in the Reimbursement section. A list of eligible and ineligible costs for reimbursement is shown in Table 2.

TABLE 2: ELIGIBLE AND INELIGIBLE COSTS

Eligible Costs	Ineligible Costs
• Capital cost of the approved replacement heating device, including shipping costs and sales tax. • Expenses directly related to the installation of the approved replacement device, including parts, materials, and labor. • Costs directly related to the decommissioning and removal of the existing wood-burning device and fireplace, and if applicable, any required repair work. • Permit fees and reasonable costs to obtain required permits for the approved project.	• Costs that are not directly related to the project, including but not limited to labor, equipment, and permit fees that are beyond what is required to complete the project, such as remodeling work, gardening, etc. • Expenses related to the purchase or installation of non-eligible replacement devices. • Costs for any work performed by the homeowner and/or anyone who is not a California Licensed Contractor. • Expenses that lack appropriate supporting documentation.

CONTRACTOR SELECTION

A licensed contractor is required for all reimbursable project work related to the approved project – such as the installation of the heat pump, destruction and disposal of the wood-burning device, and decommissioning of a fireplace, if applicable. Applicants can find licensed contractors on the Contractor's State License Board website.

At a minimum, all projects require a contractor with a *C20 Warm-Air Heating, Ventilating, and Air-Conditioning Contractor* or *B (General Building)* license for heat pump installation, and for removal of stoves or inserts. Depending on the specific work that needs to be performed, additional types of licenses may be required, such as a *C29 Masonry* or *C10 Electrical* license. A list of all license classifications is available here. Applicants may need to hire more than one licensed contractor and should confirm with their chosen contractor that they are licensed to do the work performed.

Contractors will be required to fill out a Contractor Certification Form provided by the Air District, and applicants will be required to submit the completed form along with their reimbursement request.

Reimbursable project work may not be completed by the homeowner, even if they are a licensed contractor.

APPLICATION PROCESS AND EVALUATION CRITERIA

APPLICATION

Applications are accepted online at www.baaqmd.gov/WoodSmokeGrant after creating an account in the web portal. Complete applications must include the following documentation for each device being replaced:

- "Before Photos." These photos will be compared with the "after photo" to confirm that the device was successfully removed. Photos should include:
  - Existing device room: Photo of the existing device, and room where the device is located, showing floor, ceiling, and any other distinguishing features of the area such as a window or door.
  - Existing device close-up: A close-up photo of the wood-burning device, showing the outer frame, device door open, and inner ceiling of the device. This should show the characteristics of the firebox. Using the camera's flash is suggested.
  - Existing device label: A close-up photo of any label on the existing wood-burning device that shows the age and type of the device. The photo should include some of the device with some of the room or floor in the background. The file must be large enough for the label to be legible when zoomed in.

- Quote for installation of electric heat pump(s) and/or decommissioning/disposal of existing wood-burning device(s). The quote for all labor must be from a licensed contractor, list the applicant's property, and include a recent date.
- If applying for Plus-Up funding, proof that the homeowner is currently enrolled in a qualifying low-income assistance program. The documentation must show the name of the homeowner and the date that the assistance program expires.

Complete applications will be evaluated for eligibility based on criteria listed below. The Air District will notify Program Participants whether their application is approved, rejected, or placed on a waitlist within 30 days of the date that the District determines a submitted application to be complete.

Approved applicants will receive a *Notification of Funding* from the Air District stating the proposed award amount and will have one week to accept. Applicants that accept the funding terms will receive a *Notice to Proceed* and may then begin project work. Applicants who are placed on the waitlist will not be eligible for funding if any work is started.

EVALUATION CRITERIA

Complete applications will be evaluated on a first-come, first-served basis, except in cases where projects must be placed on a waitlist as described below.

If funding is oversubscribed, applications may be put on a waitlist. If additional funding becomes available, funds will be prioritized for award for homes located within communities disproportionately impacted by air pollution (Priority Projects). The Air District identifies projects within the following communities as Priority Projects:

- AB617 communities of West Oakland, East Oakland, Richmond-San Pablo, and Bayview Hunters Point/Southeast San Francisco, as these areas are disproportionately impacted by air pollution

Disadvantaged and low-Income communities identified by California's Climate Investments Priority Populations Mapping tool. If there are no Priority Projects on the waitlist, applications will be considered in the order in which they were received.

PROJECT DEADLINES AND REIMBURSEMENT

PROJECT DEADLINES

Applicants that are selected for award will be emailed a *Notification of Funding* and will have one week to respond that they want to become a Program Participant and agree to all program terms and conditions. If they agree, they will then receive a *Notice to Proceed.*

Within 45 days of receiving the *Notice to Proceed*:

Program participants must obtain and upload a copy of all permits required by their local City of County to the online system, or if a permit is not required, a copy of documentation showing that their project is exempt.

Within 120 days of receiving the *Notice to Proceed*:

All project-related work must be completed. This includes:

- purchasing and installing approved equipment
- decommissioning of the old wood or pellet-burning device, and fireplace if applicable, by a licensed contractor
- obtaining applicable final inspection sign-off for permit(s), as required by local City or County
- destruction of wood or pellet-burning device and disposal at a licensed dismantler/recycling facility by licensed contractor
- obtaining completed and signed Contractor Certification Form from each contractor that works on the project
- obtaining invoices and proof of payment
- taking photos of completed project
- submitting completed reimbursement request

Completed reimbursement requests should include all required documentation to confirm costs (for more information see Reimbursement Process section below).

Projects not completed within the 120-day deadline may be cancelled and funds may be reallocated to waitlisted applicants. You must notify the Air District if your project will not be completed on time.

REIMBURSEMENT

Reimbursement requests need to be submitted in the web portal through the participant's project account after all project work has been completed and must include the following documentation for each device being replaced:

- "After Photos" showing the area where the project was completed. Photos should include:
  - Old device location: A photo of the room where the wood or pellet-burning device was located, showing floor and ceiling of the room, and any other distinguishing features of the room such as a window or door that appeared in the "before photos."
    For fireplace insert projects, additional photo(s) of fireplace sealing locations may be needed showing fireplace is permanently decommissioned.
  - Installed heat pump, if applicable: Photos showing the installed heat pump, both indoor and outdoor units.
- Copies of fully paid, itemized invoice(s) for equipment, labor, and permit fees, showing a zero-balance due.
- Copies of a completed and signed *Contractor Certification Form* for each licensed contractor that performs work.
- Copies of final signed-off permits and approvals, if applicable. Only final permits/approvals are required.
- Completed W-9 form.

After a reimbursement request is received, the Air District will review it to ensure the project was completed in accordance with the Program Requirements and Terms and Conditions.

Program Participants will be notified as soon as a reimbursement request has been approved. A check will be mailed within 30 days of that date. Checks will only be made out to the legal homeowner.

BREATHE EASY!

The Air District thanks you for your interest in helping to create a healthy breathing environment for every Bay Area resident, while protecting and improving public health, air quality, and the global climate.

CONTACT INFO

Have questions? Staff are here to help. Please reach out to us at woodsmokegrants@baaqmd.gov or (415) 749-5195 for assistance.

Please also see the "Resources" section of our Clean HEET website for more information and supporting documents, such as our:

- Program Factsheet
- Frequently Asked Questions (FAQs) document
- Online System User Guide
- Contractor Certification Form
- Contractor Information Sheet
- Project Photo Guide
- IRS W-9 Form
- Webinar Presentation Slides
- Program Flyers

ATTACHMENT A: TERMS AND CONDITIONS

Basic Eligibility: Applicants must be the legal owner of the residential property that is listed on their application. Homes built after 2020 are not eligible. Properties must be located within the Air District's jurisdiction. Existing wood-burning or pellet stove(s), or insert(s), or fireplace(s) must be indoors, operational, manufactured before 2020, and burn wood or pellets for heating purposes. Employees of the Air District are not eligible.

Approval of Award and Notice to Proceed: Submittal of an application does not guarantee an award. Applicants must receive approval from the Air District ("Notice to Proceed") before any work on the project may begin, such as, placing a deposit for equipment, purchasing or ordering equipment, placing a work order, or beginning any physical work.

Final Award at Payment: The Air District may reduce awards during the reimbursement process, if we are unable to verify any of the information provided in the reimbursement request or if the original award amount exceeds the actual eligible project cost.

California Licensed Contractor: All work related to the removal of existing wood-burning devices and the installation of heat pumps (including but not limited to electrical and construction work) must be done by a contractor licensed in the State of California to do the work performed. The contractor(s) will be required to fill out and sign a certification form provided by the Air District. At a minimum, contractors installing heat pumps must possess a C-20 (Warm-Air Heating, Ventilating, and Air Conditioning) or B (General Building) license. To qualify for reimbursement, Program Participants must submit a *Contractor Certification Form* completed and signed by their licensed contractor(s). The Air District will provide a blank *Contractor Certification Form(s)*. Program Participants must include a copy of the completed contractor certification form(s) with their reimbursement request. To check if the contractor has a valid license number, visit the Contractors State License Board website.

Permits: Program Participants must obtain all necessary permits for any work performed and must include a copy of the permit(s) with their reimbursement request.

Decommission and Scrappage: Program Participants must have their old wood-burning device decommissioned and disposed of at a licensed dismantler/recycling facility by a licensed contractor. The contractor must attest to the decommissioning and disposal via the signed *Contractor Certification Form*. For projects replacing wood-burning fireplace inserts or decommissioning a fireplace, the fireplace must be rendered permanently inoperable by either completely removing the fireplace structure or permanently sealing it. Temporary methods are not acceptable. Disposals or decommissions not conducted by a licensed contractor will render the project ineligible.

Eligible Costs and Reimbursement Process: Program Participants may request reimbursement only after all work has been completed. Program Participants may only be reimbursed for eligible costs related to the project approved in the *Notice to Proceed* and will not be reimbursed for costs associated with remodeling work that is not directly related to their project. Reimbursement checks will be issued within 30 days after the Air District has verified that the reimbursement request is complete.

IRS and Tax Compliance: Program Participants must provide a completed W-9 form with their reimbursement request. The District will report the grant amount to the Franchise Tax Board as taxable income for the homeowner for the calendar year that the project is completed.

Compliance with State, Federal, Local, and Air District Rules and Regulations: Program Participants must be and remain in compliance with the Air District's Wood Smoke Rule (Regulation 6, Rule 3) and projects must be conducted and maintained in compliance with all applicable state, federal, and local rules and regulations. In addition, Program funding may not be used to purchase or install equipment for the purpose of complying with any federal, state, or local regulation; judicial order; agreement; memorandum of understanding; contract; mitigation requirement; or other binding obligation already in place.

Inspection: Program Participants must agree to allow the Air District or its representative access to their property, if requested, to inspect the project for compliance with program requirements. Inspections may be on-site or virtual, at the Air District's discretion. The Air District will provide no less than five business days prior to an inspection.

Project in Place for 5 Years: Program Participants must agree to keep and maintain their new heat pump for at least five years and to not install or use a wood-burning device during that time. In the case of decommission-only projects, Program Participants must agree not to install or use a wood-burning device on their property for at least five years.

Indemnification and Assumption of Risk: Program Participants agree to indemnify and defend the Air District and its Directors, employees, and agents against any and all claims, loss, damage, or liability that arises out of, or is in any way connected with, this program, including the removal of existing wood-burning device or installation and use of the new heat pump. In addition, Program Participants agree to assume all risk of damage to property or injury to persons that may occur from equipment purchased or work conducted.

Public Records Requests: Program Participants understand and accept that any information provided to the Air District may be subject to public disclosure.

Project Documentation and Verification Process: The Program Participant agrees to provide complete and accurate information and documentation necessary for the Air District to complete its review of the application and reimbursement request.

Failure to provide true information or to adhere to any of the Program Requirements and Terms and Conditions will result in forfeiture of the award and may be in violation of California law. The Air District reserves the right to pursue remedies under the law should a Program Participant provide false information. The Air District may modify the terms of this Program at its discretion, and on a case-by-case basis may approve a project that varies from the projects outlined herein only if such approval will not adversely affect achievement of surplus, quantifiable, enforceable and permanent emission reductions, and only if such project is not in violation of any law or regulation

ATTACHMENT B: EXAMPLES OF ELIGIBLE/INELIGIBLE DEVICES

ELIGIBLE DEVICES:

Replacement Projects:

- Existing wood stoves, pellet stoves, fireplace inserts, and open-hearth fireplaces are eligible for replacement.
- Devices must be operational, manufactured before 2020, and burn wood for heating purposes only.

Decommission-only Projects:

- Existing wood-burning stoves, fireplace inserts, and open-hearth fireplaces are eligible for decommission only.
- Wood stoves and wood-burning fireplace inserts must be operational, manufactured before 1988, and burn wood for heating purposes only.

Examples of wood and pellet stoves:





Examples of wood and pellet-burning fireplace inserts:





Examples of open-hearth fireplaces:





INELIGIBLE DEVICES:

- Electric fireplaces, gas fireplace inserts, air conditioners, portable devices, and other electric (resistance) heating devices.
- Stoves for cooking or any purpose other than heating, and outdoor wood-burning devices.

Examples of devices that are not eligible:



