



June 2, 2025

Chair Delgado and Members of the Governing Board
South Coast Air Quality Management District (South Coast AQMD)
21865 Copley Drive
Diamond Bar, CA 91765

Email: ydelgado@aqmd.gov

Clerk of the Board: cob@aqmd.gov

RE: Support for and comments on Proposed Amended Rules 1111 and 1121

Dear Chair Delgado and Members of the Board:

Coalition for Clean Air supports and urges final adoption of the proposed amendments to Rules 1111 and 1121, relating to furnaces and water heaters. As currently proposed, these rules would establish a zero-emissions standard for furnace and water heaters, create zero-emission sales targets for manufacturers and set de minimis fees to fund incentive programs. While these rule amendments have been weakened significantly during the past six months, their passage is still vital to Southern California's air quality. Failure to pass these amended rules would set an extremely poor precedent for future rulemaking and embolden opponents of public health and air quality measures.

To be clear: despite what the opponents falsely claim, these rules do NOT ban gas-burning furnaces and water heaters. These rules will NOT require property owners to purchase and install zero-emission appliances. Gas-burning furnaces and water heaters will still be available for property owners under the proposed rule amendments. Instead, the proposed rules would encourage manufacturers to transition towards zero-emission products more quickly. Additionally, the proposed rule amendments would fund incentive programs to help Southern Californians purchase and install zero-emission furnaces and water heaters.

The amendments to Rules 1111 and 1121 are key components of the 2022 Air Quality Management Plan (AQMP), which states that "[t]he only way to achieve the required NOx reductions is through extensive use of zero-emission technologies across all stationary and mobile sources."¹ While no single rule will result in attainment of air quality standards, Rules 1111 and 1121 are important steps in bringing healthy air to Southern California. According to South Coast AQMD's socioeconomic impact report, **these rule amendments would prevent 2,490 premature deaths and 10,200 cases of newly onset asthma during the next quarter of a century.**² Further, the district anticipates **more than \$25 billion in savings** due to improvements in public health. As the Governing Board grapples with questions of affordability, it cannot be forgotten that pollution's public health impacts are subsidized by family budgets and taxpayer dollars.

¹ South Coast AQMD, 2022 AQMP, at Executive Summary.

² South Coast AQMD, Draft Socioeconomic Impact Assessment for Proposed Amended Rule 1111 – Reduction of NOx Emissions from Natural Gas-Fired Furnaces Proposed Amended Rule 1121 – Reduction of NOx Emissions from Residential-Type Natural Gas-Fired Water Heaters, pgs.19-21

While we support these rules, we have several comments and questions:

- **We are gravely concerned about the discourse surrounding this proposal and the Board's willingness to indulge disingenuous talking points at the expense of emission reductions and public health.**

Disinformation and bad faith tactics have and continue to plague this rulemaking process. While questions about affordability, electrical reliability and public outreach are valid, the fossil fuel industry and their allies have weaponized these concerns. Rather than participating constructively, the opponents have manufactured controversy by willfully mischaracterizing the proposed rule and using cost projections that are at best questionable. Further, despite the rule amendments being subject to the most intensive public process of any South Coast AQMD rule in recent memory, opponents continually push for delays for not satisfying their impossible-to-meet and constantly shifting demands. The point of these tactics is not to address concerns, but rather to paralyze the rulemaking process and prevent even a weakened rule from moving forward.

Unfortunately, these tactics have largely succeeded. Every change to the rule amendments has come at the cost of dirtier air and reduced public health benefits. **When the current rule concept was released, it immediately forwent 40% of the projected emission reductions of the original proposal.** Since then, every committee hearing and full board discussion about the proposed rules has focused on weakening them. Despite having been heard in the Stationary Source Committee no less than six times, the proposed rules' public health benefits were only discussed in-depth at the most recent, and hopefully final, committee hearing. While we recognize that Board Members are facing tremendous political pressure, South Coast AQMD must not lose sight of its primary responsibility: bringing clean air to Southern California.

- **Clarification is needed regarding the projected emission reductions associated with the proposed rule amendments and their ability to meet the commitments in the Air Quality Management Plan (AQMP).**

We agree with allied environmental and environmental justice organizations' concerns regarding the rule's ability to meet its projected emission reductions. The fees included in the proposed rules are minimal by design and are unlikely to result in measurable changes in consumer behavior. Even staunch rule opponents have stated in public testimony that they would "just pay the fees" to continue using gas-fueled space and water heating. The reality is the bulk of the rules' emission reductions will most likely stem from the incentives funded by the fees and potential changes in *manufacturer* behavior.

We, however, have questions regarding the proposed amendments' emission reduction projections and their ability to meet the commitments in the AQMP. During the May 2025 Stationary Source Committee hearing, the South Coast AQMD staff presentation stated that the rule would achieve a oxides of nitrogen (NOx) reduction of 2.22 tons per day by 2037.³ Yet, in February *when the rule was stronger*, AQMD projected the rule would only achieve a

³ Staff presentation to Stationary Source Committee on Rule 1111 and 1121, May 16, 2025, slide 18, <https://www.aqmd.gov/docs/default-source/agendas/ssc/ssc-agenda-5-16-2025.pdf>

2.1 tons per day NO_x reduction by 2037.⁴ It is puzzling how an objectively weaker rule would achieve more emission reductions. In either case, the proposed rules fail to meet the targets of the 2022 AQMP. The AQMP committed to achieving a 2.42 tons per day NO_x reduction from residential space and water heating by 2037. As such, we ask staff to clarify how South Coast AQMD plans to make up this deficit. This question is particularly important, as South Coast AQMD is also not requiring any emission reductions from the San Pedro Bay Ports for the foreseeable future. South Coast AQMD also needs to provide updated information regarding compliance with the 2032 emission reduction targets. At the February 2025 Stationary Source hearing, the presentation indicated that the rule would achieve a .9 tons per day NO_x reduction - the exact same as the AQMP's 2032 commitments. Given this, it appears South Coast AQMD designed the proposed rules to meet the bare minimum commitments of the AQMP rather than achieving all feasible emission reductions, as required by state law. And again, since the rule proposal has been weakened since February, it is questionable whether the proposed rule amendments will achieve the AQMP's 2032 target.

- **We continue to support strengthening the rule by requiring manufacturers that grossly violate sales targets to pay a higher mitigation fee.**

We echo the call from environmental, environmental justice and community advocates in supporting a tiered structure for the mitigation fee. Currently, the proposed rule amendments would require a manufacturer to pay a mitigation fee of \$250 per water heater and \$500 per furnace for every gas-burning unit that exceeds their sales limit. **Importantly, these fees would NOT apply if the manufacturer met its zero emission unit sales targets.** While we believe the per-unit mitigation fee for missing sales targets is the correct policy, it could be strengthened. As currently proposed, a manufacturer that comes close to meeting their sales targets would be penalized at the same rate as a manufacturer that grossly violates it.

It is common sense that those who violate the rule more severely should pay a higher fine.⁵ To this end, we support Earthjustice's recommendation to strengthen the proposed rule amendments by creating a "tiered" mitigation fee structure. Under this proposal, manufacturers who fail to meet sales targets by more than 10% would pay a per-unit mitigation fee of \$750. Additionally, manufacturers who fail to meet sales targets by more than 20% would pay a per-unit mitigation fee of \$1000. We, however, would suggest incorporating this fee structure in a way that ensures timely passage of the proposed rule amendments in June.

- **We oppose any amendments that would further weaken the rules, as well as any further unnecessary delays of the final vote.**

Simply put, the current rule amendments are far weaker than previously proposed. As mentioned, the proposed rules forgo 40% of the anticipated NO_x emission reductions of the original proposal. Weakening the rule would also result in the district missing its AQMP

⁴ Staff presentation to Stationary Source Committee on Rule 1111 and 1121, February 21, 2025, slide 9, <https://www.aqmd.gov/docs/default-source/Agendas/ssc/ssc-agenda-2-21-2025.pdf>

⁵ This would be consistent with existing law, which South Coast AQMD uses to impose increasing higher civil penalties for more severe violations of its regulations. See, <https://www.aqmd.gov/nav/about/authority/enforcement#4>.

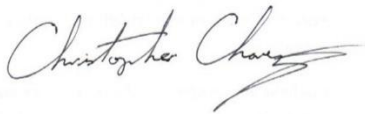
commitments by an even greater margin. For this reason, we strongly oppose any amendment that would further weaken these rules. This opposition extends to the “flat fee” proposal, which would eliminate any penalty for exceeding sales targets and set the fee for both gas-burning furnaces and water heaters to \$63. Not only would such language result in no changes in consumer behavior, but it would also minimize the incentive for changes in manufacturer behavior. More importantly, it would clearly violate the district’s obligation to adopt all feasible measures to meet national and state ambient air quality standards. Further, we oppose any additional unnecessary delays of the final vote for the proposed rule amendments. The rulemaking process has already spanned nearly two years, and the final board vote has been repeatedly delayed since November of last year. Delays have only served as opportunities to weaken the rule and embolden the opposition.

- **Charging even de minimis fees for the continued use of gas-fired space and water heating advances the principle that choosing to pollute has costs.**

The debate surrounding the proposed rules has been dominated by concerns about affordability and consumer choice. These rule amendments, however, would advance a key, overlooked principle – that pollution has costs and those choosing to pollute should pay. **Currently, the costs of pollution from gas-burning space and water heating are entirely subsidized by the public through increased health costs, lost school and workdays, and shortened lifespans.** To be clear – the fees in the proposed rule amendments are a far cry from the actual costs of gas-burning space and water heaters impose on the public. These fees, however, will help mitigate the emissions from continuing to choose polluting furnaces and water heaters.

To say this rulemaking process has been difficult would be an understatement. We recognize the extraordinary efforts required by South Coast AQMD staff and Board Members. Though these proposed rule amendments are far from perfect, we urge the South Coast AQMD Board to provide final approval of the proposed rule amendments on June 6th.

Sincerely,



Chris Chavez
Deputy Policy Director

CC:

Wayne Nastri, Executive Officer, South Coast AQMD

Michael Krause, Assistant Deputy Executive Officer Planning, Rule Development and Implementation, South Coast AQMD

Heather Farr, Manager, Planning and Rules, South Coast AQMD