



October 16, 2024

South Coast Air Quality Management District  
Planning, Rule Development, and Implementation  
21865 Copley Dr.  
Diamond Bar, CA 91765

**Re: Clean Power Alliance Comments on SCAQMD PARs 1111 and 1121**

Clean Power Alliance of Southern California (“CPA”) appreciates the opportunity to provide comments on South Coast Air Quality Management District’s (“SCAQMD”) Proposed Amended Rules 1111 and 1121 (“PARs”). CPA is generally supportive of the PARs’ approach to reduce nitrogen oxide (“NOx”) emissions from natural gas-fired furnaces and water heaters by implementing zero-emission appliance standards. CPA commends SCAQMD’s development of the Go-Zero Rebate Program which will help customers and the market prepare for and adapt to the PARs.

CPA recommends the following modifications to, or related to, PARs 1111 and 1121:

- Expand current public outreach efforts to a broader stakeholder base before the SCAQMD Board votes to adopt the PARs;
- If adopted, develop and implement a thorough public education, engagement, and outreach strategy focusing on the general public and community-based organizations;
- Incorporate panel upgrades, equipment rentals, and construction costs associated with transitioning to PAR-compliant appliances in the Go-Zero Rebate Program; consider requiring decommissioning non-compliant equipment as part of the program; and align the program with other complementary incentives; and
- Consider additional incentives for demand response enabled appliances and controls to enable responsiveness to periods of peak demand to reduce customer operational costs and increase grid reliability.

CPA further recommends SCAQMD coordinate among:

- Stakeholders to identify and develop opportunities to stack the Go-Zero Rebate Program with other incentives to maximize their impact; and
- Local permitting agencies to encourage the acceleration of permitting process timelines and mitigate unnecessary delays associated with appliance electrification.

CPA appreciates SCAQMD’s substantial considerations of the impacts of increased electrical load as a result of implementing the PARs on the state’s resources. SCAQMD’s analysis of grid reliability in their



draft staff report<sup>1</sup> demonstrates SCAQMD has invested the time and resources to address such an important and pressing issue.

## **Background**

CPA is California's largest community choice aggregator ("CCA"), serving over three million residents and one million customers across 35 communities in Los Angeles and Ventura counties. CPA is governed by a Board of locally elected officials who represent and serve our communities. CPA has been ranked the number one green power provider in the United States by the National Renewable Energy Laboratory ("NREL") for two years in a row.<sup>2</sup>

CPA helps our customers and communities enhance resilience, conserve energy, reduce harmful greenhouse gas emissions, and save money on their electric bills. We seek to recognize and address the importance of healthy communities, including those disproportionately affected by air pollution and climate change. CPA advances the efforts noted above, in part, through our customer programs. CPA offers programs that provide incentives and benefits for low-income customers and disadvantaged communities that mitigate energy affordability challenges while advancing clean energy solutions.

The PARs and Go-Zero Rebate Program will help equitably improve the air quality, reduce emissions, and mitigate costs associated with the clean energy transition for CPA's customers and the communities we serve.

## **CPA Supports SCAQMD's Approach in PARs 1111 AND 1121**

CPA understands the potential long-term health, climate, and cost benefits associated with expanding use of zero-emission appliances and electrification in general. With improved indoor air quality and no combustion and greatly reduced fire risk, all-electric buildings are safer and healthier to live in along with being cost effective. The potential benefits of zero-emission appliance standards are magnified in CPA's service territory considering CPA is recognized as the leading green power provider among all utilities in the country.

CPA also understands there are challenges with electrification that must be addressed to achieve emissions reduction. Cost impacts associated with electrification, including upfront and capital costs, especially to low-income customers, are of particular concern to CPA.

CPA therefore recommends SCAQMD adopt the PARs after incorporating the recommendations and considerations discussed below.

## **SCAQMD Should Pursue Wider Education, Engagement, and Outreach Strategies and Practices**

CPA recommends SCAQMD 1) immediately identify and coordinate with community partners who may not have been engaged in the development process to solicit feedback and expand awareness of the

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<sup>1</sup> Preliminary Draft Staff Report for: Proposed Amended Rule 1111 – Reduction of NOx Emissions From Natural Gas-Fired Furnaces and Proposed Amended Rule 1121 – Reduction of NOx Emissions From Small Natural Gas-Fired Water Heaters ("Preliminary Draft Staff Report"), September 2024, at pp. 2-23 – 2-26.

<sup>2</sup> NREL 2023 Utility Green Power Rankings, 2024, at pp. 3 and 6. Found here:

<https://www.nrel.gov/analysis/assets/pdfs/green-pricing-top-10-2022-data-plus-archives-28aug2024.pdf>

PARs before the SCAQMD Board votes to adopt the PARs, and 2) if the PARs are adopted, build upon those identified stakeholders to further expand general public and consumer awareness of the PARs through the end of the PARs compliance timelines. CPA would be happy to work with SCAQMD staff to collaborate on options and strategies to connect with community partners, local governments, and utilities both before and following the potential adoption of the PARs.

A thorough public education, engagement, and outreach strategy is important to the success of SCAQMD's PARs and will improve customers' abilities to plan for potential changes in costs and installation needs or time that may result from compliance with the standards. SCAQMD staff have driven an extensive and ongoing outreach process to seek, receive, and incorporate input throughout the development of the PARs. However, it is apparent that the stakeholders SCAQMD has been able to engage with have been largely limited to those who will have compliance obligations: manufacturing and contractor experts. Unfortunately, members of (or representatives of) the general public, energy consumers, and community-based organizations ("CBOs") have not been extensively engaged across the development of the PARs to the same extent as manufacturing and contractor experts.

Though SCAQMD's engagement efforts are extensive they are often conducted through e-newsletters and email distribution lists, meaning stakeholders who are 1) aware of SCAQMD and its purpose, and 2) savvy enough to sign up for the proper distribution lists will be most aware of and prepared to provide their input on SCAQMD efforts.

In the immediate term, CPA urges SCAQMD rapidly engage community partners (such as CBOs representing low-income residents and disadvantaged communities) to solicit further input and perspectives before SCAQMD votes on the adoption of PARs 1111 and 1121. CPA suggests SCAQMD engage members of its Environmental Justice Advisory Group<sup>3</sup> ("EJAG") to help identify and solicit input from regional CBOs who have not yet provided input on the PARs before SCAQMD's Board votes on the PARs. SCAQMD staff could coordinate with the CBOs SCAQMD and the EJAG are already engaging regarding application assistance under the Go-Zero Rebate Program ("Rebate Program").<sup>4</sup> Given the compressed timeline between submitting these comments and the anticipated Board vote in December 2024, CPA reiterates our interest in assisting SCAQMD staff identify and engage community partners and local governments.

Assuming the PARs are adopted, CPA then recommends SCAQMD continue to identify and engage community partners to develop and execute a thorough education, engagement, and outreach strategy through the end of the final compliance deadline to improve public awareness of the standards and Go-Zero Rebate Program. CPA suggests SCAQMD continue its collaboration with members of its EJAG and expand those efforts to members of similar groups and committees, such as the California Air Resources Board ("CARB") Environmental Justice Advisory Committee<sup>5</sup> and the Disadvantaged

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<sup>3</sup> <https://www.aqmd.gov/nav/about/groups-committees/environmental-justice-advisory-group>

<sup>4</sup> SCAQMD EJAG meeting presentation, August 30, 2024, at slide 12, found here: <https://www.aqmd.gov/docs/default-source/Agendas/Environmental-Justice/rescheduled-2024-ejag-agenda-august-30.pdf?sfvrsn=9>

<sup>5</sup> <https://ww2.arb.ca.gov/environmental-justice-advisory-committee>

Communities Advisory Group<sup>6</sup> advising California Public Utilities Commission (“CPUC”) and California Energy Commission (“CEC”) actions.

CPA also suggests SCAQMD incorporate efforts to collaborate with local governments and utilities regarding solutions to unnecessarily prolonged service upgrade processes in its strategy. Some installations of appliances compliant with the PARs will require service and/or panel upgrades which can take more than 12 months to complete.<sup>7</sup> As an example, the alternative compliance option for emergency replacements could be particularly burdensome to low-income customers who need to upgrade to electrical appliances as a result of an unexpected equipment failure. That could add months or years of rental costs and could potentially exceed the 6-month alternative compliance rental option afforded to emergency replacements in the PARs. Similarly, CPA urges SCAQMD to coordinate with local permitting agencies to resolve challenges to quickly reviewing electrification upgrade permit applications to help streamline the process and reduce the need for temporary gas equipment.

The PARs will affect millions of customers across SCAQMD’s jurisdiction and SCAQMD’s engagement of and coordination with the impacted public should reflect the scope of the PARs’ impacts.

### **The Go-Zero Rebate Program Should Address Additional Incentives Opportunities**

CPA supports the Rebate Program and recommends SCAQMD to make the following changes:

- Expand the scope of its Rebate Program to mitigate costs, borne by low and moderate-income customers, of necessary infrastructure upgrades (e.g. panel upgrades) or construction to transition to appliances that comply with PARs 1111 or 1121;
- Ensure the Rebate Program is stackable with other incentives that will help ease upfront compliance costs;
- Coordinate with stakeholders to identify and expand access to other incentives, including those not associated directly with the upfront costs of the appliances themselves. This could include panel upgrades, equipment rentals, permitting fees and other required costs to electrify;
- Consider requiring decommissioning non-compliant equipment as a requirement for participation in the Rebate Program; and
- Consider higher incentives for demand response-enabled devices and controls to enable grid responsiveness and increase customer abilities to lower operational costs.

SCAQMD’s Rebate Program will appropriately direct fees collected for non-compliance with the PARs and reinvest those funds in compliant appliance incentives. Even with the Rebate Program’s incentives, customers may still face significant upfront costs associated with compliance with the PARs – including costs that extend beyond the capital costs of the appliances which are not currently considered in the Rebate Program. The cost of a panel upgrade, increasing the size of a space that houses equipment, or costs related to service upgrades can make upgrades prohibitive.

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<sup>6</sup> <https://www.energy.ca.gov/about/campaigns/equity-and-diversity/disadvantaged-communities-advisory-group-dacag>

<sup>7</sup> San Francisco Bay Area Planning and Urban Research Association (“SPUR”) Policy Brief: “Solving the Panel Puzzle,” May 14, 2024, at p. 6. Found here: [https://www.spur.org/publications/policy-brief/2024-05-14/solving-panel-puzzle?utm\\_medium=redirect&utm\\_source=solvingthepanelpuzzle](https://www.spur.org/publications/policy-brief/2024-05-14/solving-panel-puzzle?utm_medium=redirect&utm_source=solvingthepanelpuzzle).

The PARs will result in millions of customers transitioning from natural gas-fired appliances to electric appliances.<sup>8</sup> CPA is aware that this transition sometimes requires infrastructure upgrades or construction work to accommodate electrification before or during installation work. This additional work often results in higher parts and labor costs and protracted construction and installation timelines and is likely to disproportionately impact low-income customers. Additional resources and funding should be made available to assist low- and moderate- income customers make this transition.

Relatively few programs currently provide rebates for installation costs and those that do – such as the Technology and Equipment for Clean Heating Program (“TECH”)<sup>9</sup> and Southern California Edison Company’s (“SCE”) Energy Assistance Savings Program<sup>10</sup> – do not cover all costs and do not always have funding available. The Rebate Program may be able to supplement those incentive gaps and provide stackable rebates to make water heater and furnace upgrades at low-to-no cost for low- income and disadvantaged residents. CPA also suggests SCAQMD consider incorporating into the Rebate Program a requirement to decommission non-compliant equipment at the time of replacement, as a condition to receiving the rebate, to avoid the potential for second markets for or customer retention of non-compliant equipment. Further, the education, engagement, and outreach strategy addressed above would provide SCAQMD staff the opportunity to also identify other programs (including regional programs) that may be stackable with the Rebate Program.

### **Conclusion**

CPA appreciates SCAQMD staff’s hard work on the PARs and looks forward to collaborating with staff throughout the remaining development and potential implementation processes.

If you have any questions, please contact C.C. Song at [csong@cleanpoweralliance.org](mailto:csong@cleanpoweralliance.org) and Clark Mclsaac at [cmclsaac@cleanpoweralliance.org](mailto:cmclsaac@cleanpoweralliance.org).

Sincerely,

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Senior Director of Regulatory Affairs  
Clean Power Alliance of Southern California

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<sup>8</sup> Preliminary Draft Staff Report, Table 5-1: PAR 1111 and PAR 1121 Baseline Emissions Estimate, at p. 5-2.

<sup>9</sup> <https://techcleanca.com/>

<sup>10</sup> <https://www.sce.com/residential/assistance/energy-saving-program>