

BOARD MEETING DATE: April 4, 2025

AGENDA NO. 2

PROPOSAL: Set Public Hearing May 2, 2025 to Consider Adoption of and/or Amendments to South Coast AQMD Rules and Regulations:

A. Determine That Proposed Amendments to Regulation III – Fees Are Exempt from CEQA; Amend Regulation III – Fees; and Adopt Executive Officer’s Proposed Goals and Priority Objectives, and Proposed Budget for FY 2025-26

The Executive Officer's Proposed Goals and Priority Objectives, and Proposed Budget for FY 2025-26 have been developed and are recommended for adoption. Proposed Amended Regulation III includes: an increase of most fees by the Consumer Price Index (CPI) of 3.0 percent; new or modified fees which are necessary to provide more specific cost recovery for regulatory actions taken by the agency including Rule 1180 and 1180.1 refinery related community air monitoring, optional Rule 212(c) public notice distribution fees, and Rule 316 post-reporting deadline fees for warehouses; and administrative changes in Regulation III that include clarifications, deletions, insertions, or corrections of existing rule language, which have no fee impact. This action is to adopt the Resolution: 1) Determining that the proposed amendments to Regulation III – Fees are exempt from the California Environmental Quality Act; 2) Amending Regulation III - Fees; and 3) Adopting the Executive Officer’s Proposed Goals and Priority Objectives, and Proposed Budget for FY 2025-26. (Reviewed: Special Board Meeting/Budget and Fee Rule Workshop, April 4, 2025)

Set Public Hearing June 6, 2025 to Consider Adoption of and/or Amendments to South Coast AQMD Rules and Regulations:

B. Certify Final Subsequent Environmental Assessment for Proposed Amended Rule 1111– Reduction of NOx Emissions from Natural Gas-Fired Furnaces and Proposed Amended Rule 1121 – Reduction of NOx Emissions from Residential Type, Natural Gas-Fired Water Heaters; and Amend Rule 1111 and Rule 1121

At the January 10, 2025 meeting, the Board set the Public Hearing for May 2025 but may consider June in light of a schedule conflict with SCAG’s annual Regional Conference and General Assembly on the same day as the May Board meeting. Proposed Amended Rule 1111 (PAR 1111) and Proposed Amended Rule 1121 (PAR 1121) propose to require zero-emission NOx limits for new installations of applicable space and water heating appliances based on future effective dates. The rules provide an alternative compliance option, which establish manufacturer requirements for the sale of space and water heating appliances that meet ultra-low-NOx and zero-NOx emission standards that change over time. The proposed amended rules will also include a mitigation fee, which will allow manufacturers to sell more ultra-low-NOx units if needed. This action is to adopt the Resolution: 1) Certifying the Final Subsequent Environmental Assessment for Proposed Amended Rule 1111– Reduction of NOx Emissions from Natural Gas-Fired Furnaces and Proposed Amended Rule 1121 – Reduction of NOx Emissions from Residential Type, Natural Gas-Fired Water Heaters; and 2) Amending Rule 1111 and Rule 1121. (Reviewed: Stationary Source Committee, October 18 and December 20, 2024; February 21 and March 21, 2025; and To Be Reviewed: April 18, 2025)

The complete text of the proposed amended rules, and other supporting documents will be made available from the South Coast AQMD’s Public Information Center at (909) 396-2001, or Ms. Lisa Tanaka – Deputy Executive Officer/Public Advisor, South Coast AQMD, 21865 Copley Drive, Diamond Bar, CA 91765, (909) 396-3327, [ltanaka@aqmd.gov](mailto:ltanaka@aqmd.gov) and on the Internet ([www.aqmd.gov](http://www.aqmd.gov)) as of April 1, 2025 for the Proposed Amendments to Regulation III ; and as of May 6, 2025 for PAR 1111 and PAR 1121.

**RECOMMENDED ACTIONS:**

Set Public Hearing May 2, 2025 to Determine that the Proposed Amendments to Regulation III Are Exempt from CEQA and Amend Regulation III; and Set Public Hearing June 6, 2025 to Certify the Final Subsequent Environmental Assessment for PAR 1111 and PAR 1121 and Amend Rule 1111 and Rule 1121.

Wayne Natri  
Executive Officer

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