



October 17, 2024

Hon. Vanessa Delgado, Chair
South Coast Air Quality Management District Governing Board
21865 Copley Dr.
Diamond Bar, CA 91765

RE: PROPOSED AMENDED RULE 1111 & 1121

Dear Chair Delgado and Governing Board members,

On behalf of the San Gabriel Valley Economic Partnership (Partnership), I write to respectfully urge for more caution and ask for you as a board to defer consideration of Proposed Amended Rules 1111 and 1121 to allow South Coast Air Quality Management District (SCAQMD or District) Governing Board members and staff to receive additional information, data, input and dialogue from the numerous stakeholders potentially impacted by this proposed rule.

The Partnership is a regional non-profit organization committed to advancing the economic vitality of the San Gabriel Valley, representing small businesses, large industrial corporations, healthcare organizations, colleges and universities, local governments, non-profit organizations, and all other regional stakeholders. The Partnership supports efforts and policies that aim to provide clean air and water to our communities. We have significant concerns, however, regarding the scale of the mechanical, electrical, plumbing and other requirements necessary to comply with retrofits of existing commercial and multifamily residential properties, as well as the accuracy of the District's estimates of the utility costs associated with upgraded service, and the dramatic cost implications to hundreds of thousands of families who rent their homes.

Examine the cost impacts to homes and businesses that would require electrical upgrades. For many homes, installing an electric water heater would necessitate an upgrade to the electrical panel. Electric water heaters typically require more power, often running on a 240-volt circuit, which many older homes are not equipped to handle. Upgrading an electrical panel can cost anywhere from \$1,000 to \$3,000 or more, depending on the complexity of the work and the region. This is a substantial, unexpected expense for homeowners, particularly in low- to middle-income households, who may already be struggling with rising energy costs. We urge the District to examine the cost implications to homes requiring various levels of upgrades.

Consult with Investor and Municipal Electric Utilities to ensure their systems can handle the increased load. Electric water heaters would add considerable load to the already stressed electrical grid. During periods of peak demand, especially in colder months or during heatwaves, utilities often struggle to meet energy needs. Adding millions of electric water heaters to the grid could exacerbate this problem. To accommodate the surge in demand from millions of homes switching to electric water heaters, significant upgrades to the electrical grid would be required. These upgrades—such as increasing the capacity of transmission lines, substations, and local distribution systems—come at a huge financial cost, which would likely be passed down to consumers in the form of higher utility bills. We urge the District to work with electric utilities to understand the impacts such a policy could have from an implementation perspective but also to a cost one.

Provide offramps in cases of high cost or delays in installation. If a policy mandating electric water heaters is implemented, it is crucial to include offramps that allow for exceptions in cases where electric water heaters are either cost-prohibitive or installation cannot be done in a timely manner for consumers.

- *Cost prohibitive:* As mentioned earlier, for many homes installing an electric water heater requires significant electrical upgrades. These upgrades can cost thousands of dollars—far more than the cost of a new water heater itself. For homeowners facing these substantial costs, it would be unreasonable to require the installation of an electric water heater. Allowing them to opt for a gas water heater instead would provide a practical, cost-effective alternative. Without such an offramp, these homeowners could face severe financial strain or be forced to delay replacing an essential household appliance, which could affect their quality of life.
- *Delay in Installation:* Another practical concern is unreasonable delays in installing an electrical water heater due to extended installation time, especially if it involves complex electrical upgrades. Some of the required upgrades may not be in the control of the customer and rely upon upgrades to their local electrical system. Homes in underserved areas might face even longer wait times due to a shortage of qualified electricians or contractors. In these situations, homeowners should not be forced to wait weeks or months without hot water simply because an electric heater installation is delayed. Providing an offramp for the use of gas water heaters in cases where installation timelines are extended ensures that customers can maintain a functional home without unnecessary inconvenience.

The Partnership appreciates the time, work, and dedication the SCAQMD Governing Board and staff have put into ensuring that our region's air quality is clean and safe. In this instance, it is important that we respectfully urge the SCAQMD Governing Board to delay consideration/adoption of PAR 1111/1121 to allow District staff to continue to work with owners of a variety of commercial and incorporate the information gleaned from these visits and other sources in order to prepare a proposed rule and socioeconomic impact study that incorporates all available information. Thank you.



Luis Portillo
President & CEO