

October 3, 2024

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

Dear Chair Delgado and Governing Board members –

We are reaching out on behalf of BizFed, the Los Angeles County Business Federation, an alliance of more than 200 business organizations representing more than 400,000 employers in Los Angeles County, including large and small businesses in a wide range of industries throughout the South Coast Air Basin (SCAB). We are writing specifically regarding Proposed Amended Rule (PAR) 1111 and PAR 1121; many of the businesses we represent have or will be writing their own individual comment letters that specifically address the impacts to their industries. Our comments address the impacts on the business community as a whole and include overarching concerns of our diverse membership.

BizFed's concerns are related to the most recent draft rule language issued Friday, September 20. The SCAQMD's promotion of shared circuit 120v heat pump water heaters as alternatives to the devices currently permitted under Rule 1121, and the proposed January 1, 2027 compliance date for the proposed rule amendment, is of significant concern. As a result of staff's endorsement of these devices as adequate replacements for currently permitted water heaters, BizFed has sought and received an analysis of these new devices from a licensed plumbing engineer and general contractor and is providing results from that analysis below.

SCAQMD staff has taken the position that shared circuit 120v heat pump water heaters would be a cost-effective solution for owners/operators of multifamily communities and other affected entities to comply with the proposed amendments to SCAQMD's PAR 1121. Unfortunately, the data gathered by the licensed plumbing engineer shows that shared circuit 120v heat pump water heaters lack the reheating abilities provided by natural gas water heaters or dedicated circuit 240v heat pump water heaters. This is critical performance data that must be considered by the SCAQMD Governing Board when it considers amendments to PAR 1121; failing to consider this information will leave owners/operators to choose between prohibitively expensive retrofits or leaving millions of residents without sufficient hot water.

Two Simple Examples

Family of 4 living in a two bedroom / two bath apartment getting ready in the morning.

2022 California plumbing code 501.1(2) sets 49-gallon first hour rating as code. Manufacturers recommend 40-gallon natural gas hot water heaters be upsized to 60-70-gallon heat pump hot water heaters, with 60-76 gallon first hour ratings.

Ex.	First Hour Usage (Peak Hour) In Order	Hot water Usage (Gallons)	First Hour Rating	Result
1	1 Clothes washing machine (1 cycle) 1 Hand dishwashing (10 min) 1 Automatic dishwasher (1 cycle) 4 Bathroom faucets (1 min / person) <u>4 Showers (10 minutes / person)</u> Total	11 13 04 04 <u>+54</u> 86 Gal.	60-76 Gallons	The fourth person runs out of hot water for their shower. 3 hours and 45 minutes for shared circuit 120V unit to reheat the tank
2	1 Hand dishwashing (10min) 1 Automatic dishwasher (1 cycle) 1 bath 4 Bathroom faucets (1 min / person) <u>3 showers (10 minutes / person)</u>	13 04 26 04 <u>+40</u> 87 Gal.	60-76 Gallons	The fourth person runs out of hot water for their shower. 3 hours and 45 minutes for shared circuit 120V unit to reheat the tank

Water Heater	Natural Gas	Heat Pump (120V Shared)	Heat Pump (240V Dedicated)
Reheat Time	< 45 minutes	~3 hours 45 minutes (50 Gal) ~4 hours - 5 hours (60 Gal)	~ 1 hour 15 minutes

<p>Cost & Scope to Install</p>	<p>\$1,700+ -New water heater -Permit</p>	<p>\$4,000 - \$15,000 -New water heater -Drain pan w/ dedicated drain line -Demo -City permit & fee</p> <p><u>Likely Additions</u> -New electrical outlet -New breaker -Electrical panel upgrade -Stucco, drywall, painting -Asbestos & lead abatement -Closet reframing -Utility provider permit & fee -Louvered doors or ducting -Carpentry / paint -Stacked drains</p>	<p>\$30,000 - \$80,000 -New water heater -Dedicated electrical circuit -Drain pan w/ dedicated drain line -Demo -City permit & fee</p> <p><u>Likely Additions</u> -Louvered doors or ducting -Electrical panel upgrade -Stucco, drywall, carpentry, painting -Asbestos & lead abatement -Utility provider permit & fee -Closet reframing -General contractor costs <u>Commercial Buildings:</u> -Potential transformer upgrade -Electrical wire & conduit upgrades -Site work -M.E.P engineering designs</p>
------------------------------------	--	--	--

Per the latest SCAQMD staff report posted 09/20/24, staff estimates there are 5.1 million hot water heaters impacted by rule 1121. At just \$4,000 / conversion, the economic impact across the South Coast Air Basin (SCAB) would be more than \$2 trillion dollars. In addition, this cost magnitude will be very inflationary for the local economies and lead to many of these costs being passed through to consumers, lessees, and 16+ million residents of the South Coast Air Basin.

The products, businesses, and residents of the SCAQMD are not ready for a rule change of this magnitude (\$2+ trillion) affecting millions of people. At a minimum, compliance for retrofits should be extended to coincide with the conversion of the vehicle fleet to electric in 2035, or at a minimum 2029, consistent with the timeframe included within the 2022 Air Quality Management Plan adopted by the Governing Board (Table 4-20), and there needs to be other safeguards to protect homeowners and renters from potential disproportionate financial impacts that can be associated with converting dual-fuel households to a single energy source.

Additionally, consideration should also be given to the true cost per day of tons of NOx removed, and an option provided for an in-lieu fee on the sale of gas hot water heaters as a means to support the acceleration of the SCAQMD’s incentive program, Go Zero.

Thank you for your thoughtful consideration.

Sincerely,



Fran Inman
BizFed 2024 Chair
Majestic Realty



David Fleming
BizFed Founding Chair



Tracy Hernandez
BizFed Founding CEO
IMPOWER, Inc.



David Englin
BizFed President

BizFed Association Members

Action Apartment Association
Advanced Medical Technology Association
Alhambra Chamber
American Beverage Association
Antelope Valley Chamber formerly Lancaster Chamber of Commerce
Apartment Association of Greater Los Angeles
Apartment Association of Orange County
Apartment Association, CA Southern Cities, Inc.
Apartment Association of California
Arcadia Association of Realtors
AREAA North Los Angeles SFV SCV
Armenian American Business Association
Armenian Trade & Labor Association
Arts District Los Angeles
ASCM Inland Empire Chapter
Associated Builders & Contractors SoCal (ABC SoCal)
Associated General Contractors
Association of Independent Commercial Producers
AV Edge California
Azusa Chamber
Bell Chamber
Beverly Hills Chamber
BioCom
Black Business Association
Black Professional Network
Boyle Heights Chamber of Commerce
Bridge Compton Org
Building Industry Association - LA/Ventura Counties
Building Industry Association of Southern California
Building Industry Association- Baldyview
Building Owners & Managers Association of Greater Los Angeles
Burbank Association of Realtors
Burbank Chamber of Commerce
Business and Industry Council for Emergency Planning and Preparedness
Business Resource Group
CalAsian Chamber
CalChamber
California African American Chamber of Commerce
California Apartment Association- Los Angeles
California Asphalt Pavement Association
California Bankers Association
California Black Chamber of Commerce
California Business Properties
California Business Roundtable
California Cleaners Association
California Contract Cities Association
California Council for Environmental & Economic Balance (CCEEB)
California Fuels & Convenience Alliance- Formerly California Independent Oil Marketers Association (CIOMA)
California Gaming Association
California Grocers Association
California Hispanic Chamber
California Hotel & Lodging Association

California Independent Petroleum Association
California Infrastructure Delivery Coalition
California Life Sciences Association
California Manufacturers & Technology Association
California Metals Coalition
California Natural Gas Producers Association
California Restaurant Association
California Retailers Association
California Self Storage Association
California Small Business Alliance
California Travel Association (CalTravel)
California Trucking Association
Californians For Smarter Sustainability
Carson Chamber of Commerce
Carson Dominguez Employers Alliance
Central City Association
Century City Chamber of Commerce
Chatsworth Porter Ranch Chamber of Commerce
Citrus Valley Association of Realtors
Civil Justice Association of California CJAC
Claremont Chamber of Commerce
Commerce Business Council formerly Commercial Industrial Council/Chamber of Commerce
Compton Chamber of Commerce
Compton Community Development Corporation
Compton Entertainment Chamber of Commerce
Construction Industry Air Quality Coalition
Construction Industry Coalition on Water Quality
Council of Infill Builders
Crenshaw Chamber of Commerce
Culver City Chamber of Commerce
Downey Chamber of Commerce
Downtown Alliance
Downtown Long Beach Alliance
DTLA Chamber of Commerce
El Monte/South El Monte Chamber
El Salvador Corridor Association
El Segundo Chamber of Commerce
Employers Group
Energy Independence Now EIN
Engineering Contractor's Association
EXP The Opportunity Engine
FastLink DTLA
Filipino American Chamber of Commerce
Friends of Hollywood Central Park
FuturePorts
Gardena Valley Chamber
Gateway to LA
Glendale Association of Realtors
Glendale Chamber
Glendora Chamber
Greater Antelope Valley AOR
Greater Bakersfield Chamber of Commerce
Greater Coachella Valley Chamber of Commerce
Greater Downey Association of REALTORS
Greater Lakewood Chamber of Commerce
Greater Leimert Park Crenshaw Corridor BID
Greater Los Angeles African American Chamber
Greater Los Angeles Association of Realtors

Greater Los Angeles New Car Dealers Association
Greater San Fernando Valley Chamber
Harbor Association of Industry and Commerce
Harbor Trucking Association
Historic Core BID of Downtown Los Angeles
Hollywood Chamber
Hospital Association of Southern California
Hotel Association of Los Angeles
ICBWA- International Cannabis Women Business Association
Independent Cities Association
Independent Hospitality Coalition
Industrial Environmental Association
Industry Business Council
Inglewood Board of Realtors
Inland Empire Economic Partnership
Irwindale Chamber of Commerce
Kombucha Brewers International
La Cañada Flintridge Chamber
LA County Medical Association
LA Fashion District BID
LA South Chamber of Commerce
Larchmont Boulevard Association
Latin Business Association
Latino Food Industry Association
Latino Golfers Association
Latino Restaurant Association
LAX Coastal Area Chamber
Licensed Adult Residential Care Association- LARCA
Long Beach Area Chamber
Long Beach Economic Partnership
Long Beach Major Arts Consortium
Los Angeles Area Chamber
Los Angeles Economic Development Center
Los Angeles Gateway Chamber of Commerce
Los Angeles Latino Chamber
Los Angeles LGBTQ Chamber of Commerce
Los Angeles Parking Association
Los Angeles Regional Food Bank
MADIA Tech Launch
Malibu Chamber of Commerce
Manhattan Beach Chamber of Commerce
Manhattan Beach Downtown Business & Professional Association
Marina Del Rey Lessees Association
Marketplace Industry Association
Monrovia Chamber
Motion Picture Association of America, Inc.
MoveLA
MultiCultural Business Alliance
NAIOP Southern California Chapter
NAREIT
National Association of Minority Contractors
National Association of Theatre Owners CA/Nevada
National Association of Women Business Owners
National Association of Women Business Owners - LA
National Association of Women Business Owners - California

National Federation of Independent Business
Owners California
National Hookah
National Latina Business Women's Association
Norwegian American Chamber of Commerce
Ofiso Community Foundation
Orange County Business Council
Orange County Hispanic Chamber of Commerce
Pacific Merchant Shipping Association
Panorama City Chamber of Commerce
Paramount Chamber of Commerce
Pasadena Chamber
Pasadena Foothills Association of Realtors
PGA
Pharmaceutical Care Management Association
PhRMA
Pico Rivera Chamber of Commerce
Pomona Chamber
Rancho Southeast REALTORS
ReadyNation California
Recording Industry Association of America
Regional CAL Black Chamber, SVF
Regional Hispanic Chambers
San Gabriel Valley Economic Partnership
San Pedro Peninsula Chamber of Commerce
Santa Clarita Valley Chamber
Santa Clarita Valley Economic Development Corp.
Santa Monica Chamber of Commerce
Secure Water Alliance
Sherman Oaks Chamber
Signal Hill Chamber
South Bay Association of Chambers
South Bay Association of Realtors
South Gate Chamber of Commerce
Southern California Contractors Association
Southern California Golf Association
Southern California Grantmakers
Southern California KFC Franchise
Southern California Leadership Council
Southern California Minority Suppliers
Development Council Inc.
Southern California Water Coalition
Southland Regional Association of Realtors
Specialty Equipment Market Association
Structural Engineers Association of Southern
California
Sunland/Tujunga Chamber
Sunset Strip Business Improvement District
Swiss American Chamber of Commerce
Thai American Chamber of Commerce
The Bridge Network
The LA Coalition for the Economy & Jobs
The Los Angeles Taxpayers Association
The Two Hundred for Homeownership
Torrance Area Chamber
Tri-Counties Association of Realtors
United Chambers – San Fernando Valley & Region
United Contractors
United States-Mexico Chamber
Unmanned Autonomous Vehicle Systems
Association
Urban Business Council
US Green Building Council
US Resiliency Council
Valley Economic Alliance, The
Valley Industry & Commerce Association
Venice Chamber of Commerce
Vermont Slauson Economic Development
Corporation
Veterans in Business
Vietnamese American Chamber
Village of Sherman Oaks BID
Warner Center Association
West Covina Chamber
West Hollywood Chamber
West Hollywood Design District
West Los Angeles Chamber
West San Gabriel Valley Association of Realtors
West Valley/Warner Center Chamber
Westchester BID
Western Electrical Contractors Association
Western Manufactured Housing Association
Western Propane Gas Association
Western States Petroleum Association
Westside Council of Chambers
Westwood Community Council
Whittier Chamber of Commerce
Wilmington Chamber
World Trade Center
Yes in My Backyard
7-Eleven Franchise Owners Association of
Southern California