

Bay Area Air Quality
Management District
Amendments to
Regulation 9, Rule 6



Background

In March 2023, the Bay Area Air Quality Management District Board of Directors adopted amendments to Regulation 9, Rule 4 and Rule 6.

- These amendments set zero nitrogen oxides (NO_x) emissions standards for space and water heating throughout the nine-county Bay Area Air District.
 - Rules would ban the sale of qualifying NO_x-emitting appliances in the Bay Area
 - Does not require replacement of existing appliances
 - Does not mandate jurisdictions to alter building codes



Timeline and Process

BAAQMD proposes to phase implementation across three dates:

- January 1, 2027: water heaters less than 75,000 BTU/hr
 - January 1, 2029: all applicable furnaces
 - January 1, 2031: water heaters between 75,000 BTU/hr and less than 2 million BTU/hr
- BAAQMD staff must present research findings two years before each implementation
 - BAAQMD Board of Directors has opportunity to modify rules and/or timelines

Timeline and Process

In December 2024, BAAQMD staff presented findings related to Rule 9-6 implementation (small water heaters).

- Public engagement and comment to continue into 2025 with more significant public outreach
- BAAQMD staff returning to their BOD in Q2-2025 with update addressing key comments and proposed options for rule modifications

Rule 9-6 Overview

Focus on small tanked water heaters (75 gallons or less) for residential homes

- Proposed implementation milestone: January 1, 2027
- Does not include large tanked water heaters (75 gallons+), gas tankless water heaters, or centralized unitary water heaters found in multifamily buildings
- Heat pump water heaters (HPWH) offer the best solution for compliance



Image courtesy of Hot Water Solutions.

Key Areas of Concern: BAAQMD BOD

- Equity and Affordability
- Operating Cost and Health Considerations
- Edge Cases and Data Analysis
- Enforcement and Compliance
- Space and Installation Challenges
- Emerging Technologies

Public Comment on Rule Changes

- Commenters consisted of advocacy groups, CBOs, jurisdictions, housing, labor and contractors
- Majority of commentors were supportive of the the rules and keeping the proposed timeline
- Personal testimonials about health impacts of inaction, successes using incentive programs
- Assets to success: Incentive programs, contractor and workforce readiness
- Highlighted challenges: Space constraints, upfront costs, permitting, service upgrade wait times, need for more outreach into the community



Takeaways from December BAAQMD Meeting

- Equity and affordability are paramount
- BAAQMD keeping the proposed timeline for now, but ready to pivot pending further findings
- Don't wait on public outreach
- Address permitting – put out model ordinance
- More research is needed to understand incremental cost and edge cases

CCA Involvement

Bay Area CCAs included in BAAQMD's multi-stakeholder Implementation Working Group (IWG) effort.

- CCA staff and leadership have held regular meetings since 2023 to discuss rules
- CCA leadership have meet with BAAQMD leadership once per quarter (Next meeting January 27)
- CCAs are not directly involved in rulemaking outside of acting in an advisory role



CCA Opportunities

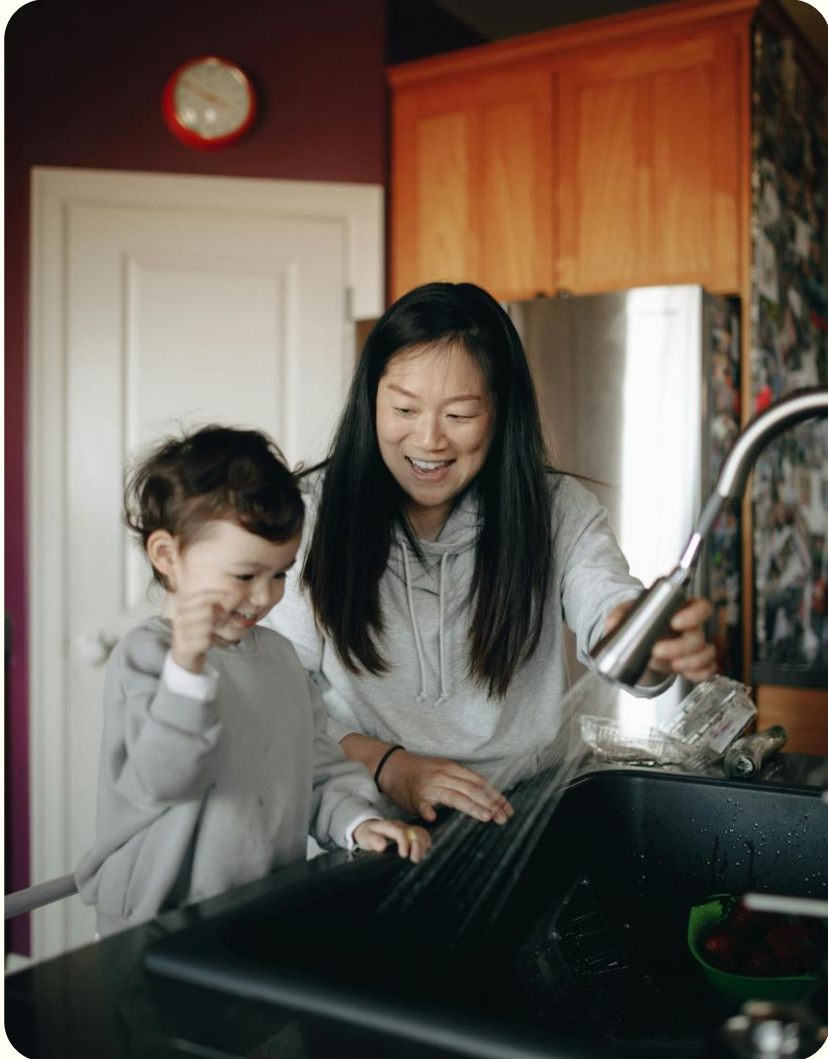


Image courtesy of Hot Water Solutions.

- Rapid acceleration of building electrification
- Significant GHG, NO_x, and PM_{2.5} emissions reductions throughout Bay Area
- Reduction in avoidable healthcare costs and premature death
- CCAs can demonstrate value through customer assistance programs

Key Areas of Concern for CCAs

Impacts to low-income communities

- Need for additional, sustained funding sources to offset incremental costs for low-income community members
- Pass through costs pushed down to renters and tenant protections
- Energy affordability
- May push rule subversion/avoidance with unpermitted work
- Reliance on CCA program funding
- Lack of representation
- Lack of community awareness

Key Areas of Concern for CCAs

Exceptions for hard to install/space constrained water heaters

- Tanked water heaters that are 30 gallons or less
- Exceptionally high cost to electrify due to necessary structural modifications
- Ability to accommodate exceptions through compliance framework, if adopted

Public relations and marketing

- CCAs role to communicate rules to customers
- Separation from rule enforcement