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Lennox Comments on the California Energy Commission Request for Information (RFI) Energy Data Collection Phase 3 “Space Condi

Additional submitted attachment is included below.



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California Energy Commission
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Submitted via: efiling.energy.ca.gov/EComment

Re: Lennox Comments on the California Energy Commission Request for Information (RFI) Space Conditioning and Water Heating Equipment Data Tracking Second RFI on Draft Express Terms (Docket # 24-OIR-03).

Lennox International Inc. (Lennox) hereby submits comments on the California Energy Commission “Space Conditioning and Water Heating Equipment Data Tracking Second RFI on Draft Express Terms” as posted to the Docket 24-OIR-03 on December 22, 2025 (the “RFI”).

Lennox is a leading provider of climate control solutions for the heating, air-conditioning, and refrigeration (HVACR) equipment markets. Lennox is a U.S.-based publicly traded company focused on the HVACR industry. Lennox has thousands of employees and has significant U.S.-based manufacturing, engineering and R&D operations. Lennox manufactures space conditioning equipment subject to the potential data collection outlined in the RFI. Lennox and the company’s downstream supply chain, as well as consumers that use these vital products, in California would be significantly adversely impacted if CEC were to impose the requirements discussed in the RFI.

Lennox previously provided comments to the prior CEC RFI which were submitted to CEC on August 18, 2025. Lennox incorporates by reference those prior comments in full and reiterates certain key issues raised in our prior comments. Unfortunately, CEC has largely ignored the concerns raised in the prior comments of Lennox and other stakeholders on the undue costs CEC’s proposal would impose on the space conditioning and water heating supply chain and the millions of dollars in increased costs that will be passed along to and imposed on California’s consumers. Worse still, CEC has proposed adding yet another layer of burdensome reporting requirements to *manufacturers* of space conditioning and water heating equipment, compounding the cost issues raised previously, as manufacturers such as Lennox were not subject to reporting obligations under the prior RFI. The RFI fails to provide any adequate analytical underpinnings or justification for why manufacturers have been added to the RFI’s data reporting structure.

The data reporting raised in the RFI is unduly burdensome, costly and the wrong approach to try to address the problems identified in the RFI of contractors failing to comply with the required permitting for equipment installations. Moreover, housing costs in California are

already at crisis levels, and CEC's imposing burdensome new reporting requirements would counter-productively add millions of dollars of costs for households in California, including for lower income households who are already severely stressed by housing affordability issues, as costs from these new bureaucratic reporting requirements would ultimately be passed through to households in the form of higher product costs.

A. General Comments on the Request for Information.

In the most recent RFI, the CEC is proposing to implement data collection regulations for space and water heating equipment with the re-stated goals (from CEC's prior request for information in this docket) to (1) collect data to improve the accuracy of energy demand forecasting and (2) improve compliance with the California Energy Code and in particular to provide a "cross-check" on installers complying with building permit requirements. (RFI, p. 2). The RFI presents no evidence that the increased data reporting at the granular level proposed in the RFI would achieve either of these goals, nor has the CEC provided evidence that the benefit of the proposed regulation justify burdensome increases in data reporting. Lennox's August 18, 2025 comments provide detailed commentary on why CEC's proposed data collection efforts would fail to achieve these goals (Lennox August 18, 2025 comments to this docket at pp. 1-9). The RFI fails to address these comments in any substantive way.

The RFI also states a goal of "to streamline overall compliance with state and local programs, including air quality programs, by designing its data collection in such a way that other California governmental agencies can rely on CEC's data collection in place of adopting parallel requirements for industry participants to submit similar data to their respective agencies." (RFI, p. 2). Again, this CEC goal seems a backhanded attempt to address contractor permitting compliance that is better addressed by measures other than through the burdensome reporting outlined in the RFI.

Simply stated, CEC continues to pursue policy approaches that will both increase consumer cost and not solve the problem. The primary issue is an already overburdensome code and permitting compliance regime that is inefficient, expensive and unfairly burdens those contractors who choose to comply. Meanwhile, CEC continues to ignore less expensive common-sense solutions to the state's permitting issues such as simplifying the permitting process, simplification, process improvement, cost reductions, and requiring proof of permitting compliance to renew a contractor license. And rather than evaluating these or other solutions, the CEC has chosen to increase burdens by proposing to add another layer of reporting burden to manufacturers, adding another layer of costs. The CEC cannot simply make a significant regulatory change (i.e., now including manufacturers within the scope of the RFI's reporting approach) without providing clear evidence that the burden added will be offset by benefit to California consumers (see below regarding additional discussion of how the RFI contravenes California law). Further, the CEC minimizes these burdens by grossly underestimating the cost of the proposed reporting requirements on manufacturers and the multi-millions of dollars of cost which will be added throughout the supply chain and ultimately imposed on consumers.

While well intended, measures outlined in the RFI are bad policy and do not address key issues related to permit compliance for equipment installations. Excessive costs imposed by California's bureaucracy regarding installation permitting are the primary reason for contractors

not obtaining these permits. The CEC now seeking to further increase supply chain costs through unjustified data reporting will only make the cost situation worse for California businesses and households.

Moreover, housing costs in California are already at crisis levels, and CEC's imposing burdensome new reporting requirements would counter-productively raise costs for households in California, including for lower income households who are already severely stressed by housing affordability issues, as costs from these new bureaucratic reporting requirements would ultimately be passed through to households in the form of higher product costs. While the CEC attempts to minimize this by presenting a grossly underestimated cost estimate for a single business, the real cost to the thousands of businesses that will be impacted will total millions of dollars in cost increases across California that will be borne by consumers.

1. The RFI provides no evidence to justify enhanced data collection to improve energy demand forecasting.

As discussed at length in Lennox's August 18, 2025 comments to this docket, the RFI provides no concrete evidence or examples of how the potential data collection raised in the RFI will improve energy forecasting or how the burdens of enhanced data collection are outweighed by improved energy demand forecasting.

The energy use of space conditioning and water heating equipment needs to be put into context as just one source of energy demand in the state, including sources of rapidly growing demand such as data centers and electric vehicle adoption. Space conditioning and water heating is only a portion of the total energy use in homes and commercial buildings. Other significant energy uses include EV chargers, major appliances (like dishwashers, clothes washers and dryers), lighting, electronics, and other significant contributors to energy demand.

Further, the RFI requiring additional data collection on the installed types of space conditioning and water heating equipment alone will not improve CEC's ability to forecast energy use without CEC understanding many other factors. The current size, type, and efficiency of equipment prior to replacement, building loads, and consumer use profiles would all need to be understood to add accuracy to future energy demand projections. Even if this information were to be available, which would be an excessive reporting burden and require significant CEC resources to assemble, it would take extensive modeling to use this data to predict energy use and would always be a trailing indicator with questionable accuracy.

Further, space conditioning and water heating equipment has up to a 20-year lifespan that equates to a 5% annual turnover rate for buildings, which limits the modelling impact of the data collection on which the RFI seeks comment. It would take 10 to 15 years of data to start to be able to characterize the building stock with any level of accuracy using the granular data on which the RFI seeks comment. The CEC already collects an enormous amount of data from utilities operating in California under current Title 20 requirements that are included in forecasts of energy demand and should already know site-specific energy use from utilities who send monthly bills to customers inclusive of gas and electricity usage. This includes interval meter data of electricity consumption that the CEC has been collecting from major California utilities since 2018 at granular hourly intervals as well as monthly records of natural gas consumption.

CEC has simply not justified the need for still more extensive data collection at the equipment level, nor shown how CEC has the ability to meaningfully use such data. CEC has also not demonstrated if the benefits of theoretical granular equipment data uses would justify the significant cost and burdens of data collection and analysis.

Instead of adding yet another costly regulatory burden, CEC should consider actions to reduce costs to better achieve CEC's own policy goals, including reducing the costs and burdens of installation permitting compliance. An alternative would be to expand upon analysis of the interval meter data that the CEC already collects widely across California. This data includes the total energy use for individual households, which is much more accurate and useful tool to predict future energy use. It can also be used to characterize what types of space conditioning and water heating equipment is installed at specific locations and provide real time actual energy use and follow change trends over time. Further development of this capability will be a much more accurate and reliable tool for use in the development of energy forecast without adding significant burden and cost throughout the space conditioning and water heating supply chain.

2. Data collection raised in the RFI is not the solution to improve permit compliance; Better solutions exist to improving contractor performance than the RFI's unduly burdensome approach.

Lennox fully supports reasonable requirements to ensure the quality installation of space conditioning and water heating equipment, so consumers receive the expected performance of the equipment they purchased. However, the complex and costly California permitting requirements continue to further disincentivize contractor compliance. While Lennox supports efforts to improve contractor compliance with permitting requirements, the overly bureaucratic collection of data discussed in the RFI is not a solution.

CEC suggests it can improve compliance with the California Energy Code and in particular to provide a "cross-check" on installers complying with building permit requirements. (RFI, p. 2). The current permitting processes and Energy Code Compliance forms do not require information to the serial number level, so without further changes to the Energy Code and permit process this cross-check is not feasible. Further the CEC does not have authority to administer penalties for non-compliance with CA Title 24's permitting requirements. Local building officials have the responsibility for permitting and the California State License Board (CSLB) has the authority for enforcement for unlicensed or non-compliant contractors both of which have limited resources. The effort to collect information throughout the entire supply chain will not solve these issues, but rather add further cost and complexity to an already broken system.

If the CEC determines that some form of data collection is needed, CEC should look to data streams that are already available and significantly less burdensome. CEC should work with the industry to determine if aggregated data sets that are already available could be used for improved energy forecasting in lieu of the overly burdensome approach in the RFI. These could include AHRI or other data sets that include aggregated sales data of space and water heating equipment. This data is already collected, and Lennox encourages the CEC to work with the industry and its trade association to determine if this data can be provided, and collaboratively work with industry to develop effective ways for its use.

Instead of imposing burdensome reporting requirements, California regulators should consider actions for simplifying the building code and permitting process, cost reduction, and requiring proof of permitting compliance to renew a contractor license. Lennox recommends the CEC and the California legislature pursue less burdensome approaches that do not add cost and address the key barriers to permit compliance. Expanding on the efforts of AB 306, and the recently introduced SB 222 that looks to streamline the process and reduce permitting violations, would be less expensive and much more effective in improving permitting compliance.

3. The RFI contravenes California law.

California law requires that regulatory actions are “an efficient and effective means of implementing the policy decisions enacted in statute or by other provisions of law in the least burdensome manner” and evaluate “the most cost-effective set of regulatory measures that are equally effective in achieving the purpose.” See e.g., SB 617, Sections 4 and 6, as codified in the California Government Code. To find an efficient and effective policy solution, CEC should follow California law by seeking solutions that are cost effective and less burdensome. CEC requiring additional burdensome data reporting under the guise of energy modelling needs stated in the RFI is not the most “cost-effective” or least burdensome approach, particularly when the real problem appears to be costly permitting and a lack of enforcement.

Furthermore, the burdensome data collection in the RFI is contrary to legislative admonitions for CEC to collect information from stakeholders “in the most cost-effective and efficient manner” and “give full consideration to the potential burdens these data requests impose on the resources of the stakeholders” (California Public Resources Code, Sec 25320(a)).

California law also requires that agency rulemaking be “supported by substantial evidence.” (See California Government Code section 11350). Furthermore, for a rulemaking to be necessary it is required that “the record of the rulemaking proceeding demonstrates by substantial evidence the need for a regulation to effectuate the purpose of the statute.” (See California Government Code section 11349). Contravening this “substantial evidence” standard, the RFI basically offers no evidence at all that its burdensome requirements would improve either energy modelling or permit compliance – and the RFI certainly falls short of this substantial evidence standard.

The California Assembly unanimously passed AB306 which enacted legislation that imposes a moratorium on the adoption or modification of new state and local building standards affecting residential units. This moratorium is set to last from October 1, 2025, until June 1, 2031, with limited exceptions. The legislation aims to address the state's housing affordability crisis and ease the rebuilding process for Los Angeles residents affected by recent wildfires. It prohibits local governments from making new modifications to residential building standards during this period, except for emergency changes necessary to protect health and safety. The moratorium is part of a broader effort to streamline permitting and minimize environmental impact through exemptions. The CEC imposing burdensome reporting regulations at each step of the space conditioning and water heating supply chain is in direct conflict with the above legislative goals. Legislators are trying to make housing in California more affordable, and CEC

proposes to make the situation worse by adding costs throughout this critical appliance supply chain.

In short, the California permitting process for space conditioning installations is complex, expensive and enforcement is inconsistent. Lennox urges the CEC and other California regulators to focus their limited resources and time on streamlining the existing compliance system to simplify the process and make compliance affordable, effective and attainable without adding millions in costs through unjustified forays into broad data collection.

B. Specific RFI Issues on Which CEC Seeks Comment.

Lennox offers responses to the following questions raised at pp. 5-8 of the RFI.

1. Is the proposed language clear and accurate? If not, how may it be improved?

The language is clear, but the strategy will not achieve the objective. As further explained above in Part A to those comments, Lennox strongly objects to the undue burdens imposed by the data reporting being considered in the RFI, which would ultimately impose millions of dollars of increased costs on California consumers. Moreover, this undue data collection would not achieve the stated goals of the RFI, as detailed above in Part A of these comments. Accordingly, commenting on detailed regulatory language is premature as CEC should thoroughly rethink the unduly burdensome data collection raised in the RFI. California regulators should consider less burdensome and more cost-effective ways of achieving energy forecasting and permitting goals raised in the RFI, as further detailed above in Part A of these comments.

5. Are staff's estimates reasonable? If not, can data be provided that would allow staff to develop a more accurate estimate?

The CEC staff estimates of 16 hours of employee time per reporting period at an annual cost of \$3,222 per company are a gross simplification and underestimation of the real cost associated if the CEC continues to pursue its current proposal. (RFI, p. 4). While Lennox has business systems to meet its financial reporting and data retention needs, the data that the CEC would require would demand an extensive effort and coordination by industry members such as Lennox that would far exceed the CEC cost estimate. Lennox preliminarily estimates the data collection contemplated in the RFI would require over 1,100 employee hours at a cost likely to exceed \$100K annually. The data collection that the CEC is proposing is not just a simple IT or accounting report building function (though IT costs would be substantial). The RFI's data collection regime would require a complex data search through our various businesses and partners which, from an initial review, do not have all the information readily available that the CEC is seeking. Certain aspects of the customer information does not reside in our business system and would require customer outreach if they are willing to share. In addition, Lennox product portfolios are not static, even if a systematic approach is developed it would require ongoing maintenance to update for changes in our business and products. In short, CEC grossly

underestimates the costs of reporting, particularly regarding what would be near-term initial costs of reporting.

More broadly, in review of the California State License Board (CSLB) – License Master File indicates there are over 12,000 businesses with a C20 HVAC license, nearly 18,000 Plumbing (WH) and 5,000+ Boiler licenses. Recognizing, there is overlap with businesses holding multiple categories of licenses and some businesses may have multiple licenses of the same category, but in filtering the CSLB data for C4, C20 & C36 licenses indicates nearly 28,000 businesses. Adding to this an estimated 100 space conditioning and water heating distributors and over 1,000 retail outlets such as Lowes, Home Depot and Ace Hardware residing in California. In total, recognizing there may be businesses that hold multiple licenses for the same category there are likely 12,000 to 15,000+ entities that will be impacted by the proposed regulation. Even at the CEC absurdly low estimate of \$3,222 annually x 12,000 reporting entities this would total over \$38 million in direct cost that would be passed along to California consumers. This does not include mark-up of this cost throughout the supply chain which is a normal course of business, and these costs would ultimately be imposed on consumers. Lennox recognizes that our initial cost estimate may be higher than typical due to volume and complexity of our business, but the typical reporting cost is likely to 5 – 10x the CEC estimate, resulting in additional cost nearing \$300 million that will be passed to California consumers.

6. Is the estimate a sufficient proxy for IT costs or one-time costs? If not, what values (for wages and/or hours) should be used to determine these costs?

As outlined above, the CEC cost estimate for reporting is grossly underestimated, and is not a sufficient proxy for IT or potential future one-time costs. See the response to question 5, immediately above, for additional Lennox comments on how CEC grossly underestimates the costs for reporting in the RFI.

7. Are there specific adverse consequences to quarterly reporting, beyond the estimated cost, that are avoided by a different reporting period?

If the CEC proceeds with this proposal, Lennox recommends that reporting be on an annual basis. The entire scheme that CEC is proposing is overly burdensome and no evidence has been provided that the data collection will actually achieve the CEC stated objectives. Furthermore, quarterly reporting is excessive and should be reduced to annually, or avoided entirely. In addition, it is not possible to respond to the information requested within 2 weeks following the close of a reporting period. Even mature financial reporting systems take a minimum of 30 days after closing, and Lennox recommends at least 60 days after the close of a reporting period for the compilation of reports.

The data collection that the CEC is proposing will add cost and burden through the entire supply chain, and any reporting more frequent than annual would exacerbate these costs and burdens. The data collection adds no value to manufacturers or others in the supply chain and will take resources away from key business functions and product innovation.

Further this effort will require significant resource development and support from the CEC. In a quarterly reporting cycle, the CEC would be intaking upward of 100,000 reports annually with millions of lines of data. To be of any use the data would need to be analyzed and used for inputs into modeling and or inputs to other California Regulators to use for code compliance. These systems would have to be built at significant cost or resource drain to the CEC, and as stated throughout the CEC has not demonstrated these efforts will show benefits that outweigh the significant cost that will be passed through to and imposed on consumers.

9. Should the CEC collect per-unit data on individual units sold? If not, what level of summary (e.g., number of a given model sold, or number of a given product category sold) would be most effective to leverage towards programmatic goals, and why?

No, the CEC should not collect per-unit data on individual units sold. Lennox recommends that if the CEC determines that some form of data collection is needed that CEC look to data streams that are already available and significantly less burdensome. These include the AHRI data sets that could include aggregated sales data of space and water heating equipment. This data is already collected, and Lennox encourages the CEC to work with the industry and its trade association to determine if this data can be provided.

10. Should the CEC collect descriptive information about equipment either instead of, or alongside, model number information? If so, what specific benefits would be realized by collection of this data beyond what is provided by / encoded into the model number?

No, CEC should not collect descriptive information about equipment. The data set that the CEC is proposing and will be extremely burdensome for the entire supply chain. Adding further descriptive information compounds the burden associated and CEC should consider the opposite to reduce the amount of data and limit it to information that is currently provided broadly across the industry.

In summary, CEC has not even remotely demonstrated the feasibility, benefits and cost-effectiveness of additional data collection for space conditioning and water heating equipment. CEC provides no justification or discussion regarding its sudden and unexplained switch to include manufacturers in this data collection regime. Lennox is very concerned regarding CEC imposing additional regulatory costs on the space conditioning equipment supply chain, which will result in more expensive space conditioning equipment that imposes further costs and burdens on California households and businesses. Making equipment more expensive makes it less likely that consumers will purchase new, more efficient equipment. Instead, consumers will seek to repair, rather than replace, outdated and inefficient equipment. Increased costs will also further present barriers to affordable housing for California residents. CEC has not demonstrated how theoretical (and unexplained) improvements in energy modelling justify increased data collection. If permit compliance by installers is the key underlying concern for this RFI, then California regulators should improve compliance by reducing, rather than increasing, the costs of such compliance and

addressing what appears to be a failure by regulators to enforce their own existing regulations.

Sincerely,

A handwritten signature in cursive script that reads "David Winningham". The signature is written in black ink and is positioned above the printed name.

David Winningham,
Sr. Engineering Manager, Regulatory Affairs