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

Additional submitted attachment is included below.

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Submitted via: efiling.energy.ca.gov/EComment

Re: Lennox Comments on the California Energy Commission Notice of Equipment Data Reporting Request For Information (Docket # 24-OIR-03).

Lennox International Inc. (Lennox) hereby submits comments on the California Energy Commission "Notice of Equipment Data Reporting Request for Information" as posted to the Docket 24-OIR-03 on June 9, 2026 (the "RFI") that relates to space conditioning and water heating equipment.

Lennox is a leading provider of climate control solutions for the heating, air-conditioning, refrigeration (HVACR) and water heating equipment markets. Lennox is a U.S.-based publicly traded company focused on the HVACR and water heating industry. Lennox has thousands of employees and has significant U.S.-based manufacturing, engineering and R&D operations. Lennox manufactures space conditioning and water heating equipment subject to the potential data collection outlined in the RFI. Lennox, its downstream supply chain partners, and the California consumers who ultimately purchase and install this equipment would all be impacted if the Commission adopts the Express Terms as proposed.

A. General Comments on the Request for Information.

Lennox previously submitted comments on the two prior RFIs in this Docket on August 18, 2025 and February 13, 2026. Lennox hereby incorporates those prior comments by reference in full and reiterates the key points below.

Lennox continues to emphasize, as detailed in our prior comments, that the CEC has still not presented any evidence that the detailed data-reporting mandates under consideration would achieve either of the CEC's two stated goals: (1) improving energy demand forecasting, and (2) addressing contractors' failure to obtain building permits for equipment installations. (See Lennox's August 18, 2025 comments at pp. 1–5 and February 13, 2026 comments at pp. 1–6.) This third RFI, like the first two, provides no such evidence.

The RFI is a solution in search of a problem. If permit compliance by installers is the true concern, then California should improve compliance by reducing, not increasing its cost, and by enforcing the regulations already on the books. New data collection does nothing to advance that goal. The Commission's own record, including the 2015 Western Heat Pump Alliance white paper cited in Lennox's prior comments, identifies the actual drivers of permitting non-compliance: an overly complex energy code, confusing paperwork, enforcement that is inconsistent across jurisdictions, and under-resourced building departments and inspectors. None of these root causes is addressed by the data reporting the CEC proposes.

Imposing burdensome new reporting requirements would be counter productive. The compliance costs would be passed down the supply chain and ultimately borne by California households, including lower-income households already severely stressed by the State's housing-affordability crisis, in the form of higher equipment prices.

In this RFI, CEC proposes to focus its reporting on equipment sales to "contractors" as the "installing entities" for the products at issue. (See RFI, p. 2.) While the CEC may have intended to exclude HVACR and water heater original equipment manufacturers (OEMs) such as Lennox from reporting, Lennox sells equipment "direct to dealer," and those dealers appear to fall within the RFI's definition of "contractor", a definition Lennox does not consider fit for purpose (see Section B.3). As drafted, the RFI would therefore sweep OEMs such as Lennox into its reporting requirements. Lennox also does business through independent distributors through our Allied Air Enterprises division. This rulemaking would be burdensome for large companies such as Lennox that have multiple divisions and brands, and no less burdensome for our distributor partners, many of which are small businesses.

The RFI's data reporting is the wrong tool for the permitting problem it targets. California's permitting process for space-conditioning installations is complex and expensive, and its enforcement is inconsistent. Rather than adding reporting, the CEC and other California regulators should streamline permitting to make it more affordable and effective and should enforce the regulations already in place. (For additional detail, see the prior Lennox comments in this Docket dated August 18, 2025 at pp. 4–5 and February 13, 2026 at pp. 4–5, incorporated by reference.) Rather than pursuing these reporting mandates, CEC should adopt the measures identified in Lennox's prior comments, which would achieve its policy goals far more effectively.

If the CEC nonetheless proceeds with this regulation, it should focus its efforts on collecting aggregated data through existing data streams such as industry trade-association data which can provide meaningful insight into the California market without imposing new burdens throughout the supply chain.

B. Specific RFI Issues on Which CEC Seeks Comment.

Lennox offers responses to the following questions raised at pp. 2-5 of the RFI.

1. Is the proposed language sufficiently clear and specific in communicating which sales must be reported? If not, how may it be improved?

In this docket, CEC initially and appropriately did not propose to impose reporting requirements on OEMs. (See CEC's June 2, 2025 first RFI in this Docket and Lennox's August

18, 2025 comments at pp. 5–9.) However, the current RFI's proposed reporting regime may inadvertently capture OEMs such as Lennox that have "direct to dealer" sales, since those dealers may fall within the definition of "contractor." The RFI's focus on tracking sales to contractors reveals that its principal purpose is to address contractors' failure to obtain building permits for equipment installations. As Lennox has explained, both above and in its prior comments, there are better and more cost-effective means of improving contractor performance than the RFI's reporting mandates. Moreover, the CEC has offered no evidence that its reporting would actually improve contractor permitting and using sales data to police whether contractors pull building permits lies well outside the CEC's traditional mandate.

2. Should any other categories of equipment be included or excluded, and on what basis?

As noted above, the CEC has not provided evidence that the RFI's detailed data-reporting mandates would achieve its stated goals. As a result, Lennox's position is that no category of HVACR or water-heating equipment should be subject to the reporting the RFI describes.

3. Are the proposed definitions suitable and appropriate as written? Or, are there ways to improve the proposed language?

The RFI's approach to defining "contractor" is not fit for purpose. Because Lennox dealers could satisfy that definition, the RFI's requirements could reach OEMs such as Lennox that sell equipment to dealers, exactly the result the CEC previously said it did not intend. As noted above, CEC previously indicated that the data-tracking requirements in this Docket would not apply to manufacturers such as Lennox. By contrast, the framework in this third RFI could sweep in a far broader group of reporting entities than the CEC appears to have envisioned.

While certain improvements to the RFI's definitions may be merited, the better course is for the CEC not to proceed with this rulemaking at all. California regulators should instead pursue more effective means of raising contractor compliance with building-permit requirements.

4. Are there any additional terms used in the Scope or in subsequent sections that would be appropriate to define in regulation (e.g., where an ordinary understanding or dictionary definition would be vague or insufficient)?

Section 1396.3(f)(1)(F)(3) provides that information is to be submitted "to the best of the person's knowledge and belief." A comparable "knowledge limiter" should apply to any reporting required under Section 1396.3(b)(1), should such reporting be required.

Furthermore, entities should not be required to report information they do not have or maintain in the ordinary course of business. For example, CEC previously recognized in this Docket that serial numbers for the products at issue are often not collected in the ordinary course of business. (December 22, 2025 RFI in this Docket, p. 5.) CEC then eliminated serial-number reporting from consideration, noting that "serial numbers may not be commonly used by or available within distributor inventory control systems." (Current RFI, p. 4.)

Similarly, the contractor license and business ID number of an equipment purchaser (referenced in the RFI at p. 3 and proposed Section 1396.4(b)(6)) may not be known to the equipment seller or "commonly used by or available" in inventory-control systems, the very rationale the CEC used to drop serial numbers. If CEC proceeds with any version of these reporting requirements, the contractor license number and business ID number should be removed from Section 1396.4 for the same reason. CEC can obtain this information itself by cross-referencing purchaser names against Contractors State License Board (CSLB) data; the burden of obtaining or cross-referencing it should not fall on an OEM that does not ordinarily collect it.

However, the better course, once again, is for the CEC not to proceed with this rulemaking and to pursue more effective means of improving contractor compliance with building-permit requirements.

5. Does the proposed effective date provide sufficient lead time for successful completion and submittal of proposed Data Collection Reports? If not, what would be the basis for selection of an alternate initial calendar year?

Because the proposed data reporting is still at the RFI stage, implementing it with calendar-year 2027 data is not feasible, even if the underlying regulations were sound, which they are not. At a minimum, the CEC must allow a full calendar year between the finalization of any reasonable data-tracking regulation and the first required reporting period, so the supply chain has time to prepare. Reporting should begin no sooner than calendar year 2028. More specifically, if a final rule is adopted in 2027, then calendar year 2028 should be the first reporting year, with that data due in March 2029, consistent with the RFI's own sequencing, under which a given calendar year's data is reported the following March.

Lennox further notes that California will elect a new governor this November. The CEC should not advance a rulemaking of this kind, one tangential to the Commission's core mission, when the resulting requirements may run counter to the policies of an incoming administration. A new governor may well find the RFI's ill-advised foray into data tracking to be contrary to the State's policies and goals and a misuse of both industry and regulatory resources, to the detriment of California's residents.

CEC should also defer this data-tracking rulemaking until the scope and timing of the zero-emission standards for space and water heaters being developed by the California Air Resources Board (CARB) are clarified, because the CEC and CARB efforts could each require reporting on overlapping products. The CARB effort is in its regulatory-development stage, targeting compliance beginning on or about January 1, 2030. See e.g., https://content.govdelivery.com/accounts/CARB/bulletins/3fc5f58. Requiring regulated entities to overhaul their reporting systems twice, in uncoordinated fashion and in close succession, is unduly burdensome and would needlessly raise costs for California consumers.

6. Is there any specific data on costs, such as estimated salary or time to complete, that can be provided to inform or substantiate staff cost estimates?

While annual reporting is an improvement over the quarterly reporting the CEC previously considered, the RFI would still impose incremental costs of tens of thousands of dollars or more per reporting entity, across numerous entities that include small businesses. The RFI's data-collection regime would require complex data searches across our divisions and partners, which, based on an initial review, do not have all of the requested information readily available. Certain customer information does not reside in our business systems at all and could be obtained only through customer outreach, and then only if customers were willing to share it. This data collection adds no value to manufacturers or others in the supply chain and would divert resources from key business functions. As noted above, CEC should not require reporting of data that entities do not have or maintain in the ordinary course of business, or that is not "commonly used or available."

Further, as Lennox has previously commented, the RFI's data reporting would require the CEC to develop and support new systems, diverting Commission resources away from its core priorities.

7. Is there a means of using model family groupings that would be appropriate to consider allowing instead of reporting more specific model numbers?

The use of model-family groupings is no panacea. It may reduce reporting volume at the margin, but it does not cure the fundamental defects identified above.

8. Is the language in subsection (b) specifying which sales are to be reported sufficiently clear and specific?

The structure of Section 1396.1(b) is ambiguous as to which entities the reporting requirements reach. Rather than splitting Section 1396.1 into subsections (b)(1) and (b)(2), the CEC should combine them into a single clause making clear that only sales to "contractors" are reportable. And, as noted above, the definition of "contractor" is not fit for purpose.

Moreover, as noted above, CEC has not provided evidence that its detailed data-reporting mandates would achieve its stated goals. The better course remains for the CEC not to proceed with this rulemaking and to pursue more effective means of improving both energy-demand forecasting and contractor compliance with building-permit requirements.

In summary, the CEC has not shown that its detailed data-reporting mandates would achieve either stated goal — improving energy-demand forecasting or addressing contractors' failure to obtain building permits — and it has not demonstrated that this new data collection would be feasible, beneficial, or cost-effective. Lennox is concerned that the RFI would impose additional regulatory costs on the space-conditioning and water-heating supply chain, raising equipment prices and placing further burdens on California households and businesses. If permit compliance by installers is the true concern, California should improve compliance by lowering — not raising — its cost and by enforcing the regulations already on the books. For these reasons, Lennox respectfully urges the Commission not to proceed with the reporting requirements contemplated in the RFI.

Sincerely,

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