

DOCKETED

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Increasing Compliance from Manufacturers' Perspective
Presentation of Daikin US Corporation
Before the California Energy Commission Workshop on
Improving Compliance of Central Air Conditioning and Heat Pump Systems

Docket No. 2017-EBP-01

Charlie McCrudden
Director, Government Affairs
August 3, 2018

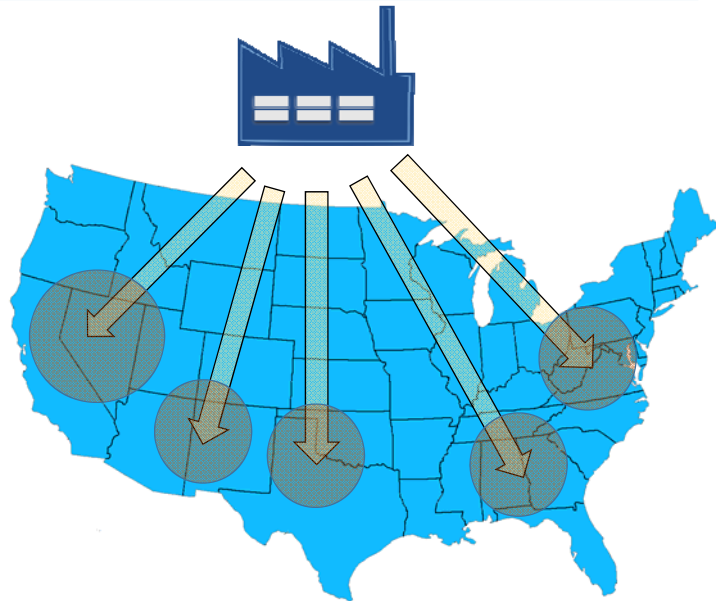


Manufacturers Can't Predict Where Equipment Will Be Installed

Units are shipped from the factory to regional and local distribution locations nationwide without respect to state borders

Distribution center areas don't follow state borders

Impossible to predict which units are going to be installed in California



Manufacturers Aren't Present at the Location of the Violation

Violations are being committed by individuals, either technicians or DIY homeowners

Violations occur at the point of installation

Licensure is not a guarantee that permits are being pulled

Digital Tracking proposes new obligations and burdens on entities not associated with violations



Digital Tracking Won't Lead to Higher Compliance Rates

Digital Tracking is unlikely to compel compliance by existing scofflaws

Non-compliant individuals will continue to evade detection by not filing for permits

Unless all equipment intended for installation in the entire US (imported and domestically manufactured) is digitally tracked, incomplete paper trail will leave gaps

Digital Tracking Won't "Find" Non-Compliant Installs

HVAC equipment currently enters the state via internet sales or cross border distribution

Investigations initiated by discovery of non compliant install won't always track back to find installer

Gaps in serial number lists won't identify the source of the equipment

The key to digital tracking is being able to match serial numbers from one list to another. Gaps will undermine any tracking effort

Serial Numbers of All Outdoor Units Intended for Sale in the US by Manufacturer ABC	Serial Numbers of Outdoor Units Arriving at Distribution Centers in California Submitted by Distributor ABC	Serial Numbers of Outdoor Units Arriving at Distribution Centers near California at various Distributors	Serial Numbers of Outdoor Units Arriving at Distribution Centers in US and Canada at various Distributors	Serial Numbers Submitted by Contractors with Permit Application	Results
Information Unknown via Tracking System	Information Unknown via tracking system	Information Unknown via tracking system	Information Unknown via tracking system	Information known via tracking system	
XYZ001	XYZ001				Not Compliant? Still in Distribution Center Inventory? CA Contractor Inventory? Installed in Oregon?
XYZ002	XYZ002				Compliant but fat finger error by distributor hides compliance
XYZ003	XYZ003			XYZ003	Compliant
XYZ004			XYZ004		Unknown
XYZ005			XYZ005		Unknown
XYZ006	XYZ006		XYZ006	XYZ006	Compliant; Arrived from out of state distributor
XYZ007	XYZ007				Non-compliant equipment installed without a permit
XYZ008			XYZ008		Unknown
XYZ009			XYZ009		Unknown
XYZ010		XYZ010		XYZ010	Compliant: Arrived in California from Distribution Center in Arizona
XYZ011		XYZ011			Installed in Nevada?
XYZ012		XYZ012			Installed in Utah?
XYZ013		XYZ013		XYZ013	Compliant: Contractor purchased unit from online retailer in Maine
XYZ014			XYZ014		Unknown
XYZ015	XYZ015			XYZ015	Compliant
XYZ016	XYZ016				Not compliant
XYZ017			XYZ017		Unknown
XYZ018			XYZ018		Unknown
XYZ019			XYZ019	XYZ019	Compliant; Equipment purchased directly from manufacturer through national account (multifamily)
XYZ020			XYZ020	XYZ020	Unknown
				QRS789	New Old Stock from before tracking system? Fat finger error by contractor?

HVAC Registries are Not Simple to Create or Manage

Submitting data is time consuming, prone to errors, and does not guarantee permit compliance

Equipment can enter state via internet sales or cross border distribution

Investigations initiated by discovery of non compliant install won't always find installer

Gaps in serial number lists won't identify non-compliant installers

OEMs have concerns about risk of confidential business information disclosed via security breach

Practical and Feasible Solutions to Previously Identified Gaps

Simplified and Harmonized Permitting Process

- For HVAC installs, including emergency installs
- Resolve issues with multiple permits for HVAC installs

Enforcement of scofflaws at the local level

- Resources, personnel, active sting operations

Contractor Education

- PSAs, Trade Association Outreach, Dealer networks, distributor counter info
- Technician Certification & Contractor Accreditation with Continuing Education Requirements
- An OEM Value Proposition Item

Homeowner or Building Owner Education

- PSAs & bill stuffers on energy losses and safety concerns, web ads on Angie's List or Google

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