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*Comment Received From: A. O. Smith Corporation*  
*Submitted On: 6/28/2024*  
*Docket Number: 24-BSTD-01*

**A O Smith Comments to the 2025 Title 24, 15-Day Express Terms**

*Additional submitted attachment is included below.*



June 28, 2024

California Energy Commission  
Project Title: 2025 Energy Code Pre-Rulemaking  
1516 Ninth Street  
Sacramento, CA 95814

**RE: A. O. Smith Comments to Section 170.2 of the 2025 Title 24, 15-Day Express Terms, Docket #: 24-BSTD-01**

A. O. Smith Corporation (“A. O. Smith” or “Company”) appreciates the opportunity to submit comments on the 2025 Building Energy Efficiency Standards, Title 24 Parts 1 and 6, Express Terms, 15-day Language (“Express Terms”), published on June 13, 2024. The Company worked with the Codes and Standards Enforcement (“CASE”) team during the pre-rulemaking phase and appreciates the work the team has done to incorporate our feedback into the Express Terms. Notwithstanding our collaboration, the Company is concerned that a key issue with the alternative compliance path remains unaddressed. This issue paired with what appear to be overly restrictive requirements in the prescriptive pathway for commercial heat pump water heaters (“CHPWH”) systems, has the potential to block a large segment of currently available CHPWHs from being sold into the state in favor of gas-fired equipment.

**About A. O. Smith**

A. O. Smith Corporation, with global headquarters in Milwaukee, Wisconsin since 1874, applies technology and energy-efficient solutions to products manufactured and marketed worldwide with operations in the U.S., Canada, China, India, Mexico, the Netherlands, and the UK. Listed on the New York Stock Exchange (NYSE: AOS), the company is one of the world’s largest manufacturers of residential and commercial water heating equipment and boilers, as well as a leading manufacturer of water treatment and air purification products. Along with its wholly owned subsidiaries, A. O. Smith is the largest manufacturer and seller of residential and commercial water heating equipment, high efficiency residential and commercial boilers, and pool heaters in North America.

**Overview**

On February 17, 2023, the CASE team presented proposed modifications to the California Title 24 requirements for Multifamily Domestic Hot Water. Inclusive of the proposals was a proposed modification to the prescriptive pathway for commercial heat pump water heaters (“CHPWH”) systems that would require that single pass HPWH system design not utilize hot water return to primary. In addition, the CASE team added an alternative compliance pathway for CHPWHs which would allow a CHPWH to be installed so long as it meets the Northwest Energy Efficiency Alliance (“NEEA”) Advanced Water Heating Specification (“AWHS”) Version 8.0 Tier 3. As drafted, those proposals would present an uneven playing field as CO<sub>2</sub> based CHPWH systems would be significantly advantaged over non-CO<sub>2</sub> based CHPWHs. The Company raised concerns with this overly prescriptive requirement to the CASE team during the pre-rulemaking comment period. In August 2023, the CASE team published their final

CASE report, in which it amended the NEEA AWHs V8.0 requirement from tier 3 to tier 2 under the alternative compliance pathway. In comments submitted in May to the California Energy Commission (“CEC” or “Commission”) 45-day express terms, the Company reiterated our concern with the prescriptive requirements in Section 170.2(d).2, which would arbitrarily exclude highly efficient commercially available CHPWHs due to a ban on multi-pass design. Additionally, the Company raised concern that the AWHs is in the process of being updated from Version 8.0, which is listed in the title-24 requirements, to Version 8.1. The change in version will also affect NEEA’s Qualified Product’s List (“QPL”) and essentially obsolete the current compliance pathway of being listed as NEEA Tier 2 to version 8.0 of the AWHs.

#### **Section 170.2(d).2: Prescriptive System Design for CHPWHs**

The Company has consistently raised concerns throughout this process over adding the prescriptive requirement for all CHPWHs to be single-pass systems. This requirement creates an uneven playing field that favors split systems over integrated systems without a proper consideration of the energy use and efficiency of the products. The Company recognizes that the Commission lacks the necessary data to update this requirement during the express terms phase of this process. Given this, the company recommends that the Commission reevaluate the prescriptive requirements of Section 170.2(d).2 for CHPWHs in the next revision of Title 24. Since the initial work was done on this section, the market has grown and evolved with many new and highly efficient products entering the market that are currently being excluded through this compliance pathway.

#### **Section 170.2(d).2: Alternative Compliance Pathway**

The Company has throughout this process been supportive of the alternate compliance pathway of meeting the requirements of NEEA tier 2. This alternative pathway still allows for multi-pass systems to comply with the prescriptive pathway. However, with the forthcoming update to the AWHs and QPL, this pathway is in jeopardy of becoming obsolete as the AWHs V8.0 QPL referenced in the Express Terms will become obsolete on July 1, 2024, before this updated code goes into effect. The Company outlined its concerns on this issue in its comments to the 45-day express terms. Suffice it to say, the Company is disappointed to see that this issue has not been addressed in the Express Terms and closes the door on this compliance pathway, which would take a step in the right direction of basing the code on product efficiency and not a set of overly restrictive prescriptive requirements. The Company again urges CEC to engage with NEEA to proffer an agreement such that the current version (i.e., V8.0) of the AWHs and QPL referenced in Title 24 remain maintained in perpetuity as long as the code references them. This would allow for a stable baseline and would not preempt NEEA from further developing new versions of the AWHs and QPL. In lieu of this approach CEC should adopt a prescriptive measure of CHPWH performance to allow for a level playing field which does not exclude systems based on their configuration and affords specifying engineers the necessary flexibility to install products in a manner that is consistent with their project goals and objectives. Title 24 is a minimum efficiency code and should remove, not add hurdles for high efficiency heat pumps to enter the California market and help the state reach its ambitious goal to install 6 million new heat pumps by 2030.

## **Conclusion**

A. O. Smith appreciates the opportunity to provide comments in response to the 2025 Building Energy Efficiency Standards, Title 24 Parts 1 and 6, Express Terms, 15-day Language. Please feel free to contact me if you have questions and the Company stands ready to work with the Commission moving forward.

Best Regards,

A handwritten signature in black ink, appearing to read 'Kyle Bergeron', with a long horizontal flourish extending to the right.

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