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Rheem Manufacturing Company CEC HEEHRA Phase II Public Comments

Additional submitted attachment is included below.

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January 10, 2025

Mr. J. Andrew McAllister, Ph.D.
Commissioner
California Energy Commission
715 P Steet
Sacramento, CA 95814

Re: Rheem Manufacturing Company Comments on Home Electrification and Appliance Rebates Program - Phase II Request for Information

Dear Commissioner McAllister:

Rheem Manufacturing Company (Rheem) appreciates the opportunity to comment on the California Energy Commission (CEC) Phase II High-Efficiency Electric Home Rebate Program.

Rheem is an industry leader in total heating, cooling, refrigeration, and water heating solutions, headquartered in Atlanta, Georgia and with a manufacturing facility in Oxnard, California. Rheem also has U.S. based manufacturing facilities in Alabama, Arkansas, Connecticut, and North Carolina and distribution facilities throughout the U.S., Canada and around the world. Rheem is committed to a clean energy future and continues to bring to market products that advance the goals of emissions reduction at an affordable price to the homeowner, working cooperatively with environmental agencies and regulators.

General Comments

The Inflation Reduction Act (Public Law 117-169) (IRA) includes transformative investments to improve energy infrastructure and support accelerated deployment of technologies to reduce energy use and improve the energy efficiency of space cooling and space and water heating. In developing guidelines and program requirements implementing HEEHRA Phase II, Rheem encourages the CEC to ensure the program complements the State of California's goal to install six million heat pumps in California buildings by 2030.[1] Rheem is a Member of the California Heat Pump Partnership (CAHPP), created by the CEC to identify the technical, market and policy barriers to accelerate heat pump adoption.[2] The CAHPP includes manufacturers, distributor, installers, retail and community stakeholders focused on developing an action plan to rapidly scales heat pump deployment, while supporting the growth of a workforce and manufacturing base capable of installing and producing energy efficient heat pumps. Rheem

[1] https://www.gov.ca.gov/2022/07/22/governor-newsom-calls-for-bold-actions-to-move-faster-toward-climate-goals/
[2] https://heatpumppartnership.org/

encourages the CEC to ensure HEEHRA Phase II program objective and requirements are consistent with the goals of the CAHPP.

Attributes of Successful Heat Pump and Heat Pump Water Heater Rebate Program

Point-of-Sale Rebates and Participation of Retail Distribution

The Phase II HEEHRA Program should include a point-of-sale rebate program that leverages California's robust retail home improvement sector. The retail channel is a powerful and effective marketing and education conduit to raise the salience of a state rebate program to targeted individuals and a trusted entry point to access eligible products and services. Further, there are several examples of successful state programs promoting electric heat pumps that capture the benefits of the retail channel's powerful marketing and consumer education capacities. Efficiency Maine, for example, administers an income-differentiated rebate program using retail distributor outlets to deliver heat pump technologies. Through 2024, the program rebated more than 1750,00 heat pumps for space heating and 70,000 heat pump water heaters, a significant accomplishment considering Maine's modest housing stock.[3] A point-of-sale rebate program is an important channel to accomplish California's goal of scaling equitable building decarbonization, improving indoor air quality and cutting energy waste.

Co-Funding HEEHRA Rebates Enable Heat Pump Installation

The ability of an eligible resident to co-fund a heat pump or heat pump water heater with complimentary programs is important to achieving program goals. Enabling HEEHRA participants to access existing rebate programs, such as TECH Clean California and Golden State Rebate enables a wider group of residents to install qualifying equipment. Phase II of the California HEEHRA program should

Consumer Education and Awareness

The Phase II HEEHRA program should include a robust marketing component to make the heat pump program easy to understand and access. A one-stop-shop incentive resource accessible to cross-promotion through both the retail and contractor channels provides an easy access point for customers seeking information on rebates. The Clean TECH Program and *Switch is On* consumer portal is an example of a consumer education and program application portal capable of supporting California's HEEHRA-funded rebate program.

[3] https://www.efficiencymaine.com/efficiency-maines-heat-pump-and-heat-pump-water-heater-initiatives-receive-leader-of-the-pack-award-from-the-american-council-for-an-energy-efficient-economy/

In conclusion, Rheem remains committed to partnering with the State of California to successfully implement an effective and comprehensive set of programs to scale heat pump installations. We appreciate the opportunity to share our views on Phase II of the HEEHRA program and welcome the opportunity to meet with your office to discuss this in further detail.

Matt Thornblad
Senior Public Policy and Communications Director
Rheem Manufacturing Company

Appendix: Summary of Emissions Regulations and Rheem's Recommendations

Zero-NOx Emissions Standard Compliance Dates

Equipment Type	Input Rate, kBtu/h	South Coast	Bay Area	CARB	Recommended Earliest Date
Storage Water Heater	≤75	*New Construction: 1/1/2026* *Replacement: 1/1/2027*	1/1/2027	*1/1/2027*	*1/1/2030*
	≤75 (MH)	*New Construction: 1/1/2026* *Replacement: 1/1/2030*	N/A (<40 ng/J)	*Comment requested*	*1/1/2030*
	>75 to ≤400	New Construction: 1/1/2026 Replacement: 1/1/2029	1/1/2031	*1/1/2029*	*1/1/2030*
	>400 to ≤1,000	New Construction: 1/1/2028 Replacement: 1/1/2031 LUE: 2,000 therm/yr	1/1/2031	*1/1/2031*	*1/1/2031*
	>1,000 to ≤2,000	New Construction: 1/1/2028 Replacement: 1/1/2031 LUE: 3,000 therm/yr	1/1/2031	*1/1/2031*	*1/1/2031*
Instantaneous Water Heater	≤200	New Construction: 1/1/2026 Replacement: 1/1/2029	1/1/2031	*1/1/2029*	*1/1/2030*
	≤200 (MH)	New Construction: 1/1/2026 Replacement: 1/1/2033	N/A	*Comment requested*	*1/1/2030*
	>200 to ≤400	New Construction: 1/1/2028 Replacement: 1/1/2031	1/1/2031	*1/1/2031*	*1/1/2031*
	>400 to ≤1,000	New Construction: 1/1/2028 Replacement: 1/1/2031 LUE: 2,000 therm/yr	1/1/2031	*1/1/2031*	*1/1/2031*
	>1,000 to ≤2,000	New Construction: 1/1/2028 Replacement: 1/1/2031 LUE: 3,000 therm/yr	1/1/2031	*1/1/2031*	*1/1/2031*
Pool Heater	≤400	New Construction: 1/1/2028 Replacement: 1/1/2031	N/A	*1/1/2031*	*1/1/2031*
	>400 to ≤1,000	New Construction: 1/1/2028 Replacement: 1/1/2031 LUE: 2,000 therm/yr	N/A (<14 ng/J)	*1/1/2031*	*1/1/2031*
	>1,000 to ≤2,000	New Construction: 1/1/2028 Replacement: 1/1/2031 LUE: 3,000 therm/yr	N/A (<14 ng/J)	*1/1/2031*	*1/1/2031*
Boiler	≤400	New Construction: 1/1/2026 Replacement: 1/1/2029	1/1/2031	*1/1/2029*	*1/1/2029*
	>400 to ≤1,000	New Construction: 1/1/2028 Replacement: 1/1/2031 LUE: 2,000 therm/yr	1/1/2031	*1/1/2031*	*1/1/2031*

Equipment Type	Input Rate, kBtu/h	South Coast	Bay Area	CARB	Recommended Earliest Date
	>1,000 to ≤2,000	New Construction: 1/1/2028 Replacement: 1/1/2031 LUE: 3,000 therm/yr	1/1/2031	*1/1/2031*	*1/1/2031*
High Temperature Unit (Boiler, Water Heater)	≤400	New Construction: 1/1/2029 Replacement: 1/1/2033	1/1/2031	*1/1/2033*	*1/1/2033*
	>400 to ≤1,000	New Construction: 1/1/2029 Replacement: 1/1/2033 LUE: 2,000 therm/yr	1/1/2031	*1/1/2033*	*1/1/2033*
	>1,000 to ≤2,000	New Construction: 1/1/2029 Replacement: 1/1/2033 LUE: 3,000 therm/yr	1/1/2031	*1/1/2033*	*1/1/2033*
Central Furnace	≤175	*New Construction: 1/1/2026* *Replacement: 1/1/2028*	1/1/2029	*1/1/2029*	*1/1/2029*
	≤175 (MH)	*New Construction: 1/1/2026* *Replacement: 1/1/2028*	N/A	*Comment requested*	*1/1/2029*
	>175 to ≤2,000	*New Construction: 1/1/2026* *Replacement: 1/1/2030*	1/1/2029	*1/1/2029*	*1/1/2030*
Other Furnaces	All	*New Construction: 1/1/2026* *Replacement: 1/1/2028*	1/1/2029	*1/1/2029*	*1/1/2029*

Italicized = Proposed
Highlighted Cells = different from CARB proposal
MH = Manufactured Housing (Mobile Home)
LUE = Low Usage Exemption, South Coast allows units installed prior to 6/7/2024 to be exempt from Unit Age (mandatory) replacements if the consumer can demonstrate that the unit uses a low amount of energy (2,000 Therms/yr for units with a rated input capacity >400 to ≤1,000 kBtu/h and 3,000 Therms/yr for units with a rated input capacity >1,000 to ≤2,000 kBtu/h).