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June 24, 2022

Abigail Daken  
Office of Air and Radiation  
U.S. Environmental Protection Agency  
Washington, DC 20460

Topic: Final Draft, Version 5.0 ENERGY STAR® Specification for Residential Water Heaters

Dear Ms. Daken:

This letter comprises the comments of the Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric (SDG&E), and Southern California Edison (SCE) in response to the United States (U.S.) Environmental Protection Agency's (EPA) Final Draft Specification on Residential Water Heaters.

The signatories of this letter, collectively referred to herein as the California Investor-Owned Utilities (CA IOUs), represent some of the largest utility companies in the Western U.S., serving over 32 million customers. As energy companies, we understand the potential of appliance efficiency standards to cut costs and reduce consumption while maintaining or increasing consumer utility of products. We have a responsibility to our customers to advocate for standards that accurately reflect the climate and conditions of our respective service areas.

We appreciate the opportunity to provide the following comments on this Final Draft. We commend EPA for updating the certification criteria for residential water heaters and establishing reporting requirements for NOx emissions. We urge EPA to consider the following comments:

**1. The CA IOUs support EPA's final draft proposal and the decarbonization of the water heater market.**

Ninety percent of California homes currently use gas for water heating, accounting for 48 percent of residential natural gas consumption.<sup>1</sup> To mitigate these emissions, California has proposed to eliminate any new gas water heater sales in the market by 2030.<sup>2</sup> In the meantime, EPA's proposal to raise the gas storage qualification thresholds to condensing levels would help consumers who choose to retain a gas water heater to find energy efficient gas products with the ENERGY STAR label. The ENERGY STAR label is an important marketing tool that allows consumers to make informed purchasing decisions regarding energy performance. Additionally, ENERGY STAR specifications for residential water heaters play a vital role in California's pursuit of an ambitious energy efficiency strategy for rapid decarbonization to combat climate change. Therefore, we look forward to working with the EPA's ENERGY STAR program to significantly reduce greenhouse gas reductions while continuing to save energy.

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<sup>1</sup> 2019 California Residential Appliance Saturation Study (RASS) CEC-200-2021-005

<sup>2</sup> [https://ww2.arb.ca.gov/sites/default/files/2022-01/Draft\\_2022\\_State\\_SIP\\_Strategy.pdf](https://ww2.arb.ca.gov/sites/default/files/2022-01/Draft_2022_State_SIP_Strategy.pdf)

Furthermore, we support EPA’s decision to maintain the current certification levels for electric heat pump water heaters (HPWH), including 120V and split-system products. These products are essential for achieving California’s decarbonization objectives. We are committed to increasing the market penetration of heat pumps throughout the state with programs such as the Technology and Equipment for Clean Heating (TECH) California. Since its launch in late 2021, this program has allocated nearly \$50 million in funding for residential and multifamily heat pumps.<sup>3</sup> Maintaining the current recognition criteria supports the continued maturation of this market by providing consistency for installers, retailers, and manufacturers while recognizing products with significant energy savings for consumers.

**2. The CA IOUs support the addition of NOx reporting and encourage ENERGY STAR to adopt this approach for all gas products.**

Regional air quality management districts in California already require low NOx water heaters and will adopt zero NOx emission requirements in the near future.<sup>4</sup> According to the EPA, NOx emissions contribute to particulate matter that can have significant health impacts related to respiratory function and can cause other environmental harms.<sup>5</sup> Therefore, we support the NOx emissions reporting requirements for gas tankless and residential duty products. This reporting will enable consumers to make informed decisions regarding these emissions and will support compliance with NOx regulations.

In the Final Draft Specification narrative, EPA indicates that these requirements are for all gas water heaters. However, we note the specification of this requirement is only in the criteria tables for gas instantaneous and residential-duty products. The CA IOUs support NOx reporting for all gas products.

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<sup>3</sup> <https://energy-solution.com/tech/>

<sup>4</sup> E.g., South Coast Air Quality Management District Rule 1121, Bay Area Air Quality Management District Regulation 9, Rule 6

<sup>5</sup> <https://www.epa.gov/no2-pollution/basic-information-about-no2#What%20is%20NO2>

In conclusion, we would like to reiterate our support for EPA's Final Draft Specification for residential water heaters. We thank EPA for the opportunity to be involved in this process.

Sincerely,



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