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California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: Comments on Zero-Emission Space and Water Heater Standards Workshop, May 29, 2024

Daikin U.S. Corporation (“Daikin”) respectfully submits this letter to provide input on the two regulatory concepts presented at the California Air Resources Board’s (“CARB” or “Agency”) Zero-Emission Space and Water Heater Regulatory Concepts Public Workshop on February 28, 2024. Daikin appreciates the opportunity to provide these comments.

Daikin U.S. Corporation is a subsidiary of Daikin Industries, Ltd., the world’s largest air conditioning equipment manufacturer. The Daikin Group includes Daikin Applied, Daikin North America LLC, and Goodman Manufacturing Company, L.P.

We appreciate the efforts CARB has put into the review and response to comments as presented at the May 29, 2024, workshop and we support CARB’s efforts to improve air quality and minimize the effects of climate change by reducing air pollution sources and GHG emissions. Daikin has been a strong supporter, and at the forefront of decarbonization and electrification efforts in developing equipment to reduce pollution and emissions.

CARB provided two regulatory concepts for consideration. Daikin appreciates these concepts and recommends that CARB pursues Concept B as described in our comments below.

Concept A: Statewide Rule as Described in 2022 SIP Strategy Measure

The first initial regulatory concept under development, would target “all new sales of residential and commercial space and water heaters by 2030.” This option “would not limit use or repair of existing space and water heaters.”

Concept B: Statewide Rule Bases on Bay Area and South Coast Measures

The second regulatory concept under development would become a new sales requirement for space and water heaters. This option is based on the already-adopted Bay Area mandate and the proposed South Coast rules. It would apply statewide using these rules’ staggered compliance dates by capacity and application.

Daikin requests CARB to align any new proposals with current and emerging federal standards. Specifically, Daikin recommends regulations that are based on date of manufacture and not on sale or installation.

CARB should understand that the development cycle is typically three to five years. The first step is certainty in the requirements as only then can development begin. Design, component selection, supplier approvals, performance testing and safety testing can take multiple years. Where there is a family of products being designed or modified, which is typically the case, the time for development and

testing is further stretched. All of this assumes no issue during testing. Should a product not pass a test initially, it is typical to evaluate, redesign and retest. Performance and safety testing alone can take 18 months or more depending on the number of model variations, internal testing resources, and most significantly, the availability of the Nationally Recognized Testing Laboratories (NRTL's). These NRTL's are shared by all manufacturers, and they have limited capabilities and testing capacities.

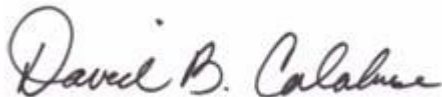
When a product is finalized, only then can the manufacturing process begin. Once manufactured, products follow a multi-step distribution chain before final sale to an end customer. Sale and installation dates are outside of manufacturer control given the distribution channels used for such equipment. The only certain control point when making a regulatory change is to use the date of manufacture, which can be strictly controlled. After departing the manufacturing facility, manufacturers do not have visibility as to where and when a specific piece of equipment is sold or installed. As a result, date of manufacture is a more effective way to phase out non-compliant equipment.

Concept A, as noted above, is very broad and does not clearly specify equipment types which increases potential confusion, which Daikin wishes to avoid. Utilizing a single implementation date of 1/1/2030, instead of date of manufacture, does not allow manufacturers and distributors to effectively plan and deplete inventory to allow for a smooth transition. This could leave manufacturers scrambling to build inventory and distributors with equipment that can no longer be installed, resulting in excessive scrap and unaccounted environmental impact.

Concept B is more practical and agreeable to Daikin because it promotes staggered compliance dates based on specific products, capacities and application. This concept will provide CARB and industry with the most effective transition that can be controlled. Manufacturers will have time for development and testing in stages which is a more manageable use of limited resources. Furthermore, the staggered approach will help industry address scheduling challenges at third-party testing facilities. Concept B is the most feasible approach to meeting compliance deadlines. Crucially, this concept aligns with recent rules by Bay Area Air Quality Management District (BAAQMD).

Daikin strongly supports CARB's Concept B approach and encourages all new rules to utilize date of manufacture for any transition. We appreciate the Commission's time and strongly urge consideration and adoption of these proposals.

Sincerely,



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