



Perry McGuire
Senior VP, Legal, Government Affairs & People
(770) 632-4326
pmcguire@rinnai.us

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California Air Resources Board
1001 I Street
Sacramento, CA 95812-2815

Subject: Rinnai America Corp. Comments on 2026 State Implementation Plan Revisions for the California Extreme Ozone Nonattainment Areas (April 17, 2026)

To the Executive Officer and Members of the Board:

Rinnai America Corporation is a manufacturer and supplier of gas water heaters and boilers in North America. It is an industry leader in developing high efficiency and innovative products, including hydrogen-fueled water heaters. Its manufacturing, distribution, and sales footprint is national, including significant sales in California. And its business is directly affected by state and local measures that ban, materially restrict, or burden the sale and installation of gas appliances.

Rinnai appreciates the opportunity to provide comments on the California Air Resources Board's ("CARB") 2026 Extreme Ozone State Implementation Plan Revisions ("SIP Revisions"), and in particular the section addressing the proposed measure for Clean Space and Water Heater Standards, previously known as the Zero-Emission Space and Water Heater Standards. The proposed measure and action involve setting a "phased sales schedule," starting in 2030, that would require "an increasing percentage of new space heaters and water heaters to comply" with a zero-emission standard for both new and existing buildings. SIP Revisions at 16-17.

While Rinnai supports efforts to increase energy efficiency and reduce emissions, it has concerns with an approach that partially bans gas appliances and limits the affordable, reliable appliances that are available for consumers with varied needs and preferences. The proposed market-sales-cap approach will also impose burdens and expense on manufacturers, potentially leading to appliance shortages and higher prices at a time when Californians are suffering from a lack of affordable housing and rising energy prices.

Rinnai's view is that such zero-emission appliance standards, whether a 100% ban or a partial ban, are preempted by EPCA and unenforceable. As CARB well knows, Rinnai is the lead plaintiff in a lawsuit challenging just such zero-emission appliance rules as preempted by the Energy Policy & Conservation Act ("EPCA"), 42 U.S.C. §6291 *et seq.* *Rinnai America Corp., et al. v. South Coast Air Quality Management District*, No. 25-5129 (Ninth Circuit) (appeal pending; oral argument heard Feb. 5, 2026). Zero-emission rules effectively ban gas appliances by prohibiting any combustion emissions and therefore concern the energy use of those appliances within the meaning of EPCA. *See* 42 U.S.C. §6297(c) (preempting any state regulation concerning the energy use of covered appliances). This position is supported by the Ninth Circuit's decision in *California Restaurant Ass'n v. City of Berkeley*,

89 F.4th 1094 (9th Cir. 2024), which held that “a regulation on ‘energy use’ fairly encompasses an ordinance that effectively eliminates the ‘use’ of an energy source.” *Id.* at 1101-02. That is exactly what zero-emission standards do. And a regulation banning a percentage of sales of gas appliances, rather than all sales of gas appliances, is not meaningfully different and is preempted under the same reasoning.

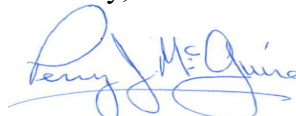
In addition, under the Clean Air Act, regulations that are preempted by EPCA cannot be approved by the EPA as part of a SIP. *See* 42 U.S.C. § 7410(a)(2)(E)(i) (as one of the criteria for EPA approval of an amendment to a SIP, the state must provide assurances that its rule “is not prohibited by any provision of Federal or State law”). Here, CARB’s proposed measure would violate EPCA and therefore cannot be approved by the EPA.

Moreover, depending on how the proposed measure is implemented, it is likely to tilt the playing field in favor of the larger manufacturers and ones that make predominantly electric appliances. *See* Rinnai America Corp. Comments on CARB’s Workshop on Zero-Emission Space and Water Heater Standards (Jan. 21, 2026) (explaining practical concerns with CARB’s Dec. 11, 2025 workshop proposal for a similar market-sales-cap zero-emission standard). Smaller manufacturers like Rinnai that make more gas appliances than electric may not be able to bear the regulatory burdens or compliance costs and could be forced out of the market, lessening competition. And predictably, a burdensome regulatory scheme that limits appliance availability will raise costs and force consumers into more expensive and less suitable options. Increasing housing costs for consumers during California’s ongoing affordability crisis does not make sense.

These types of constraints on manufacturers and on appliance availability were exactly what Congress wanted to avoid in EPCA. *See, e.g.* 42 U.S.C. §6295(o)(4) (the Department cannot adopt a regulation that makes appliance performance characteristics unavailable), §6297(d) (the Department cannot waive preemption for state regulations that make appliance performance characteristics unavailable or that burden design, manufacturing, production, sales, or servicing of appliances).

In light of the legal issues, consumer choice and affordability concerns, and burdens on smaller companies, Rinnai requests that CARB remove this proposed measure from its revised SIP. CARB should reconsider its zero-emission approach and instead develop fuel-neutral measures that incentivize efficiency and reduced emissions.

Sincerely,



Perry McGuire, Esq.
Senior VP, Legal, Government Affairs & People
Rinnai America Corporation