



January 21, 2026

California Air Resources Board
1001 I Street
Sacramento, California 95814

Rheem Manufacturing Company (Rheem) appreciates the opportunity to comment on the California Air Resources Board (CARB) development of zero-emission space and water heating standards.

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, 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

Manufacturers make a variety of models available on the market and fulfill the demand as it is called for by the channel, which is comprised of distributors, wholesalers, dealers, contractors, and installers. Manufacturers cannot fully predict or force demand, as product selections are made by the consumer, who is several steps downstream in the sales channel. Rheem residential water heating products have two primary paths to market: direct to a retailer (though not necessarily to a specific retail store), or to a wholesaler/distributor and then a plumber. Residential space conditioning equipment and pool heaters typically get to market through a distributor and then a contractor (HVAC or pool). Commercial equipment typically gets to market through a wholesaler/distributor, mechanical contractor, and then a general contractor. Restrictions on manufacturers, therefore, do little to alter market demand and have negligible bearing on the volume of equipment manufacturer's supply to fulfill the pipeline requests. There are many paths to market, but in almost all cases, the manufacturer does not know where the unit was sold to the end consumer or installed.

Rheem acknowledges CARB's regulatory process and the development of practical strategies to reduce statewide emissions from residential and commercial buildings. Rheem is committed to providing California consumers with reliable space and water heating solutions that meet state and federal performance requirements and include a



engineered for life™

wide range of zero emissions models. While the latest regulatory proposal, to some degree, addresses public feedback related to end-user challenges in transitioning to zero emissions, we have significant concerns regarding the proposed Emissive Equipment Sales Limits and Credit System. As currently proposed, the scheme is unworkable; overly complex, impractical, and unlikely to achieve the stated objectives.

Complexity and Administrative Burden

The proposed framework introduces multiple layers of calculations, reporting, and credit tracking that will impose substantial administrative burdens on manufacturers and distributors. The need to monitor annual sales limits, calculate credit deficits, and manage tracking systems creates a regulatory structure that is difficult to implement and enforce.

Further, the proposal relies on accurate reporting and verification of sales data across multiple entities, including distributors and contractors. This introduces significant risk of data inconsistencies, duplication, reporting errors, and enforcement gaps. CARB's capacity to monitor compliance effectively under such a complex system is questionable, and the potential for disputes and penalties is high.

Lack of Direct Control Over Sales Mix

The proposal combines manufacturer sales targets for zero-emitting appliances with a credit cap and trading scheme. This structure forces OEMs to somehow manage market behavior downstream – a task that is impractical, if not impossible. Manufacturers do not control the ultimate sales mix in the marketplace. Factors such as consumer preferences, contractor recommendations, building conditions, and economic constraints drive purchasing decisions. Penalizing manufacturers for exceeding emissive sales limits—when these decisions are largely outside their control—creates an inequitable compliance obligation and does not address the root causes of slow adoption.

Uncertain Environmental Outcomes

The proposed credit system, while intended to provide flexibility, may undermine emission reduction goals. Disproportionally applied credits for residential, commercial, and certain product categories may be inequitable and do not guarantee actual reductions in emissive equipment sales or emissions. This approach risks creating a market for compliance rather than driving meaningful decarbonization and addressing affordability issues.



engineered for life™

Opportunity for Improvement and Increased Effectiveness

Rather than a complex and punitive system, we strongly urge the CARB to consider a simpler, more effective solution that prioritizes specific residential equipment categories, along with a predictable fee and incentive structure that addresses installation challenges. The California Training for Residential Contractors (CA-TREC) and California Clean TECH HP Program are examples of two initiatives providing incentives and training to boost heat pump adoption. This approach would maintain consumer choice, give manufacturers predictable cost structures, and guide the market toward electrification in a gradual and orderly fashion. CARB should also consider the specific concepts being evaluated by the Bay Area Air District to address concerns they have identified related to infrastructure readiness, space constraints, equity and affordability, emergency replacements, and market/workforce issues.

Unworkable Structure

Taken together, the complexity, lack of direct control, enforcement difficulties, and uncertain outcomes make the current proposal unworkable. We urge CARB to consider alternative approaches that are simpler, more predictable, and directly tied to measurable emission reductions—such as incentive-based programs, streamlined performance standards, or phased mandates aligned with infrastructure readiness. Mandatory measures need to be coupled with thoughtful exemptions and alternate compliance paths to provide the necessary flexibility and options for consumers.

We appreciate CARB's commitment to equitable building decarbonization and encourage continued collaboration with stakeholders to develop a regulatory framework that is practical, enforceable, and effective. We respectfully request that CARB reevaluate the proposed sales limits and credit system in favor of solutions that better balance ambition with feasibility.

Sincerely,

James Phillips
Senior Regulatory Affairs Manager
Rheem Manufacturing Company

cc: Allison Skidd, Joe Boros, Karen Meyers, Matthew Thornblad