
Bay Area Air District Zero NOx Rule Update

Board of Directors Meeting
August 12, 2026





Background: the Rule at a Glance

Rule 9-6 sets a NOx limit on water heaters at the point of sale or installation — it does not force anyone to replace a working unit.

- **Point-of-sale only.** Applies when a unit is sold or installed — it doesn't touch appliances already in service, and covers no other appliance.
- **Zero NOx, in practice, means electric.** Only electric units currently meet a zero NOx standard, so at replacement, this makes the practical choice a heat pump water heater.
- **Adopted, now being refined.** The Air District adopted the standard in March 2023, effective January 2027, and is now adding flexibility before it takes effect.

Up to 85
premature deaths avoided each year

Up to \$890M
in health impacts avoided each year

Air District estimate for the 2023 water heater and furnace standards combined.



Status: Where Things Stand

The Air District released draft amendments in July 2026. The current January 1, 2027 date stays in effect unless the Board acts.

Delay the standard by one year

The small water heater deadline moves to January 1, 2028; larger commercial units move to 2033.

Add targeted exemptions

Relief for property owners facing the greatest cost or feasibility barriers, issued through a new Air District certificate.

WHAT HAPPENS NEXT

Aug 13, 2026

*Public comment period
closes*

Nov 4, 2026

*Air District Board decision
(tentative)*

Jan 1, 2028

*Standard applies to small
units, if adopted*



Proposed Exemptions

The draft focuses relief where installing a zero NOx unit is hardest or most costly. Exact eligibility rules are still being finalized. Staff estimates 38% of projects in the Bay Area would qualify.

Low-income property owners

CARE/FERA and other qualifying low-income program participants, or households spending 28%+ of gross income on housing costs

Space or ventilation constraints

Air District exemption certificate for enclosed spaces under 700 cubic ft or ceiling heights too low for a compliant install

Electrical panel constraints

Licensed-contractor certification for panels under 100 amps (60 for 5+ unit buildings), knob-and-tube wiring, or no open breaker space

Emergency replacements

Licensed contractors may install a non-compliant unit as a temporary bridge, then must swap in a compliant unit within 12 months

High-demand businesses

Restaurants, laundries, dry cleaners, healthcare, and assisted living businesses eligible for self-certification

Multifamily & deed-restricted affordable housing

Buildings with 5+ units, or qualifying affordable housing programs — delayed to Jan 1, 2033

Hydronic systems

Delayed to Jan 1, 2031, due to limited availability of compliant products

Units 30 gallons or smaller

Outside the zero NOx standard entirely — not time-limited, never in scope



Proposed Flexibility Measures by the numbers

From the July 13, 2026 Updated Regulatory Overview

15.8%

**Very low income /
housing cost burdened**

~19,000 installs/yr

20%

**Project / building
constraints**

~24,000 installs/yr

~10%

**Continued sales,
≤30-gal units**

tracked separately, per year

Staff's stated total: up to 38% of small water heater installs qualify for a certified exemption

Outside the standard entirely: small units (30 gallons or less), mobile home water heaters, and pool and spa heaters are not covered at all.



What this means for SVCE

Three takeaways for our forecasting and program planning.

Timing shifts to 2028

A one-year delay moves the demand for our heat pump water heater rebates and the contractor pipeline into 2028.

Exemptions are the key unknown

The share of installations that end up exempt is the biggest variable in forecasting near-term participation. Early Air District estimates suggested a meaningful portion could qualify.

A natural handoff to our programs

Many customers who qualify for an exemption are the same customers eligible for SVCE and partner incentives that make an electric install affordable.



Helping our Customers Prepare

SVCE is not regulated under Rule 9-6 and has no compliance obligation — our role is to help our customers prepare.

Technical Input

Sharing cost, market readiness, and incentive data through the Air District's stakeholder process.

Multi-agency Coordination

Working with peer CCAs, cities, and partners so residents across the region get consistent information.

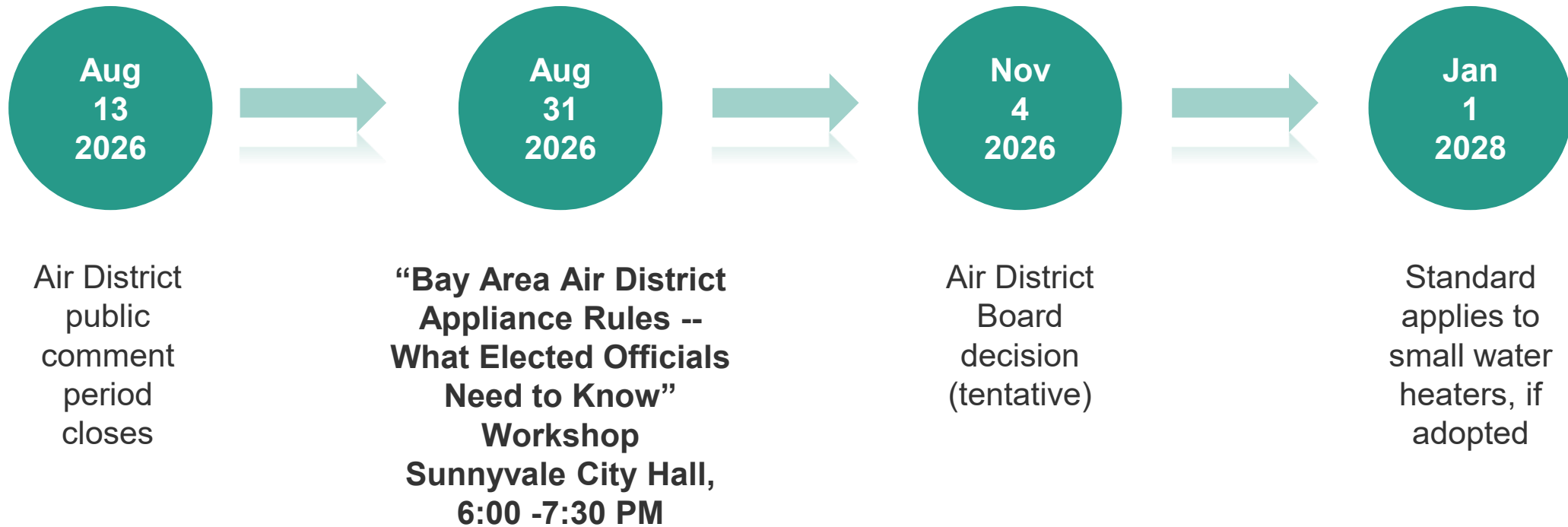
Customer & Local Government Readiness

Rebates, Go Electric Advisor, and outreach. Co-hosting “**Upcoming Air District Regulations – What Elected Officials Need to Know**” event with the Santa Clara County Cities Association on Aug 31 at Sunnyvale City Hall.



Looking ahead: timeline & next steps

Staff will return to the Board with an update after the Air District's decision.





Public Awareness Campaign Timeline

The Air District plans to engage the public in phases in order to build awareness for the rule implementation date and flexibility measures

Phase I Now through fall

- Develop clear, audience-specific messaging focused on benefits of switching to zero NOx appliances
- Conduct baseline awareness survey (April–June)
- Launch media, contractor, and social outreach

Phase II Fall through early 2027 (post-Board action)

- Launch local advertising campaign
- Expand outreach, including door-to-door, with clear timelines and calls to action

Phase III 2027 and beyond

- Continuation of advertising, public relations, stakeholder, and social media outreach



Extended Timeline

May 6-13, 2026	Rule 9-6 update on exemptions for full Air District Board
July 13, 2026	Rule 9-6 rule amendment changes released for public comment
August 13, 2026	Rule 9-6 Comment period for proposed amendments closes
August 2026	Rule 9-6 incentive gap analysis and model permitting ordinance at Stationary Source Committee
Nov 4, 2026	Rule 9-6 Full Air District Board vote
Fall 2026	Rule 9-4 presentation to Stationary Source Committee
December 2026	Rule 9-4 Implementation Readiness report and presentation to Air District Board of Directors
<i>January 1, 2028</i>	Rule 9-6 compliance start date, subject to change per flexibility amendments process, outcomes and administrative requirements

Rule 9-6 = residential water heaters; Rule 9-4 = furnaces

Programs + Marketing: Mid-Year Highlights

Raul Hernandez, Marketing Manager
Nupur Hiremath, Manager of Decarbonization Programs

August 2026



Effective marketing & diverse programs help our customers decarbonize

Effective marketing strategies raise awareness of programs and offer a “hook” that attracts customers to participate



Diverse program offerings enable all customers to decarbonize and allow SVCE to test, and innovate, solutions to key barriers to low-cost, comprehensive electrification

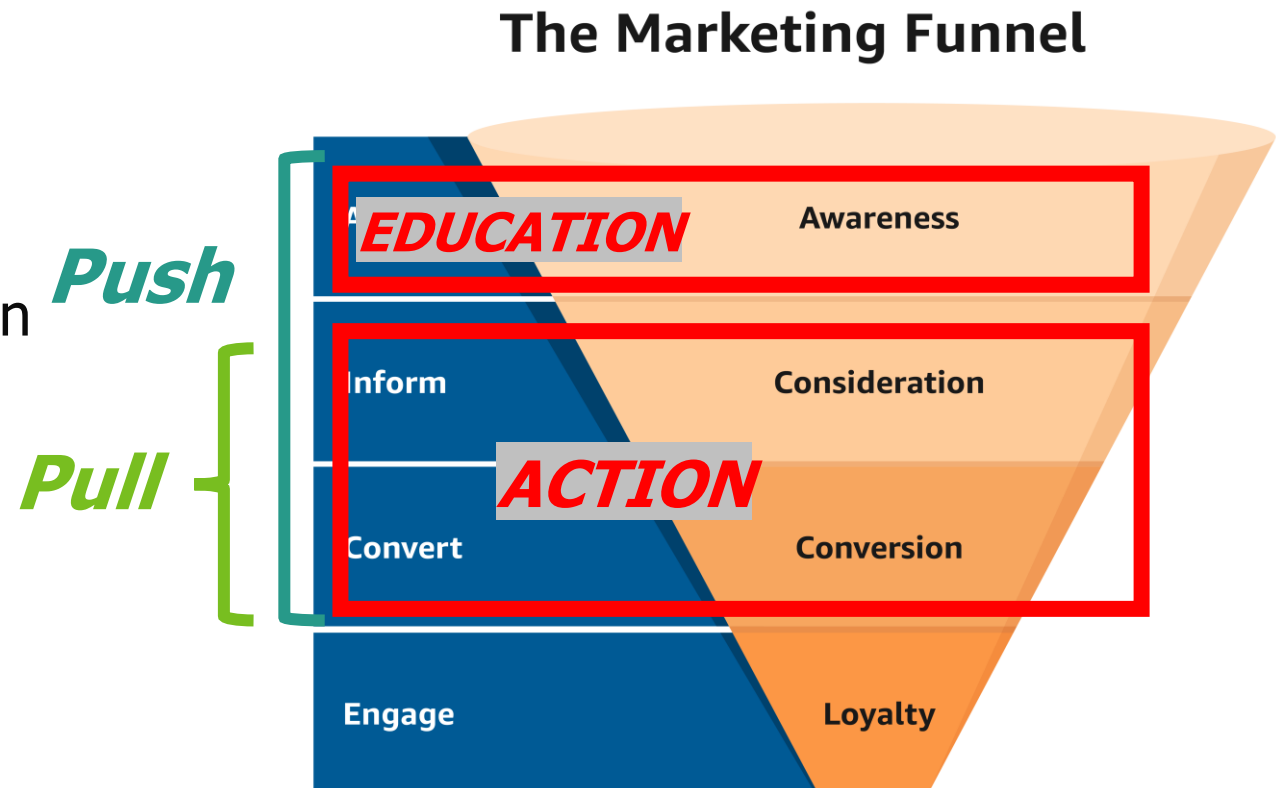


Marketing Strategy

Item 6
PRESENTATION

High level concept of how customer relationships progress

Education & Action content: Leading marketing with problem/benefits, then guide to solutions.





Program Strategy

Portfolio for anyone – packaged from the customer perspective



Single-family

- Rebates for buildings and EVs
- Direct installation with SVCE contractors
- Finding contractors
- Free advice



Multi-family

- Direct installation with SVCE contractors
- Rebates for EV charging
- Rebates for EVs
- Free advice



Businesses, Non-Profits, Member Agencies

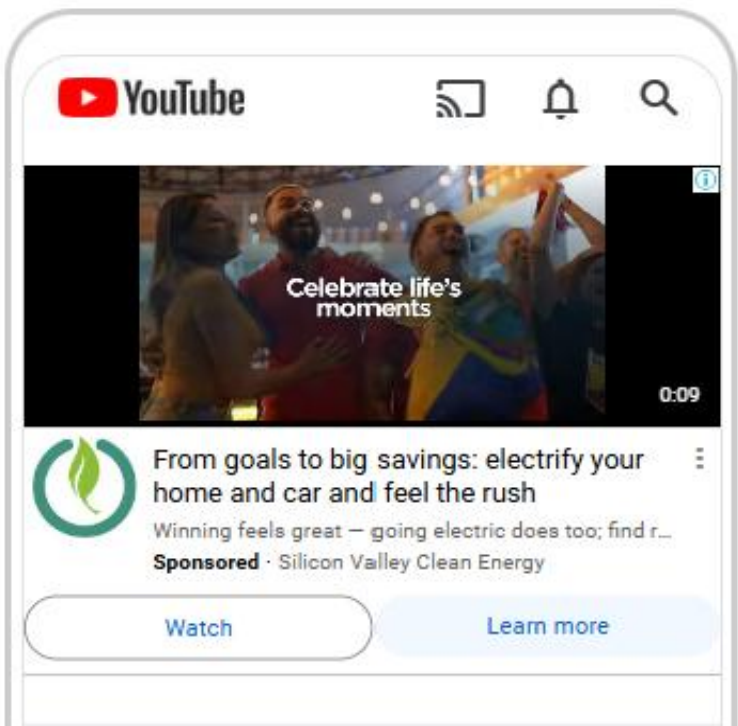
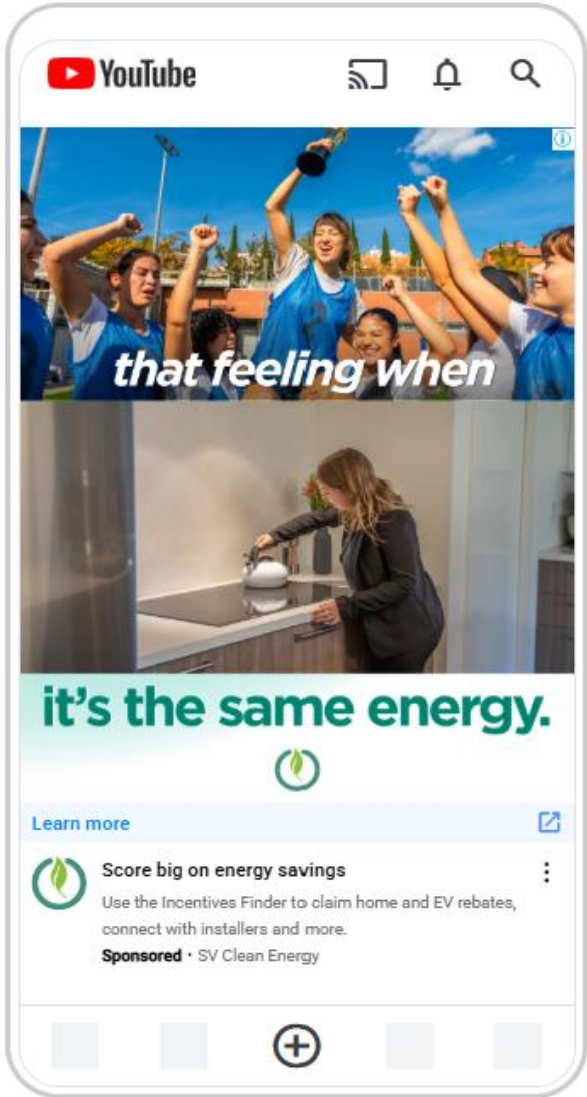
- Rebates for buildings and EV charging
- Grants
- Free advice



Highlights



1. eHub gets a boost with new marketing



All Channels						
Total Visits	Homepage Sessions	Incentives Page Sessions	Incentives Page Filter Events	Incentives Page Resource Opens	Incentives Page Resource Clicks	
44,048	1,571	42,342	178,777	9,482	5,340	

2. First EV “Ride and Drive” event in South County!

Inaugural EV Ride and Drive in Gilroy in June 2026

- Collaborated with our CBO partner, Breathe California
- Facilitated nearly **60 test drives** in four hours, attracting ~**100 attendees**





3. Marketing the \$500 HPWH Bonus Rebate

- New dedicated Heat Pump campaign webpage
- Meta + Google ads & videos
- Email reminders a month before bonus start
- Blurb in monthly newsletters

Heat Pump Rebates Available Now

Combine incentives from multiple sources – save thousands in 2026

Heat Pump Water Heater (HPWH)



Total rebates available up to \$6,700

SVCE HPWH Rebates

Replacing gas heater	\$2,500
Replacing electric resistance	\$1,000
Income-qualified adder.....	\$1,000

Seasonal Bonus.....\$500
(May 1–June 30)

City and State HPWH Rebates

California Golden State	\$700
Los Altos	\$1,000
Milpitas	\$850
Mountain View	up to \$2,000

SILICON VALLEY CLEAN ENERGY



Zero in on savings—and zero emissions

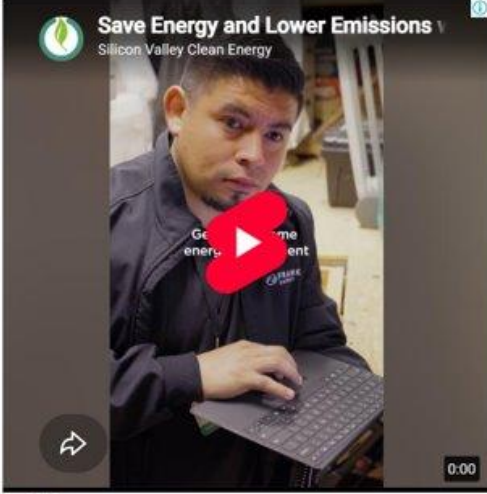
Trade in old polluting gas equipment for healthy high-efficiency electric heat pumps, with rebates and expert support from SV Clean Energy, your local not-for-profit electricity provider

[GET STARTED >>](#) [VIEW REBATES >>](#)

SPECIAL LIMITED-TIME SEASONAL BONUS OFFER
NOW – JUNE 30

YouTube

Save Energy and Lower Emissions
Silicon Valley Clean Energy

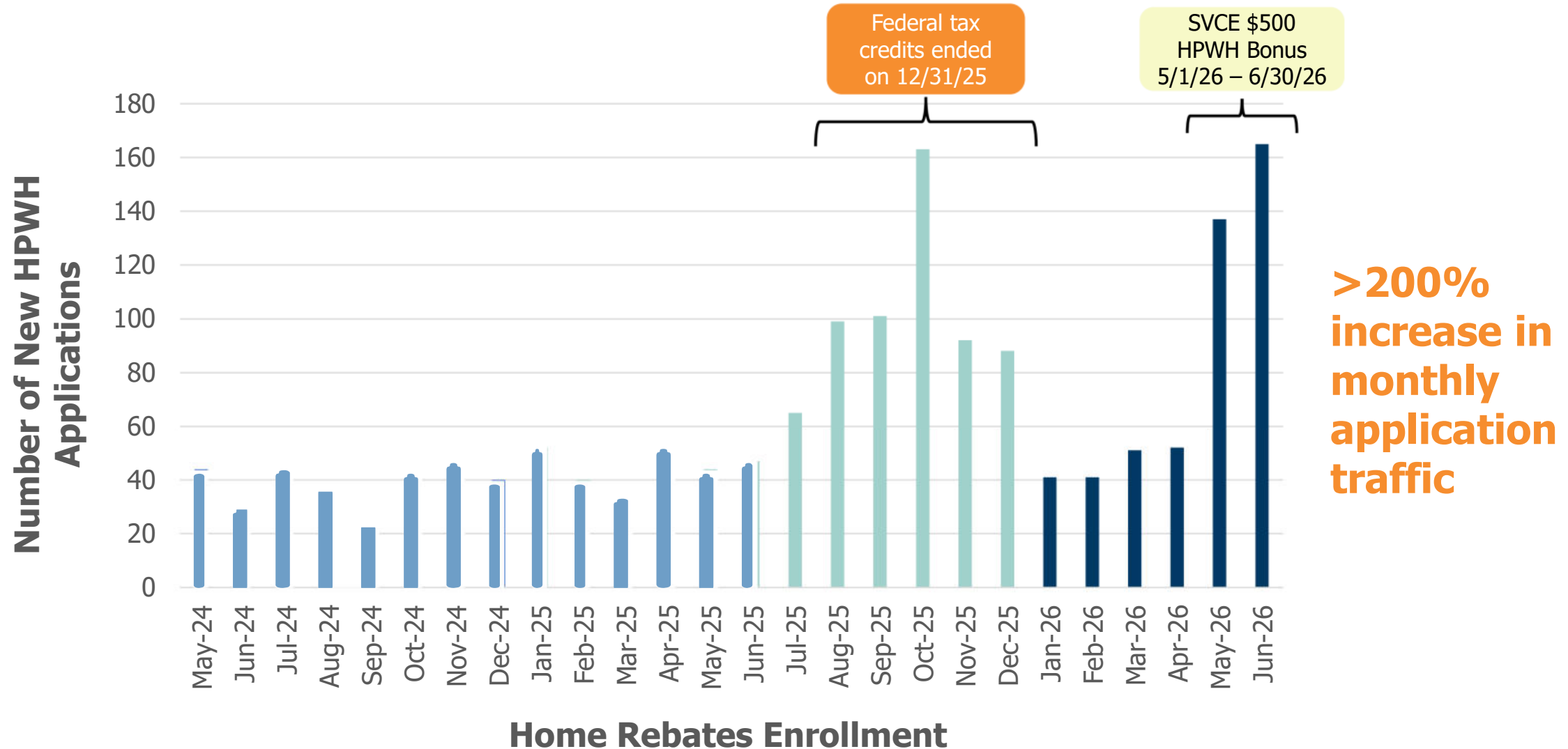


Claim an extra \$500 rebate by June 30 for energy saving heat pump water heaters
Zero in on savings and zero emissions. Claim \$2,000...
Sponsored · Silicon Valley Clean Energy

[Watch](#) [Learn more](#)

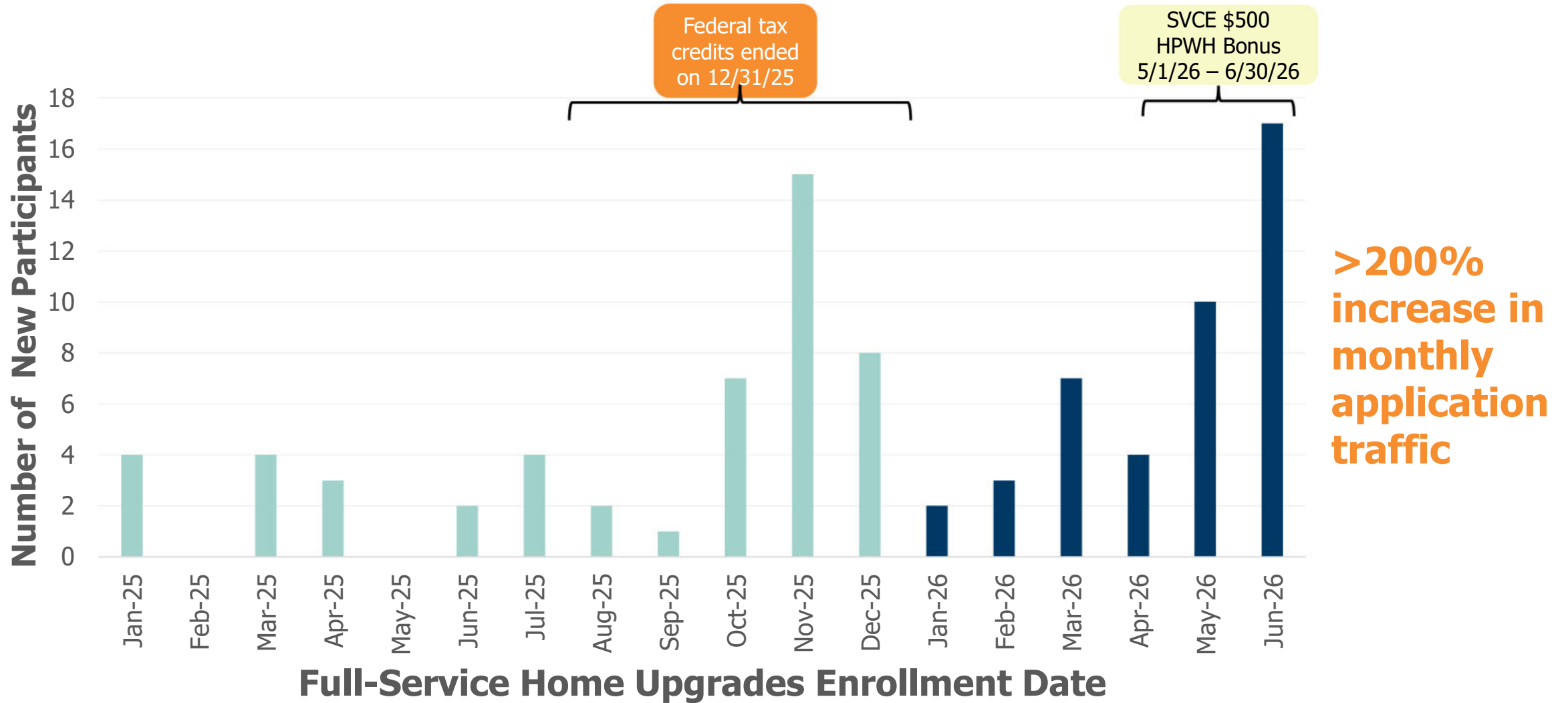


4. Bonus rebates drove customer interest in the rebate program...





... and in direct installation services!



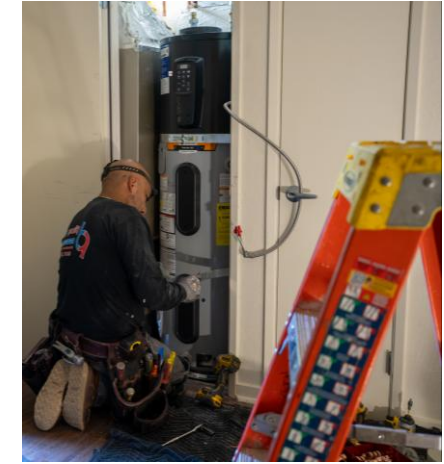
5. Multifamily Retrofits projects at 10 sites with 676 units are underway!



Heat pump installation at Sunnyvale site with no previous AC



Pre-construction tenant engagement workshop



HPWH installation at Gilroy site

Oct '25



- Sunnyvale site complete

Mar '26



- Gilroy site tenant workshop
- Morgan Hill site EV charger installations completed

May '26



- **5 additional sites enrolled**
- Morgan Hill site tenant workshop

Aug '26



- Gilroy site target completion date

Mar '27



- Morgan Hill site target completion date



6. Rebates are available for local businesses...

- Door-to-door outreach to let businesses know about rebates
- Rebates for induction, heat pump water heating, and space heating and cooling
- Non-profits and member agencies are also eligible



SVCE visiting 112 businesses in July



Rooftop Heat Pump HVAC units at Morgan Hill PD



... and they can also get EV charging rebates

- Expanded eligibility – new in June 2026
 - Multifamily Properties (4+ units)
 - Businesses/Workplaces* (new)
 - Publicly Accessible Locations* (new)
 - Affordable Housing
- Simplified rebate structure
 - Flat rebates, up to 100% of project costs
 - No limit on outlet installations at multifamily
 - Maximum 18 Level 2 ports (vs. \$ maximum)



SVCE-funded EV chargers at a multifamily site in Mountain View



How can you support these initiatives

- Help amplify our marketing in your communities
- Leverage SVCE support for local climate action (e.g., city rebates, grants)
- Connect SVCE staff to hard-to-reach customers or community-based organizations in your community

**More Decarbonization
Programs & Marketing
Highlights are in the
Quarterly Report in
today's agenda packet**

Thank you!

