The Western States Air Resources (WESTAR) Council, an association of 15 western state air quality agencies, is pleased to comment on the Proposed Rulemaking (NPRM) affecting the Standards of Performance for New Residential Wood Heaters, New Residential Hydronic Heaters and Forced-Air Furnaces (NSPS). The following comments represent the views of the WESTAR member states, except Wyoming.

In this NPRM, EPA proposes to amend the residential wood heating regulation at 40 CFR part 60, subparts AAA (wood heaters and pellet heaters) and QQQQ (hydronic heaters and forced air furnaces) to extend Step 2 compliance from May 15, 2020 for an additional unspecified ‘replacement period’ from the date of promulgation of a final rule until November 30, 2020 during which Step 1 appliances can be sold.

While we recognize the difficult economic environment some businesses have experienced through no fault of their own as a result of the Covid-19 pandemic, we do not believe it justifies extending the sale of Step 1 appliances beyond the deadline established in the 2015 NSPS. This proposal, if promulgated, could provide income to appliance manufacturers and retailers, but shift the risk manufacturers and retailers took in not clearing out inventory two months before it became unsaleable to the detriment of public health protections.

These residential wood heating devices emit large quantities of fine particulate matter (PM$_{2.5}$) that penetrates deeply into the lungs causing breathing and cardiac problems that can lead to premature death. Emissions from these sources are emitted in residential settings, where the population most susceptible to COVID-19, the elderly, have been asked to remain. These emissions are also predominant during flu season and can increase the susceptibility to viral
infections.\textsuperscript{1,2} Residential wood heating emissions include significant human carcinogens responsible for 20 percent of the total stationary and mobile source polycyclic organic matter (POM) emissions nationally, which translates into nearly 50 percent of all area source air toxics cancer risks and 8 percent of noncancer respiratory effects.\textsuperscript{3,4} Due to the known pollution impacts on attainment and maintenance of National Ambient Air Quality Standards (NAAQS), there are frequently days every heating season across the western U.S. where public health officials curtail residential wood heating.\textsuperscript{5}

A performance-based emission standard program like this NSPS is intended to create an incentive for appliance manufacturers to take the necessary steps to produce cleaner burning appliances on an expedited schedule to improve their position in the marketplace. Actions like this proposal, by extending the deadline, remove the intended incentive to develop and produce cleaner burning appliances and economically harms those firms that have invested in making cleaner burning technology.

On April 2, 2020, EPA determined that there was no justification for granting a similar ‘sell-through’ that would have allowed non-compliant Step 1 stoves to be sold for two years beyond the May 15, 2020 deadline.\textsuperscript{6} EPA has suddenly reversed course and determined that relief is necessary, apparently in response to a single letter from the Hearth, Patio & Barbeque Association (HPBA).\textsuperscript{7} EPA has made no further independent attempt to assess the extent or the veracity of the claims of harm since its\textsuperscript{’} April 2 determination of the contrary conclusion. Nor has EPA made any effort to characterize the adverse air quality consequences of the action it is proposing. It remains unknown and was unknown to EPA in early April 2020 what the true economic harm might be because the industry has yet to substantiate the claims that form the basis for the regulatory relief sought. As a result, the proposal and associated information in the docket are inadequate to make a reasoned judgement that there is the need for regulatory relief that serves the purposes and regulatory requirements of the NSPS.

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\textsuperscript{1} Horne BD, Joy EA, Hofmann MG, et al. Short-term elevation of fine particulate matter air pollution and acute lower respiratory infection. \textit{Am J Respir Crit Care Med.} April 13, 2018.


\textsuperscript{5} For example see: https://www.airnow.gov/aqi/action-days/

\textsuperscript{6} 85 FR Fed. Reg. 18,448 (April 2, 2020) “Based on the comments and data received, the EPA decided to take final action on the proposed sell-through provisions by not promulgating such provisions, because insufficient relevant data were submitted to substantiate a rule revision to provide a sell-through provision. The EPA solicited comment via a range of questions in the proposal. While manufacturers and retailers made qualitative statements asserting economic harm from stranded inventories if a retail sell-through was not allowed, these statements were generally not supported by actual data and did not demonstrate that the 5-year period provided by the 2015 rule was not sufficient time to meet the Step 2 deadline.” “Insufficient data were provided by manufacturers and retailers to justify a sell-through, especially in light of the fact that in every residential wood heating device category, there are model lines certified to meet the Step 2 standards that are already available, and have been available for considerable time, which supports the conclusion that the Step 2 standards were achievable.”

There are many reasons not to extend the sales deadline. In contrast to the original 1988 NSPS in which manufacturers and retailers were allowed only two years to transition to more stringent standards, they received over five years in the 2015 NSPS update. Many of the Step 1 stoves originally certified to meet the 1990 emission limits were subsequently ‘grandfathered’ until 2020. As we noted in our comments on the 2018 NPRM and ANPRM, the 2015 Step 1 standard for residential wood heaters is a more lenient standard than a 1995 Washington State standard. In our comments on the 2014 proposal, WESTAR recommended EPA adopt the Washington standard as the Step 1 limit rather than the less stringent standard for catalytic stoves and fireplace inserts EPA ultimately adopted. In 2013, 88 percent of the residential wood heaters on the market at the time met the Washington State standard.

By setting the Step 1 standard at a level at which the vast majority of appliances would comply, over 85 percent of the residential wood heaters certified at the time of promulgation of the 2015 NSPS were eligible without further testing and as a result received automatic certification by EPA. This grandfathering was intended to give industry time to develop new models, increase laboratory testing capacity and reduce the economic impact of the standard on the industry generally. WESTAR, recognizing that consideration must be given to a transition period agreed with industry but the basis for that understanding was that the Step 1 certifications would be valid until May, 2020 only.

Many companies rose to the challenge. By October 2018, 37 manufacturers had certified 105 residential wood heater model lines to the more stringent Step 2 standards. This represents two heating sales seasons for manufacturers and retailers to clear out their old inventory in preparation for the May 15, 2020 deadline. On October 15, 2019, at the beginning of the most recent heating season, EPA reminded the industry to prepare for the May 15, 2020 Step 2 deadline. Having studied the problem of ‘stranded inventory,’ previously transitioned through a phased implementation, and having been provided the opportunity, but failing to demonstrate the need for regulatory relief in 2018 and 2019, the regulated community should have been better prepared to transition to Step 2.

9 Western State Air Resources (WESTAR) Council comments on the proposed revisions to the NSPS. May 1, 2014.
12 “There is a common interest among the parties in facilitating the development and deployment of new, cleaner wood burning devices while ensuring that economic impacts on manufacturers and retailers are mitigated.” Consensus Positions of WESTAR, NESCAUM and HPBA, “Proposed Standards of Performance for New Residential Wood Heaters, New Residential Hydronic Heaters and Forced Air Furnaces, and New Residential Masonry Heaters.” August 18, 2014.
14 “In the meantime, EPA encourages affected entities to continue efforts to certify compliance with the NSPS in light of the upcoming May 15, 2020 compliance date. October 15, 2019 ‘Update’ post to EPA website.
In fact, the regulated community had over six years advance notice of the Step 2 standard with publication of the proposed regulation in February, 2014. As EPA noted in its 2014-2015 rulemaking, standard implementation delays have adverse public health consequences. NSPS regulations are required by statute to be reviewed every eight years and this NSPS had not been updated in over 25 years. During that time additional health effects research has demonstrated that PM$_{2.5}$ is more hazardous than previously understood.

Reducing emissions from residential wood heating devices is of critical importance across the west. Many communities that are adversely impacted by wood heating are located in valley settings that are subject to wintertime temperature inversions, trapping wood smoke and exposing the public to unhealthy levels of PM$_{2.5}$. Residential wood heating has been a source of public health concern and western states have developed and implemented regulatory and voluntary strategies to address the problem since the 1980s. An important part of those strategies is a strong and effective NSPS, so that only the cleanest burning new appliances are installed in western airsheds. Some nonattainment area State Implementation Plan (SIP) control strategies depend on the timely implementation of Step 2 certified products to bring the area back into attainment with the NAAQS. Unless the cleanest new devices are installed in homes, the necessary emission reductions will not materialize, and other, sometimes more burdensome restrictions on job producing industries are required.

Contrary to EPA’s assertion that relaxing the standard will not have an impact on low income communities, it is not uncommon in the Pacific Northwest for the pollution burden to fall on low income households and economically depressed areas. Additionally, as more frequent and severe wildfires create additional respiratory health burdens on people in the west, reductions in residential wood heating smoke can offset some of those wildfire related emission increases and associated health impacts.

After over thirty years since the original 1988 NSPS standards, residential wood heating is still a significant air pollution problem throughout the west. It is so significant that the only way many areas can maintain compliance with the PM$_{2.5}$ NAAQS is to stop people from burning wood for heat during pollution episodes.

In its proposal EPA states that “We are unable to quantify what, if any, impacts there may be…” Instead of attempting to quantify the actual impacts, EPA placed a copy of the Supplemental Regulatory Impact Analysis (RIA) from the 2018 proposed ‘sell-through’ proposal
in the docket “as an illustration of what impacts of additional sales time could look like.”21 In a
catchy statements in the notice, EPA says that the industry may face “very significant
losses of retail sales.”22

EPA also concluded that a retail sales disruption “thus, deprived them (retailers) of the
full 5-year time period that formed the basis for the Step 2 standards and deadline set in the 2015
rule.” EPA also states that “In this proposed rule, EPA is proposing to provide time for retailers
to sell Step 1 devices to ensure they get the full benefit of the 5 year “lead time” on which the
Step 2 standards were based by replacing the time period for sales opportunities that lost due to
COVID–19.”

The RIA cost analysis for BSER applied to manufacturers, not retailers, as EPA describes
in the preamble to the 2014 proposal. “Further, we have determined that the proposed second
step represents stronger emission levels achievable for all appliance types at reasonable cost, but
allows appropriate lead times for manufacturers to redesign their model lines to accommodate
the improved technology across multiple model lines and test, field evaluate, and certify the new
model lines.”24 On the basis of comments from manufacturers, EPA determined that five years
provide more than enough lead time for manufacturers to develop, field test and certify Step 2
compliant models.25 In fact the lead time is much less. EPA explained, “Thus, manufacturers
have consistently indicated to the Agency that it can take anywhere from 1½ to 2½ years to bring
a certified wood heating device to market.”26 That development period would have been
completed well before mid-March for manufacturers to produce product and distribute it to
retailers prior to the May 15, 2020 deadline. In any case, five years from promulgation of the
2015 standard would have occurred prior to retail closures associated with Covid-19 restrictions.

No attempt has been made by EPA to quantify appliances subject to AAA or QQQQ,
making the relevance of the Supplemental RIA questionable since the costs and benefits of the
proposal are dependent upon the appliance mix for which regulatory relief is sought. As noted
above, no benefits were allocated to retailers in the original RIA and the benefits from the
proposed regulatory relief would accrue to both manufacturers and retailers. The former because
they may have to purchase back unsold retail inventory from some (mostly big box) retailers and
both manufacturers and retailers if they are in possession of currently unsaleable Step 1
appliances.27

21 ibid
22 ibid
23 ibid
24 79 Fed. Reg. 6334 (February 3, 2014). see also 6355 “Thus, we are proposing implementing the proposed Step 2 BSER
emission limit 5 years after the effective date of the final standard to allow for longer lead times for redesign, testing, field
evaluation and certification. This also spreads the costs over a longer time and a larger number of units.”
2009-0734
26 Response to comments document, March 10, 2020 see also: Manufacturer Cost Impact Memo prepared for the NSPS proposal,
dated 2/22/13, page 10 of the Manufacturer Cost Impact Memo prepared for the NSPS final rule, dated 1/30/15
27 ibid
In the 2015 RIA, EPA estimated that the annual PM$_{2.5}$ public health benefits of the 2015 NSPS range from $3.4 to $7.6 billion and the estimated costs to manufacturers totaled $45.7 million, producing a net public health benefit of between $74 and $165 for every dollar spent by manufacturers. In 2019, WESTAR and many other commenters identified the extraordinary imbalance in costs-to-benefits (health costs totaling $94 to $210 million vs manufacturers benefits totaling $8.3 million) of the sell-through proposal as a reason for rejecting the proposal. WESTAR and many other commenters also pointed out that this vastly underestimated the health cost as they were only calculated for the years 2020-2022, when in fact the appliances typically remain in-use polluting at higher levels for 20 to 30 years. These significant lost public health benefits, along with the failure on the part of the industry to provide anything more than qualitative statements about the economic harm, lead EPA to conclude that a sell through provision was not justified on April 2, 2020. While this proposed removal of the Step 1 sales restriction is for a shorter period of time, it would still have negative public health consequences that EPA should have quantified, but failed to do so.

In the 2018 NPRM, EPA asserted that it is not proposing changes to the Best System of Emission Reduction (BSER) or the compliance deadline. We disagreed then and now. As WESTAR previously stated in our comments on the 2018 NPRM, an extension of the deadline for selling stoves fails to satisfy Best System of Emission Reduction (BSER) technology and cost-benefit analysis required of NSPS regulations. Under the 2015 NSPS, only lower emitting Step 2 appliances may be sold after May 2020 and this proposal would allow Step 1 appliances, which do not meet the BSER, to be sold for an unspecified period of time until the end of November, 2020. The Clean Air Act also imposes similar broad statutory restrictions on NSPS sources.

Hearth product retail sales volumes and profits vary over the residential heating season, with the majority of sales occurring early in the season and fewer sales occurring at the end of the heating season and in the summer. The intention of the proposal is to replace lost sales in the March to mid-May timeframe, with sales in the September (approximately) to November

32 Best System of Emission Reduction (BSER) Clean Air Act 111(a)(1). “the degree of emission limitation achievable through the application of the best system of emission reduction which (taking into account the cost of achieving such reduction and any non-air quality health and environmental impact and energy requirements) the Administrator determines has been adequately demonstrated.”
33 Clean Air Act, Standards of Performance for New Stationary Sources, Sec. 111(3). (e) After the effective date of standards of performance promulgated under this section, it shall be unlawful for any owner or operator of any new source to operate such source in violation of any standard of performance applicable to such source.”
timeframe (the beginning date dependent upon promulgation of the rule change). These sales periods are not equivalent. The proposed fall ‘replacement’ sales period has historically been much better for business than the spring. We also note that not all businesses were in fact closed for the full two-month period and some retailers have not closed at all, so that some Step1 product remained on the market for sale to the consumer.

Broadly speaking, the economy has been growing since the NSPS was proposed in 2014 and promulgated in 2015. Industry wide, sales of hearth products were up every month from the period of March 2019 to March 2020. This indicates that there was a growing hearth products retail market in the year prior to the Step 2 deadline. Claims that retailers are faced with significant ‘stranded inventory’ suggest that they held inventory within two months of the looming regulatory deadline and as a result were already taking a risk that the products would be unsaleable and unsold and become a financial loss for the business. It is not uncommon for retailers to have older appliances in their inventory for an extended period of time. A report prepared on behalf of HPBA stated that “[t]he majority of retailers felt that they needed 12 to 24 months to sell moderate and slow selling inventory.” Under these conditions, it appears that even in the presence of a growing market retailers undersold Step 1 appliances and took additional risk in not liquidating inventory with only two months remaining before the Step 2 requirement came into force.

Finally, in its proposal and related ‘fact sheet’ EPA states that it “will treat the sale of Step 1 devices as a low enforcement priority.” EPA makes this statement without providing any explanation or context, including its’ relevance to the March 26, 2020 Susan Bodine memorandum on enforcement discretion or the May 2020 Presidential Executive Order. This statement is vague and fails to explain what “low enforcement priority” means. Does it mean reduced inspections (or web-based compliance checks); not responding to complaints, or other compliance monitoring activity; halting ongoing investigations, or enforcement actions in process? This unqualified statement is particularly disturbing in light of what appears to be widespread noncompliance involving the sale of Step 1 appliances. Unfortunately, it sends a message to the regulated community that there will be no repercussions for violations of the law. We believe that EPA must take full responsibility for managing compliance with the Residential Wood Heating NSPS, and agree with the sentiment expressed recently by the EPA Office of Inspector General that “The EPA must maintain a robust enforcement program to address environmental violations and promote deterrence.” and “Additional reduction in enforcement

36 Supra at 26. See section 5.3.4 for a full discussion of the topic of “inventory carryover” see also See Charles Page, HPBA Retailer Survey Results – Inventory and Retail Sell-Through Trends, (May 1, 2014). report submitted by HPBA to the 2015 NSPS docket and re-submitted to the 2018 NPRM docket.
40 Only one WESTAR member state, has taken delegation of this NSPS.
activity places the EPA’s regulatory mission at greater risk and threatens the Agency’s overall mission to protect human health and the environment.”

Allowing a ‘replacement period’ to sell noncompliant appliances undermines the incentives so important to the success of this performance-based certification program by punishing those manufacturers and retailers that have innovated and prepared for the regulatory deadline and rewards those that have overproduced and undersold older, dirtier technology appliances. Allowing an unknown number of outdated polluting appliances will have a lasting adverse impact on airsheds and public health across the west.

Thank you for the opportunity to comment on the notice of proposed rulemaking for the Residential Wood Heating NSPS.

Sincerely,

Garrison Kaufman, President
WESTAR Council

Attachments
WESTAR comments on the Residential Wood Heating NSPS NPRM, January 14, 2019
WESTAR comments on the Residential Wood Heating NSPS ANPRM, February 13, 2019

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