

## NOTICE OF DECISION

**To:** Office of the Secretary of the  
California Natural Resources Agency  
General Counsel's Office  
1416 9th Street, Suite 1311  
Sacramento, CA 95814

**From:** South Coast Air Quality Management  
District (South Coast AQMD)  
21865 Copley Drive  
Diamond Bar, CA 91765

**Subject:** Filing of Notice of Decision in compliance with Public Resources Code Section 21080.5(d)(2)(E), CEQA Guidelines Section 15252(b), and South Coast AQMD Rule 110(f)

**Project Title:** Proposed Amended Rule 1146.2 – Emissions of Oxides of Nitrogen from Large Water Heaters, Small Boilers and Process Heaters

**State Clearinghouse No:** 2022050287

**Lead Agency:** South Coast AQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

**Lead Agency Contact:** Farzaneh Khalaj,  
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(909) 396-3022

**Date of Certification / Project Approval:** June 7, 2024

**Project Location:** The project is located in the South Coast AQMD jurisdiction, which includes the four-county South Coast Air Basin (all of Orange County and the non-desert portions of Los Angeles, Riverside, and San Bernardino counties), and the Riverside County portion of the Salton Sea Air Basin, and the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin.

**Project Description:** The project is comprised of amended Rule 1146.2 which is designed to achieve emission reductions of oxides of nitrogen (NO<sub>x</sub>) by implementing Control Measure C-CMB-01- Emission Reductions from Replacement with Zero Emission or Low NO<sub>x</sub> Appliances – Commercial Water Heating of the 2022 Air Quality Management Plan (AQMP). Amendments to Rule 1146.2 established: 1) zero-emission limits (0 parts per million by volume (ppmv)) for new installations based on future effective dates depending on the commercial availability of zero-emission technologies; 2) zero-emission limits for existing units that will reach the end of unit age after the zero-emission compliance dates, with an exemption for units used for residential structures and small businesses; and 3) alternative compliance options and a low-use exemption to address challenges of transitioning to zero-emission technology. Amended Rule 1146.2 will affect approximately 1,070,000 units in the South Coast AQMD jurisdiction, and at full implementation, is expected to reduce NO<sub>x</sub> emissions by 5.6 tons per day by 2058.


This is to advise that the South Coast AQMD Governing Board has made the following determinations and approved the above-described project:

1. Amended Rule 1146.2 is considered a “project” as defined by the California Environmental Quality Act (CEQA).

2. South Coast AQMD has had its regulatory program certified pursuant to Public Resources Code Section 21080.5 and CEQA Guidelines Section 15251(l), and has conducted a CEQA review and analysis of Amended Rule 1146.2 pursuant to such program (South Coast AQMD Rule 110);
3. Amended Rule 1146.2 implements Control Measure C-CMB-01 – Emission Reductions from Replacement with Zero Emission or Low NOx Appliances – Commercial Water Heating which was previously adopted in the 2022 AQMP.
4. The Final Program Environmental Impact Report (EIR) for the 2022 AQMP, which included Findings, a Statement of Overriding Considerations, and a Mitigation, Monitoring, and Reporting Plan, and which was certified on December 2, 2022 (State Clearinghouse No. 2022050287), evaluated the control measure, which is being relied upon for Amended Rule 1146.2, and analyzed its potential environmental impacts.
5. No new Initial Study would need to be prepared leading to either an EIR or a Negative Declaration pursuant to CEQA Guidelines Section 15168 (c)(1) because: i) there are no substantial changes proposed to the previously adopted control measure C-CMB-01 in the 2022 AQMP which is being relied upon in amended Rule 1146.2; ii) there is no new information of substantial importance to the Control Measure C-CMB-01 that was previously adopted in the 2022 AQMP, and the new information is not comprised of new significant effects or substantially worsened or more severe significant effects that were not previously analyzed in the Final Program EIR for the 2022 AQMP; iii) there are no new or modified physical changes that would result from implementing amended Rule 1146.2 which were not previously analyzed in the Final Program EIR for the 2022 AQMP; and iv) there is no change to the previously adopted mitigation measures or the previously considered alternatives in the Final Program EIR for the 2022 AQMP. Thus, in accordance with CEQA Guidelines Section 15168 (c)(2), a subsequent EIR pursuant to CEQA Guidelines Section 15162 would not be required and the Final Program EIR for the 2022 AQMP can be relied on for CEQA compliance.
6. The mitigation measures developed in the Final Program EIR for the 2022 AQMP for the previously adopted control measure in the 2022 AQMP upon which amended Rule 1146.2 relies are also applicable to the implementation of amended Rule 1146.2 and will remain in effect. [CEQA Guidelines Section 15168 (c)(3)].
7. Based on substantial evidence in the record and in accordance with the noticing requirements in CEQA per CEQA Guidelines Section 15168 (e), amended Rule 1146.2 is a later activity within the scope of the program approved earlier for the 2022 AQMP per CEQA Guidelines Section 15168 (c), and the Final Program EIR for the 2022 AQMP adequately describes and analyzes the activities associated with implementing amended Rule 1146.2 for the purposes of CEQA compliance such that no new environmental document will be required. The analysis supporting this conclusion can be found in Appendix A of the Final Staff Report for Proposed Amended Rule 1146.2.

The following documents and records of their project approval may be examined at South Coast AQMD, 21865 Copley Drive, Diamond Bar, CA 91765:

- 1) Final Program EIR for the 2022 AQMP and the corresponding Findings, Statement of Overriding Considerations, and Mitigation, Monitoring, and Reporting Plan;
- 2) Proposed Amended Rule 1146.2 – Emissions of Oxides of Nitrogen from Large Water Heaters, Small Boilers and Process Heaters; and
- 3) Final Staff Report for Proposed Amended Rule 1146.2, which includes the CEQA analysis in Appendix A, and other supporting documentation.

Signature:  June 7, 2024

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Date Received for Filing

Kevin Ni  
Program Supervisor, CEQA  
Planning, Rule Development, and  
Implementation