

California Climate Investments Woodsmoke Reduction Program



Lake County Air Quality Management District Program Workplan

May 1, 2018

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INTRODUCTION

The Woodsmoke Reduction Pilot Program (Program) is part of California Climate Investments, a statewide program that puts cap-and-trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment—particularly in disadvantaged communities. Assembly Bill 1613 committed \$5,000,000 in funding for replacing uncertified, inefficient wood burning devices with cleaner burning and more efficient devices. Statute establishes investment minimums for disadvantaged and low-income communities and low-income households. The Program is designed to help households replace an uncertified wood stove or insert used as the primary source of heat with a cleaner burning and more efficient device. The California Air Resources Board (CARB) developed Program Guidelines for the implementation of the Program. The Program, implemented by CARB, will be administered by the California Air Pollution Control Officers Association (CAPCOA) in coordination with local air quality management districts. The Lake County Air Quality Management District (District) will administer Program projects located in Lake County. This work plan and attached documents outline how the District will administer the Program locally in order meet the goals and requirements of the Woodsmoke Reduction Pilot Program Guidelines and associated agreements with CAPCOA.

I. Program Goals and Objectives

The Program furthers the goals of AB 32 and reduces GHG emissions by offering incentives toward the replacement of existing uncertified residential wood burning devices used for space heating with certified, high-efficiency devices. To be eligible for the Program, a homeowner or renter (applicant) must use an uncertified wood stove or wood insert as a primary heat source. The incentive amount will depend on where the property is located and the Applicant's household income, with some households qualifying for full replacement cost. The Program will track households in disadvantaged¹ or low-income² communities and low-income³ households and has the goal to distribute 75 percent of total funding to these populations. Applicants who can demonstrate low-income eligibility based on household income will qualify for higher incentives.

The existing uncertified wood stove or wood insert must be replaced with a certified wood stove or insert, a natural gas or propane heating device, or an electric heating device. The program will achieve GHG emission reductions from the increased efficiency and reduced emissions of the newly installed devices. United States Environmental Protection Agency (U.S. EPA) certified

¹ Disadvantaged community census tracts are those identified by CalEPA using CalEnviroScreen 2.0. Maps of disadvantaged communities are available at <http://www.calepa.ca.gov/EnvJustice/GHGInvest/>

² For the purpose of this program, low-income communities are census tracts with a median household income at or below 80 percent of the statewide median household income or with a median household income at or below the threshold designated as low-income by Department of Housing and Community Development's State Income Limits adopted pursuant to the Health and Safety Code Section 50093. A final map of low-income communities is under development and is currently available in draft form at: <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/upcomingevents.htm>

³ For the purposes of this program, low-income households are those with household incomes at or below 80 percent of the statewide median household income or with household incomes at or below the threshold designated as low-income by the Department of Housing and Community Development's list of state income limits adopted pursuant to Section 50093. Districts will be responsible for verifying household income eligibility.

wood stoves burn more cleanly and efficiently, thereby reducing greenhouse gas and particulate matter emissions.

The replacement device must be installed by a professional, appropriately licensed stove installer (Installer) and meet local fire and building codes. To ensure that the reductions in emissions are permanent, any stove removed through this program must be rendered permanently inoperable and recycled. The Program will include outreach and educational components to both inform residents about the benefits of switching to cleaner burning home heating devices and train them on the proper operation and maintenance to maximize the device efficiency and minimize pollutant emissions.

II. Project Eligibility and Performance Standards

This Program provides incentives for one replacement per household. The replacement device must be a primary source of heat in the house. The Program is available to both homeowners and renters. In the case of rental properties, formal approval from the property owner will be required as part of the approval process. Retroactive rebates are not available under this program, so Applicants who remove the old device or purchase a new replacement device prior to being approved for this Program will be disqualified. The old, uncertified device must be rendered permanently inoperable and recycled before payment can be issued to the Installer.

Existing Wood Stove

To be eligible for the Program, the Applicant must rely on an existing stove, insert, or fireplace that is uncertified, operational, and used as a primary source of heat in the residence. In order to determine if the existing stove qualifies for the program, the Applicant may do the following:

- Determine when the stove was installed. Stoves installed prior to 1988 do not comply with the particulate emission standards and therefore qualify for this Program.
- Check the stove model against the U.S. EPA list of current and historically certified wood stoves found on the [List of EPA Certified Wood Stoves](https://www.epa.gov/compliance/list-epa-certified-wood-stoves).⁴
- Check the back of the stove for a certification label. Stoves which do not have any label describing particulate matter emission standards qualify for this Program. Wood stoves certified by the U.S. EPA to comply with the particulate emission standards are not eligible for this Program. These stoves will have a label permanently affixed to them stating that the stove is certified to comply with 1988, 1990, or 2015 standard.

The Applicant will certify the eligibility of their current wood stove on the Voucher Application Form. The application will be reviewed by the District to determine if preliminary qualification requirements have been met. The stove's eligibility will be verified by the Installer during an in-home estimate.

⁴ <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>

Replacement Device

The uncertified wood stove or wood insert must be replaced by a cleaner-burning and more efficient device. Applicants may select one of the following replacement options:

- U.S. EPA certified wood stove or wood insert with emission rates not to exceed 4.5 grams/hour and 2.5 grams/hour for non-catalytic and catalytic stoves, respectively;
- Propane gas home heating device or;
- Electric home heating device.

The replacement device must be installed by a professional, appropriately licensed Installer participating in this Program. The installation must adhere to all applicable local and State building codes. A list of participating Installers will be established by each participating District. Self-installation of heating devices will not be allowed under this Program. Any building permits or other required approvals shall be obtained per local or State ordinances and shall be the responsibility of the Installer or the Applicant. The applicant will also agree to receive training on proper wood storage and wood burning practices (if applicable) and device operation and maintenance.

Installers interested in participating in this program must agree to the terms and conditions of this Program by signing an agreement with the District. Only installers who have a signed agreement with the District will be eligible to participate in the Program.

III. Voucher Amounts

Enhanced Incentive Vouchers

Eligible applicants will receive a voucher to cover all eligible project costs up to an initial maximum of **\$5,000**. The Enhanced Voucher amount can be increased on a case-by-case basis if the Retailer can show, through an estimate submitted to the District prior to work start, that extraordinary circumstances require additional funds. **Extraordinary circumstances may include mandatory code or fire safety upgrades**, the need to heat a home with large square footage, or unusual configurations. The Enhanced Voucher amount may also be increased for installation of a 2020-compliant device, rather than one that meets the current (2015) emissions standard. **In no case shall the District pay more than \$8,000.**

If the District approves the estimate, the Voucher amount will be amended by the District. Designer upgrades and work not necessary for the safe operation of the new device will not be considered. Eligible project costs include the cost of the new device including sales tax, installation including any parts, materials, permits, or labor required for the safe and legal installation of the device, and disposal of the old stove or insert. All eligible costs must be supported by appropriate documentation. The Installer will be required to provide a base estimate for the installation of a basic model that will be safe, clean-burning, and efficient. An increased incentive amount is possible for basic 2020-compliant devices, while upgrades above the base

estimate will be paid by the Applicant. Districts will pay the Installer the approved incentive amount. Any additional balance due above the approved funding amount will be paid by the Applicant.

Applicants are eligible for the Enhanced Voucher if the wood-burning device is in a census tract within Lake County designated as a Low Income Community or Disadvantaged Community. Low income communities are identified on the following map:

<https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/lowincomemapfull.htm>.

Applicants may also demonstrate their income eligibility by submitting proof of participation in one of the following low-income assistance programs:

- U.S. Department of Agriculture Women, Infants and Children (WIC) Program;
- U.S. Department of Health and Human Services Low Income Energy Assistance Program (LIHEAP);
- California Alternate Rates for Energy (CARE) Program with any utility company;

Applicants with household incomes between 60 and 80 percent of MHI do not typically qualify for the programs listed above. Therefore, to qualify for the Low Income Qualified Voucher, the Applicant will have to demonstrate their income eligibility directly to the District. This could be accomplished by presenting pay stubs, tax returns, or income statements for each person living in the residence and, if qualifying using the HCD low-income limits, reporting the number of people in the household. Currently under MHI, any household with income not exceeding \$49,454 is considered low-income. The HCD low-income limits vary depending on the county and household size. See footnotes on page 2.

Standard Incentive Vouchers

All other applicants not eligible for the Enhanced Voucher will be eligible for a voucher amount of no more than **\$2,500** for upgrading to 2020-compliant wood-burning stoves, electric, or propane heating devices. Upgrades to other compliant woodstoves will be eligible for vouchers up to **\$1,500**. The voucher may be used towards eligible project costs; however, the project must include installation by a licensed professional and under a valid building permit. Owner-installed projects are not eligible.

IV. Reporting

CAPCOA and the Districts will be responsible for reporting and recordkeeping. All reports must be consistent with the quantification methodologies⁵ and reporting guidance⁶ developed by CARB and the requirements established in these Program Guidelines. Some reported project information will be publicly available on the CARB website, including the amount of funding that is being spent on projects that benefit disadvantaged communities, low-income communities, and low-income households.

⁵ Available at www.arb.ca.gov/cc/quantification

⁶ Available at www.arb.ca.gov/cc/fundingguidelines.

In order to document and calculate reductions in GHG, black carbon, and criteria pollutants emissions, and document other co-benefits and benefits to disadvantaged communities, low-income communities, and low-income households, Districts will be responsible for collecting, maintaining, and reporting to CAPCOA the following information for each change-out:

- Tracking number for each device;
- Location of change-out;
- Incentive amount and, if applicable, verification that Applicant qualifies for an Enhanced Incentive based on the location of the property in a disadvantaged or low-income census tract or Applicant's household income;
- Criteria the project meets for benefiting a disadvantaged community, low-income community, or low-income household and description of how the project meets a community need;
- Type of wood stove being replaced;
- Replacement device type and model;
- Quantity of wood burned annually before replacement;
- Replacement device emission rates and efficiency (if available);
- Installation date;
- Verification of destruction of uncertified stove (including recycling if available locally) or, where applicable, verification of rendering fireplace and chimney permanently inoperable;
- Verification that the resident was trained on following best practices in wood storage, wood burning for residential space heating, and device maintenance requirements of a new device;
- GGRF dollars spent
- Information on jobs and training opportunities created and whether employees are residents of disadvantaged or low-income communities or low-income households.

Each wood stove replacement must include all of the parameters necessary for quantifying the reductions. Record keeping and tracking will be retained by the District for three years after the "Project Closeout" report is submitted by CAPCOA. In order to have sufficient time to process final payments and to close out the grant agreement, the District must submit all deliverables and payment requests within 45 days after the project performance period.

The District will provide quarterly progress reports detailing project information and payments in a format approved and provided by CAPCOA, which at a minimum shall include the information necessary to satisfy the reporting and recordkeeping provisions of sections 8 and 10 of the state Program Guidelines. The District agrees to advise CAPCOA if its program is underperforming, and to undergo efforts to improve the performance of the program in order to expend the funding in a timely manner or return to CAPCOA unused funds. The District will return the funds within 45 days of a request from CAPCOA.

The table below includes important reporting milestones.

| Task | Milestone Description | Scheduled Payment of Grant Funding | |
|------|--|------------------------------------|----------------------|
| | | Project Funds | Administrative Funds |
| 1 | Execute Grant Agreement (no later than June 1, 2018) | | |
| 2 | Submit project plan for approval | | |
| | Project plan approval | Receive | |

| | | | |
|---|--|---------------|---|
| | | project funds | |
| 3 | Begin installations | | |
| 4 | Submit quarterly reports | | Receive administrative funding less 10% withholding |
| 5 | Complete installations | | |
| 6 | Final payment requests submitted to CAPCOA (no later than December 31, 2019) | | |
| 7 | Submit "Closeout" report (no later than January 31, 2020) | | Remaining 10% administrative withholding |

V. Workflow

The following workflow will be used to expend funds in a timely manner and to track information required by CARB and CAPCOA:

1. Prior to Program implementation, the District will coordinate with participating retailers and sign the Retailer Agreement. The District will also conduct outreach to notify the public about the Program.
2. The application process begins when the applicant completes the Voucher Application Form. Voucher applications will be available through the District office, the District website (lcaqmd.net), at participating retailers, and at several other locations.
3. Staff will review the application for completeness. If the applicants request an Enhanced Voucher, staff will confirm eligibility.
4. Vouchers will be issued in the order received for each group. First priority will be to low-income applicants and all other applications will be reviewed after the low-income group, or after 2 months from the start of solicitation, if funding remains. Vouchers will expire four (4) weeks from issuance.
5. Vouchers will be accepted by participating retailers at the time of sale and applied as a discount. Retailers will notify the District of a sale once the customer has signed a contract or entered into a binding purchase agreement. For Enhanced Vouchers, retailers will provide the District a cost estimate for District approval prior to installation.
6. Installation must be completed by a licensed contractor with a valid building permit within 90 days of purchase. Additional time may be allowed upon Installer's request and District approval, based on demonstration of need. The retailer / installer will complete the Voucher Tracking Form to track progress. When the old device is delivered to the recycler, the Recycler Certification Form will be completed.

7. Retailers will provide training to the applicant to ensure the new device is properly operated and maintained to maximize energy efficiency and achieve the lowest possible emission rates. The Acknowledgement of Training Form will be used to document the training requirement.
8. Retailers will be reimbursed by the District once the installation is complete, the replaced device is properly dismantled and recycled, and required documents are submitted to the District.
9. The District will submit the required documentation and reports to CAPCOA and retain all necessary Program information.

VI. Attachments

1. Voucher Application Checklist Cover Letter
2. Voucher Application Form
3. Voucher
4. Retailer Checklist Cover Letter
5. Voucher Tracking Form
6. Recycler Certification Form
7. Owner / Tenant Agreement for Rental Properties
8. Retailer Agreement
9. Acknowledgement of Training Form