



COM/DH7/mac 09/15/2026

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09/15/26

11:16 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

B1901011

Order Instituting Rulemaking
Regarding Building Decarbonization.

Rulemaking 19-01-011

**ASSIGNED COMMISSIONER'S RULING REGARDING
MODIFICATIONS TO THE PROHIBITION ON HIGH GLOBAL
WARMING POTENTIAL REFRIGERANTS USED IN APPLIANCES
INCENTIVIZED BY BUILDING DECARBONIZATION PROGRAMS**

This ruling modifies provisions of both the September 26, 2022 Assigned Commissioner's Ruling (ACR) and the follow-up February 14, 2025 ACR regarding permissible refrigerant Global Warming Potential (GWP) levels in appliances incentivized through the Building Initiative for Low-Emissions Development (BUILD) Program and the Technology and Equipment for Clean Heating (TECH) Initiative. This ruling extends the manufacturing and installation deadlines for high-GWP (i.e., greater than 750 GWP) Variable Refrigerant Flow heat pump heating, ventilation, and air conditioning (HVAC) systems to be eligible for incentives by one year, to before January 1, 2026 and January 1, 2027, respectively. This ruling also extends the installation deadline for "self-contained" heat pump HVAC equipment incentivized by the BUILD Program and TECH Initiative by two years, to before January 1, 2028. The ruling removes the installation deadline of before January 1, 2026 for all other heat pump HVAC systems incentivized by the BUILD Program and TECH Initiative, but retains the existing manufacturing deadline of before January 1, 2025 previously established in the September 26, 2022 ACR. Lastly, the ruling extends

the installation deadline for high-GWP heat pump water heaters and heat pump dryers by one year, to before January 1, 2028.

1. Background

On March 26, 2020, the California Public Utilities Commission (Commission) adopted Decision (D.) 20-03-027, which established the Building Initiative for Low-Emissions Development (BUILD) Program and the Technology and Equipment for Clean Heating (TECH) Initiative per the requirements of Senate Bill (SB) 1477 (Stern) Stats. 2018, ch. 378. This decision also specified that by January 1, 2023, incentives from both pilot programs would only be provided for appliances that used refrigerants with a Global Warming Potential (GWP) of 750 or below. However, Ordering Paragraph (OP) 37 of D.20-03-027 gave the Assigned Commissioner the discretion to extend the January 1, 2023 deadline administratively after considering market conditions and the ability of manufacturers to comply with more stringent refrigerant use requirements.

An Assigned Commissioner's Ruling (ACR) was issued on September 26, 2022 extending the deadline set in D.20-03-027 to January 1, 2025. Although this was done to align with a California Air Resources Board (CARB) deadline for residential heat pump HVAC equipment, its provisions applied to *all* appliances incentivized by the BUILD Program and the TECH Initiative.

A subsequent ACR issued on February 14, 2025 extended the prior deadline to January 1, 2026 for installations of residential heat pump HVAC systems manufactured before January 1, 2025. The ACR also extended the prior deadline to January 1, 2027 for heat pump water heaters (HPWHs) and heat pump dryers.

2. Discussion

The Commission currently applies a manufacturing deadline of before January 1, 2025 and an installation deadline of before January 1, 2026 for *all* residential heat pump HVAC systems using refrigerants with a GWP higher than 750.¹ In contrast, CARB and United States Environmental Protection Agency (US EPA) regulations differentiate between three different types of HVAC systems: Variable Refrigerant Flow (VRF), “self-contained,” and all other types.

For VRF systems using refrigerants with a GWP of 750 or greater, CARB has granted an extended manufacturing deadline of before January 1, 2026 (i.e., CARB prohibits the use of such systems manufactured on or after January 1, 2026).² The US EPA applies a manufacturing deadline of before January 1, 2026, and an installation deadline of before January 1, 2027, for VRF systems using refrigerants with a GWP of 700 or higher.³ In recognition of these market conditions, we choose to align the Commission’s deadlines with those of CARB and the US EPA. As such, we extend the Commission’s prior manufacturing deadline of before January 1, 2025 for high-GWP refrigerant VRF HVAC systems by one year to before January 1, 2026. We additionally extend the Commission’s

¹ Variable Refrigerant Flow (VRF) heat pumps and “self-contained” heat pump products (e.g., packaged terminal heat pumps, room heat pumps, and packaged rooftop heat pumps) are systems often found in multi-family units and residential common areas, and are incentivized by both the BUILD Program and the TECH Initiative.

² 17 California Code of Regulations (CCR) Section 95374, *available at* [https://govt.westlaw.com/calregs/Document/I081383C35A2111EC8227000D3A7C4BC3?viewType=FullText&originationContext=documenttoc&transitionType=CategoryPageItem&contextData=\(sc.Default\)](https://govt.westlaw.com/calregs/Document/I081383C35A2111EC8227000D3A7C4BC3?viewType=FullText&originationContext=documenttoc&transitionType=CategoryPageItem&contextData=(sc.Default)).

³ US EPA, Phasedown of Hydrofluorocarbons: Restrictions on the Use of HFCs Under the AIM Act in Variable Refrigerant Flow Air Conditioning Subsector, December 12, 2024, *available at* <https://www.federalregister.gov/documents/2024/12/12/2024-29243/phasedown-of-hydrofluorocarbons-restrictions-on-the-use-of-hfcs-under-the-aim-act-in-variable>.

installation deadline of before January 1, 2026 for high-GWP refrigerant VRF HVAC systems by one year to before January 1, 2027.

For “self-contained” heat pump products, CARB imposes a manufacturing deadline of before January 1, 2023 for units using refrigerants with a GWP of 750 or greater.⁴ The US EPA imposes a manufacturing deadline of before January 1, 2025 for units with refrigerants whose GWP is 700 or greater and a sale, distribution and export deadline three years later (i.e., before January 1, 2028).⁵ We maintain our existing manufacturing deadline of before January 1, 2025. While Ordering Paragraph 1 of the Commission’s February 14, 2025 ACR states that both the BUILD Program and the TECH Initiative “shall align with the one-year sell through period for heat pump HVAC systems, as listed in the federal EPA’s Technology and Transition Rule,” we clarify the installation deadline for “self-contained” heat pump products to now be before January 1, 2028, in alignment with the latest US EPA rules.

For all other high-GWP heat pump HVAC systems (i.e., not VRF or “self-contained” systems), CARB imposes a manufacturing deadline of before January 1, 2025.⁶ The US EPA imposes a manufacturing deadline of before January 1, 2025 for systems with refrigerants whose GWP is 700 or greater.⁷ The US EPA’s Technology Transition Rule published on May 26, 2026 has no installation

⁴ CARB, Air-conditioning Equipment at <https://ww2.arb.ca.gov/our-work/programs/california-significant-new-alternatives-policy-snap/air-conditioning-equipment> (accessed on September 8, 2026).

⁵ US EPA, Technology Transitions HFC Restrictions by Sector at <https://www.epa.gov/hfcs/technology-transitions-hfc-restrictions-sector> (updated on August 28, 2026).

⁶ 17 CCR Section 95374.

⁷ US EPA. Phasedown of Hydrofluorocarbons: Restrictions on the Use of HFCs Under the AIM Act in Variable Refrigerant Flow Air Conditioning Subsector, December 12, 2024.

deadline,⁸ though its December 12, 2024 iteration included an installation compliance date of January 1, 2026.⁹ To align with CARB's and the US EPA's rules, we maintain our existing manufacturing deadline of before January 1, 2025 and remove our installation deadline for heat pump HVAC systems other than VRF or "self-contained" systems.

The Commission currently applies an installation deadline of January 1, 2027 for HPWHs and heat pump dryers utilizing refrigerants with a GWP higher than 750. Neither CARB nor US EPA regulations currently focus on HPWHs or heat pump dryers, and there have been no known market changes otherwise impacting these appliances. Given the lack of market development for these appliances, we have chosen to extend this installation deadline by one year, to before January 1, 2028.

As noted in the February 14, 2025 ruling, we acknowledge that the US EPA's rule supersedes our own in limiting the GWP of new VRF and "self-contained" heat pump HVAC systems to below 700 rather than 750 or below after their respective deadlines. Table 1 below summarizes the changes made by this ACR to the Commission's appliance category eligibility requirements and compares them to the current relevant US EPA and CARB requirements.

⁸ US EPA. Phasedown of Hydrofluorocarbons: Reconsideration of Certain Regulatory Requirements Promulgated Under the Technology Transitions Provisions of the American Innovation and Manufacturing Act of 2020, May 26, 2026, *available at* <https://www.federalregister.gov/documents/2026/05/26/2026-10387/phasedown-of-hydrofluorocarbons-reconsideration-of-certain-regulatory-requirements-promulgated-under>.

⁹ US EPA. Phasedown of Hydrofluorocarbons: Restrictions on the Use of HFCs Under the AIM Act in Variable Refrigerant Flow Air Conditioning Subsector, December 12, 2024.

Table 1: Comparison of CPUC, CARB, and US EPA High-GWP Appliance Rules				
Appliance Category	Current CPUC Deadlines (>750 GWP)	Current CARB Deadlines (≥750 GWP)	Current US EPA Deadlines (≥700 GWP)	Updated CPUC Deadlines (>750 GWP)
VRF HVAC systems	Manufacture before January 1, 2025. Install before January 1, 2026.	Manufacture before January 1, 2026.	Manufacture before January 1, 2026. Install before January 1, 2027.	Manufacture before January 1, 2026. Install before January 1, 2027.
Self-Contained Heat Pump Products	Manufacture before January 1, 2025. Install before January 1, 2026.	Manufacture before January 1, 2023.	Manufacture before January 1, 2025. Sell, distribute, and export before January 1, 2028.	Manufacture before January 1, 2025. Install before January 1, 2028.
All Other Heat Pump HVAC Systems	Manufacture before January 1, 2025. Install before January 1, 2026.	Manufacture before January 1, 2025.	Manufacture before January 1, 2025.	Manufacture before January 1, 2025.
HPWHs and Heat Pump Dryers	Install by January 1, 2027.	N/A	N/A	Install before January 1, 2028.

IT IS RULED that:

1. To qualify for incentives from the Building Initiative for Low-Emissions Development (BUILD) Program or the Technology and Equipment for Clean

Heating (TECH) Initiative, Variable Refrigerant Flow heat pump heating, ventilation, and air conditioning systems utilizing refrigerants with a Global Warming Potential higher than 750 must have been manufactured before January 1, 2026 and must be installed before January 1, 2027.

2. To qualify for incentives from the Building Initiative for Low-Emissions Development (BUILD) Program or the Technology and Equipment for Clean Heating (TECH) Initiative, “self-contained” heat pump products utilizing refrigerants with a Global Warming Potential higher than 750 must have been manufactured before January 1, 2025, and must be installed before January 1, 2028.

3. To qualify for incentives from the Building Initiative for Low-Emissions Development (BUILD) Program or the Technology and Equipment for Clean Heating (TECH) Initiative, all other heat pump heating, ventilation, and air conditioning systems (not including Variable Refrigerant Flow systems or “self-contained” products) utilizing refrigerants with a Global Warming Potential higher than 750 must have been manufactured before January 1, 2025. We remove the requirement to install such equipment by January 1, 2026.

4. To qualify for incentives from the Building Initiative for Low-Emissions Development (BUILD) Program or the Technology and Equipment for Clean Heating (TECH) Initiative, heat pump water heaters and heat pump dryers utilizing refrigerants with a Global Warming Potential higher than 750 must be installed before January 1, 2028.

Dated September 15, 2026, at San Francisco, California.

/s/ DARCIE L. HOUCK

Darcie L. Houck

Assigned Commissioner