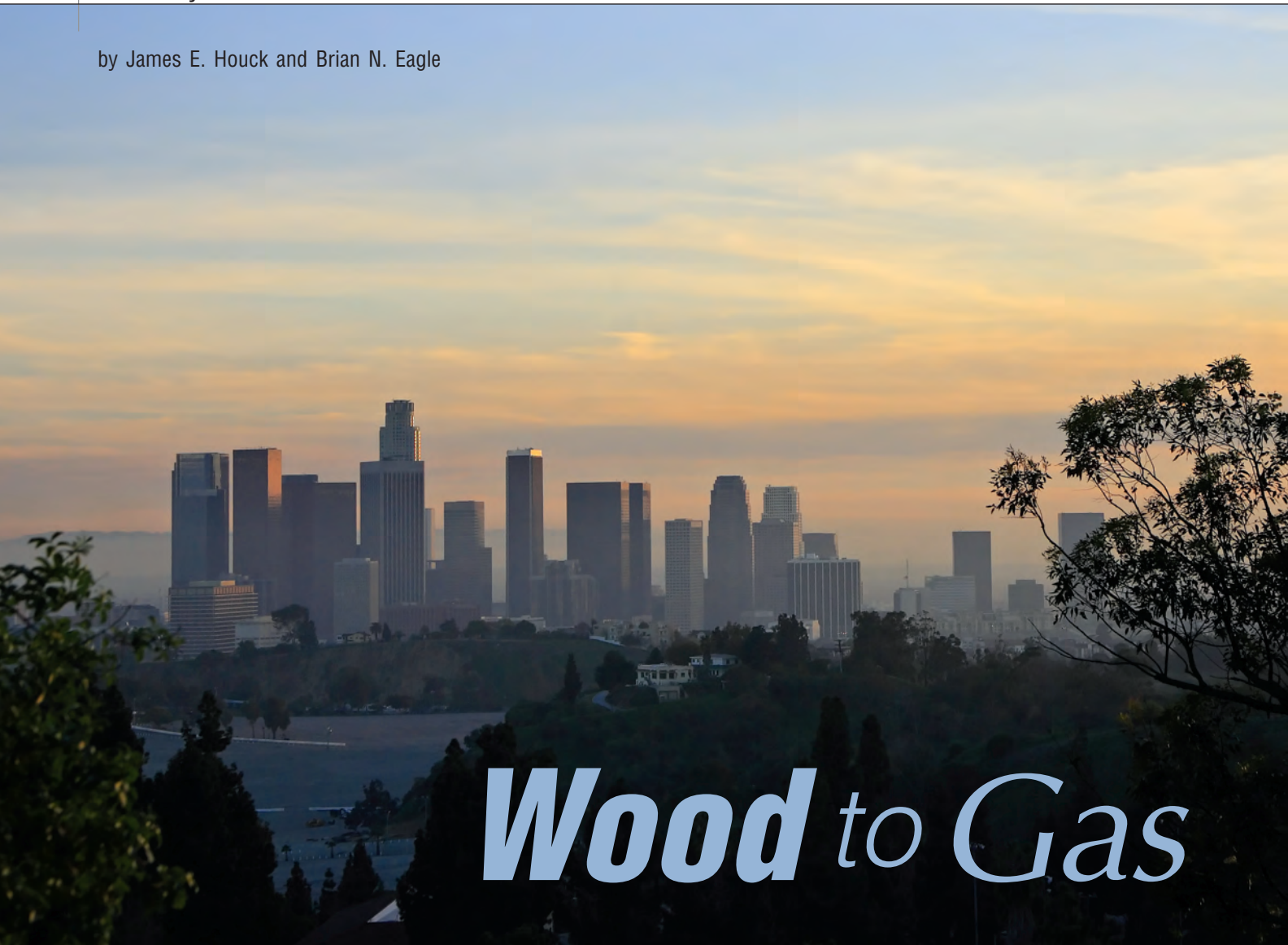


by James E. Houck and Brian N. Eagle



Wood to Gas

Two competitors are working together in southern California to equip 5,000 wood-burning fireplaces with gas logs; the result will be improved air quality.

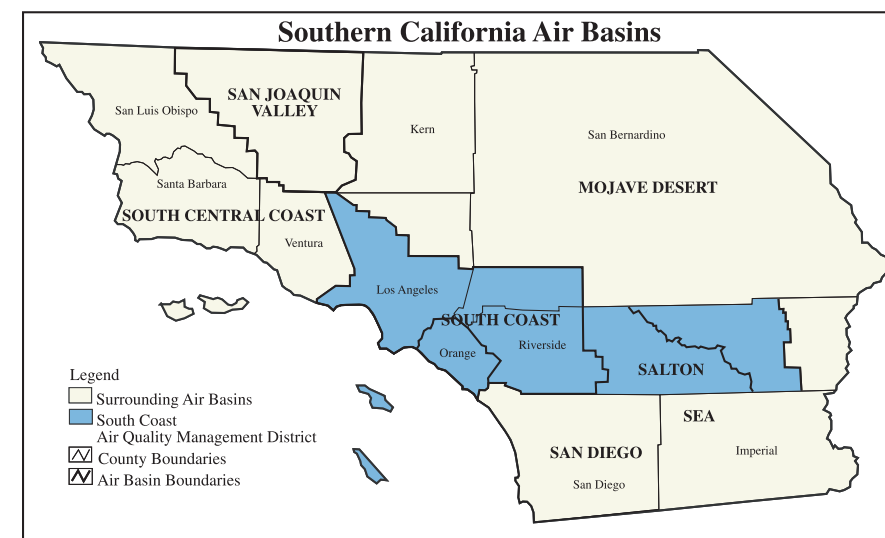
Southern California does not come immediately to mind when one thinks of wood smoke problems. Neither does two competitive hearth companies sharing a government contract seem like a likely scenario. However, southern California does have a wood smoke problem and two competitors, the Robert H. Peterson Company and Rasmussen Iron Works, are working together under a contract issued by the South Coast Air Quality Management District. The contract provides a financial incentive for residents to install gas log sets into wood-burning fireplaces for the purpose of improving air quality.

On March 7, 2008 the South Coast Air Quality Management District (SCAQMD) approved a three-fold "Healthy Hearths" initiative to reduce fine particulate pollution (PM_{2.5}) from fireplaces and wood stoves through (1) a regulation, (2) a public outreach effort, and (3) an incentive program. Geographically, the focus of the Healthy Hearths initiative is the South Coast Air Basin portion of SCAQMD. It is comprised of all of Orange County, and the non-desert portions of Los Angeles,

Riverside and San Bernardino counties.

Based on research conducted by OMNI Environmental Services jointly for SCAQMD and the Hearth, Patio & Barbecue Association, 1.7 million wood-burning fireplaces without inserts were estimated to be in households within the South Coast Air Basin in 2002, with 1.2 million of them in use. According to SCAQMD, the South Coast Air Basin

Downtown Los Angeles at sunset.



has the highest PM_{2.5} levels in the nation.

The Healthy Hearths regulation, Rule 445, was designed to reduce air pollution from wood-burning fireplaces and wood stoves through requirements for new construction, through restrictions on the sale and installation of wood-burning appliances into existing homes, through the requirement that only seasoned wood fuel be sold, and through potential future curtailment of wood-burning in specified areas when poor air quality is forecast.

The public outreach campaign was designed to inform residents of the health effects of wood smoke on days when air pollution levels are forecast to be unhealthy. The incentive program, with which the Robert H. Peterson Company and Rasmussen Iron Works are involved, was designed to encourage residents to install vented gas log sets into existing wood-burning fireplaces.

Specifically, on March 7, 2008, the SCAQMD Governing Board approved the release of a program announcement to solicit bids from qualified contractors to implement an incentive program to provide the public with financial assistance to replace existing wood-burning fireplaces with gas log sets. On July 11, 2008, the contract was awarded to the team of Rasmussen Iron Works/Robert H. Peterson Co. to implement the gas log buy-down pilot program in an amount not to exceed \$500,000.

It was noted by the SCAQMD, with its selection of the Rasmussen/Peterson team, that the team has prior experience working with similar incentive programs involving the public, the corporate offices for both companies are in the

South Coast Air Basin, and together the team offers over 90 styles of traditional gas log sets and alternative gas fire installations that are certified to applicable national standards.

As part of the program, a \$125 discount from an authorized dealer's best price will be provided to customers who purchase gas log sets and receive professional installation services. The \$125 discount will consist of \$100 in SCAQMD-provided funds and an additional \$25 in funding from authorized dealers.

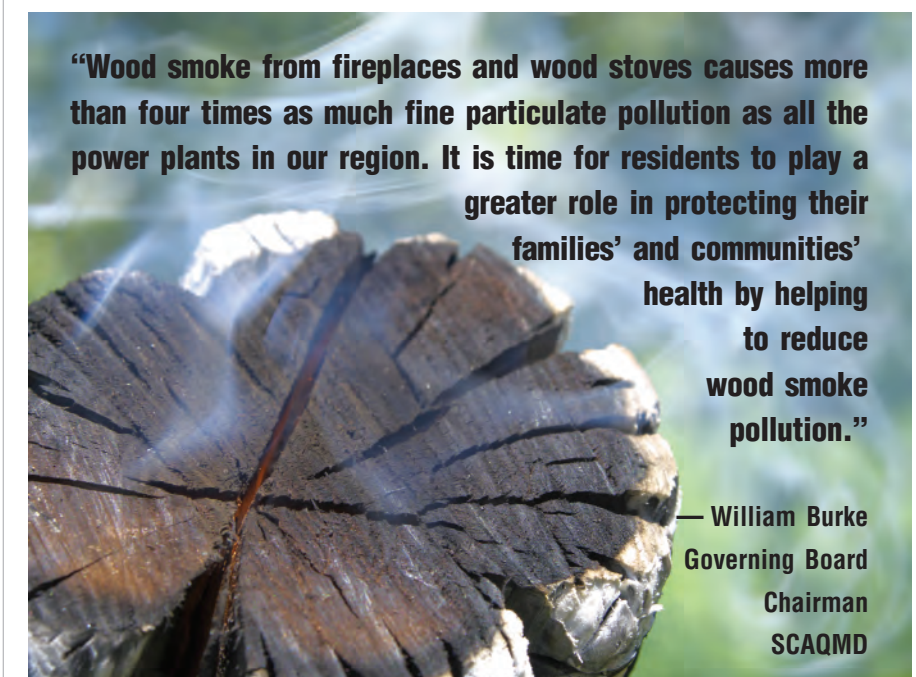
To facilitate program implementation, the contractor team has identified 96 authorized dealers that are distrib-

uted throughout the South Coast Basin. Program implementation started September 2008. (More specifics on the SCAQMD program can be obtained by contacting Sam Atwood, Media Office Manager with the South Coast Air Quality Management District (satwood@aqmd.gov).)

Unquestionably, replacing wood-burning devices with gas log sets will reduce human exposure to air pollutants in residential settings. Notably, these pollutants include particles, carbon monoxide and various organic compounds that are imprecisely but descriptively referred to as "air toxics." Beyond these very real and altruistic health and environmental benefits, there is pragmatic motivation for incentive programs similar to the one SCAQMD is conducting.

Failure to attain or maintain federal air quality standards for the criteria pollutants of PM_{2.5} and PM₁₀ carries with it considerable political and financial trouble for an air quality jurisdiction. However, whether altruism, pragmatism or the combination of both is the motivator, because gas log sets emit dramatically less air emissions than cordwood, it is likely that other gas log incentive programs, or regulations simply requiring gas-fueled fireplaces, will occur in the future.

In fact, four other California air quality jurisdictions already have or have had similar incentive programs for the installation of vented gas log sets into



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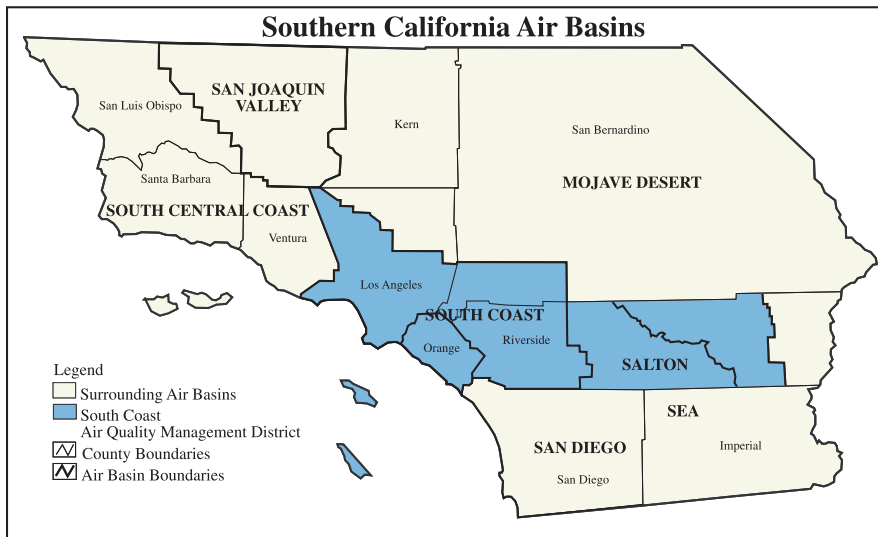
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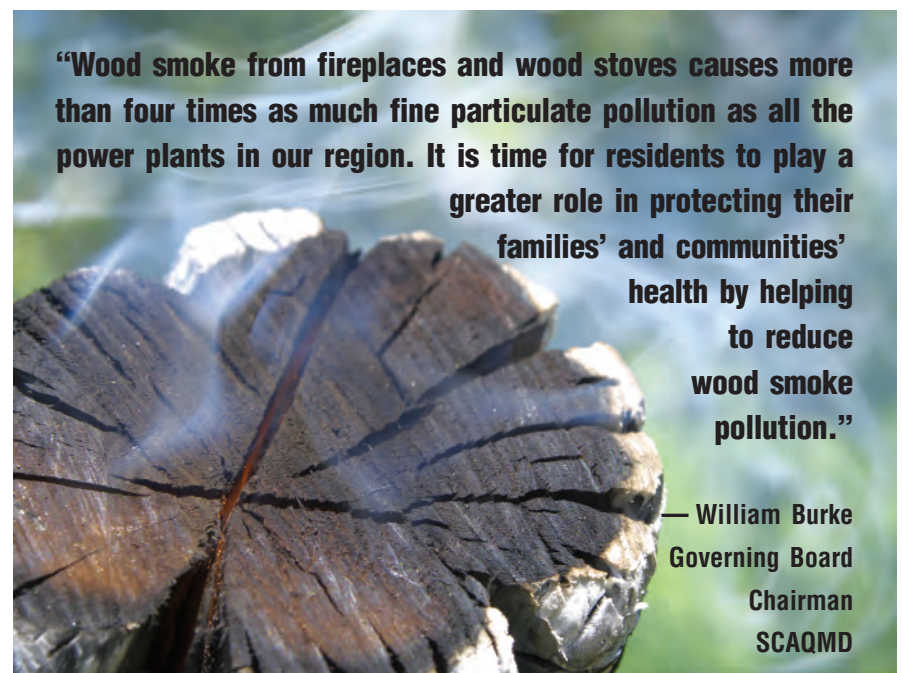
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Charred American Oak log set from Robert H. Peterson.



Evening Cross fire logs from Rasmussen.



ALTERNA Vent-Free FireGlitter from Rasmussen.

existing wood-burning fireplaces. These are the San Joaquin Valley Air Pollution Control District, the Sacramento Metro Air Quality Management District, the Placer County Air Pollution Control District and the Bay Area Air Quality Management District.

To get an idea about the incentive program from the perspective of the two companies involved, and how the two companies envision working together, we asked both Jerry Scott and Rett Rasmussen a few questions.

Tell us a bit about your company.

Jerry Scott: “The Robert H. Peterson Company was founded in 1949 by Bob Peterson, who developed the first gas log set that burned with a yellow flame and

featured logs with natural coloring and bark detail. Today, the R.H. Peterson Co. has grown to be a leading supplier of realistic gas log sets, manufacturing Real-Fyre Gas Logs in its state-of-the-art, quarter of a million sq. ft. facility in City of Industry, California.”

Rett Rasmussen: “Rasmussen Iron Works was founded in 1907 as a blacksmith shop by Danish immigrant Rasmus Rasmussen. In 1958, T.R. Rasmussen designed the industry’s first pan-type gas log burner, created his first log patterns (from real wood), learned to make molds and cast his first logs.

“Over the years, the line has included log sets with small numbers of large scale logs; large numbers of small logs; single piece stumps; pine cone sets; tall and short tipi stacks; sets with bark, charred and split features; numerous burner styles to meet the requirements of a variety of fireplace sizes and configurations; and models with many control options.

“We introduced our first FireBall set in the early 1980s, and in recent years have greatly expanded our offering of contemporary alternatives to the traditional gas log set. Rasmussen manufactures from its two facilities in Whittier, California, and Tecate, Mexico, and employs in excess of 75 people.”

How did you find out about the Natural Gas Hearth Product Buy-Down Pilot Program that was being offered by the South Coast Air Quality Management District?

Scott: “We learned that the South Coast Air Quality District was looking into ways to reduce particulate matter, and had focused on wood-burning fireplaces. For years we have been advocates of the positive environmental impact of gas logs, so we teamed with HPBA-Pacific and the Southern California Gas Company to attend the committee meetings.

“As a result, we were invited to be a part of the task force to look at solutions. Our involvement was key to educating the task force and the committee to the solution offered by gas logs. Through this involvement, the gas log buy-down program was developed and proposed.”

Rasmussen: “We learned of the program through the public communications by the SCAQMD. It is important

to be aware of potential actions of governmental agencies, as some proposals need to be embraced, others need to be opposed. If you do not pay attention, you might react too late.”

Your two companies are competitors. Why did you decide to team up?

Scott: “Business often makes strange bedfellows. Rasmussen and Peterson have been competitors for years but, through this competition, have come to admire and respect one another. When the gas log buy-down program was being developed, it occurred to us that through a partnership we could best serve consumers and dealers and effectively meet the environmental goals of the SCAQMD. The partnership has worked well. The program began on September 15. We hope it will be well received by the public.”

Rasmussen: “For years, RHP and RIW have been ‘friendly competitors.’ The Rasmussens and Kecks have been family friends for three generations. The



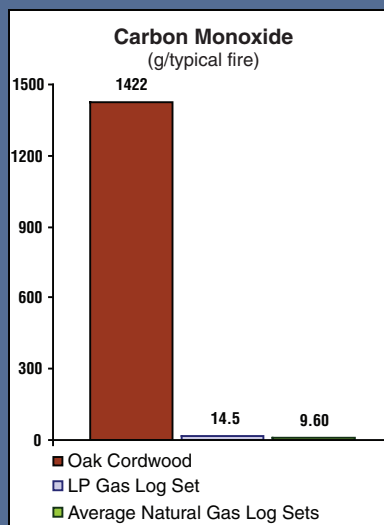
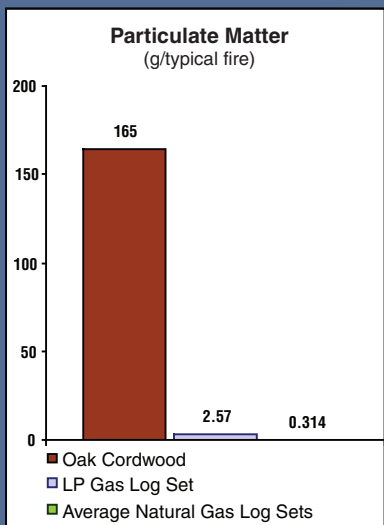
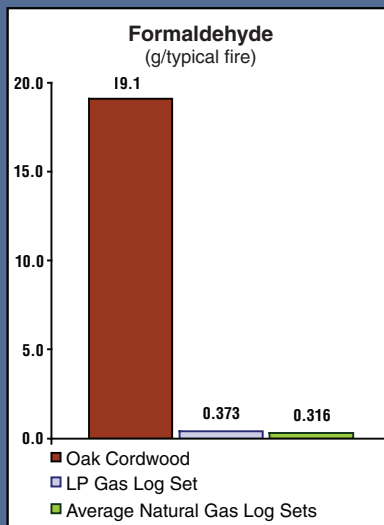
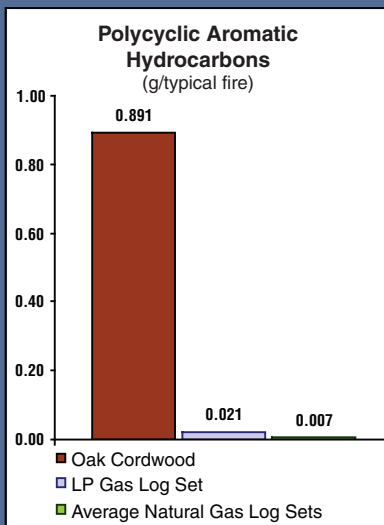
Jerry Scott, vice president, R.H. Peterson Co.



Rett Rasmussen, vice president, Rasmussen Iron Works.

There is a down side. Natural gas and propane are non-renewable fossil fuels. As a consequence of the incentive program, the use of cordwood, a renewable biomass fuel, is being replaced by a fossil fuel. Some environmentalists would say this is backward.

However, it is generally believed that the global climate change effect of changing fireplace fuels is pretty insignificant when the amount of greenhouse gases emitted from fireplaces, compared to other sources such as utilities, transportation and industry, are taken into consideration and, therefore, the reduction in local air pollution more than makes up for a small increase in greenhouse gas emissions.



Under contract with R.H. Peterson, OMNI Environmental Services made direct measurements of air emissions from (1) a traditional 36-inch manufactured radiant fireplace burning cordwood, (2) three different vented natural gas log sets installed in that fireplace, and (3) a vented propane-fueled gas log set also installed in the same fireplace.

For each test the fireplace was operated in a fashion representative of the way it would be used by a home occupant. The results were dramatic. The mass (grams) of air pollutants per typical fire were much less from using vented gas log sets than from burning cordwood in the same fireplace.

companies have worked together on other promotional programs as well as the development of industry product standards.

“After several SCAQMD meetings and hearings, Leslie Bortz, the president of R.H. Peterson, and I realized we were the only manufacturers in attendance. We determined, at the same time, that combining the talents of both companies would be more beneficial to all concerned than fighting against each other for the contract.

“Considering that the \$500,000 is a pilot program which, if successful, could lead to even greater money commitments from SCAQMD, we agreed that there was plenty to go around if the pilot program was successful. It was important that the program be administered properly by entities with a large dealer base. There are no two other manufacturers who sell into the Southern California market that can match the combined dealer base of RHP and RIW; the combination of over 110 years making gas logs; or the combined breadth of product offerings, and the over 160 years of combined business experience.”

It's our understanding that all of the \$500,000 of funding from the SCAQMD will be used to provide a \$100 discount to homeowners and no administrative costs will be charged. In addition, the dealers will contribute another \$25 per household toward the discount. Tell us a little about the economics of this arrangement.

Scott: “Of course, we will benefit from the increased sale of our Real-Fyre Gas Logs. But more importantly, we know that this program will help clean up the air – air breathed by our employees, their families, our families and all the people living within the air district. We hope this program will also stimulate business for our dealers who are impacted by our sluggish economy. Long-term, we hope this program will help educate people on the beauty, economy and cleanliness of burning gas logs.”

Rasmussen: “All parties are contributing financially to the program; in the hopes of increased gas log sales as a result from the increased awareness the publicity of the program will afford the RHP and RIW brands. The RHP/RIW proposal turned the \$500,000 of

SCAQMD funds into a \$725,000 benefit. Let me explain.

“The SCAQMD funds for 5,000 gas log sets @ \$100 each equal \$500,000. The dealer funds for 5,000 gas log sets @ \$25 each equal \$125,000. The RHP/RIW administrative expenses that were waived equal an estimated \$100,000. Therefore the total value of the program equals \$725,000. In addition, RHP and RIW are funding the promotion of the program, through targeted mailings, public relations, Web sites and in-store and advertising materials.”

What have you done to train and familiarize your dealers with the program? How has it been received by them? How many are involved?

Scott: “Our dealers are excited by the Healthy Hearths Gas Buy-Down Program. We have sent a Program Description and sign-up sheet to all dealers who sell into the qualified air basin. That has been followed by a bulletin outlining the procedure to follow with customers. We have also conducted a number of training sessions,

featuring Dave Pomeroy, for installers.”


Rasmussen: “Rasmussen has conducted three training sessions to date, and intends to conduct one more session to ensure the widest participation of our dealers. Topics included the pertinent provisions of SCAQMD Rule 445, the specifics of the Purchase Incentive Program, installation safety and tips, and product familiarization. The sessions were attended by 50 people, including both installers and shop owners.

“Once the \$500,000 in funds is expended, the program will end. To communicate the funds status in a timely manner with the participating dealers, we have set up a Web site at www.gaslogs.biz. The site also has forms and program information available for download.”

We know this program is really just starting, but can you think of any ways that future gas log retrofit programs could be improved?

Scott: “We’re off to a great start with the Healthy Hearths Program! All par-

ties – SCAQMD, Gas Company, Manufacturers, Retailers and Installers – are poised to make this program successful. This is a great example of government and private industry working together to solve problems and address issues. As we progress, we will monitor and evaluate, looking for ways to improve how the program is run.”

Rasmussen: “In the past, gas companies have successfully promoted discount programs without the installation requirement. Greater numbers of conversions from wood-burning to gas log sets would be achieved if the discount were not conditioned upon professional installation. For example, 10,000 fireplaces would have been converted if we could have offered \$50 per set.” 

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