

**THIRD READING**

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Bill No: AB 2313  
Author: Berman (D), et al.  
Amended: 8/13/26 in Senate  
Vote: 21

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SENATE ENERGY, U. & C. COMMITTEE: 11-0, 6/30/26

AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Gonzalez, McNerney, Reyes, Richardson, Stern, Wahab

NO VOTE RECORDED: Ochoa Bogh, Caballero, Dahle, Grove, Hurtado, Strickland

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/13/26

AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 42-21, 5/28/26 - See last page for vote

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**SUBJECT:** Gas corporations: gas distribution service line replacements:  
alternatives

**SOURCE:** Earthjustice  
Natural Resource Defense Council

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**DIGEST:** This bill establishes the Home Energy Choice Act, which requires the California Public Utilities Commission (CPUC) to solicit proposals for, and require each gas corporation to offer, a Gas Distribution Service Line Replacement Alternatives Program, on or before January 1, 2028, to provide certain residential gas customers served by a gas distribution service line that will be replaced with a monetary incentive to deploy gas distribution service line replacement alternatives and cease gas service to avoid the gas distribution service line replacement.

**ANALYSIS:**

Existing law:

- 1) Establishes and vests the CPUC with regulatory authority over public utilities, including gas and electrical corporations. (Article XII of the California Constitution)
- 2) Requires the CPUC to require each gas corporation to provide bundled basic gas service to all core customers in its service territory unless the customer chooses or contracts to have natural gas purchased and supplied by another entity. (Public Utilities Code §328.2)
- 3) Requires every public utility to furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, ...as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public. (Public Utilities Code §451)
- 4) Authorizes a gas corporation to cease providing service in an area within its service territory where a pilot project, pursuant to Public Utilities Code §663, has been implemented and the CPUC determines that adequate substitute energy service is reasonably available to support the energy end uses of affected gas corporation customers. (Public Utilities Code §459)
- 5) Requires the CPUC, in consultation with the state's gas corporations, to establish a voluntary program to facilitate the cost-effective decarbonization of priority neighborhood decarbonization zones, not to exceed 30 pilot projects across the state. (Public Utilities Code §663)
- 6) Requires the CPUC to require each gas corporation to provide bundled basic gas service to all core customers in its service territory, unless the customer chooses or contracts to have natural gas purchased and supplied by another entity. (Public Utilities Code §963)

This bill:

- 1) Establishes the Home Energy Choice Act, which requires the CPUC, in a new or existing proceeding, to solicit proposals for, and require each gas corporation to offer, a Gas Distribution Service Line Replacement Alternatives Program, on or before January 1, 2028, to provide certain residential gas customers served by a gas distribution service line that will be replaced with a monetary incentive to deploy gas distribution service line replacement alternatives, as defined, and cease gas service to avoid the gas distribution service line replacement, as specified.

- 2) Requires the CPUC to exempt from the program the emergency replacement of a gas distribution service line.
- 3) Requires the CPUC to annually review the program to determine whether adjustments should be made to program design to increase program participation.
- 4) Requires the CPUC, on or before January 1, 2029, and annually thereafter, to report to the Legislature on the progress of each implemented program, as provided.
- 5) Limits customer enrollment in the program to no more than 1% of the utility's service territory, including customers enrolled in zonal neighborhood decarbonization program.
- 6) Repeals its provisions on January 1, 2035.

## **Background**

*Natural gas utility service.* Natural gas is transported to California customers via a system of interstate and common carrier transmission and distribution pipelines, and underground storage fields. Most natural gas consumed in state is delivered from out-of-state sources. Approximately 77% of California's homes receive natural gas utility service (just over 11 million households of a total of 14.5 million); additionally, about 450,000 commercial customers and another nearly 36,000 industrial customers receive gas service, based on the data (2021) from the Energy Information Administration. Southern California Gas (SoCalGas) and Pacific Gas & Electric (PG&E) provide gas utility service to about 5.9 million and 4.5 million customer service connections, respectively, while San Diego Gas & Electric (SDG&E) provides service to over 800,000 customer service connections and a few additional smaller gas investor-owned utilities (IOUs) provide service, including Southwest Gas and West Coast Gas. Additionally, there are a few publicly owned (POU) gas utilities serving the cities of Coalinga, Long Beach, Susanville, and Vernon [who are not economically regulated by the CPUC]. The state's natural gas utilities operate over 100,000 miles of transmission and distribution pipelines, including what is referred to as the "back-bone," and thousands more miles of service lines. According to a 2021 CPUC Staff Proposal, most gas used by the residential sector is for space and water heating, with smaller percentages used for cooking, fireplaces, clothes drying, and a few other functions.

Dual fuel homes – those using both gas and electricity – are the dominant type of home in California. California is the state with the highest percentage of households using natural gas for cooking (70%), according to a 2020 analysis from the Energy Information Administration.

*Reducing GHGs from the building sector.* The California Air Resources Board *2022 Climate Change Scoping Plan* identifies actions to reduce GHG emissions from the building sector, including progressively improving building codes and standards, pursuing voluntary efforts to exceed code requirements, and completing existing building retrofits. The Scoping Plan also noted that “achieving carbon neutrality must include transitioning away from fossil gas in residential and commercial buildings, and will rely primarily on advancing energy efficiency while replacing gas appliances with non-combustion alternatives. This transition must include the goal of trimming back the existing gas infrastructure, so pockets of gas-fueled residential and commercial buildings do not require ongoing maintenance of the entire limb for gas delivery.”

*CPUC actions to support State’s climate goals.* California’s agencies are taking steps toward achieving carbon neutrality by 2045 and meeting the state’s ambitious 2030 GHG emissions reduction target, including with actions specific to reducing emissions from the building sector. The CPUC, in particular, has taken various actions to support the state’s GHG reduction goals, while protecting ratepayers to ensure safe, reliable, and reliable natural gas utility sector, including:

- Eliminated financial subsidies available to builders to offset the costs of extending natural gas lines to serve new buildings, known as allowances which are funded by natural gas utility customers.
- Required natural gas investor-owned utilities (IOUs) to seek CPUC approval of projects via an application for a certificate of public convenience and necessity (CPCN) prior to commencing construction on any gas infrastructure project whose cost exceeds \$75 million.
- Required natural gas corporations to file annual reports detailing planned long-term infrastructure projects exceeding \$50 million.
- Reduced incentives for natural gas energy efficiency measures in residential and commercial new construction to align more closely with the state’s GHG reduction, climate change mitigation, and decarbonization goals.

*SB 1221 (Min, Chapter 602, Statutes of 2022) authorized limited pilot projects within gas utility service territory for neighborhood scale decarbonization.* SB 1221 authorized up to 30 targeted pilot projects to provide learnings and greater

understanding of the challenges to transition away from the natural gas utility system to electrification at the neighborhood level. The pilot projects are voluntary to natural gas utilities, require consent from a super-majority of affected customers (66.66%), and require the projects to be more cost-effective for ratepayers as compared to proposed upgrades needed on the natural gas system. SB 1221 also ensured that where a pilot project is implemented, the natural gas corporation can cease providing service with no continued obligation to serve, thereby protecting ratepayers from having to rebuild the system in the future. The CPUC has recently adopted maps for priority neighborhoods as required by SB 1221. The agency has required public workshops and is also actively pursuing efforts towards developing pilot projects with stakeholder participation.

*Obligation to serve.* The concept of a regulatory compact recognizes a set of mutual rights, obligations, and benefits between utilities and their customers. Utilities are granted exclusive service franchise (service territories), and in exchange accept the responsibility to serve everyone in the territory (obligation to serve everyone willing to pay) and submit to rate-regulation by an economic regulator (the CPUC) where the utility has the opportunity to earn a reasonable rate of return. A utility's obligation to serve is noted in various statutes and Constitutional provisions, most notably, in Public Utilities Code §451 which requires utilities "to furnish and maintain... adequate, efficient, just, and reasonable service." A number of statutes also provide requirements for how a utility must discontinue service, including provisions related to nonpayment by a customer.

## **Comments**

*Need for this bill.* According to the author:

If we're going to meet our goal of creating a more affordable and sustainable California, we need to encourage electrification and ease the economic barriers to clean energy. Gas utilities plan to spend millions of ratepayer dollars in coming years to replace aging gas service lines. AB 2313, the Home Energy Choice Act, will give homeowners with a planned service line replacement the option to instead discontinue their gas service and use a portion of those funds to electrify their home. This bill is focused on a subset of pipeline replacement projects, at a point where we can reduce costs for all utility customers, avoid stranded assets, and expand energy choices for Californians. By redirecting funds that utilities would otherwise spend on fossil fuel infrastructure, the

Home Energy Choice Act will protect the environment, promote public health, and provide long-term savings for all ratepayers.

*Bill proposes to provide customers with the option to decline utility service line upgrades.* This bill proposes to establish a Gas Distribution Service Line Replacement Alternatives Program, on or before January 1, 2028, to provide residential natural gas IOU customers served by a distribution service line that will be replaced with a monetary incentive to deploy gas distribution service line replacement alternatives and cease gas service to avoid the gas distribution service line replacement. The effort is modeled after a similar program being implemented in New York, the Home Energy Choice Act which require gas utilities to offer customers facing a service line replacement an incentive to instead replace their gas appliances with electric alternatives. The service line could then be decommissioned rather than replaced. The proponents note that in PG&E's service territory, roughly 15,000 service lines are upgraded each year. Given the long-lived asset life of these upgrades, they contend alternative options can be provided to customers on a voluntary basis that would decommission the utility service line from the home to the main line. They argue that such an effort is complementary to the SB 1221 Neighborhood Decarbonization efforts, as these projects would be on an individual customer-by-customer basis, as opposed to a neighborhood scale.

*Concerns that safety and reliability will be jeopardized.* Opponents of this bill raise concerns about jeopardizing the existing natural gas utility system, including reliability and safety, as well as costs to customers. Opponents of this bill, including the Utility Workers Union of America Locals 132, 483, and 522, who represent thousands of natural gas utility skilled workers raise concerns that this bill does not reflect how gas infrastructure work is performed in the field, and how it is generally planned and sequenced. Therefore, customer service line replacements are not standalone activities, as they are typically performed as part of larger, coordinated infrastructure projects which can be driven by federal safety requirements, including those under the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration. The bill attempts to address safety concerns by exempting emergency service line replacements from the voluntary customer program established by the bill in order to ensure safety upgrades are conducted on these emergency projects. Opponents contend these protections are not sufficient to address safety concerns.

*Protecting Ratepayers.* This bill would provide customers who elect to decline a natural gas utility service upgrade with the opportunity to receive financial incentives to electrify, including funding for electric appliances based on the

avoided cost of the gas distribution service line replacement. The Utility Workers Union of America Locals 132, 483, and 522 raises concerns that removing an individual service line may not provide meaningful cost savings given that these projects are embedded within large projects whose primary costs (such as engineering, permitting, traffic control) remain unchanged. They contend such approaches would saddle other customers with costs to implement the program, particularly as it is likely customers with greater financial resources are more likely to take advantage of electrification opportunities. Similar to SB 1221, this bill limits the customer enrollment to no more than 1% of the natural gas IOU's customers in its service territory (including those in the SB 1221 neighborhood zonal decarbonization pilot projects).

### **Prior/Related Legislation**

SB 1359 (Stern, 2025) requires the CPUC, before authorizing recovery of costs associated with a gas distribution infrastructure replacement and upgrade project, to consider whether cost-effective electrification alternatives or nonpipeline alternatives could reasonably avoid or reduce the costs. The bill is pending in the Assembly.

SB 1221 (Min, Chapter 602, Statutes of 2024) authorized 30 pilot projects where cost-effective decarbonization of priority neighborhoods meeting specified criteria can be implemented, if the CPUC determines adequate substitute energy is available, among other requirements. The bill also required specified mapping of the natural gas utility distribution system and requires the identification of priority decarbonization neighborhood zones, authorizes gas corporations to cease providing service within the 30 pilot projects, among other provisions.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- Unknown ongoing costs, likely in the hundreds of thousands of dollars annually (ratepayer funds), for the CPUC to staff the proceeding needed to create a Gas Distribution Service Line Replacement Alternatives Program for each utility, provide advisory support for determining cost-effective incentives and program design, oversee implementation and potential revisions to the program, and prepare annual reports to the Legislature — among other things.
- To the extent that this bill impacts energy rates, it could result in costs or savings to the state as a ratepayer. The State of California is a natural gas

customer, purchasing roughly four percent of the gas sold by the state's utilities. As such, the state incurs costs when rates increase, and realizes cost savings if rates go down (various funds).

**SUPPORT:** (Verified 8/13/26)

Earthjustice (Co-source)

Natural Resource Defense Council (Co-source)

Vice-Mayor Igor Tregub, City of Berkeley

350: Berkeley Hub, Conejo / San Fernando Valley, Humboldt: Grass Roots

Climate Action, Sacramento, San Diego, Santa Barbara, South Bay Los

Angeles, So Cal Climate Action and Southland Legislative Alliance

Acterra: Action for a Healthy Planet

Active San Gabriel Valley

Advanced Energy United

All-Electric California

Alliance of Nurses for Healthy Environments

American Lung Association

Asian Pacific Environmental Network Action

Ban Single Use Plastic

Breathe California of Los Angeles County

Building Decarbonization Coalition Action Fund

California Community Choice Association

California Environmental Justice Alliance Action

California Environmental Voters

California Green New Deal Coalition

California Interfaith Power & Light

California Nurses for Environmental Health and Justice

California Public Interest Research Group

Carbon Free Palo Alto

Carbon Free Silicon Valley

Center for Biological Diversity Action Fund

Center for Community Action & Environmental Justice

Central California Asthma Collaborative

Chris Duncan Architect

City and County of San Francisco

City of San Luis Obispo

City of Sunnyvale

City/County Association of Governments of San Mateo County



CleanEarth4Kids.org  
Climate Action California  
Climate Action Campaign  
Climate Future California  
Climate Health Now Action Fund  
Coalition for Clean Air  
College Democrats at UC Irvine  
Cool the Earth  
County of Marin  
County of Santa Clara  
Courage California  
Democrats of Greater Irvine  
E2  
Efficiency First California  
Elders Climate Action  
Electrify the Rebuild Resilient Palisades  
Fallbrook Climate Action Team  
Friends Committee on Legislation of California  
Green Change  
GRID Alternatives  
Harvest Thermal  
HED  
Irvine Valley College Democrats  
Leadership Council for Justice and Accountability  
LIFT Economy  
Local Government Climate Alliance  
Local Government Sustainable Energy Coalition  
Marin Electrification Council  
Marin Clean Energy  
Menlo Spark  
National Association of Pediatric Nurse Practitioners - San Francisco Bay Area  
and Orange County Chapters  
Peninsula Clean Energy  
Physicians for Social Responsibility/Sacramento  
QuitCarbon  
Reclaim Our Power!  
Redwood Energy  
Regional Asthma Management and Prevention  
Resource Renewal Institute  
Rewiring America

Rising Sun Center for Opportunity  
San Diego Building Electrification Coalition  
San Diego Community Power  
San Francisco Bay Area Chapter Physicians for Social Responsibility  
San Francisco Climate Emergency Coalition  
Sierra Club California  
Silicon Valley Clean Energy  
Solano County Democratic Center Committee  
Sonoma Clean Power  
Sonoma County Transportation and Climate Authorities  
South Bay Progressive Alliance  
Southern California Edison  
SPUR  
StopWaste  
Sunrise Movement Orange County  
Sustainable Mill Valley  
The Climate Center  
The Climate Reality Project: Los Angeles, San Francisco Bay Area, San Fernando  
Valley Chapters  
Union of Concerned Scientists  
Unitarian Universalist Church of Palo Alto  
Urban Environmentalists  
USGBC California  
Vote Solar  
Women for American Values and Ethics  
2 Individuals

**OPPOSITION:** (Verified 8/13/26)

Coalition of California Utility Employees  
Engineers and Scientists of California, Local 20 IFPTE  
San Diego Gas and Electric Company  
Southern California Gas Company  
Southwest Gas  
Utility Workers Union of America Locals 132, 483, and 522

**ARGUMENTS IN SUPPORT:** A coalition of organizations, including the Building Decarbonization Coalition Action Fund, Earthjustice, and NRDC, state:

By redirecting funds that gas utilities would otherwise spend on replacing gas service lines, the Home Energy Choice Act will reduce barriers to electrification, further California's public health, air quality and climate objectives, and reduce risk for all gas customers. Gas service lines are the pipelines that connect a gas main pipeline running down a street to individual buildings. Pacific Gas & Electric (PG&E) replaces approximately 15,000 gas service lines each year, the vast majority of which connect to a single home. Utilities profit off of gas service line replacements, the costs of which are paid for by all gas customers in their gas bills over 55 to 60 years. This means that a gas service line replaced today would not be paid off until after 2080, decades after California's 2045 carbon neutrality target, creating significant risks the pipeline will no longer be needed before it is fully paid off. Participation is entirely voluntary. Eligible gas customers would simply have the option to take advantage of monetary incentives to help them upgrade their home with modern electric appliances like heat pumps and realize the health and safety benefits of improved indoor air quality and access to cooling. All gas customers would benefit by avoiding the significant stranded asset risks of continued long-term capital investments in the gas system.

**ARGUMENTS IN OPPOSITION:** San Diego Gas & Electric and Southern California Gas Company state:

The bill takes considerations for granted. AB 2313 proposes redirecting pipeline safety funding toward home electrification subsidies, even though gas service line replacements are typically larger, federally mandated (49 CFR Part 192) projects that rely on risk-based planning, coordinated construction, and regulatory certainty to address safety risks efficiently. By adding new approval layers and procedural requirements, the bill risks disrupting these safety-driven workflows, introducing delays and fragmenting projects designed to mitigate known risks. ...AB 2313 attempts to address cost-shifting through a vaguely defined "mechanism," but does not clearly explain how it would work or ensure that remaining customers are held harmless. ...AB 2313 establishes a program framework before California has the data needed to design it responsibly. ...California should not establish a programmatic framework for customer gas service disconnection and electrification incentives before the State has the benefit of data from existing pilot efforts, before equity, and affordability issues are resolved, and before statutory safeguards clearly ensure that nonparticipating customers are protected.

ASSEMBLY FLOOR: 42-21, 5/28/26

AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Caloza, Connolly, Elhawary, Fong, Gabriel, Garcia, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Ortega, Papan, Pellerin, Petrie-Norris, Ransom, Rogers, Schiavo, Schultz, Stefani, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Alanis, Ávila Farías, Castillo, Chen, Davies, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Johnson, Lackey, Macedo, Patterson, Sanchez, Ta, Tangipa, Wallis

NO VOTE RECORDED: Bains, Calderon, Carrillo, Gipson, Mark González, Nguyen, Pacheco, Patel, Quirk-Silva, Ramos, Celeste Rodriguez, Michelle Rodriguez, Blanca Rubio, Sharp-Collins, Solache, Soria, Valencia

Prepared by: Nidia Bautista / E., U. & C. / (916) 651-4107  
8/17/26 10:13:50

\*\*\*\* END \*\*\*\*