CONCURRENCE IN SENATE AMENDMENTS
AB 2313 (Berman)
As Amended August 13, 2026
Majority vote

SUMMARY

This bill requires the California Public Utilities Commission (CPUC) to establish a program in which gas corporations must offer residential customers whose service lines are scheduled for planned replacement the option to, instead, receive a monetary incentive to permanently discontinue gas service and update their home to energy service that does not require gas use.

Senate Amendments

1) Refined the gas distribution service lines eligibility for replacement to those planned or forecasted for replacement during the next five years and not those otherwise identified with replacement characteristics by the CPUC.

2) Clarified that a participating customer must waive the gas corporations' obligation to serve their property.

3) Modified the incentive level offered to participating customers by requiring that the incentive level be standard across customers.

4) Added language to ensure the program considered tenant protections and requirements for adequate notification and engagement.

5) Added discretion for gas corporations to propose limits to the program based on the avoided average cost of gas distribution service line replacements and readiness to electrify, with CPUC approval.

6) Removed language that required a mechanism to ensure customers remaining on the gas system are indifferent to the departure of participating customers, but retains language requiring a mechanism that remaining gas customers benefit from reduction of gas service line replacements from participating customers.

7) Added a cap on program enrollment to ensure participation is no more than 1% of customers within a gas corporation's service territory, including customers enrolled in zonal decarbonization pilot projects authorized by SB 1221 (Min, Chapter 602, Statutes of 2024).

COMMENTS

Electrification has been promoted as one of the primary strategies for California to achieve its clean energy goals. The approach to date to switch from natural gas to electricity in the building sector has largely relied on individual financial incentives to encourage adoption. The consequence of such an approach is the potential for existing infrastructure to become stranded if the consumption of natural gas declines rapidly. This may leave an ever-shrinking portion of ratepayers having to bear the cost of maintaining a system built for a much larger customer pool, likely disproportionately impacting ratepayers least able to transition off gas.

Given the limited understanding of real-world impacts to Californians of wide-spread decommissioning of the natural gas system, SB 1221 (Min, Chapter 602, Statutes of 2024) established pilot projects to provide learning and greater insight into the challenges of such system decarbonization. SB 1221 takes a zonal decarbonization approach, targeting the main line level of gas service. In January 2026, the CPUC defined priority neighborhood decarbonization zones to begin the implementation of SB 1221.

This bill takes an individualized approach, called a non-pipeline alternative program, targeting the service line level of the distribution system. This bill incentivizes eligible customers (those identified as needing service line replacement) to cease gas service and electrify. The idea is that this incentive program can play a part in the gas transition by avoiding new long-term investments in the gas delivery system, providing a benefit to both the participating customer (via the monetary incentive) and the nonparticipating customer (via avoided cost of new gas infrastructure). Both this bill and the SB 1221 program attempt to move the state towards its decarbonization goals, but a clear understanding of how these two directives would simultaneously play out and impact ratepayers remains unknown.

Additional questions remain about the logistics for implementation of this bill, such as how customers will receive the monetary incentive. This bill directs the CPUC to establish a standard and enhanced incentive for customers to use towards receiving energy service that does not require gas use. It is unclear if the monetary incentive will result in customers having appliances purchased for them by the gas corporation, contract with third parties themselves to use the incentive, or be given the incentive to use independently. Some utility providers offer both gas and electrical service (e.g., Pacific Gas and Electric (PG&E) and San Diego Gas and Electric (SDG&E), while others, such as Sacramento Municipal Utility District (SMUD), provide only electrical service. If a PG&E customer decided to participate in this program, but lived in SMUD territory, they would be departing PG&E service entirely and becoming a SMUD customer. To this end, the bill does include language for coordination and information sharing across involved entities, but this process can take years, according to information shared by PG&E.

According to the Author
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 dollars in the coming years to replace aging gas service lines. AB 2313, the Home Energy Choice Act, will give homeowners the option to instead receive an incentive to electrify their home. 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."

Arguments in Support
This bill is co-sponsored by Earthjustice and Natural Resources Defense Council (NRDC). These organizations assert the following:

> "Service line replacements are among the least complex opportunities to deploy non-pipeline alternatives (NPA) since they typically involve a single customer and do not require the coordination and project-specific analysis associated with larger distribution alternatives. Offering a standardized incentive for residential customers avoids the need for case-by-case analysis, enabling scalability and the opportunity to provide more customers the option to realize the health, safety, and comfort benefits of efficient electric appliances. Accordingly,

the Service Line NPA Program required under AB 2313 is an important complement to SB 1221 pilots and other NPA programs that focus on more complicated projects that involve multiple property owners. The Home Energy Choice Act is inspired by a similar program that is being implemented by Consolidated Edison in New York."

Arguments in Opposition
Southern California Gas Company (SoCalGas) and SDG&E identify the following issues in opposition to this bill – diversion of safety-related investments, equity, affordability and cost shift risks, and prematurity before SB 1221 is complete. Writing to safety concerns, SoCalGas and SDG&E state, "Redirecting dollars that would otherwise support [safety and grid modernization]….toward customer electrification incentives risk undermining the efficiencies and certainty needed to manage safety programs effectively." Addressing the cost shift and equity concerns, SoCalGas and SDG&E state that the, "the practical reality is that the customers best positioned to take advantage of the program are often those who need assistance the least." And finally, regarding SB 1221, SoCalGas and SDG&E state that "Rather than allowing California to evaluate the results of ongoing pilots and determine whether such programs are effective, equitable, and affordable, AB 2313 effectively predetermines the policy outcome before the underlying analysis is complete."

FISCAL COMMENTS

According to the Senate Committee on Appropriations, the fiscal impacts of this bill are unknown, but estimated to be in the hundreds of thousands of dollars annually for the CPUC to implement the requirements of the bill.

VOTES:

ASM UTILITIES AND ENERGY: 10-4-4
YES: Petrie-Norris, Boerner, Harabedian, Hart, Kalra, Papan, Rogers, Schiavo, Schultz, Zbur
NO: Patterson, Davies, Ta, Wallis
ABS, ABST OR NV: Calderon, Chen, Mark González, Irwin

ASM APPROPRIATIONS: 8-4-3
YES: Wicks, Aguiar-Curry, Caloza, Fong, Krell, Pellerin, Sharp-Collins, Solache
NO: Hoover, Dixon, Ta, Tangipa
ABS, ABST OR NV: Calderon, Mark González, Pacheco

ASSEMBLY FLOOR: 42-21-17
YES: 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
NO: Alanis, Ávila Farías, Castillo, Chen, Davies, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Johnson, Lackey, Macedo, Patterson, Sanchez, Ta, Tangipa, Wallis
ABS, ABST OR NV: Bains, Calderon, Carrillo, Gipson, Mark González, Nguyen, Pacheco, Patel, Quirk-Silva, Ramos, Celeste Rodriguez, Michelle Rodriguez, Blanca Rubio, Sharp-Collins, Solache, Soria, Valencia

UPDATED

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CONSULTANT: Alexa Cohill-Milanick / U. & E. / (916) 319-2083 FN: 0004357