

## CONCURRENCE IN SENATE AMENDMENTS

AB 737 (Quirk-Silva)

As Amended July 8, 2025

Majority vote

**SUMMARY**

Adds "gas corporations" to the entities required to provide notification of any utility charges associated with a property – usually for an energy efficiency upgrade – for new tenants or homeowners to review, known in statute as a "decarbonization charge." These charges would be a financial obligation on the new tenant or homeowner.

**Senate Amendments**

- 1) Clarifies within the statutory declarations (Public Utilities Code Section 8375) that energy suppliers include gas corporations, for the purposes of the decarbonization charge requirements. The version of this bill when last in the Assembly only had this clarification in the statutory definitions, not the declarations.
- 2) Clarifies "other measuring devices," rather than just electrical meters, may be used to assess and track program participation and thus be associated with the decarbonization charges.
- 3) Limits eligible decarbonization charges for gas corporations to only those measures that provide a measurable reduction in natural gas consumption or association greenhouse gas (GHG) emissions.

**COMMENTS**

California's energy utilities offer different financing options to help customers make upgrades to the properties they own or rent. These upgrades – such as efficient air conditioners, heat pumps, insulation, or solar panels – often require high upfront costs but can reduce long-term energy bills.

Some financing options attach the repayment obligation to the individual who approved the upgrade. In that case, the obligation remains with that person, even if they move or sell the property.

Other financing options tie repayment to the property itself, through the utility meter. Under this arrangement, if the property changes hands, the next occupant continues making payments through the utility bill. This model is known as "tariff on-bill" (TOB) financing. Because TOB is commonly used for energy efficiency and renewable upgrades, it is often called a "decarbonization charge."

Current law sets rules for decarbonization charges. Utilities (or other energy suppliers) must record the obligation in property records so that future buyers or tenants know about it. The law also specifies that this record is not treated as debt collection.

However, these requirements currently apply only to electric utilities, not gas utilities. This bill would extend the same requirements to gas corporations, ensuring they also record decarbonization charge obligations in property records.

**According to the Author**

According to the author, "AB 737 is about making clean energy accessible to all Californians. The fight for a sustainable future is not just about reducing emissions but ensuring affordability and equity. By leveling the playing field for gas and electric utilities, this bill removes the barriers that prevent families and businesses from lowering their energy costs while building a cleaner, more resilient California for generations to come."

**Arguments in Support**

This bill is supported by Southern California Gas Company (SoCalGas) who note the bill is "technical in nature" and in response to requirements from the California Public Utilities Commission to have them participate in TOB programs, even though the existing statutory protections related to debt collection in TOB programs only apply to electric corporations, not gas corporations.

**Arguments in Opposition**

This bill is opposed by the environmental groups Earthjustice, Sierra Club California, and the Natural Resources Defense Council (NRDC is oppose unless amended). All three cite concern with including gas utilities in the list of entities eligible for decarbonization charges, as it could enable the use of these TOB financing schemes to fund new fossil fuel appliances. The bill now includes a provision adopted in the Senate to specify that decarbonization charges for gas corporations must provide a measurable reduction in natural gas consumption and associated GHG emissions, largely in line with the requested amendment from NRDC. However, Earthjustice and Sierra Club California note this specification does not go far enough to satisfy their concerns, stating: "...GHG emission reductions ...may be 'measurable' while still being highly polluting and counter to the state's climate goals," citing SoCalGas's efforts to use TOB to switch customers to natural gas tankless water heaters.

**FISCAL COMMENTS**

According to the Senate Committee on Appropriations, this bill would result in negligible new state costs, and was thus recommended to the floor pursuant to Senate Rule 28.8.

**VOTES:****ASM UTILITIES AND ENERGY: 18-0-0**

**YES:** Petrie-Norris, Patterson, Boerner, Calderon, Chen, Davies, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Ta, Wallis, Zbur

**ASM APPROPRIATIONS: 14-0-1**

**YES:** Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Solache, Ta, Alanis

**ABS, ABST OR NV:** Pellerin

**ASSEMBLY FLOOR: 69-0-10**

**YES:** Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Ward, Wicks, Wilson, Zbur, Rivas  
**ABS, ABST OR NV:** Arambula, Boerner, Carrillo, Flora, Gallagher, Jeff Gonzalez, Irwin, Celeste Rodriguez, Sanchez, Wallis

**UPDATED**

VERSION: July 8, 2025

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FN: 0001956