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By Guest Contributor Craig Segall.

California can still build big things – and in [a new report](#) today, my Emmett Institute co-authors, Denise Grab and Brennon Mendez, and I call for policymakers to think big on our energy system too. The headline: [Tens of billions of dollars](#), annually, are available to make our homes cleaner and more affordable to live in. But those dollars [are locked up](#) in our aging and dangerous natural gas delivery pipelines. A big vision to retire that system and shift investments towards the modern electric grid – and electrified homes – will unlock them for us all.

Here’s where we’re stuck. Right now, we know that electric appliances, like heat pumps, [lower energy bills](#) for most Californians. The Legislature and Governor Newsom have just passed a [historic suite of laws](#) that will bring electricity costs lower, making those savings even larger. But at the same time, the state keeps channeling billions of ratepayer dollars, every year, into maintaining and expanding the gas system – with no plan to ever stop. That’s despite the fact that natural gas demand is falling as electric appliances get ever better.

Every single year, as the state [struggles to maintain funds](#) to [electrify homes](#), and the Trump Administration [pulls back](#) federal money, we just keep pouring money into aging natural gas infrastructure that locks us all into more expensive homes. That's money that could instead be going to modernizing entire neighborhoods and cutting bills across the state. The sooner we do so, the sooner we eliminate big safety and fire risks too. Old gas infrastructure endangers people – from [blowing up San Bruno](#) to the largest natural gas leak in U.S. history pouring over neighborhoods near [Aliso Canyon](#).

Kicking the can down the road is a bad plan. As natural gas use keeps falling, the gas system will balance on ever fewer users – raising their rates and making it ever harder to finance and keep safe. Plus, every dollar we spend on the old system is a dollar we can't spend on a modern electric grid that could help shed the costs to the state of running two, increasingly redundant energy systems rather than one.

Other major economies are ahead of us. [All across Europe](#), for example, infrastructure planners are setting end dates for their systems and putting the investment shifts in place needed to get there. California, though, is largely taking baby steps. For instance, recent efforts to do [pilot neighborhood decarbonization projects](#) are worthy, but nowhere near the scale needed to fund the big infrastructure shifts we need. Likewise, air district and CARB rules and proposals to electrify certain appliances are great – but don't have the funds behind them at scale to help align infrastructure changes with them or to ensure all Californians can buy into electric homes. In the absence of that vision, and those funding, it's hard to make the big funding decisions – public and private – needed to move statewide energy infrastructure changes.



Our [new report](#) details many recommendations. Here are just a few that the California Public Utilities Commission could undertake now as we work towards that larger vision:

- Require non-pipeline alternatives tests for all gas system investments
- Tie depreciation and accelerated amortization or securitization to a set end date for the gas system
- Direct utilities to prioritize gas system segments for retirement while using saved funds to support electrification

Our report also describes how the legislature can work with the Air Resources Board to help it channel funds towards folks who want to electrify their homes. But again, these are all just starting points – they are paths towards the big shift we need. And that big shift shouldn't wait – we need it too, and soon.

Ultimately, big changes – like getting the state to modern, affordable, electric homes for all – require big vision and big dollars. Especially as the state faces a [down budget year](#), including [lower than expected](#) cap-and-trade revenues, we've got to be smart about how we use public money. That very much includes ratepayer money. That's why it's so important to help California's infrastructure plans catch

up with its peers, including a clear vision for change.

California has built big things before - including [one of the first public power grids](#) in the world. We know how to go big on energy infrastructure. But we need to, and soon - every year that passes is another ten billion dollars in the wrong direction. We can stop misspending billions on the energy systems of yesterday. As we face the linked climate and affordability crises, it's time to return to that tradition, and plan now for the energy system we need - and then go fund it, and build it, fast.

[Read the whole report.](#)