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A new bill introduced by Sen. Henry Stern, SB 1359 (2026), titled the “Gas Transition Responsibility and Electrification Act,” would establish a comprehensive framework to manage the transition away from natural gas and toward electrification in a way that protects ratepayers, reduces emissions, and ensures an orderly and equitable phase-down of gas infrastructure. Specifically, SB 1359 would direct the California Public Utilities Commission (CPUC) to align gas system planning, ratemaking, and infrastructure investment decisions with California’s climate goals, while prioritizing electrification and minimizing stranded asset risk (i.e., the financial risk of future ratepayers having to pay for gas pipelines that become obsolete). SB 1359 recognizes the leading role that the CPUC must play in managing the decline of natural gas infrastructure in light of the steadily decreasing demand for gas service due to the adoption of building electrification policies, energy efficiency improvements, and California’s ambitious GHG emissions reduction targets.

SB 1359 prompts CPUC to face the reality of California’s declining gas system and make well-considered, reasoned, and informed decisions in accordance with the public interest—including with respect to ensuring affordability for ratepayers—and California's climate goals, such as the commitment in AB 1279 (2022), the California Climate Crisis Act, to achieving net-zero GHG emissions no later than 2045. These provisions mirror many of the recommendations that Denise Grab, Craig Segall, and I included in our December 2025 Emmett Institute report**,** "Go Big, Save Big: Approaches to Fund Building Electrification in California," in which we articulate that "a managed system financial transition is a critical need—it will save ratepayers money immediately, help shift overall state infrastructure spending to its highest and best use, and avoid what would otherwise be a highly disruptive unmanaged set of gas system decline risks as electrification proceeds."

In our "Go Big, Save Big" report, Denise, Craig, and I articulate why California needs to start charting the course between Point A—the current gas system, into which California pours over $10 billion annually in ratepayer money with no clear transition plan—and Point B—the future in which California only relies on an expanded, updated, and efficient power grid and enjoys the considerable statewide savings and costs reductions for renters and homeowners that arise once California ditches its two parallel energy systems (gas and electric) for a single, fully-electrified power delivery system. SB 1359 is an important first step toward ensuring that the CPUC's decisions related to California's gas system are not made hastily, in a silo (i.e., only evaluating the gas system, not the grid), or without regard to costs to the state and to ratepayers. Instead, SB 1359 would direct the CPUC to make deliberate, data-driven decisions that are informed by developments in the energy sector overall, including the grid, and align with California's climate goals as expressed in state law.

In addition to our "Go Big, Save Big" report's broad recommendation for more structured, long-term, comprehensive transition planning, SB 1359 contains provisions that closely align with three specific concerns that our report highlighted:

- First, the bill requires the CPUC, when approving capital investments in gas infrastructure over $10 million, to ensure those investments are consistent with the state's GHG reduction targets. This requirement acknowledges the lack of accountability for efficiently spending ratepayer funds, which we highlighted in our report: "California pours over $10 billion annually in ratepayer money into its gas system, with no clear transition plan."
- Second, the bill contains various provisions designed to shift financial risk away from ratepayers and toward the gas corporation shareholders, including with regard to the stranded asset risk posed by gas pipelines. First, it requires gas

corporations to establish a “Gas Infrastructure Decommissioning Trust” funded exclusively by shareholders and not recoverable from ratepayers. Second, it prohibits the recovery from ratepayers of costs associated with avoidable gas leakage and, beginning in 2030, bars utilities from recovering costs from ratepayers for the “value of natural gas lost to the atmosphere from facilities under the control of the gas corporation, except for “natural gas lost due to an act of God” (e.g., natural disasters). These ratepayer protections address the concern expressed in our report that, under the status quo, future ratepayers are at risk of suffering from billions of dollars in stranded assets in the form of gas pipelines forming “a system that California officials acknowledge must no longer be in service by mid-century to meet climate goals.”
- Third, the bill establishes that, beginning in 2030, gas utilities may not extend service to new residential or mixed-use developments unless the applicant pays the full cost of the extension—eliminating the longstanding practice of socializing those costs across existing ratepayers. This aligns with our report’s observation that “ratepayers will continue spending billions annually subsidizing the gas system, even as the state faces an electrification revenue crunch,” and our report’s critique of the CPUC’s limited ambition in cutting subsidies that fund gas line extensions.

As my colleague Elias van Emmerick noted in a January 2026 Legal Planet post, California utilities plan to invest a combined $43 billion into gas distribution infrastructure over the next twenty years, which “is an astronomical amount to spend on what state policy dictates will eventually become stranded assets: California won’t be able to meet its ambitious climate goals unless it moves away from natural gas altogether, so retirement of these assets is a matter of time.” Without gas system transition planning like that proposed in SB 1359, these investments risk becoming stranded assets that burden future generations of ratepayers. As Denise, Craig, and I articulated in our “Go Big, Save Big” report, instead of paying to repair aging gas pipelines that will likely soon become obsolete, California could use those savings to electrify people’s homes and ensure that the grid can support the ever-increasing demand for reliable, sustainable, and affordable electricity as the state continues its transition away from fossil fuels and toward a clean energy future.