Newsom at the end of a previous legislative session. Credit: Governor's office

It's September, and that means another legislative session has come to an end here in California. With it came some welcome news for those of us who have been following California's efforts to avoid wasteful spending on new natural gas infrastructure. Two important bills, AB 2313 (Berman) and SB 1359 (Stern), both passed the legislature this session, and now await the governor's signature.

We covered AB 2313 before on this blog, and even released an entire brief detailing why the bill is a great thing for Californians. Needless to say, I'm glad the bill passed the legislature. For those who are less immersed in the wonky world of energy transition policy, here is a brief refresher. AB 2313, titled the Home Energy Choice Act, would require utilities to offer customers the option to receive funding to electrify their homes instead of continuing gas service. The program would be offered to customers whose gas service line requires repair or replacement, and where it would be cost-effective to electrify rather than maintain gas service.

AB 2313 is a straightforward win for ratepayers. The bill would avoid costly investments in gas infrastructure that is expected to become obsolete in the near future. Instead, it would offer customers financial support to switch to electric appliances. Because the incentive would be set below the cost of replacing or repairing a service line, each participant in the program would bring down costs for all ratepayers. At the same time, the program remains entirely voluntary, meaning that no customer would be forced to relinquish gas service unless they actually want to do so.

SB 1359, titled the Natural Gas Ratepayer Protection Act, presents another gain for ratepayers. A significant hurdle to the transition away from natural gas is the opacity of where infrastructure investments are being made, what their projected cost will be, and whether they are truly necessary. The California Public Utility Commission (PUC) scrutinizes proposed investments before it approves them in a utility's general rate case, but is stymied by a lack of information and resources. SB 1359 would require natural gas utilities to prepare an annual report describing their planned expenditures for gas infrastructure replacement and upgrade projects. They would also need to report the status of planned, initiated, and completed replacement and upgrade projects, assess the risk of stranded assets, and note the distributional impacts of stranded assets on remaining gas ratepayers. The report would also include any available electrification or non-pipeline alternatives implemented or evaluated by the utility.

The Natural Gas Ratepayer Protection Act is a bill that would create greater transparency around the investments gas utilities are making, and help the PUC conduct its long-term gas planning with all available information in mind. Although somewhat smaller in scale than it was originally envisioned, the Act as passed would make it easier for the PUC to hold utilities accountable for their expenditures, and to ensure that investments are in line with California's policy priorities. Additionally, disclosure requirements may benefit ratepayers by playing a disciplining role and preventing excessive utility spending on unnecessary investments, thereby keeping rates more affordable.

If the governor signs these bills, California will build on a growing collection of states' policies reducing wasteful spending on unnecessary utility infrastructure. New York already gives ConEd customers the choice to forego gas service and electrify in cases where a costly service line repair or replacement is required; and Colorado requires its investor-owned utility to consider a suite of non-pipeline alternatives prior to investing in further gas infrastructure. Other states are also moving forward on related policies like eliminating gas line extension allowances for new construction. Just last month, Rhode Island's PUC decided to fully phase out subsidies for new gas connections over the next three years. Line extension allowances permit utilities to distribute the cost of constructing new gas lines across ratepayers. By eliminating them, customers new to the natural gas system would have to fund these line extensions themselves. This incentivizes all-electric new construction rather than pouring ratepayer funding into unnecessary gas lines. Rhode Island follows the example of California, which fully eliminated line extension subsidies in 2024, New York, which did so in 2025, and Colorado (also in 2025). A number of other states—Maryland, Washington, Oregon, and Massachusetts—are all pursuing similar efforts.

AB 2313 and SB 1359 each passed with substantial majorities in both chambers. They now move to the Governor's desk for his review. Given his focus on energy affordability, I hope Governor Newsom signs both bills. These bills present straightforward gains for all Californians, and offer a welcome respite at a time of soaring utility bills.