

<b>DOCKETED</b>	
<b>Docket Number:</b>	16-OIR-06
<b>Project Title:</b>	Senate Bill 350 Disadvantaged Community Advisory Group
<b>TN #:</b>	264214
<b>Document Title:</b>	20250613 - Item 5 - SB 1221 Implementation
<b>Description:</b>	N/A
<b>Filer:</b>	Dorothy Murimi
<b>Organization:</b>	California Energy Commission
<b>Submitter Role:</b>	Commission Staff
<b>Submission Date:</b>	6/12/2025 12:10:03 PM
<b>Docketed Date:</b>	6/12/2025

# SB 1221 Pilot Neighborhood Decarbonization of Natural Gas Customers

## *CPUC Action to Date*

CPUC Energy Division Staff Presentation to DACAG  
Eileen Hlavka

June 13, 2025



California Public  
Utilities Commission



# Agenda

- SB 1221 Legislation
- Background
  - Early observations and data collection
  - R.24-09-012 proceeding context
- Gas Mapping
  - Proposals and requirements
  - Party comments
- Next Steps

# Themes

- Distribution pipelines (street-by-street), not transmission pipelines (large)
- Prioritizing: location, location, location
- Step-by-step process from data collection through implementation
- Avoiding gas-side costs
- Most of the process still TBD

# **SB 1221 (Min) was adopted September 25, 2024**

Section 1.(b) It is the intent of the Legislature that the Public Utilities Commission authorize gas corporations to deploy a limited and targeted number of pilot projects to decommission portions of the natural gas corporation distribution system.

# SB 1221 Requirements

- **Mapping:** Gas corporations provide specified maps by July 1, 2025 (PUC 661)
- **Defining Zones:** The CPUC defines neighborhood decarbonization zones by Jan 1, 2026 and annually thereafter (PUC 662)
- **Pilot Program:** The CPUC establishes voluntary pilot programs for these zones by July 1, 2026 (PUC 663)
  - Only 67% customer consent is required within up to 30 pilot projects; gas utility's obligation to serve the project's customers is relieved (PUC 451.9)
  - Projects with 100% consent do not count toward the 30-project limit
- **Report:** The CPUC submits an annual progress report or final report on the pilots to the Legislature by March 1 from 2026 through 2030 (PUC 664)
- **Thermal Energy Network Report:** The CPUC evaluates the costs, benefits, and implementation barriers of thermal energy networks (PUC 665)

# SB 1221 Requirements

*current CPUC focus*

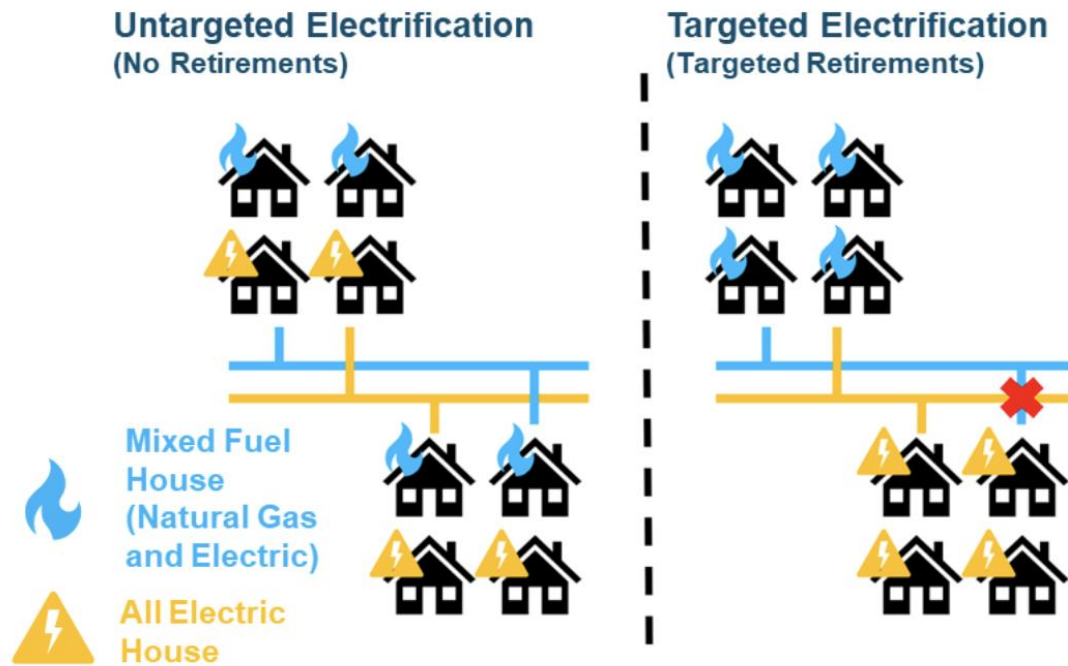
- **Mapping:** Gas corporations provide specified maps by July 1 (PUC 661)
- **Defining Zones:** The CPUC defines neighborhood decarbonization zones by Jan 1 (PUC 662)
- **Pilot Program:** The CPUC establishes voluntary pilot programs for these zones by July 1, 2026 (PUC 663)
  - Only 67% customer consent is required within up to 30 pilot projects; gas utility's obligation to serve the project's customers is relieved (PUC 451.9)
  - Projects with 100% consent do not count toward the 30-project limit
- **Report:** The CPUC submits annual reports to the Legislature on those pilots by March 1 (PUC 664)
- **Thermal Energy Network Report:** The CPUC evaluates the costs, benefits, and implementation barriers of thermal energy networks (PUC 665)

# SB 1221 Major Milestones

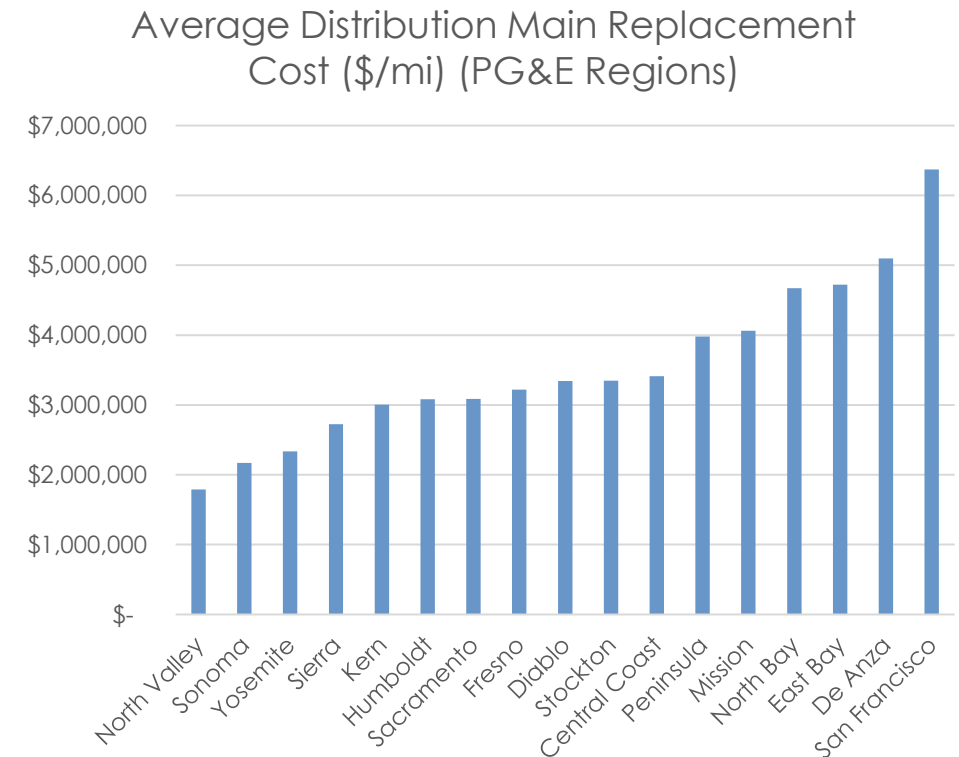
	September 25, 2024	SB 1221 adopted
<i>Mapping</i>	November 8, 2024	SB 1221 mapping workshop
<i>Mapping</i>	January 15-17, 2025	Gas utility census tract data received
<b>Mapping</b>	<b>February 20, 2025</b>	<b>Staff proposal suggesting many detailed map layers</b>
<b>Mapping</b>	<b>April 18, 2025</b>	<b>Ruling directing simplified utility mapping and input on staff proposal</b>
<b>Mapping</b>	<b>July 1, 2025</b>	<b>Gas utilities provide first SB 1221 maps</b>
<i>Designating zones</i>	July 21, 2025	Gas utilities provide their proposed neighborhood decarbonization zones
<b>Designating zones</b>	<b>January 1, 2026</b>	<b>CPUC to designate first neighborhood decarbonization zones</b>
<b>Program design</b>	<b>July 1, 2026</b>	<b>CPUC to provide final program design</b>
<i>Mixed</i>	Later	CPUC to iterate, report on pilots, and evaluate thermal networks



# Prior Discussions Identify Neighborhood Electrification as Cost-Savings Opportunity



Source: E3



Source: PG&E census tract data submitted in proceeding

# Long-Term Gas Planning Proceeding R.24-09-012

Opened to continue themes from R.20-01-007 in light of new developments. [Scoping memo](#) issued January 2025.

*Current scope includes 3 concurrent phases:*

1. Interim actions
2. Long-term gas transition planning
3. **SB 1221 implementation (select issues)**

*These phases may address overlapping gas planning issues including:*

- Demand and Rate Scenario Analysis
- Gas-Side Barriers to Targeted Electrification
- Data Availability
- Financing Gas Infrastructure and Alternatives

## R.24-09-012 Coverage of SB 1221 *defined by Scoping Memo*

- Mapping and Defining Zones
  - PUC 661 requirement for gas utilities to provide maps, including how these maps can support non-SB 1221 activities
  - PUC 662 requirements for CPUC to designate priority neighborhood decarbonization zones
- Other SB 1221 Topics
  - Identifying cost savings or cost-effectiveness
  - Identifying non-ratepayer funding
  - Defining adequate substitute service
  - Future updating procedures

# Map Data Themes

- Gas distribution infrastructure and its replacement
  - *Representing potential cost savings and safety improvement*
- Residential community characteristics: disadvantaged communities (DACs), health concerns, low-income concentration, tribal locations
  - *Representing potential for equity improvement and customer benefits*
- Weather and customer-specific characteristics
  - *Representing potential for customer interest and benefits*
- Electric capacity and building electrification programs
  - *To save costs through alignment with existing infrastructure and programs*

# Public Data Collection from Gas Utilities to Date

- CPUC has collected substantial census tract (not street-level) gas system data
  - Old data spreadsheets posted at [Long-Term Gas Planning Rulemaking](#), with additional utility-wide information
  - New version received this [January](#) sent to R.24-09-012 service list and to be added to webpage
- February [staff proposal](#): proposes gas utilities would provide street-level information and put census tract data on maps
  - Not currently adopted, party input pending

# Mapping Direction to Date: Format

PUC 661 (a): gas utilities must provide specified maps to the CPUC

Ruling : gas utilities must provide public GIS maps with simplified information and user guide

- Utilities may redact information and request confidentiality

# Mapping Direction to Date: Gas Infrastructure and Replacement

## PUC 661(a):

- Potential and foreseeable gas distribution line replacement locations

## Ruling:

- Potential and foreseeable gas distribution line replacement locations
  - As identified by utility
  - Per year over the next 10 years or 2,000 miles per large utility, whichever is greater

# Mapping Direction to Date: Community Characteristics and More

## PUC 661(a):

- DACs, tribes, and priority neighborhood decarbonization zones
  - Zones not defined until January per PUC 662
  - Tribes include those on NAHC contact list per PRC 21073
- Any additional info required by the CPUC

## Rulings:

- DACs, tribes
  - Utilities get 1-year extension to request tribal locations from NAHC contact list tribes
- Electricity capacity forecasts from existing public maps
- Utility-proposed neighborhood decarbonization zones



# Party Comments on Map Requirements

- Ratepayer, environmental, and municipal/electric utility parties request more data and detail
- PG&E notes much data is available, some easy and some time-consuming
- Gas utilities and industry express confidentiality concerns about gas main and customer locations, including that an NDA process may not be enough
- Gas utilities note certain data is straightforward, including existing census tract data

# Map Layers Upcoming Steps

- PG&E was directed to meet and confer with other parties regarding staff proposal mapping variables' usefulness, feasibility and confidentiality
  - Held four 2-hour meetings reviewing staff proposal
    - TURN presented example maps
  - PG&E promises a summary of parties' detailed comments "sometime after July 1"
- Gas utility maps with limited info due July 1
- CPUC review process TBD, may request additional map layers

**Pipeline Risk Score: RiskScore1001to1200**



*TURN example map using census tract data*

# Defining Zones Upcoming Steps

- Utility zone proposals [due July 21](#)
- Party comments due August 8, reply comments August 29
- Several municipalities and tribes have expressed interest in hosting pilots
- CPUC process TBD
- CPUC's initial zone definitions due January 1, 2026
- CPUC's definition of SB 1221 pilot program due July 1, 2026

*What information would DACAG members like to see included in maps or zone definitions?*

For more information:  
**[eileen.hlavka@cpuc.ca.gov](mailto:eileen.hlavka@cpuc.ca.gov)**

