

DOCKETED

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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
- Gas Mapping
 - Proposals and requirements
 - Party comments
- Next Steps

Themes

- Distribution pipelines (street-by-street)
- Prioritizing
- Step-by-step process from data collection through implementation
- Avoiding gas-side costs

SB 1221 (Min, 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

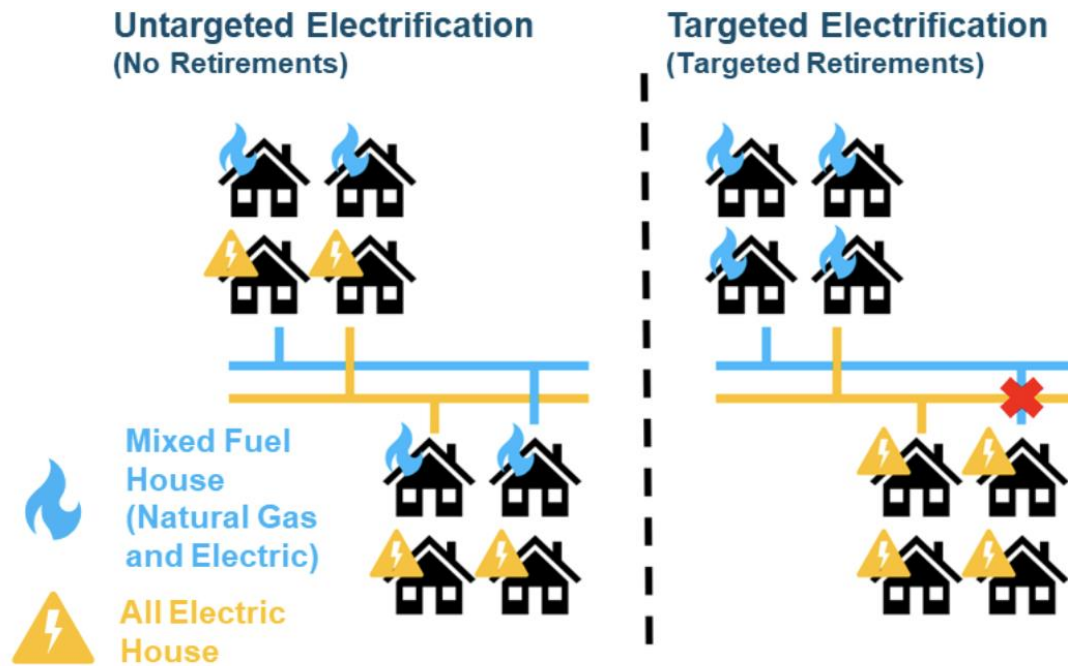
current CPUC focus

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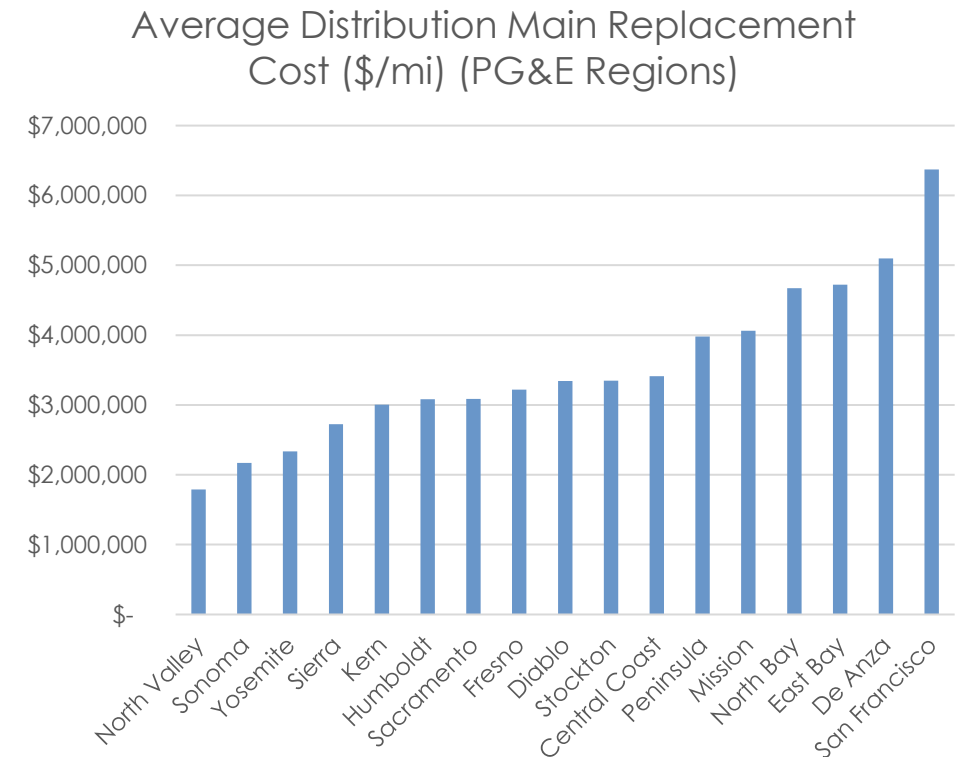
SB 1221 Major Milestones

	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
<i>Mapping</i>	February 20, 2025	Staff proposal suggesting detailed map layers
Mapping	April 18, 2025	Ruling directing simplified utility mapping and input on staff proposal
Mapping	July 1, 2025	Gas utilities provide first SB 1221 maps
<i>Designating zones</i>	July 21, 2025	Gas utilities provide their proposed neighborhood decarbonization zones
Designating zones	August 7, 2025 (2pm and 6pm)	Public Participation Hearings
Designating zones	January 1, 2026	CPUC to designate first neighborhood decarbonization zones
Program design	July 1, 2026	CPUC to provide final program design

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 for at least 2,000 miles per large utility

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
 - Will be posted at <https://www.cpuc.ca.gov/industries-and-topics/natural-gas/SB-1221-implementation> by July 2
- CPUC review process TBD, may request additional map layers

Defining Zones Upcoming Steps

- Utility zone proposals [due July 21](#)
- Public participation hearings on August 7
- 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?

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