

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

08/08/25

11:41 AM

R2409012

Order Instituting Rulemaking to Establish Policies,
Processes, and Rules to Ensure Safe and Reliable
Gas Systems in California and Perform Long-Term
Gas System Planning.

Rulemaking 24-09-012
(Filed September 26, 2024)

**OPENING COMMENTS OF SIERRA CLUB AND
NATURAL RESOURCES DEFENSE COUNCIL
ON PRIORITY NEIGHBORHOOD DECARBONIZATION ZONES**

Kiki Velez
Natural Resources Defense Council
111 Sutter Street, 21st Floor
San Francisco, CA 94104
Tel: (415) 875-6100
Email: kvelez@nrdc.org

*Representing Natural Resources Defense
Council*

Matthew Vespa
Earthjustice
50 California Street, Suite 500
San Francisco, CA 94111
Telephone: (415) 217-2123
Email: mvespa@earthjustice.org

Attorney for Sierra Club

Dated: August 8, 2025

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Establish Policies,
Processes, and Rules to Ensure Safe and Reliable
Gas Systems in California and Perform Long-Term
Gas System Planning.

Rulemaking 24-09-012
(Filed September 26, 2024)

**OPENING COMMENTS OF SIERRA CLUB AND
NATURAL RESOURCES DEFENSE COUNCIL
ON PRIORITY NEIGHBORHOOD DECARBONIZATION ZONES**

Pursuant to the June 5, 2025, Administrative Law Judges’ Ruling on Designating Priority Neighborhood Decarbonization Zones,¹ Sierra Club and Natural Resources Defense Council (“NRDC”) timely submit the following Opening Comments.

I. INTRODUCTION

In comments on designating priority zones, Pacific Gas & Electric (“PG&E”) and Southern California Gas Company and San Diego Gas & Electric (together, “the Sempra Utilities”) recommend that Priority Neighborhood Decarbonization Zones (“PNDZs”) be defined to include all areas with a foreseeable gas replacement project.² Such an overly broad definition would make all locations a priority and contravenes the plain meaning of SB 1221 and its required consideration of equity and community interest. Commission designation of PNDZs in a manner consistent with SB 1221 is further frustrated by fundamental data deficiencies in the utility maps that precludes informed prioritization and meaningful community engagement. For example, PG&E’s and the Sempra Utilities’ maps identify planned annual pipeline replacements

¹ Cal. Pub. Utils. Comm’n, Admin. Law Judges’ Ruling on Designating Priority Neighborhood Decarbonization Zones, R.24-09-012 (June 5, 2025), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M568/K267/568267230.PDF>.

² Opening Comments of Pacific Gas & Elec. Co. on Administrative Law Judges’ Ruling on Designating Priority Neighborhood Decarbonization Zones, Rulemaking 24-09-012 at 1 (Cal. Pub. Utils. Comm’n July 21, 2025), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M568/K267/568267248.PDF>. (“PG&E”); Joint Recommendation of Southern California Gas Co. & San Diego Gas & Elec. Co. on Administrative Law Judges’ Ruling on Designating Priority Neighborhood Decarbonization Zones, Rulemaking 24-09-012 at 3-4 (Cal. Pub. Utils. Comm’n July 21, 2025), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M568/K267/568267230.PDF> (“Sempra Utilities”).

by total pipeline length without indicating the number of discrete projects this may entail. This information is critical because a single large replacement project may be more challenging to implement than a series of small projects and does not provide the same opportunity to build community acceptance for future projects in the same area. Community engagement and any meaningful assessment of project viability is also thwarted by the maps' failure to indicate the number of gas meters by customer class for each project and to publicly disclose the streets where the pipeline replacement would occur.

In the face of the current deficiencies in utility maps, Sierra Club and NRDC recommend that the Commission consider census tracts that include at least one foreseeable gas infrastructure replacement project as constituting a "concentration of gas distribution line replacement projects" consistent with Section 662(a)(4) and define Priority Neighborhood Decarbonization Zones ("PNDZs") as those meeting that criteria and at least one of the other criteria enumerated in Sections 662(a)(1)-(3). This designation better aligns with the legislative intent of SB 1221 to avoid unnecessary investment in gas infrastructure while also prioritizing equity and community engagement. To assess community interest pursuant to Section 662(3), the Commission can look to comments by parties to the proceeding representing community interests and public comments submitted to the docket and at the SB 1221 Public Participation Hearings. Areas of high uptake of TECH and other electrification incentives can also serve as a metric for community interest.

Particularly in light of significant shortcomings of the current iteration of utility maps, pursuant to Section 662(d), the Commission should update the list of PNDZs after the information deficiencies in the utility maps are rectified and the public is afforded another opportunity to comment with the benefit of maps that provide additional needed information.

II. DISCUSSION

A. The Commission Should Establish Priority Zones Based on Both Foreseeable Gas Infrastructure Projects and at Least One Equity or Community Interest Consideration

SB 1221 offers the Commission clear direction regarding PNDZ designation. Section 662(a) instructs the Commission to consider factors that include, but are not limited to, all of the following:

(1) Presence of disadvantaged or low-income communities in high-temperature climate zones or low-temperature climate zones that disproportionately lack cooling or heating.

(2) Presence of environmental and social justice communities as defined in the commission's Environmental and Social Justice Action Plan.

(3) Availability of supportive local government or community partners.

(4) Concentration of gas distribution line replacement projects identified in the map submitted pursuant to Section 661.³

The Commission should define PNDZs as census tracts that (1) contain a foreseeable gas distribution line replacement project and (2) meet at least one of the above criteria or an additional equity factor identified through comments or public participation. This framework reflects the intent of SB 1221 to center equity and community support. We recommend identifying the PNDZs as census tracts because that is the most granular geographic data layer provided currently on the gas system maps, and providing the most granular view will best enable local governments, community groups, and incentive programs to reach the households that may be eligible to participate in a zonal electrification project.

B. Determining Community Interest for Incorporation to Utility Maps

To determine the availability of supportive local government or supportive partners under Section 662(a)(3), the Commission should look to expressions of interest both from parties to the proceeding representing local government or local partners as well as comments in the docket and at PPHs. We agree with the Sempra Utilities' suggestion that jurisdictions with local building decarbonization policies, such as reach codes, may also indicate community support.⁴ PG&E further reports hosting a zonal decarbonization information session attended by over 50 community organizations.⁵ We commend this effort and encourage the Commission to require similar proactive engagement from the Sempra Utilities. High uptake of electrification incentives can also be looked to as a measure of community interest such as through TECH, BayRen's incentive programs, Equitable Building Decarbonization, and the South Coast Air Quality Management District's Go Zero program. Once the Commission has identified supportive communities pursuant to Section 662(a)(3), it should direct utilities to include this information in their maps.

³ *Cal. Pub. Util. Code* § 662(a) (2024) (added by § 3, ch. 602, 2024 Cal. Stat. (SB 1221))

⁴ Sempra Utilities at 2.

⁵ PG&E at 3.

C. Additional Data Needs to Evaluate Equity Considerations

In addition to community interest, the gas system maps must include more comprehensive equity data to aid in identification of PNDZs. At present, the maps do not contain sufficient information to identify areas that “disproportionately lack access to cooling or heating”—a statutory criterion under Section 662(a)(1). The Sempra Utilities recommend the use of CEC climate zones and Residential Appliance Saturation Survey (RASS) data to fill this gap.⁶ If available and sufficient, this data should be integrated into the maps.

Additionally, PG&E raises a critical concern about the scale of equity metrics, noting: “Many of our community collaborators expressed concern that equity measures that average over large areas, such as census tracts, are imperfect and often fail to capture local variations in need and access at the much smaller scale that these pilots would be scoped on... Taking low-income as an example, there are many different credible measures of low-income qualification.”⁷ We support this point and recommend that the Commission require the mapping of disaggregated equity indicators, including data more granular than census tracts, where feasible. Specifically, we recommend incorporating maps developed by the federal Department of Housing and Urban Development (HUD) to show low- to moderate-income areas, which HUD defines as census block groups where over 50 percent of households in the block group earn less than 80 percent of Area Median Income.⁸

D. Gas System Maps Are Woefully Deficient and Do Not Provide Information Needed to Comply with SB 1221 and Enable Meaningful Community Engagement.

The public-facing gas utility maps, as currently constructed, do not provide the level of detail necessary for the Commission, stakeholders, local governments, or community-based organizations to determine where non-pipeline alternatives (NPAs) are feasible or cost-effective, or which specific streets or households will be impacted. This makes it nearly impossible to identify PNDZs at a useful level of granularity.

⁶ Sempra Utilities at 2.

⁷ PG&E at 2.

⁸ Low to Moderate Income Population by Census Block Group, *HUD: Office of Policy Development and Research* (July 29, 2025), https://hudgis-hud.opendata.arcgis.com/datasets/09eceb08d95d429dae9f88fe39826bf1_0/explore

Sierra Club and NRDC have reviewed the gas system data presented in the maps and summarize the current contents as follows:

1. Both PG&E and the Sempra Utilities provide disadvantaged community (DAC) boundaries using 2010 census tracts.
2. The PG&E map indicates, for each 2020 census tract, the mileage of gas pipeline expected to be replaced annually over the next 10 years, categorized by three project codes (14A, 14D, and 50A).
3. The Sempra Utilities provide, for each 2020 census tract, the total footage of pipeline slated for replacement over the next 10 years. This information is not disaggregated by year or project type.

While this information allows for a high-level understanding of where infrastructure activity may occur and where it overlaps with DACs, it falls far short of what is needed to evaluate feasibility, community impacts, or programmatic value. The maps present only aggregated data at the census tract level, and in Sempra's case, aggregated across the entire 10-year planning window. They do not identify specific pipeline replacement projects, the communities those projects would serve, or any data at the neighborhood or block level that could support informed prioritization. The maps also fail to disclose the number of meters and customer types connected to the pipeline – key data to help understand project viability and complexity. Nor do they reflect any information about hydraulic system characteristics that would indicate where full electrification is technically possible. And critically, the maps contain no data on community interest or support (as discussed above), despite SB 1221's explicit requirement that the Commission consider community partnerships in PNDZ designation. As a result, it is virtually impossible to determine which specific projects are viable candidates for targeted electrification, to assess relative cost-effectiveness, or to evaluate potential equity benefits.

As outlined in our Opening Comments on gas system mapping and reiterated throughout the series of mapping Meet & Confers,⁹ Sierra Club and NRDC strongly urge the Commission to require the following additions to the gas system maps in the next iteration of gas system maps:

⁹ Opening Comments of Sierra Club & Nat. Res. Def. Council on SB 1221 Mapping Staff Report, Rulemaking 24-09-012 (Cal. Pub. Utils. Comm'n Mar. 11, 2025), <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=558427330>.

1. **Project Identification:** The maps should clearly identify individual, foreseeable gas pipeline replacement projects, including total mileage, estimated project year(s), and street-level geographic data.
2. **Cost-Effectiveness:** The maps should include data necessary to assess potential cost-effectiveness, including a breakdown of number and customer types (residential, commercial, industrial) served by the pipeline. The presence of large industrial users, in particular, can significantly influence cost and feasibility and should be included on the maps.
3. **Project Feasibility:** The Commission should require utilities to include a preliminary hydraulic feasibility screen for each pipeline replacement, indicating whether the project is located at the end of a line or along a connecting segment. This simple distinction can help identify where targeted electrification is most technically viable.

Until these improvements are made, the gas system maps will remain an abstract planning tool—incapable of supporting specific, data-driven decisions about where to prioritize equitable decarbonization. Without project-level visibility, the maps fail to meet the statutory intent of SB 1221 and undermine the Commission’s ability to implement the program effectively.

Finally, we anticipate that additional relevant equity indicators may be identified through the Priority Zone Public Participation Hearings. The Commission should ensure that any new insights arising from those forums are incorporated into the zone designation process. The maps are also not granular enough to combine factors for prioritization. For example, if a community in a neighborhood in Richmond is interested in electrification, it is impossible to discern from the maps whether they have upcoming replacements or whether those replacements are somewhere in a different part of the census tract. Street or block-level information is vital to actually complying with SB 1221’s policy goals that require combining factors to prioritize projects.

E. The PNDZ Definition and Designations Must Be Flexible

SB 1221 provides the Commission with explicit authority to update PNDZ designations over time. Section 662(d) states:

*The commission may, after providing an opportunity for public comment, update the priority neighborhood decarbonization zones as necessary.*¹⁰

Particularly given shortcoming of existing data, we recommend that the Commission formally commit to updating PNDZ designations after needed data is incorporated into utility maps and there is an additional opportunity for the public to comment with the benefit of improved information. In addition, some measure of flexibility is needed to account for edge cases that may arise during SB 1221 pilot project site selection. For example, PG&E cautions that a foreseeable gas project pipeline may serve buildings beyond the census tract in which it is primarily located, which may lead to a suitable project area not being captured in the PNDZs.¹¹

The PNDZs should be updated after more comprehensive and informative maps are available and as needed thereafter. While changes to PNDZ designations should not impact pilot projects already selected for implementation, the Commission should make clear that zones may move in or out of a priority designation, during, and after the SB 1221 pilot project site selections based on updated infrastructure conditions, equity needs, and stakeholder engagement, if needed. Importantly, the PNDZs can provide insight into not only where SB 1221 pilots can take place, but also where additional, smaller scale targeted electrification projects might take place and where electrification incentive funding can be targeted to support gas transition planning. Therefore, flexibility and regular updates are critical.

III. CONCLUSION

Sierra Club and NRDC appreciate the opportunity to provide these comments and look forward to continued collaboration on SB 1221 implementation.

¹⁰ *Cal. Pub. Util. Code* § 662(d) (West 2024) (added by § 3, ch. 602, 2024 Cal. Stat. (SB 1221))

¹¹ PG&E at 3.

Dated: August 8, 2025.

/s/ Kiki Velez

Kiki Velez

Natural Resources Defense Council

111 Sutter Street, 21st Floor

San Francisco, CA 94104

Tel: (415) 875-6100

Email: kvelez@nrdc.org

***Representing Natural Resources Defense
Council***

Respectfully submitted,

/s/ Matthew Vespa

MATTHEW VESPA

Earthjustice

50 California St., Suite 500

San Francisco, CA 94111

Telephone: (415) 217-2123

Email: mvespa@earthjustice.org

Attorney for Sierra Club