



California Public Utilities Commission
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PRESS RELEASE

Docket #: R.20-01-007

CPUC CREATES NEW FRAMEWORK TO ADVANCE CALIFORNIA'S TRANSITION AWAY FROM NATURAL GAS

SAN FRANCISCO, Dec. 1, 2022 – The California Public Utilities Commission (CPUC) today adopted a new framework to comprehensively review utility natural gas infrastructure investments in order to help the state transition away from natural gas-fueled technologies and avoid stranded assets in the gas system.

Today's decision requires utilities to seek CPUC approval of natural gas infrastructure projects of \$75 million or more or those with significant air quality impacts. This will capture natural gas projects likely to have the most substantial community and environmental impacts. Among other things, utility applications must demonstrate the need for the project and provide information on projected financial impacts on customers and a summary of engagement with local communities likely to be impacted. The applications would also trigger a [California Environmental Quality Act \(CEQA\)](#) review by the CPUC. This new framework is modeled on the CPUC's existing framework for review of significant electric infrastructure projects. Previously, all natural gas infrastructure projects were considered in utility [General Rate Cases](#), where individual natural gas projects can get buried in the extensive applications without meaningful environmental review. Emergency projects, routine repair and maintenance projects, and projects expected to be in service by January 1, 2024 are exempt from the new review process. Projects for which an application for approval has been filed with a local agency for compliance with an environmental rule before the effective date of the General Order are also exempt.

To advance transparency in long-term gas system planning, the decision directs utilities to file annual reports detailing planned long-term infrastructure projects exceeding \$50 million over the next 10 years. The reports must include a detailed description of the project, projected capital expenditures, cost drivers, and environmental implications. For projects planned to start within five years, utilities must

provide information on non-pipeline alternatives, projected operational costs, and reliability benefits from the project. This will facilitate close CPUC review of such projects, and improves transparency in utility gas system planning.

Commissioner Clifford Rechtschaffen, who leads the CPUC’s long-term gas planning proceeding, noted, “This new framework advances our transition away from natural gas by allowing for close review and scrutiny of significant gas investment projects, increasing transparency in utility gas planning, and providing opportunities for meaningful engagement by impacted communities. As we decarbonize, we want to avoid stranded assets and minimize ratepayer impacts.”

President Alice Reynolds stated, “As the state transitions away from fossil fuels, we need new tools to manage the transition. This decision creates a smart investment planning process for gas infrastructure and enhances review of facility construction impacts on communities, the environment, and ratepayers.”

Added Commissioner Darcie L. Houck, “The gas infrastructure General Order creates safeguards for air quality in regions near communities and allows us to prevent stranded assets as we proceed with the energy transition to achieve our climate goals.”

California’s energy agencies continue to take steps toward achieving carbon neutrality by 2045 and meeting the state’s ambitious 2030 greenhouse gas emissions reduction target, including [strategies](#) to end sales of natural gas space and water heaters starting in 2030; updating [building standards](#) for an all-electric building code; and [eliminating subsidies](#) for extending natural gas lines to serve new buildings, which ends a financial incentive for gas system expansion.

The proposal voted on is available at docs.cpuc.ca.gov/PublishedDocs/Published/G000/M499/K396/499396103.PDF.

Documents related to the proceeding are available at apps.cpuc.ca.gov/p/R2001007.

The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians’ access to safe and reliable utility infrastructure and services. For more information on the CPUC, please visit www.cpuc.ca.gov.

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