



California Public Utilities Commission
505 Van Ness Ave., San Francisco

FOR IMMEDIATE RELEASE

Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

PRESS RELEASE

Docket #: R.19-01-011

CPUC Eliminates Last Remaining Utility Subsidies for New Construction of Buildings Using Natural Gas

*Decision continues CPUC policies aimed at reducing GHG emissions
associated with natural gas use in buildings*

SAN FRANCISCO, Dec. 14, 2023 – The California Public Utilities Commission (CPUC) today eliminated electric line extension subsidies for new construction building projects that use natural gas and/or propane in addition to electricity. The changes will take effect on July 1, 2024, to give the builder community adequate time to prepare for the change and adjust their operations accordingly. This decision advances state goals to reduce greenhouse gas (GHG) emissions associated with energy use in buildings, while also furthering the state’s goals of reducing overall GHG emissions to 40 percent below 1990 levels by 2030 and achieving carbon neutrality by 2045 or sooner.

Additionally, all natural gas and/or propane and electricity new construction projects (homes and businesses) must use actual cost billing of an electric line extension rather than estimated cost billing, effective January 1, 2025. To track the progress of the rule changes, and to monitor savings from the elimination of electric line extension subsidies for mixed-fuel new construction, the CPUC established an annual reporting requirement for California’s three largest electric investor-owned utilities beginning May 1, 2024.

Today’s decision follows a [prior CPUC decision](#) that made California the first state in the nation to eliminate natural gas line extension subsidies for all newly constructed mixed-fuel buildings beginning on July 1, 2023. With the elimination of electric line extension subsidies for mixed-fuel new construction, the state is further disincentivizing the use of natural gas in new construction by removing all subsidies associated with the extension of new gas infrastructure.

CPUC Commissioner Darcie L. Houck, who is assigned to the proceeding, said, “Ending indirect incentives for natural gas system expansion helps us align state climate goals with our subsidies and financial incentives. This is a critical step that provides an additional benefit of saving ratepayers money as we decarbonize our buildings.”

Today’s decision does not affect all-electric new construction, which will continue to receive electric line extension subsidies. Maintaining electric line extension subsidies for all-electric new construction is important for promoting zero-emission, all-electric designs in the state’s building stock. And while today’s decision does not end mixed-fuel new construction entirely, it is anticipated to help California make meaningful progress toward a decarbonized all-electric future.

The proposal voted on is available on the CPUC’s [website](#).

Documents related to the proceeding are available on the [Docket Card](#).

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About the California Public Utilities Commission

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