



California Public Utilities Commission



Long-Term Gas Planning Rulemaking Issues Joint Agency White Paper and Draft Scope and Schedule for Comment

Commissioner Douglas has issued a [Ruling](#) providing a new [Joint Agency Staff Paper on Progress Towards a Gas Transition](#) and requesting party comments on this paper and on proposed topics for Phase 3 of the Long-Term Gas Planning Rulemaking (Gas Rulemaking, R.20-01-007). These comments will help shape the proceeding's goals for 2024, 2025, and 2026.

Background

- The need for a transition away from fossil gas flows from California's statutory targets to reduce greenhouse gas (GHG) emissions.
- The Ruling notes that the 2022 CARB Scoping Plan, which identifies technical paths to achieve these targets, finds that building electrification "provides one of the most technologically feasible paths to reduce building-related emissions."¹
- Highlighting the role of interagency coordination, the Ruling attaches a Joint Agency Staff Gas Transition White Paper which is a work product of the California Public Utilities Commission, California Air Resources Board, and the California Energy Commission.

Phase 3 Scope

At a high level, the proposed focus of Phase 3 is to identify short-, medium-, and long-term mechanisms for managing the gas transition while supporting the CPUC's statutory obligations to safeguard the environment and assure Californians' access to safe, reliable, and affordable energy.

The Draft Phase 3 Scope consists of four issue areas:

- Scenario analysis: analysis of gas transition scenarios to achieve CARB Scoping Plan targets;
- Planning processes: approaches, methodologies, and objectives for implementing the gas transition, including options from other jurisdictions, data collection, and leveraging stakeholder efforts;
- Opportunities for interim action: shorter-term steps to make decarbonization and decommissioning easier for customers and utilities, such as how to require utilities to offer decarbonization-plus-decommissioning as an alternative to gas service replacement; and
- Longer-term options: medium- to longer-term actions to reduce gas system costs, while considering environmental and social justice goals, including ratemaking, relevance to electric rates, and leveraging non-ratepayer funds.



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Joint Agency Staff Paper

The Ruling publishes the 2024 Joint Agency Staff Paper: Progress Towards a Gas Transition, which reflects the coordinated vision of California Energy Commission, California Public Utilities Commission, and California Air Resources Board staff, with input from additional state agencies. These agencies are closely coordinating to develop strategic plans for reducing fossil gas demand and planning for the future of the gas system. This document provides background, describes current agency and interagency activity in these areas, and sets the stage for further coordination and action.

The white paper:

- States that the transition away from fossil gas is necessary to reach California's climate goals and must be managed to minimize costs to consumers, protect vulnerable residents, and provide alternative job pathways for workers;
- Discusses the need to reduce and balance potential risks to affordability, safety, and reliability and to consider how the transition will affect the workforce;
- Identifies key challenges and opportunities for this transition in the building, electricity, industrial, and transportation sectors;
- Describes the potential for gas use in these areas to be replaced by building electrification, networked geothermal, low-carbon fuels, and gas with carbon capture, utilization, and storage; and
- Outlines ongoing agency efforts and broad areas to be addressed by the Gas Rulemaking.

Recent Steps

Prior to this Ruling, the Gas Rulemaking:

- Harmonized important gas rules across the state (April 2022);
- Confirmed utilities' reliability standards and enacted a penalty for failing to meet them (July 2022);
- Adopted General Order 177 requiring utilities to obtain a certificate of public convenience and necessity for large gas infrastructure projects (December 2022);
- Addressed certain issues regarding gas transmission and storage (December 2023); and
- Issued a staff proposal suggesting a process for pruning the gas distribution system (December 2022), which may be addressed at a later date.

Next Steps

- Party comments on the proposed scope are due on March 13.
- Party comments on the white paper are due on March 28.
- A prehearing conference for parties to discuss the Phase 3 scope and schedule will be held on March 19.

¹ Appendix F to 2022 Scoping Plan at F-1. Appendix F available as of January 4, 2022 at: <https://ww2.arb.ca.gov/sites/default/files/2022-11/2022-sp-appendix-f-building-decarbonization.pdf>.



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- A Phase 3 Scoping Memo is expected around March 31.
- Proposed decisions on Phase 3 issues are expected during 2025 and 2026.

Documents related to this proceeding are available at <https://www.cpuc.ca.gov/industries-and-topics/natural-gas/long-term-gas-planning-rulemaking>.