

# 2025 Annual Report

## Neighborhood Decarbonization Zone Pilot Projects

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**California Public  
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# Executive Summary

The California Public Utilities Commission (CPUC) submits this annual report to the Legislature on the Neighborhood Decarbonization Zone Pilot Projects (Pilot Projects) 2025 program, pursuant to California Public Utilities Code (PUC) Section 664(b). In this statute, the Legislature requires the CPUC to submit an annual report, beginning March 1, 2026, summarizing the findings of the pilot projects.

In 2024, the Legislature passed Senate Bill (SB) 1221,<sup>1</sup> which codified PUC Sections 660-666 on Neighborhood Decarbonization Zone Pilot Projects. In the bill, the Legislature states that the Pilot Projects will provide lessons on “key challenges and successes, hurdles to customer participation, cost and affordability implications, customer satisfaction, and other outcomes concerning natural gas corporation distribution system decommissioning and electrification.”

SB 1221 set forth several key deadlines. PUC Section 661(a) requires gas corporations to submit maps of all potential gas distribution line replacement projects in their service territories annually beginning July 1, 2025. PUC Section 662(a) requires the CPUC to designate priority neighborhood decarbonization zones, following recommendations from each gas corporation and an opportunity for public comment, by January 1, 2026.<sup>2</sup> The voluntary program to implement zero-emission alternatives instead of a gas line replacement project must be established by the CPUC by July 1, 2026, per PUC Section 663(a).

Section 664(b) directs the CPUC to submit an annual report that includes “the locations of the pilot projects, the number of customers affected, the costs of the pilot projects, the funding used to pay for the pilot projects, any assistance provided to customers, and any outcomes, challenges, and recommendations.” Since the deadline for the CPUC to establish the voluntary pilot project program is July 1, 2026, this year’s report discusses the steps that the CPUC has taken to date. After pilot projects have been selected, later reports will include the information as directed in statute.

## Key Accomplishments

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- Two Public Participation Hearings to gather public input were held on August 7, 2025, with a total of 59 public comments, 368 total callers, and 808 webcast views.
- The CPUC received 258 comments from members of the public on the online Rulemaking (R.) 24-09-012 Docket Card<sup>3</sup> regarding the designation of Priority Neighborhood Decarbonization Zones.
- Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Gas Company (SoCalGas), and Southwest Gas Corporation (Southwest Gas) submitted maps of gas line replacement projects to the CPUC on July 1, 2025.

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<sup>1</sup> Senate Bill (SB) 1221 (Min), Stats. 2024, ch. 602.

<sup>2</sup> Decarbonization zones are geographic areas within which the CPUC may authorize pilot projects through a voluntary program to facilitate cost-effective decarbonization.

<sup>3</sup> [R.24-09-012 Docket Card](#).

- On December 18, 2025, the CPUC designated 151 census tracts as initial Priority Neighborhood Decarbonization Zones in Decision (D.) 25-12-042.

# Public Participation Hearings and Comments

PUC Section 662(a) requires the CPUC to provide an opportunity for public comment to inform the designation of Priority Neighborhood Decarbonization Zones. To support public input into the zones, the CPUC held two Public Participation Hearings and directed the public to provide written public comments in the proceeding docket.

On June 12, 2025, the Administrative Law Judges issued a ruling setting virtual Public Participation Hearings to consider comments from the public on the designation of decarbonization zones to fulfill PUC 662(a).

The Public Participation Hearings occurred remotely on August 7, 2025, at both 2:00 p.m. and 6:00 p.m. At the 2:00 p.m. hearing, there were 45 public comments, 313 total callers, and 642 webcast views. At the 6:00 p.m. hearing, there were 14 public comments, 55 callers, and 166 webcast views.<sup>4</sup>

Of the total 59 comments, 37 members of the public opposed the implementation of SB 1221, and 20 supported decarbonization zones and pilots.<sup>5</sup> One commenter was neutral or had an unclear position. Among the commenters, nine represented local governments and community organizations. All other commenters expressed no affiliation. Eight of the local government and community organization representatives supported the decarbonization zones and pilots. One local government representative for the City of Lompoc expressed concern that designating a decarbonization zone across the city's old town would negatively impact the area, as it could be prohibitively expensive for businesses to electrify the old buildings.<sup>6</sup>

As of January 18, 2026, the CPUC had received comments from 258 members of the public on the online R.24-09-012 Docket Card relevant to the designation of Priority Neighborhood Decarbonization Zones. Of the total 258 public comments, 22 were submitted on behalf of government entities<sup>7</sup> and 27 were submitted

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<sup>4</sup> [Public Participation Hearing, Vol 1 08-07-2025 Vol 1.](#)

<sup>5</sup> One commenter who opposed the implementation of SB 1221 provided two comments. [Public Participation Hearing, Vol 1 08-07-2025 Vol 1](#) at pages 21 and 130.

<sup>6</sup> [Public Participation Hearing, Vol 1 08-07-2025 Vol 1](#) at lines 2-20 page 19.

<sup>7</sup> The CPUC received public comments from the (1) City of Chula Vista; (1) the City and County of San Francisco; (2) the City of Richmond; (2) the City of San Diego; (3) the County of San Diego; (4) the City of Santa Barbara; (5) the City of Milpitas; (6) the City of Elk Grove; (7) the City of Albany; (8) the City of Menlo Park; (9) the City of Berkeley; (10) the City of Mountain View; (11) the Mayor of El Cerrito; (12) the Sacramento Metropolitan Air Quality Management District; (14) the City of Oakland; (14) the County of San Mateo; (15) the City of Petaluma; (16) Central California Rural Regional Energy Network; (17) the City of Santa Cruz (two comments); (18) the City of Santa Monica; and (19) the City of Goleta.

on behalf of community organizations.<sup>8</sup> All government entities and community organizations expressed interest in the CPUC designating a decarbonization zone within their respective jurisdictions or geographic areas of focus.

The remaining 208 public comments were from individuals throughout the State of California, as well as one each from Virginia and Pennsylvania. Of these 208 public comments, 65 supported the decarbonization process described in SB 1221. The primary reasons members of the public cited for their support were health concerns of natural gas, followed by concerns about pollution from natural gas and the need to address climate change. Nine commenters requested that SDG&E hold public information sessions, and 16 requested that the CPUC designate their neighborhood as a decarbonization zone. Most members of the public who expressed their support provided zip codes in San Diego County, followed by Alameda County. There were 135 public comments opposing the implementation of SB 1221. The primary reason members of the public cited for their opposition was reliability, followed by ratepayer impacts and the cost of new appliances. Many commenters also expressed their support for consumer choice, their preference for gas energy sources, and opposition to government regulation. Most members of the public who expressed their opposition provided zip codes in Los Angeles, Riverside, Orange, and San Bernardino counties. The remaining eight public comments were neutral, or the commenter's position was unclear.

In D.25-12-042, the CPUC ordered each gas corporation to provide specified information to tribal representatives, community organizations, local governments, and representatives from load-serving entities in diverse locations. In addition, the decision required utilities to solicit feedback on local equity considerations and hold one virtual SB 1221 information session before March 15, 2026. The CPUC's intent is to hear from additional members of the public and raise awareness of SB 1221's decarbonization opportunities in a broader range of geographic locations and California communities.

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<sup>8</sup> The CPUC received public comments from (1) the Environmental Center of San Diego (ECOSD); (2) the Building Energy, Equity & Power (BEEP) Coalition (two comments); (3) the San Diego Building Electrification Coalition; (4) the Climate Action Campaign (two comments); (5) CleanEarth4Kids.org; (6) Redeemer Community Partnership (two comments); (7) Richmond Community Foundation; (8) Community Choice Aggregators Workforce and Environmental Justice Alliance; (9) Community Action Partnership of Orange County; (10) Borel Neighborhood Association in the City of San Mateo; (11) Communities for a Better Environment; (12) Emerald Cities Collaborative Northern California (two comments); (13) Valley Improvement Projects; (14) Alliance of Californians for Community Empowerment (Contra Costa) in partnership with Building Trades of Contra Costa County and the City of Richmond (two comments); (15) Regeneración; (16) Build It Green and Somos Mayfair; (17) Build It Green and Healthy Black Families; (18) Strategic Concepts in Organizing and Policy Education (SCOPE); (19) Reestablishing Stratford; (20) Menlo Spark; (21) Albany Climate Action Coalition; (22) Orange County Goes Solar; (23) People Organizing to Demand Environmental & Economic Rights (PODER); (24) Healthy & Active Before 5; (25) Richmond Community Foundation; and (26) 350 Contra Costa.

# Gas Line Replacement Maps

PUC Section 661 requires gas corporations to submit a map of potential gas line replacement projects to inform the creation of the Priority Neighborhood Decarbonization Zones.

On July 1, 2025, PG&E, SoCalGas, SDG&E, and Southwest Gas (Gas Corporations) submitted maps to the CPUC in compliance with PUC section 661(a). The Gas Corporations requested to file the maps under seal, as they claimed that publicly releasing street-level maps raises public safety and customer confidentiality concerns.<sup>9</sup> While the CPUC has not determined the reasonableness of these claims and whether the street-level maps should be kept confidential or made public, an August 25, 2025 Ruling established a non-disclosure agreement for interested parties to access the information and provide informed comments on the designation of Priority Neighborhood Decarbonization Zones.<sup>10</sup>

Utility-Provided Maps with Gas Line Replacement Projects:

- [PG&E](#)
- [SoCalGas](#)
- [SDG&E](#)
- [Southwest Gas](#)

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<sup>9</sup> [R.24-09-012 Joint Compliance Filing In Response to Administrative Law Judges' Ruling.](#)

<sup>10</sup> [R.24-09-012 Administrative Law Judges' Ruling Directing the Gas Utilities to Provide Further Information Related to the Motion to File Under Seal and Approving a Non-Disclosure Agreement.](#)

# Priority Neighborhood Decarbonization Zones

PUC Section 662 requires the CPUC to designate areas as Priority Neighborhood Decarbonization Zones by January 1, 2026, following recommendations from each gas corporation and the opportunity for public comment.

On July 21, 2025, PG&E, SoCalGas/SDG&E, and Southwest Gas filed their recommendations regarding the designation of priority decarbonization zones. On August 8, 2025, 12 parties filed opening comments in response to the gas corporations' recommendations.<sup>11</sup> On September 10, 2025, nine parties filed reply comments.<sup>12</sup> Sixty-one members of the public requested a census tract be designated a Priority Neighborhood Decarbonization Zone by following the process outlined on the CPUC's website.<sup>13</sup>

On December 18, 2025, the CPUC issued D.25-12-042,<sup>14</sup> designating 151 census tracts as the initial Priority Neighborhood Decarbonization Zones per PUC section 662(a) (Figure 1; Appendix A). These initial census tracts were chosen using the factors listed in PUC section 662(a). Specifically, each census tract had a local government or organization request its participation and 10 percent or more of the gas distribution main pipelines in the area expected to be replaced by the gas utility in the coming decade. These two criteria reflect potential community interest and the opportunity for cost-savings. Initial zones were capped at 25 census tracts per county, except that census tracts with high CalEnviroScreen scores (reflecting environmental and social justice communities) were not subject to this cap.<sup>15</sup>

In the decision, the CPUC committed to updating the initial Priority Neighborhood Decarbonization Zones to consider additional public input and factors, such as the presence of disadvantaged or low-income communities in high-temperature climate zones or low-temperature climate zones that disproportionately lack cooling or heating, per 662(d) by December 31, 2026.

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<sup>11</sup> The Association of Bay Area Governments on behalf of the Bay Area Regional Energy Network program (BayREN) and the County of Ventura on behalf of the Tri-County Regional Energy Network program (3C-REN); the Public Advocates Office at the California Public Utilities Commission; Central California Rural Regional Energy Network (CC REN); Center for Accessible Technology; the County of Contra Costa; Contra Costa Building and Construction Trades Council; the Joint Community Choice Aggregators (Joint CCAs); Marin Clean Energy; Natural Resources Defense Council/Sierra Club; the City and County of San Francisco; Small Business Utility Advocates; and Southern California Edison Company (SCE).

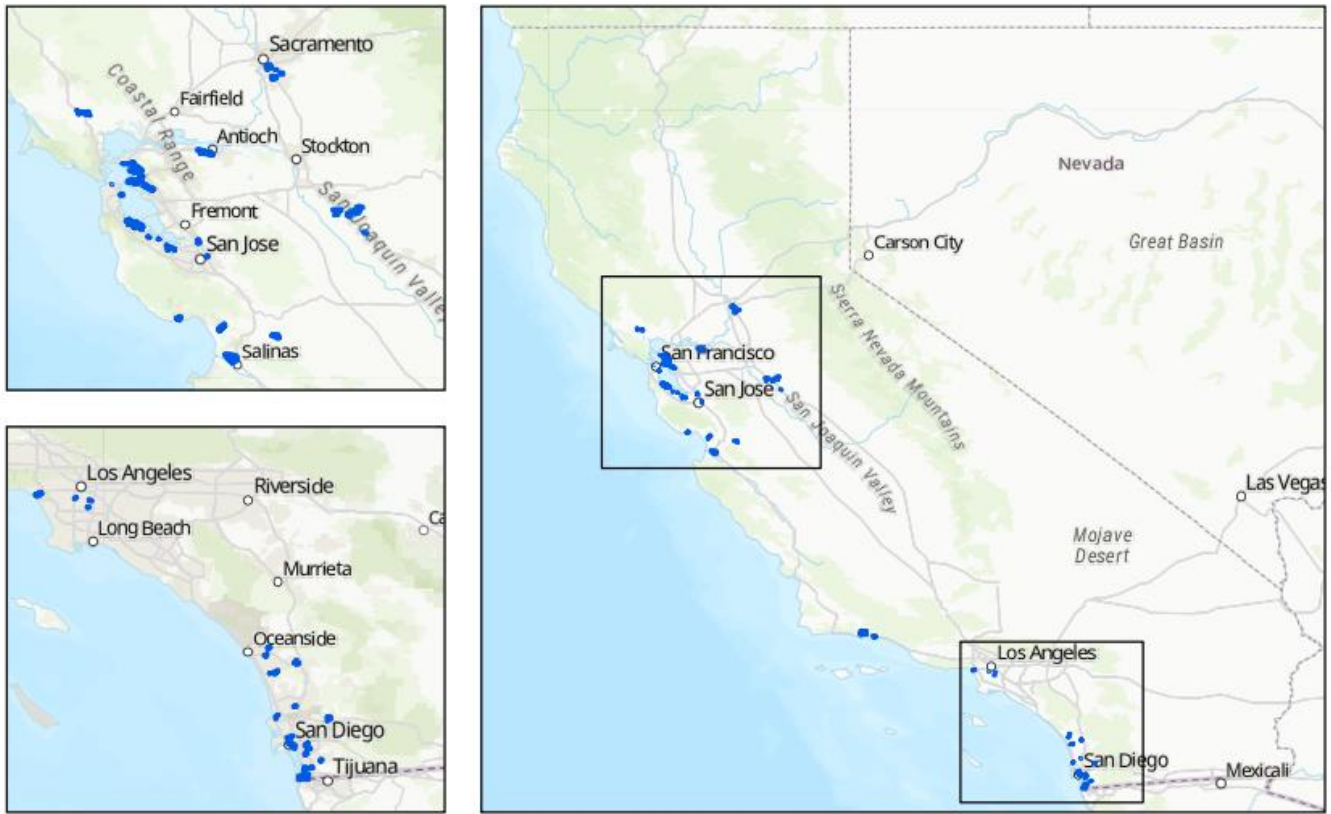
<sup>12</sup> The California Municipal Utilities Association; the County of Contra Costa; the City of Elk Grove; Indicated Shippers; the Joint CCAs; PG&E; SoCalGas/SDG&E; SCE; and The Utility Reform Network.

<sup>13</sup> [Consideration for a Neighborhood Decarbonization Zone.](#)

<sup>14</sup> [D.25-12-042.](#)

<sup>15</sup> CalEnviroScreen scores combine pollution and population data to show cumulative environmental pollution impacts by census tract. Data and maps are at, "Cal Enviro Screen 4.0," <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40>.

Figure 1. Map of initial Priority Neighborhood Decarbonization Zones<sup>16</sup>



<sup>16</sup> D.25-12-042 Appendix B.

# Neighborhood Decarbonization Zone Pilot Projects

Per PUC Section 663, the CPUC is required to establish a voluntary program to facilitate the cost-effective decarbonization of Priority Neighborhood Decarbonization Zones by July 1, 2026. The CPUC is working to establish this voluntary program by this statutory deadline.

# Appendix A: List of Priority Neighborhood Decarbonization Zone Census Tracts

For more detailed information on why each census tract was selected view [D.25-12-042 Appendix A](#).

Utility	County	Cities (some census tracts cover multiple cities)	Census Tracts
PG&E	Alameda (31)	Albany (2), Berkeley (10), Emeryville (4), and Oakland (23)	6001420402, 6001402200, 6001407101, 6001407700, 6001420200, 6001403900, 6001400600, 6001407400, 6001421100, 6001405800, 6001421600, 6001401400, 6001405700, 6001401800, 6001421200, 6001421800, 6001400400, 6001400200, 6001422100, 6001408600, 6001400500, 6001406500, 6001421700, 6001405902, 6001407600, 6001402600, 6001406202, 6001401600, 6001401000, 6001401700, 6001407500
PG&E	Contra Costa (14)	Albany (4), Antioch (3), Berkeley (3), El Cerrito (8), Pittsburg (4), and Richmond (3)	6013388000, 6013307101, 6013313105, 6013383000, 6013313206, 6013307202, 6013390200, 6013387000, 6013384000, 6013313107, 6013379000, 6013391000, 6013307205, 6013389100
PG&E/SoCalGas	Los Angeles (9)	Bell (2), Huntington Park (2), Los Angeles (2), Lynwood (1), Maywood (2), Santa Monica (3), South Gate (2), and Vernon (1)	6037229300, 6037232800, 6037533601, 6037702300, 6037702201, 6037702202, 6037535804, 6037535803, 6037533501
PG&E	Monterey (1)	Salinas (1)	6053010504
PG&E	Sacramento (13)	Elk Grove (1) and Sacramento (13)	6067004603, 6067002800, 6067009640, 6067009633, 6067004501, 6067005102, 6067009610, 6067004401, 6067003203, 6067003600, 6067003700, 6067009641, 6067009634
PG&E	San Benito (2)	Hollister (2)	6069000400, 6069000300

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SDG&E	San Diego (31)	Carlsbad (1), Chula Vista (3), National City (1), Oceanside (2), San Diego (21), San Marcos (2), and Santee (1)	6073020015, 6073013415, 6073013307, 6073013205, 6073012102, 6073019305, 6073019805, 6073004102, 6073004600, 6073008377, 6073000302, 6073008357, 6073010109, 6073008362, 6073004501, 6073000500, 6073005601, 6073005301, 6073004900, 6073003113, 6073005801, 6073010110, 6073006000, 6073005201, 6073000201, 6073004800, 6073010111, 6073003001, 6073020024, 6073020025, 6073016607
PG&E	San Francisco (3)	San Francisco (3)	6075023102, 6075012802, 6075023103
PG&E	San Mateo (17)	Atherton (1), Belmont (3), Burlingame (4), Menlo Park (2), Palo Alto (1), Redwood City (2), and San Mateo (15)	6081610601, 6081610304, 6081608502, 6081607200, 6081606000, 6081605502, 6081606500, 6081605901, 6081612101, 6081608002, 6081608023, 6081605902, 6081606201, 6081608024, 6081607900, 6081608001, 6081606300
SoCalGas	Santa Barbara (4)	Goleta (1) and Santa Barbara (3)	6083000900, 6083000801, 6083000400, 6083002907
PG&E	Santa Clara (9)	Milpitas (3), Mountain View (4), Palo Alto (1), San Jose (2), and Sunnyvale (1)	6085504414, 6085504421, 6085504413, 6085509303, 6085509500, 6085509304, 6085509108, 6085503710, 6085503711
PG&E	Santa Cruz (9)	Moss Landing (1), Santa Cruz (4), and Watsonville (5)	6087110401, 6087101002, 6087101001, 6087100801, 6087100802, 6087110102, 6087110301, 6087110101, 6087110302
PG&E	Sonoma (3)	Petaluma (3)	6097150901, 6097150611, 6097150602
PG&E	Stanislaus (5)	Ceres (2), Hughson (1), Modesto (4), and Turlock (1)	6099002604, 6099002702, 6099002002, 6099001500, 6099003804