



March 16, 2026

The Honorable John Reynolds, President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Comment Letter on Natural Gas Energy Efficiency Incentives Policy (R.25-04-010)

Dear President Reynolds,

On behalf of our coalition of environmental groups, contractors, community based organizations and other key stakeholders, we write to urge the Commission to end all ratepayer-funded subsidies for new gas-burning appliances in the energy efficiency program. This action is essential to protecting California ratepayers from unnecessary cost burdens, preventing stranded assets as the gas system phases out, and aligning ratepayer investment with the state’s energy policies and current energy realities.

As emphasized by Governor Newsom in his recent State of the State address, too many Californians are struggling with high energy bills. The Commission, Legislature and Governor have undertaken monumental action to chart a course towards a reliable, affordable, and fully decarbonized energy system (i.e. SB 254, SB 1221), and to transition homes and buildings responsible for 25% of California's emissions off of the gas system. As the state works to bring down energy costs for consumers, it can and must address the tens of millions of dollars that are added to utility bills each year to subsidize the purchase of gas-burning appliances.

Californians cannot afford to continue subsidizing new natural gas appliances while also seeking cost-effective paths to reduce carbon emissions. While the CPUC's recent staff proposal applies some cost effectiveness tests to natural gas subsidies, the reality is that these investments result in increased and unjustifiable costs for ratepayers. Incentivizing customers to further their dependence on the gas system - particularly through luxury products like fireplace inserts - works against the state's climate plans and should not be funded on the ratepayer's dime.

As the draft Energy Efficiency Natural Gas Incentive Phase-Out Staff Proposal acknowledges, installing new long-lived gas appliances can lock low-income customers into decades of gas consumption. Continued spending to encourage this practice further entrenches dependence on the gas system, working against the state's goals to achieve carbon neutrality and dramatically reduce greenhouse gas emissions. Subsidized gas burning appliances directly compete against available clean electric options. Their installation makes it more costly to switch to an electric alternative in future due to the need for additional home reconfiguration. There is also a significant risk of customers becoming stranded on underutilized gas infrastructure.

On top of the undue economic costs of these programs, the harmful climate and public health impacts of burning gas are well-recognized by state agencies.¹ The Commission can use its authority to determine that the harms to public health and safety warrant limiting gas utilities from pursuing gas-burning appliance efficiency measures.²

We appreciate the Commission's commitment to strengthening the role of energy efficiency in supporting building decarbonization. The Commission can make meaningful progress on this priority by ending the use of ratepayer dollars for all gas appliance incentives in new construction, including rebuilds. This approach is in keeping with other Commission decisions to eliminate subsidies for gas lines to new buildings, and aligns with the state's climate, clean air, and energy affordability policies.

As California grapples with pressing affordability and climate challenges, it does not make sense to continue subsidizing the growth of the state's gas system with ratepayer dollars. The Commission should take this opportunity to end this wasteful practice and instead support the

¹ 2024 Joint Agency Staff Paper: Progress Towards a Gas Transition. Page 17: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M525/K660/525660391.PDF>

² Cal. Pub. Util. Code § 454.56(a), (b) & (d).

strategic use of customer funds to advance the equitable transition to a decarbonized energy system.

We appreciate the Commission's recognition that timely action on this issue is imperative, and look forward to continued engagement in this proceeding.

Sincerely,

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