California Business Properties Association
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2026 New Law Brief

AB 2313 (Berman) - Gas Service Line Electrification Incentives (Effective 1/1/27)

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Overview

AB 2313 requires a utility incentive program offering eligible residential owners, including rental property owners, payment to electrify and give up gas service instead of replacing a service line. The measure is intended to avoid gas infrastructure spending and encourage voluntary electrification. The California Public Utilities Commission (CPUC) will oversee program design and implementation. Bill Language.

CBPA's Role

CBPA initially opposed AB 2313 and worked closely with industry partners in the utility and energy sectors over concerns about shifting costs to remaining gas customers, limiting future energy choices, and directing utility investment decisions. A coalition of opposition groups, including CBPA, secured late amendments adding incentive cost controls, a customer-benefit requirement, and an enrollment limit. These changes substantially narrowed the program and addressed key objections. CBPA ultimately moved to neutral while retaining concerns about the broader approach.

Key Provisions

- Requires utilities to offer the program by January 1, 2028, subject to an exception for existing CPUC-approved programs. Eligible owners must have a residential service line planned or forecasted for replacement within five years; emergency replacements are exempt.
- Requires the standard incentive to cost less than the avoided service-line replacement, excluding gas main costs, and a mechanism ensuring gas customers benefit from avoided capital spending. Provides enhanced incentives for disadvantaged communities.
- Limits enrollment to 1% of each utility's customers, including participants in specified zonal decarbonization pilots.
- Requires gas disconnection, meter removal, and a waiver of the utility's obligation to serve participating properties. Requires tenant protections, including notification and engagement.

Implications for CRE

Commercial buildings are not directly impacted, but owners and managers remain exposed to how infrastructure and program costs are allocated as customers leave the gas system. The safeguards reduce, but do not resolve, concerns about future rates and continued investment in service for buildings that cannot readily electrify. Members with residential holdings must also weigh conversion costs, tenant needs, and future energy flexibility before participating.

****This summary provides CBPA members with an overview of AB 2313, its key provisions, and its potential impacts on California's commercial real estate industry. This summary is intended for informational purposes only and does not constitute a legal interpretation or legal advice. Members should consult their legal counsel for guidance on how the law applies to their properties or businesses, including any applicable compliance obligations.****