



[CPK, ED, ES, NGG] Gaslight: New Efforts to Ban Gas

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Efforts to restrict new natural gas interconnections appear to be gathering new momentum in the Empire State and elsewhere as Democrats push ahead with “all electrification” proposals in various localities. Directionally, this represents a potential negative for gas firms [**Con Edison (ED)**, **Chesapeake Utilities (CPK)**, **National Grid (NGG)**, **Eversource (ES)**, **WGL**, owned by **AltaGas (ALA.TO)**]. The issue is encountering some significant pushback from not just gas utilities but also propane distributors [among others, **Energy Transfer Partners (ET)**, **UGI (UGI)**, **Targa Resources (TRGP)**].

Conversely, gas preemption laws have similarly been passed in more than 20 “red” states over the last two years. One of these states, Ohio, recently also passed a measure [[HB 507](#)] to legally identify gas as “green energy.” Practically speaking, this statutory designation does little for the resource, although it may indirectly aid access to state-controlled land for drilling purposes as well as tweak ESG funds, something that Republican lawmakers are doing in other states partly to fight “woke capitalism.”

Returning to the restrictions front, as part of her first State of the State address since her (closer than expected) election last November, New York Gov. Kathy Hochul (D) pledged to pass legislation to restrict natural gas for new buildings. While Hochul initially proposed a ban on new natural gas interconnections [*negative* for the gas sides of **Con Edison**, **Avangrid’s (AGR) New York State Electric and Gas Corporation**, **Rochester Gas and Electric**, as well as **National Grid**] in her first executive budget last year, she ultimately demurred on acting. A proposed bill from last session that would prohibit “combustible fuels” for new buildings above seven stories by 2027 [[A8431](#)] is what is likely to pass this session, in our view. This bill garnered over 50 cosponsors in the assembly, and there is also a companion bill in the state Senate. If adopted, this would be positive for demand-side management services like **Johnson Controls (JCI)** and heat pump manufacturers like **Trane (TT)** and **Lennox International (LII)**.

Separately, Massachusetts officials are moving ahead with [new rules](#) to allow localities to restrict new natural gas interconnections. Gov. Maura Healey (D), in her previous role as attorney general, blocked Brookline from banning natural gas on the basis that state law did not allow it. A measure passed in 2022 authorizes localities to impose these bans [*negative* for **Massachusetts Gas Company** and **Nantucket Gas Company**, both owned by **National Grid**, as well as **Eversource (ES)**], once the rules are completed, which is likely sometime in 2H 2023. A public hearing on this measure is scheduled for February 8. Massachusetts officials have grappled for more than a decade with gas supply constraints due to a dearth of pipelines entering into the region.

Further down the coast, Washington, D.C., Mayor Muriel Bowser (D) signed a [measure](#) this fall to restrict new natural gas interconnections to heat space and water heaters in most new construction by 2027 via a rulemaking [negative for gas utility **Washington Gas**, owned by **Washington Gas and Light**, which is owned by **AltaGas**]. A separate measure will prohibit the sale of new gas water heaters and furnaces by 2025. Finally, The District adopted a carbon neutrality pledge by 2045, five years earlier than current law. A similar effort is underway in Maryland’s largest county, Montgomery County, after a 9-0 vote by the County Council. Statewide efforts to restrict natural gas are unlikely for Maryland, although clean energy legislation is a high priority for new Governor Wes Moore (D).

Finally, a recent report linking gas heated stoves to respiratory diseases led to some speculation about action by the Consumer Product Safety Commission to ban this appliance, later fueled by a [tweet](#) from Commissioner Rich Trumka (D), which he later [walked back](#). CPSC Chairman Alexander Hoehn-Saric (D) [publicly signaled](#) that he was not interested in banning gas stoves, but some lingering uneasiness over the issue is likely to persist. Adoption of a formal regulatory ban would likely be negative for appliance firms **Middleby** (MIDD), which owns **Viking Range**, and **AB Electrolux** (ELUX-B.ST), among other appliance companies. Furthermore, this hullabaloo may drive “all electrification” efforts underway in the places we’ve noted.

A table below lists all current gas restrictions:

State	City or County	Proposal and Status
California	Statewide	In September, the California Air Resources Board (CARB) approved a plan to cut air pollution, including a phase-out of fossil fuel appliances. Beginning in 2030, all new heaters must be zero-emissions. The rules are still in development.
	Alameda	Adopted in November 2020, this ordinance would make it city policy to “ minimize and, where possible, eliminate ” the use of natural gas in new residential buildings constructed on city property. In May 2021, the city expanded the code to require newly constructed buildings to be all electric, with some exceptions.
	Albany	The City Council adopted a resolution that requires mixed-fuel buildings to exceed the California Energy Code and encourages new buildings to be all-electric.
	Atherton	Adopted building codes requiring all new buildings to be all-electric starting in 2023. Exceptions are made for residential buildings and commercial cooking.
	Berkeley	Adopted ordinance to Berkeley Municipal Code (BMC), adding Chapter 12.80, which banned natural gas infrastructure in most new residential construction. This restriction applies to “low-rise residential buildings” and all new construction, with some exceptions.
	Belmont	The code requires new buildings to be all-electric with some exceptions, like commercial kitchens.
	Brisbane	All-electric policy for new buildings or dual fuel for purposes of transitioning to electricity.
	Burlingame	Adopted ordinances to the Burlingame Municipal Code requiring new buildings to be all-electric, with exceptions for single-family and commercial cooking and fireplaces.
	Campbell	Adopted an ordinance that requires new residential buildings to have all-electric space and water heating.

Carlsbad	In March 2020, just a few months after the Berkeley ban took effect, the city adopted an ordinance mandating non-gas water heating infrastructure for low-rise residential buildings.
Contra Costa County	Adopted an ordinance requiring new residential buildings, hotels, offices, and retail buildings to be all-electric beginning June 1, 2022.
Cupertino	Requires all buildings, including accessory dwelling units, to be all-electric. Also requires outdoor pools, spas, and barbeques to be included within the definition of an all-electric building.
Daly City	Requires all-electric new residential and non-residential buildings, with blanket exemptions for 100% affordable housing buildings, commercial kitchens, and laboratories.
Davis	Requires mixed fuel single family dwellings and low-rise multifamily units to achieve higher energy efficiency standards.
Dublin	Adopted building codes require new buildings to be all-electric starting in 2023. Exceptions are made for commercial cooking.
East Palo Alto	All-electric requirement for new residential and commercial buildings, with exceptions for affordable housing and commercial kitchens.
Emeryville	Requires new residential buildings to be all-electric. The ordinance has exemptions for nonresidential buildings.
Encinitas	The City Council passed an ordinance disallowing natural gas in new buildings for residential and commercial buildings, with few exceptions.
Fairfax	The city adopted a new health and safety code that banned natural gas hookups in new buildings.
Glendale	City ordinance requires all new buildings constructed after 2023 to be all-electric with no exceptions. There is an economic infeasibility provision applicable to commercial kitchens.
Half Moon Bay	Adopted an ordinance requiring all new constructions to be all-electric. Requires existing buildings to be all-electric by 2045.
Hayward	This ordinance requires new residential buildings to be all-electric. Nonresidential and high-rise residential buildings are electric preferred. Mixed-fuel buildings must exceed the California state energy code by 10%.
Healdsburg	Local limits on the use of natural gas appliances in new residential construction of up to three stories, with exemptions for gas cooking and fireplaces.
Hercules	The code requires new residential, office, and hotel buildings to be all-electric.
Los Altos	Restricts gas interconnections inside newly constructed buildings higher than four stories (with a requirement for solar panels) and homes but does allow some exemptions for outdoor use.
Los Angeles	After years of discussion, the City Council passed an ordinance banning natural gas hookups in new buildings beginning in 2023.
Los Gatos	Requires newly constructed single family and low-rise multiunit dwellings to be electric.
Marin County	Voted to update its reach code as Part 11 of Title 24 (known as CALGreen), encouraging electrification for homes that use natural gas, and offering rebates to replace natural gas appliances from already built homes not subject to the ordinance.
Martinez	Beginning last November, all newly constructed residential, hotel, office, and retail buildings must now be all-electric. Exceptions are made for restaurants and the industrial sector.
Menlo Park	All-electric new construction for all residential and commercial buildings, with the ability to request an exemption. A small exemption is available for gas-cooking in low-rise residential buildings.
Millbrae	The City Council approved restrictions on new natural gas interconnections for buildings in the city. Some exemptions exist for low-rise dwellings for gas stoves and fireplaces and restaurants.

Morgan Hill	All new buildings to be all-electric.
Mountain View	Ordinance requires electrification for new buildings but allows for case-by-case exemptions for restaurants.
Mill Valley	Ordinance requires all new residential buildings to be all-electric.
Milpitas	Updated reach code to mandate all-electric construction , with an exemption for government property.
Oakland	All new buildings must be electric.
Ojai	All-electric ordinance, with exemptions for retrofitted existing buildings, modifications/repairs to pools heated with gas, and restaurants.
Pacifica	Passed an ordinance placing limits on gas-based appliances.
Palo Alto	A resolution encouraging use of electricity over natural gas requires all newly constructed low-rise residential buildings to be all-electric, plus sets higher energy-efficiency standards and requires electrification readiness in mixed-fuel non-residential buildings.
Pasadena	City ordinance prohibits newly constructed mixed-use buildings, apartment buildings, and commercial buildings from using fossil fuel heat. Exceptions are made for restaurants and commercial kitchens. Single-family dwellings, accessory dwelling units, and junior accessory dwelling units are also exempt from the ordinance, but staff will return before August 8th, 2023, to make a recommendation as to whether these buildings should be included.
Petaluma	Requires all buildings to be all-electric and bans all new gasoline fueling stations.
Piedmont	Amended reach code to encourage and incentivize construction of new all-electric low-rise residential buildings and electrification of existing low-rise residential buildings.
Pleasanton	Adopted building codes that require new buildings to be all-electric starting this year. Exceptions are made for commercial cooking and some industrial facilities.
Portola Valley	Requires all new buildings to be all-electric starting in 2023. Building officials may grant exceptions for commercial cooking.
Redwood City	Ordinance requires new residential and commercial buildings, with some exceptions, to be all-electric.
Richmond	The reach code requires all new buildings under three stories to be all-electric. Requires new residential buildings taller than three stories to be wired for electricity and support electric space and water heating. Gas stoves and fireplaces allowed.
Riverside	Bans natural gas hookups in buildings three stories or less starting this year and in buildings four stories or more starting in 2026. Exceptions for commercial cooking.
Sacramento	The City Council in June passed an ordinance amending reach codes that phases in all-electric requirements for new construction. Requirements will scale up through 2026.
San Anselmo	Shifting towards electrification via new building codes that highly restrict new gas interconnections, along with requirements for new parking to carry a minimum number of electric vehicle charging stations.
San Carlos	Adopted an ordinance that requires new buildings to be all-electric. Remodels that update more than 50% of a building must include shifts to electricity.
San Diego	City Council heard a decarbonization plan in April. The plan seeks to phase out 45% of natural gas by 2030 and 90% by 2035.
San Francisco	In April 2020, Mayor London Breed announced a policy to move all commercial buildings 500,000 square feet and above to 100% renewable electricity, before gradually scaling requirements down to 50,000 square foot buildings in 2030.

	South San Francisco	<u>Requires</u> all new residential buildings to be all-electric.
	San Jose	The city's building standards ban new gas interconnections on all new buildings, including hotels, single family affordable homes, and multiunit dwellings.
	San Luis Obispo	In September 2020, a policy requiring net-zero buildings emissions by 2035 was <u>approved</u> that would also introduce fees for mixed-fuel buildings that would be based upon anticipated gas consumption.
	San Mateo	Adopted electrification <u>reach code</u> incentivizing increased energy efficiency requirements for new buildings that use gas.
	San Mateo County	Amended <u>reach code</u> prohibiting gas plumbing in new buildings and requiring electric space and water heating, cooking, and clothes drying appliances. <u>Requires</u> new residential buildings and buildings with office use to be all-electric. Adds additional requirements for rooftop solar and electric vehicle charging.
	Santa Barbara	The city passed a ban on new natural gas connections, but with several exemptions, including restaurants and additions/remodels.
	Santa Clara	Ordinance bans natural gas for water heating, space heating, cooking, clothes drying, fireplaces, and appliances.
	Santa Clara County	Adopted a building code banning natural gas for new buildings, with exemptions for factories, hospitals, and laboratories.
	Santa Cruz	<u>Requires</u> all-electric new construction, with exemptions for projects that are deemed to be in the public interest and for restaurant cooking.
	Santa Monica	<u>Approved</u> building codes incentivizing or requiring electric appliances in new buildings.
	Santa Rosa	Approved limits on use of natural gas appliances in new residential construction of up to three stories. The new rule does not apply to homeowners rebuilding from the October 2017 firestorm.
	Saratoga	<u>All new buildings must be all-electric.</u>
	Solana Beach	Approved an ordinance requiring new residential and commercial buildings to be natural-gas-free for heating, dryers, and pools.
	Sunnyvale	Although there is the opportunity for restaurants to request an exemption, new codes <u>require</u> all electric appliances in newly constructed buildings. Gas fuel cells are also exempted.
	Ventura County	Starting this year, the county prohibits natural gas hookups for all new buildings, exempting fireplaces, outdoor grills, swimming pool and spa heaters, commercial cooking, and approved commercial and industrial equipment.
Windsor	Approved limits on use of natural gas appliances in new residential construction of up to three stories. The new rule does not apply to homeowners rebuilding from the October 2017 firestorm.	
Colorado	Statewide	Passed a law requiring investor-owned electric utilities to offer incentives to build all-electric or transition away from natural gas for heating and cooking. The bill does not ban gas hookups and does not require replacement of gas appliances.
	Denver	In December, Denver City Council declined an amendment to building codes banning natural gas, but has agreed to consider the amendment in future meetings.
Maine	Statewide	Gov. Janet Mills (D) signed <u>LD 1766</u> into law, which sets out a goal of installation of 100,000 electric heat pumps over the next five years.
Maryland	Montgomery County	The County Council is moving ahead with plans to restrict new gas interconnections by 2027 for new buildings after a 9-0 vote last December. At more than 1.1mm people, Montgomery is the largest county in the state.
Massachusetts	Statewide	Former Gov. Charles Baker (R) signed <u>S9</u> , which required the Massachusetts Department of Energy Resources (DOER) to design a

		“highly efficient stretch energy code” for new construction. A draft rule was issued last year that will allow localities to pursue gas restrictions.
	Brookline	After former Attorney General and now-governor Maura Healey (D) blocked the town’s first attempt to ban gas, Brookline passed another ordinance to require fossil-fuel free applications for special construction permits to be approved. Once again, Healey blocked the attempt. Now the rule mentioned above will give the city another chance to achieve this policy.
	Acton	Like Brookline, these localities will likely be able to pursue gas restrictions once a rule is finalized by Massachusetts officials sometime in 2023.
	Amherst	
	Belmont	
	Cambridge	
	Ipswich	
	Lexington	
	Newton	
	Arlington	
Minnesota	Minneapolis	
New York	Statewide	Governor Kathy Hochul (D) and the state Senate included a natural gas ban in new buildings beginning in 2027 as part of their proposals during state budget negotiations. In her recent State of the State, however, Hochul has called for banning new gas interconnections and a measure in the legislature will likely pass this session: the All-Electric Building Act [S6843] , which would ban fossil fuel use in new constructions for small buildings beginning in 2024 and large buildings beginning in July 2027.
	New York City	The New York City council passed a law in December 2021 placing restriction limits on new buildings beginning this year and reaching 100% electric standards in 2027. There are exemptions for commercial kitchens and emergency standby power.
Oregon	Eugene	The City Council is considering an ordinance requiring all-electric new buildings beginning this year. A work session was held this past spring after the Council asked city staff to develop a roadmap for decarbonizing existing buildings by 2045.
	Milwaukie	The mayor signaled his city would follow suit with Eugene. In December, the city council approved a resolution to ban natural gas hookups in new construction and a resolution to remove natural gas from existing city-owned buildings through retrofit. City staff must draft rules that would go into effect in March of 2024 if approved by city councilors.
	Multnomah County	Approved a resolution that would make all new county buildings free of fossil fuels.
	Portland	Passed in 2015, a citywide ban on fossil fuels was upheld in 2018 by the Oregon appellate court after being mostly overturned by the State’s Land Use Board of Appeals.
	Salem	The city council is considering a Climate Action Plan, which has an overarching goal of increasing electrification in buildings.
Vermont	Statewide	A bill [H.51] to ban new natural gas hookups was introduced in January 2019 but went nowhere during the legislative session.
Washington	Statewide	The State Building Code Council adopted a new commercial code that effectively bans natural gas in new commercial and large residential buildings by requiring that 50% of water be warmed by electric heat pumps. The council is considering changes to the residential code this year.
	Bellingham	Bellingham’s city council passed an ordinance that will limit the use of natural gas heating in new commercial and apartment buildings more than

		three stories high. An outright ban on natural gas has proven to be difficult to pass so far.
	King County	King County Executive Dow Constantine (D) included restrictions on gas as part of a building code update announced in September 2021. The proposal included several exemptions, but would prohibit natural gas use for space heating and restrict its use in water heating in new commercial and multifamily residential buildings.
	Olympia	The City Council passed a resolution to electrify all municipal buildings and is considering adopting new codes for residential buildings as well.
	Tacoma	The City Council passed a resolution to electrify municipal buildings. Tacoma is reportedly developing codes for residential buildings.
	Seattle	In 2021, the City Council unanimously approved Mayor Jenny Durkan's (D) initiative to restrict new gas interconnections for large apartment and commercial buildings. Gas stoves are permitted, but developers are required to wire for future electrification of appliances.
	Shoreline	In December 2021, adopted an ordinance that prohibits fossil fuel connections in new commercial and large residential buildings. It took effect last July.
	Lacey	Jointly adopted a Climate Mitigation Plan that recommends banning natural gas in new construction and electrifying existing buildings.
	Thurston County	
	Tumwater	
Washington, D.C.	District of Columbia	Mayor Muriel Bowser (D) signed a measure last fall that will adopt high performance building standards by 2027, as well as move The District to carbon neutrality by 2045. A separate measure will prohibit the sale of new gas water heaters and furnaces by 2025.

Additional information is available upon request.

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