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AB-737 Energy: building decarbonization: notice and recordation of a decarbonization charge. (2025-2026)

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Assembly Bill No. 737

CHAPTER 276

An act to amend Sections 8375, 8376, and 8377 of the Public Utilities Code, relating to energy.

[Approved by Governor October 03, 2025. Filed with Secretary of State October 03, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

AB 737, Quirk-Silva. Energy: building decarbonization: notice and recordation of a decarbonization charge.

Existing law requires the Public Utilities Commission, or the governing board of a local publicly owned electric utility or electrical cooperative, to require an energy supplier, defined as an electrical corporation, local publicly owned electric utility, electric service provider, community choice aggregator, or electrical cooperative, administering a decarbonization upgrade program or initiative, to record, no later than 30 days after funding a decarbonization upgrade, a notice of decarbonization charge, as defined, with the county recorder of the county where the property subject to the decarbonization charge is located, as specified. Existing law requires, among other things, an energy supplier, within 30 days of full cost recovery of the outstanding charges related to the recorded notice of decarbonization charge, to record a notice of the full cost recovery and removal of the decarbonization charge with the county recorder of the county where the property subject to the decarbonization charge is located.

This bill would add gas corporations to the definition of "energy supplier" for purposes of the above-described provisions and make conforming changes.

Under existing law, a violation of any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because a violation of a commission action implementing the above provisions would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 8375 of the Public Utilities Code is amended to read:

8375. (a) It is the intent of the Legislature to establish transparency for renters and home buyers regarding the existence of a decarbonization charge associated with a decarbonization upgrade located on a property.

(b) The Legislature finds and declares that the act of an energy supplier, including, but not limited to, a gas corporation, recording a notice of decarbonization charge pursuant to this chapter does not constitute a debt collection.

SEC. 2. Section 8376 of the Public Utilities Code is amended to read:

8376. For purposes of this chapter, the following definitions apply:

(a) (1) "Decarbonization charge" means a charge that is added to the billing for service associated with the electrical meter, or other measuring device, under the control of an energy supplier located at the subscriber property where a decarbonization upgrade is located, and that is collected in order to pay for a decarbonization upgrade.

(2) If an energy supplier is a gas corporation, as defined in Section 222, "decarbonization charge" shall be limited to a charge for measures that provide a measurable reduction in natural gas consumption and associated greenhouse gas emissions.

(b) "Decarbonization upgrade" means all of the following:

(1) A change to a subscriber property that reduces the demand for energy from an energy supplier.

(2) A change to a subscriber property that allows for storage of energy.

(3) A change to a subscriber property that reduces the use of fossil fuels.

(4) A change to a subscriber property that converts water, wind, or sunlight to usable electricity.

(c) "Energy supplier" means any of the following:

(1) An entity that offers an electricity product for sale to retail consumers in California, including an electrical corporation, local publicly owned electric utility, electric service provider, and community choice aggregator.

(2) Any private corporation or association organized for purposes of transmitting or distributing electricity exclusively to its stockholders or members at cost, including an electrical cooperative.

(3) A gas corporation, as defined in Section 222.

(d) "Subscriber" means a person or entity that purchases energy or energy services from an energy supplier and is billed for the energy or energy services by the energy supplier, either directly or by another entity on behalf of the energy supplier.

(e) "Subscriber property" means residential, commercial, industrial, agricultural, or other real property owned, leased, or licensed for occupancy by the subscriber.

SEC. 3. Section 8377 of the Public Utilities Code is amended to read:

8377. (a) This chapter shall apply to any program or initiative administered by an energy supplier that has all of the following attributes:

(1) The program or initiative makes a site-specific investment to fund the installation of decarbonization upgrades on subscriber properties.

(2) The program or initiative recovers any portion of the site-specific investment through decarbonization charges associated with one or more electrical meters, or other measuring devices, associated with those upgraded subscriber properties.

(3) The program or initiative imposes a duty to pay the decarbonization charge that arises from, and is evidenced by, a written agreement executed relative to the installation of the decarbonization upgrade on the subscriber property between the property owner, or all current property owners of record, if different than the subscriber, and the energy supplier.

(4) Under the program or initiative, the subscriber's obligation to pay the decarbonization charge is associated with the electrical meter, or other measuring device, located at the subscriber's property on which the decarbonization upgrade is located and is transferable to any successor subscriber who subsequently receives energy service at the property.

(b) The commission, or the governing board of a local publicly owned electric utility or electrical cooperative, as applicable, shall require an energy supplier, in administering the program or initiative, to facilitate proper notification of upgrades and decarbonization charge obligations to successor subscribers by completing all of the following:

(1) The energy supplier shall record, no later than 30 days after funding a decarbonization upgrade, a notice of decarbonization charge with the county recorder of the county where the property subject to the decarbonization charge is located. A county recorder, upon recording a notice of decarbonization charge, shall index the notice of decarbonization charge in the general

index by the name of the owner of the real property where the electrical meter, or other measuring device, affected by the decarbonization charge will be located. The notice shall be entitled "NOTICE OF DECARBONIZATION CHARGE" and shall comply with Section 27324 of the Government Code. The recordation of the notice of decarbonization charge shall be considered sufficient notice to a subsequent subscriber at a property with installed decarbonization upgrades of the subscriber's obligation to pay the decarbonization charge for installed measures.

(2) The recorded notice of decarbonization charge shall contain all of the following information:

(A) The address or legal description, the assessor's parcel number, and the name of the owner, of the real property where the electrical meter, or other measuring device, affected by the decarbonization charge will be located.

(B) The decarbonization charge amount and payment period.

(C) A description of the decarbonization upgrades funded with the decarbonization charge.

(D) Contact information for the person or entity authorized to provide a prompt and accurate written statement of the outstanding charges and payoff amounts related to the decarbonization charge for which the notice of decarbonization charge was recorded.

(3) Within 30 days of full cost recovery of the outstanding charges related to the recorded notice of decarbonization charge, the energy supplier shall record a notice of the full cost recovery and removal of the decarbonization charge with the county recorder of the county where the property subject to the decarbonization charge is located. The notice of the full cost recovery and removal of the decarbonization charge shall include a reference to the recorded notice of decarbonization charge.

(4) Within 30 days of a decision by the energy supplier to cease collection of the charge, the energy supplier shall record a notice of removal of the decarbonization charge with the county recorder of the county where the property subject to the decarbonization charge is located. The notice of the removal of the decarbonization charge shall include a reference to the recorded notice of the decarbonization charge.

(5) When the subscriber property is not owner-occupied, the written agreement between the energy supplier and the property owner executed relative to the installation of the decarbonization upgrade shall incorporate a requirement that the property owner shall cause the obligation to pay the decarbonization charge to appear in the terms through which the subscriber leases or licenses the property for occupancy. This paragraph shall only apply to written agreements executed after January 1, 2023.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.