Fight Corporate Control

Part 2 of the Local Energy Policy Toolkit

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ILSR INSTITUTE FOR Local Self-Reliance

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Illustrations by Maria McCoy

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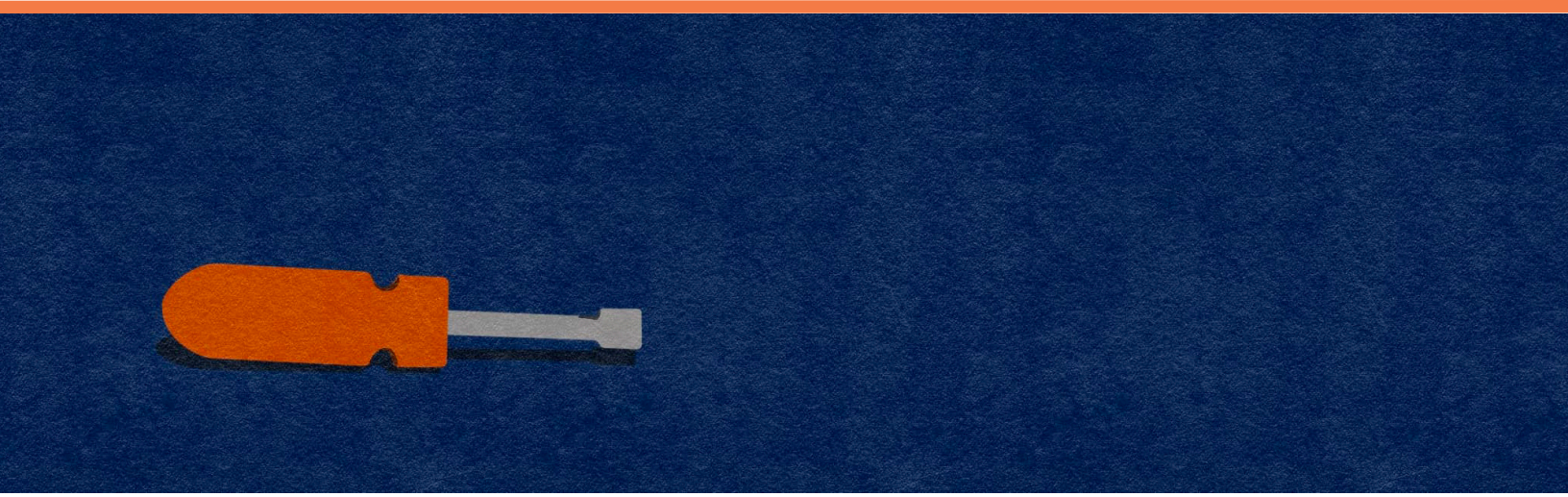

Engage in Utility Regulation

Cities can exert influence over the quality, cost, and environmental impact of their electricity and gas service by participating in state utility regulatory proceedings.

Most U.S. cities receive electricity service from a private company, called an investor-owned utility. **Investor-owned utilities are monopolies** — they have no competition in electricity delivery — so their actions are reviewed by state regulators, usually called public service commissions or public utilities commissions.

Utility regulatory proceedings are public, but they have high barriers to entry: participants must use a specific legal language, provide expert testimony, and attend meetings during the work day. Cities are uniquely positioned to intervene in these proceedings, both as a major customer of the utility and as a representative of residential consumers.

There are many reasons for a city to get involved in utility regulation: Is a rate increase going to burden city residents, particularly low-income households? Does a utility's resource plan conflict with the city's climate goals? Is the electric grid equipped to handle local energy projects?

In addition to participating in state regulatory proceedings, cities can engage with federal energy regulators and **wholesale electricity market operators**.

Cities Take Action | Engage in Utility Regulation

See how local governments across the country are participating in the regulatory process to achieve their goals.

KING COUNTY, WASHINGTON

Cities can form coalitions and sign on to letters with other cities to influence utility regulatory proceedings.

King County has partnered with other local governments to form the **King County-Cities Climate Collaboration (K4C)**. The K4C works to advance local climate action and reduce greenhouse gas emissions, including by participating in state regulatory proceedings. The group has authored **shared comments** on utility plans presented to the Washington Utilities and Transportation Commission, allowing member cities to choose whether to sign on in support of the comments.

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MILWAUKIE, OREGON

Milwaukie supported the local utility's creation of a green tariff program in front of the Oregon Public Utility Commission. Portland General Electric's green tariff program, **Green Future Impact**, allows business and municipal customers to sign up to receive 100 percent of their electricity from new wind and solar installations.

Milwaukie **testified to the Commission** that the program could help it achieve its climate goals, and it has also **worked with the utility** to identify other partnership opportunities.

"We're at a hundred percent operational carbon-free electricity, which is really exciting."

Hear Natalie Rogers, former Climate Action and Sustainability Manager for the City of Milwaukie, explain the Green Future Impact program on **episode 131** of the Local Energy Rules Podcast.

MINNEAPOLIS, MINNESOTA

One Minneapolis city official successfully advocated on behalf of residents to set more rigorous requirements for affordability and sustainability in the local utility's long-range resource plan. Minneapolis created a Sustainability Program Coordinator role within the health department to represent residents' interests at state agencies, including the Public Utilities Commission. Stacy Miller filled this role in 2023 and **described her work** on ILSR's Local Energy Rules podcast.

For example, **Minneapolis successfully advocated for residents by intervening** in utility Xcel Energy's resource planning. When Xcel Energy filed its 15-year integrated resource plan for regulator approval, Minneapolis staff made the case for more local solar and less methane gas. The city wanted more local solar because it would bring affordable energy to residents, generate economic growth, and help the city meet its climate action goals.

Other local governments in Minnesota **formed a coalition** to also comment on Xcel's resource plan. The comments from this coalition and the City of Minneapolis intentionally centered racial and economic equity, and as a result, the Public Utilities Commission set new mandatory requirements for the utility in those categories.

"We just have to be more engaged in these state regulatory processes. They're making decisions all the time that will impact us."

Listen to Stacy Miller, former Sustainability Program Coordinator for the City of Minneapolis, explain why the city has participated in state utility regulation in **episode 186** of the Local Energy Rules Podcast.

Tools | Engage in Utility Regulation

Guides for local governments participating in utility regulation:

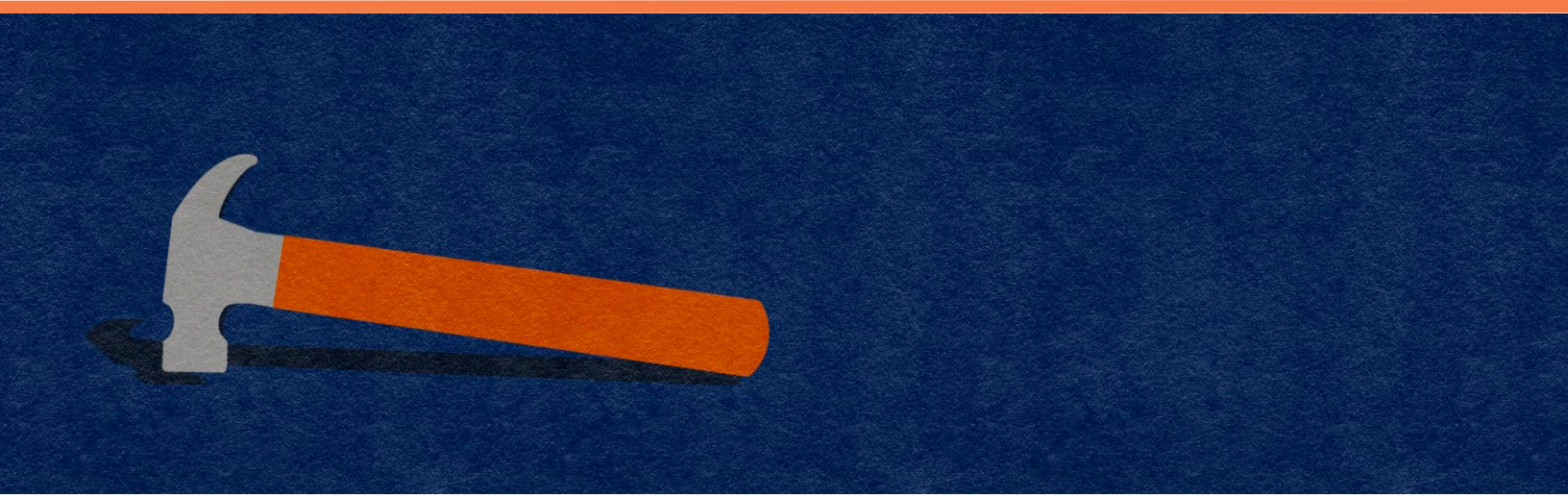
- → Local Government Engagement with Public Utility Commissions Mini Guide
- → Local Government Engagement Guidance for State Energy Regulators and More
- → Participating in Power: How to Read and Respond to Integrated Resource Plans
- → Integrated Resource Plan (IRP) Support Package

Resources for community organizations and other advocates:

- → Community Voices in Energy Toolkit
- → Amp Up the People: A Practical Guide for Energy Justice Advocates in Utility Regulation
- → Power Lines 102: A Guide to Challenging Utility Rate Hikes

Examples from other cities:

- → Embedding Equity and Climate Considerations into Minnesota Utility's Resource Planning Process
- → In Pursuit of Equitable Clean Energy: The Power of Coalitions for Utility Regulatory Transformation
- → Local Government Engagement Tracker Interactive Map



Form a Municipal Utility

Cities have the right to take over their local utility and join the more than 2,000 cities that already own their electric or gas service. Customers of publicly owned electric utilities experience **fewer and shorter outages, and residential customers pay 11 percent less** than customers of private utilities.

Advocates for publicly owned power cite low electricity rates, improved reliability, and direct accountability as reasons for a city to take over the private utility and serve residents itself — a process called municipalization.

Incumbent investor-owned electric utilities tend to fiercely oppose municipalization efforts. State laws grant these utilities monopolies over electricity distribution to their **captive customer bases**, and they do not give up their monopoly franchises without a fight.

The first step for a city in its municipalization journey is to conduct a feasibility study. The results of these studies usually support the city takeover and can be used to refute the utility's counter-campaign, which often circulates misinformation and overestimates the costs of municipalization.

After getting a grasp on the finances, residents of the city typically have to vote on and pass a ballot resolution to proceed. City leaders also need to decide how to take over — through eminent domain, which is the most common practice, or by rebuilding a city-owned grid.

Successful utility takeovers are rewarding, but few and far between. Cities looking for additional strategies can **negotiate with the incumbent utility** or **form a community choice entity**.

Cities Take Action | Form a Municipal Utility

View the examples below to see how different communities have approached the process of municipalizing their local utility.

ANN ARBOR, MICHIGAN

Ann Arbor could take over and provide electricity service within city limits despite state restrictions on negotiations with its incumbent utility.

Ann Arbor has been locked into an electricity franchise agreement with utility DTE Energy for over a century. While state law prevents Ann Arbor from renegotiating its contract or finding a new electricity provider, the city could still opt to municipalize the utility or form its own Sustainable Energy Utility.

In addition to lowering rates, improving reliability, meeting city climate goals, **advocates for public power in Ann Arbor** see advancing energy justice as a core issue in the campaign. As one example, a municipal utility could prevent harmful utility shutoffs that disproportionately affect marginalized communities.

Ann Arbor has completed a phase one municipalization feasibility study. In early 2025, city leaders **failed to approve** funds for a phase two study, which would hone in on the anticipated benefits and costs of municipalization.

In parallel with its consideration of a municipal takeover, Ann Arbor has established its own **Sustainable Energy Utility** to provide supplementary clean energy services to residents. Planning for the Sustainable Energy Utility began in late 2024, and the city expects to install solar and energy storage systems at Ann Arbor homes and businesses, among other offerings.

"Municipalization is the only real option we have to increase our reliability."

Hear more about why Ann Arbor wants to municipalize from Greg Woodring, President and Founder of Ann Arbor for Public Power in **episode 207** of the Local Energy Rules Podcast.

BOULDER, COLORADO

Boulder residents voted for a municipal takeover in 2011, after decades of discontent with the incumbent monopoly electric utility. A **municipalization study** suggested that Boulder could double its use of renewable energy while seeing $13 million in savings over 5 years and more than $100 million over 10 years, after expenses and loan repayment.

In 2020, Boulder paused its municipalization efforts after **voters approved** a new franchise agreement with Xcel Energy. However, the new agreement **makes some improvements**: it calls on Xcel to reduce carbon emissions and meet other metrics, and Boulder is allowed to exit the current franchise agreement at certain points if the utility fails to hold up its end of the bargain.

"Communities should have leverage to be able to get what they're asking for... If the energy company doesn't provide it, then they should be able to have the leverage to municipalize."

Listen to Stephen Fenberg, former director of New Era Colorado, speak about Boulder's municipalization campaign on **episode 17** of the Local Energy Rules Podcast.

DECORAH, IOWA

Grassroots group Decorah Power is leading a campaign to municipalize the city's electric service. In 2018, they commissioned a feasibility study that showed how public power could save customers 30 percent on their electricity bills. When Decorah residents went to the polls in 2018, the referendum to form a municipal utility **lost by just a handful of votes**, with incumbent utility Alliant Energy outspending Decorah Power by a four-to-one margin. Not to be discouraged, the city used the credible threat of a takeover to negotiate a shorter franchise agreement with Alliant. However, Decorah residents voted again against municipalization in a **March 2025 special election**, despite experiencing **double-digit rate increases** since the first vote.

"Many of our peer municipal utilities in Iowa function actually much more efficiently than any of the investor utilities."

Hear Andy Johnson, Decorah Power Board Member, explain how a municipal utility could save money in **episode 157** of the Local Energy Rules Podcast.

SANTA FE, NEW MEXICO

Santa Fe residents, driven in part by a desire for more solar energy, **pushed the city** to explore municipalization in 2012. A feasibility study found that a municipal utility in Santa Fe could double the share of renewable energy in its energy portfolio from 20 to 45 percent and increase energy efficiency savings from 8 to 20 percent of current customer usage, while reinvesting in the local community.

However, in January 2015, the **city attorney claimed** that Santa Fe could not lawfully use eminent domain to force the incumbent utility to sell its infrastructure. This put a halt on municipalization efforts, since the company announced its system was not for sale.

"The money isn't going to executives who make $600 thousand or $3 million a year, and then shipping the profit to shareholders on Wall Street. No, it's recirculating and being repurposed into our community."

Listen to Mariel Nanasi, Executive Director of New Energy Economy, discuss why Santa Fe residents wanted a publicly owned utility in **episode 163** of the Local Energy Rules Podcast.

WINTER PARK, FLORIDA

Winter Park is a **public power success story**. In 2001, Winter Park's 30-year contract with incumbent utility Progress Energy was coming to a close. The city could sign a new franchise agreement with the for-profit utility, but it also had an option written into its contract to purchase utility assets at the end of the franchise.

Storms frequently caused outages and the city wanted to move its power lines underground. Progress Energy could not promise more reliable service, so the city investigated whether a public electric utility could offer better service and still make ends meet. Ultimately, the feasibility study estimated that a municipal electric utility could underground the lines in 20 to 25 years without raising rates.

Winter Park took over its electric utility in 2005. The city's municipal electric utility has provided significant benefits to the

community, including lower rates, increased reliability, and more local decision making.

"That local control and accountability message carried the day. And ultimately, when we did go to referendum, it was a 69% vote in favor of buying it."

Hear Randy Knight, Winter Park, Fla., Manager, talk about how the city convinced voters that municipalization was the right choice in **episode 184** of the Local Energy Rules Podcast.

Tools | Form a Municipal Utility

Guides on how to create a municipal utility:

- → **ILSR's Public Power Handbook**
- → **Public Power for Your Community Comprehensive Guide**
- → **Model City Charter Provisions For a Public Utilities Authority**

Background on municipal utilities:

- → **ILSR's Public Power Resources**
- → **Local Energy Rules Podcast Series: The Promise and Peril of Publicly-Owned Power**
- → **Coming Together for Equitable Public Power**
- → **Survey of State Municipalization Laws**

Examples from other cities:

- → Municipalization Feasibility Studies from **Boulder, Colo.** (2005); **Chicago** (2020); **Decorah, Iowa** (2018); **Pueblo, Colo.** (2019); and **Santa Fe, N.M.** (2012)
- → **Winter Park's Franchise Ordinance** (Section 5)

Groups working on public power:

- → **Public Power Peers Network Sign-up Form**

Negotiate a Better Deal With the Utility

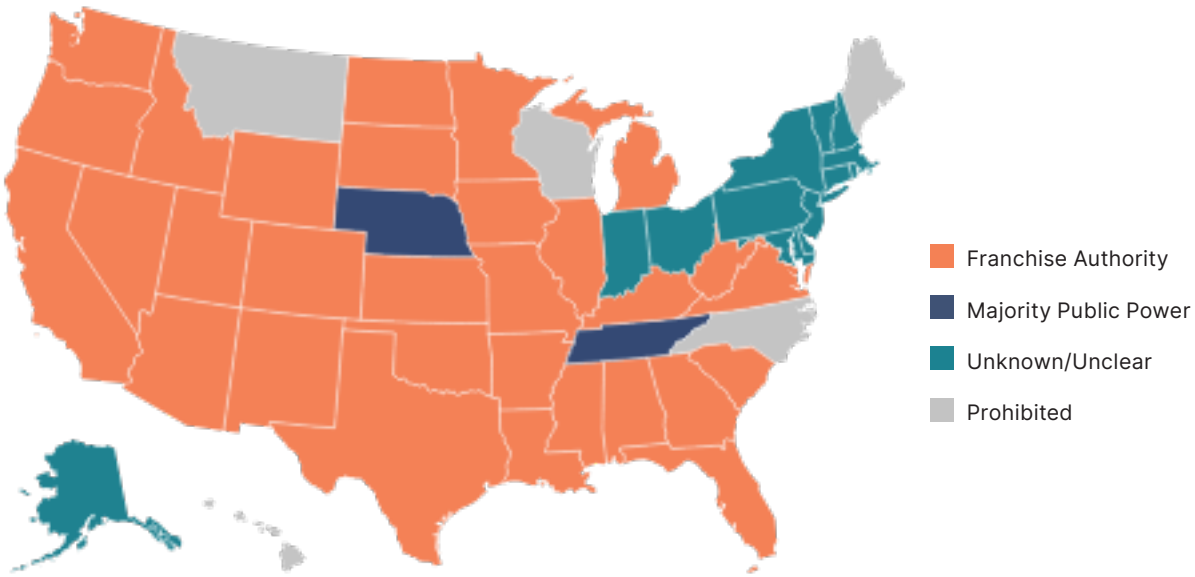
Cities may have leverage to secure funding or other concessions by (re)negotiating franchise contracts with their private electric and gas utilities.

Many investor-owned utilities have franchise contracts with cities in order to use the public right-of-way for power lines and pipelines. As part of these contracts, a city may be able to collect a franchise fee on utility customer bills and use this revenue as it chooses. Franchise agreements also provide an opportunity for a city to negotiate for clean energy commitments from the utility.

State law determines whether cities have the ability to negotiate their own utility franchise contracts and fees. These laws can differ for electric and gas utilities.

State Rules for Municipal Electric Utility Franchise Authority

Most states allow local governments to negotiate franchise agreements with the incumbent electric utility.



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Since contracts typically last anywhere from 10 to 25 years, a city must be prepared to advocate for itself and its residents when the utility's franchise expires. Cities can use this rare opportunity to shorten the contract duration or add periodic off-ramps that would allow the city to municipalize.

In addition, cities can often negotiate a utility franchise fee, which is a specified percentage assessed on customer bills. Cities can use the collected fees to finance local energy initiatives, including efforts aimed at tackling disproportionate energy burdens, solar adoption disparities, and other equity issues.

Beyond franchise contracts, cities have found ways to leverage their **local or collective buying power** to get more clean energy.

Cities Take Action | Negotiate a Better Deal

See how cities have negotiated with their incumbent utilities — in some cases, leveraging franchise contracts and in others, their collective buying power — in the examples below.

ANN ARBOR, MICHIGAN

Ann Arbor city leaders plan to negotiate for a new **sustainable heating franchise** when the franchise contract for gas service with utility DTE Energy ends in 2027.

Though state law prevents the community from renegotiating the franchise agreement with DTE for electricity service, Ann Arbor still has control over its gas franchise. By negotiating with DTE and any other interested utilities, Ann Arbor hopes to transition to renewable energy for heating buildings instead of methane gas, in order to meet its **A²ZERO** goal of achieving carbon neutrality by 2030 in a just and equitable manner.

BOULDER, COLORADO

Boulder voters **decided in 2020** to pause the municipalization process and instead sign a new franchise agreement with the local electric utility, Xcel Energy. This settlement created a **partnership between Boulder and Xcel**, with the goals of achieving Boulder's 100 percent carbon-free electricity standard, increasing local energy production, improving system reliability, and ensuring equitable access. As part of the settlement, Xcel Energy committed to investing $33 million to move electricity lines underground and make the local grid more resilient.

The franchise agreement also established opportunities for Boulder to exit the contract if Xcel fails to meet emissions

targets or for any other reason. Boulder retains the right to municipalize in the future, with certain conditions spelled out in the agreement.

Even with these provisions, serious concerns remain about Xcel Energy's progress and commitment to meeting the city's clean energy goals, according to **local advocates** and **community partnership advisors**.

MINNEAPOLIS, MINNESOTA

In 2014, Minneapolis leveraged the local utilities' expiring franchise contracts to establish a **first-in-the-nation Clean Energy Partnership** with its incumbent utilities. The Clean Energy Partnership creates a shared commitment between Minneapolis and electric and gas utilities Xcel Energy and CenterPoint Energy to meet the city's climate and energy goals.

In 2017 and again in 2023, the City of Minneapolis **increased its franchise fees** to fund initiatives to reduce energy bills and greenhouse gas emissions. The city is using franchise fee revenue to provide grants for energy improvements for residential or commercial customers, to buy down loans for customers in "Green Zones" (with lower-than-average household incomes), and implement its Climate Equity Plan, with a focus on low-income communities and communities of color.

However, the Minneapolis Clean Energy Partnership has faced some limitations, as former Council Member Cam Gordon explained **on the Local Energy Rules podcast**. Gordon suggested that other cities considering a partnership should ensure it's an independent entity and that key utility decision-makers come to the table.

With those limitations in mind, the Minneapolis City Council approved **new franchise agreements and memoranda of understanding** with Xcel and CenterPoint in early 2025 that included new performance indicators. For the first time, the **utilities committed** to reduce greenhouse gas emissions in the city by 2035 — 93 percent for Xcel and 20 to 30 percent for CenterPoint. Xcel and CenterPoint also agreed to ensure reliability for local residents, invest in programs for low-income households, diversify their hiring, and report more data to the city. (Some commitments apply to only one of the utilities.)

But the utilities rebuffed Minneapolis's efforts to institute an independent administrator for the Clean Energy Partnership.

"People who are starting this should try to get the [utility] CEO to serve on the board of these partnerships."

Hear Cam Gordon, former Minneapolis Council Member, share advice for other cities considering a utility partnership in a **2019 bonus episode** of the Local Energy Rules Podcast.

MOAB, UTAH

Moab is attempting to work with its incumbent utility Rocky Mountain Power as a member of the **Utah Renewable Communities** coalition, in pursuit of its 100 percent renewable electricity goal and more clean energy for its residents. The coalition of local governments formed after the passage of Utah's Community Renewable Energy Act in 2019 and is now developing a default renewable energy option for all Rocky Mountain Power customers within its members' jurisdictions.

Utah Renewable Communities has faced challenges in its efforts to work with Rocky Mountain Power, including the utility's 2024 decision to **cancel its requests for proposals** for new clean energy sources. But the coalition still offers an opportunity for Moab and other members to coordinate with the utility in a state that otherwise doesn't allow cities to negotiate their own franchise agreements or form **community choice entities**.

"We're in that unique position of being able to work directly with our utility."

Listen to former Moab Sustainability Director Mila Dunbar-Irwin discuss the 2019 law and the formation of Utah Renewable Communities in **episode 145** of the Local Energy Rules Podcast.

Tools | Negotiate a Better Deal

Overview of clean energy in franchise agreements:

- → **Municipal Franchise Agreements and Energy Objectives Database**
- → **National Renewable Energy Laboratory Research on Municipal Franchise Agreements**

City partnerships with utilities:

- → **Utilizing City-Utility Partnership Agreements to Achieve Climate and Energy Goals**

Examples from other cities:

- → **Equitable Funding Mechanisms for Climate Action in Minneapolis: Leveraging Utility Franchise Fees and Pollution Control Annual Registration (PCAR)**
- → **Minneapolis** and **Winter Park, Florida**, Franchise Agreements
- → **Energy Franchise Agreements and Municipalization: What Cities Need to Know (feat. Salt Lake City)**

Form a Community Choice Entity

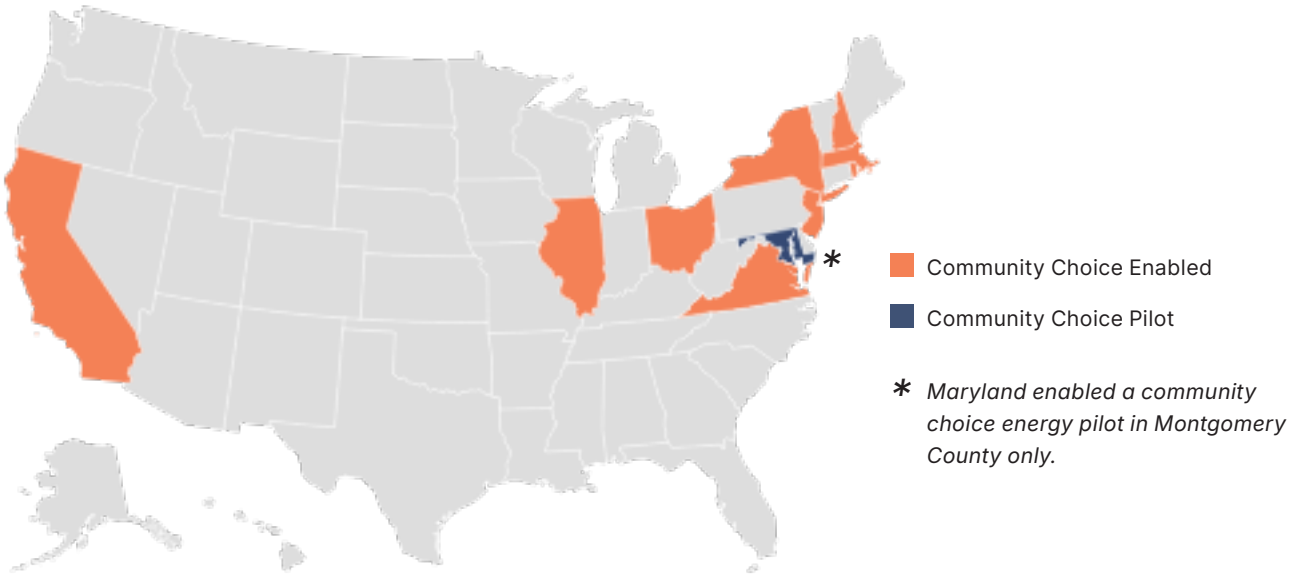
In several states, cities can take over electricity purchasing for a whole community to reduce customer costs, promote clean energy, and achieve other goals.

Community choice energy, also known as community choice aggregation, gives communities more choice over where their energy comes from without having to buy and operate the utility's poles and wires. Local governments form a community choice entity, either alone or in partnership with other cities and counties. This entity then assumes responsibility for energy procurement, while the incumbent utility continues to own the distribution system and bill customers on behalf of the community choice entity.

A state legislature must enable community choice energy before cities can take this step.

States that Enable Community Choice Energy

Nine states allow communities to form community choice entities and take over electricity purchasing.



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Community choice entities can provide cleaner energy at lower prices because they are nonprofit organizations. They may also be more supportive of local energy generation than the incumbent utility — investor-owned utilities prefer to build their own generation and distribution infrastructure, no matter the cost, because state regulators typically give them **a guaranteed return on their investments**. And because they don't have the same profit motives as investor-owned utilities, community choice entities can focus on providing community benefits, including programs for low-income and energy burdened households.

While community choice has the power to advance renewable energy adoption, local economic development, equity-centered programming, and community governance, not all community choice entities take advantage of this. Communities harnessing this tool's full potential are the exception, not the rule.

Cities Take Action | Form a Community Choice Entity

Learn more about some exceptional community choice entities in the examples below.

AVA COMMUNITY ENERGY, CALIFORNIA

Cities in Alameda County united to form a community choice entity in 2018, which procures electricity for its customers while the investor-owned utility Pacific Gas & Electric delivers it. The entity, originally called East Bay Community Energy Authority, was so successful that it expanded out of Alameda County and the East Bay and rebranded as Ava Community Energy in 2023.

Many community choice entities form out of a desire to offer lower electricity prices than the incumbent investor-owned utility. Ava offers rates lower than Pacific Gas & Electric, but thanks to a coalition of community advocates, it also has a unique focus on local development. The aggregator's **Local Development Business Plan** from 2018 set a goal to maximize local clean energy deployment and community benefits. More recently, Ava approved **Workforce and Environmental Justice Project Selection Criteria** for new energy projects and procurements, **at the urging** of an alliance of labor unions, environmental justice groups, and clean energy advocates.

However, Ava has also made decisions that **some community members opposed**, including the choice to include nuclear power in the community choice entity's energy mix.

"Our point for advocating for [a local development business plan] was the creation of jobs and stimulating our local economy, and at the same time, really providing benefits that benefit people who are otherwise shut out of the clean energy economy."

Listen to Jessica Tovar, Coordinator of the East Bay Clean Power Alliance, explain how the community has pushed for local benefits and participation in **episode 98** of the Local Energy Rules Podcast.

PHOTO CREDIT: JJG53 VIA FLICKR (CC BY-NC-ND 2.0)

REDWOOD COAST ENERGY AUTHORITY. CALIFORNIA

Humboldt County's community choice entity procures energy on behalf of resident customers and advances the community's resiliency and renewable energy goals.

Redwood Coast Energy Authority has invested in microgrids to prepare for power shutoffs by Pacific Gas & Electric during periods of high fire risk. Dry conditions, high winds, and the company's poorly maintained transmission lines were deemed responsible for many of California's devastating wildfires in the 2019 season. Microgrids that generate, store, and distribute electricity support the larger electric grid, but they can also operate in isolation if the grid goes down.

For one project, Redwood Coast worked with a local university, the County, and Pacific Gas & Electric to install **an industrial-scale microgrid** at the county airport. The microgrid can power the area, including the airport and the U.S. Coast Guard air station, for an "indefinite period of time" once the microgrid goes into island mode.

A similar microgrid installed by Blue Lake Rancheria, a member of Redwood Coast, has already **saved eight lives** during an emergency. The Tribal Government invited those on life supporting equipment to use the grid during the October 2019 wildfire-induced power outage.

"Community choice aggregation was the vehicle that would give us local control to actually pursue those objectives"

Hear Matthew Marshall, former Executive Director of Redwood Coast Energy Authority, share how the community choice entity has been able to advance local renewable energy in **episode 99** of the Local Energy Rules Podcast.

SOUTHEAST OHIO PUBLIC ENERGY COUNCIL (ATHENS, OHIO)

In 2018, Athens voters elected to raise funds to put solar on public buildings by adding a small carbon fee to electric bills for customers of the local community choice program, **Southeast Ohio Public Energy Council (SOPEC)**.

This first-of-its-kind carbon fee proposal, drafted by the nonprofit **UpGrade Ohio**, was projected to add between $1.60 and $1.80 to the average customer's monthly bill, for an estimated revenue of $85,000 per year.

SOPEC has reported that its Athens customers are still paying less than the default utility rate for 100 percent renewable energy, even with the carbon fee. Still, since SOPEC and other community choice programs are opt-out programs, members have the option not to pay the carbon fee by opting out and returning to the default electric utility service.

"[Community choice aggregation] is a way to keep more dollars flowing locally and in projects that really matter to the community."

Listen to Mathew Roberts, the former information and outreach director of UpGrade Ohio, talk about the carbon fee and other local initiatives in Athens in **episode 56** of the Local Energy Rules Podcast.

PHOTO CREDIT: AJAY_SURESH VIA FLICKR (CC BY 2.0)

WESTCHESTER POWER, NEW YORK

Westchester Power provides clean energy at low prices to its members, who make up about 40 percent of Westchester County residents. Westchester Power has a goal of providing locally generated clean energy for its members, but it hasn't yet pursued long-term contracts for new renewable power projects

Sustainable Westchester, the nonprofit consortium of local governments that operates Westchester Power, also provides communities with **community solar**, **municipal solar projects**, and **smarter home heating**. And it is growing capacity to address the tougher local hurdles, like **building decarbonization** and **clean transportation**.

"We've found that communities that are able to successfully offer their residents one of these solutions, it becomes progressively easier for them to leverage that experience and to bring more opportunities to the residents."

Learn how Sustainable Westchester's other programs complement the Westchester Power Program from Nina Orville, former Executive Director and Solar Director of Sustainable Westchester in **episode 95** of the Local Energy Rules Podcast.

Tools | Form a Community Choice Entity

Basics of community choice energy:

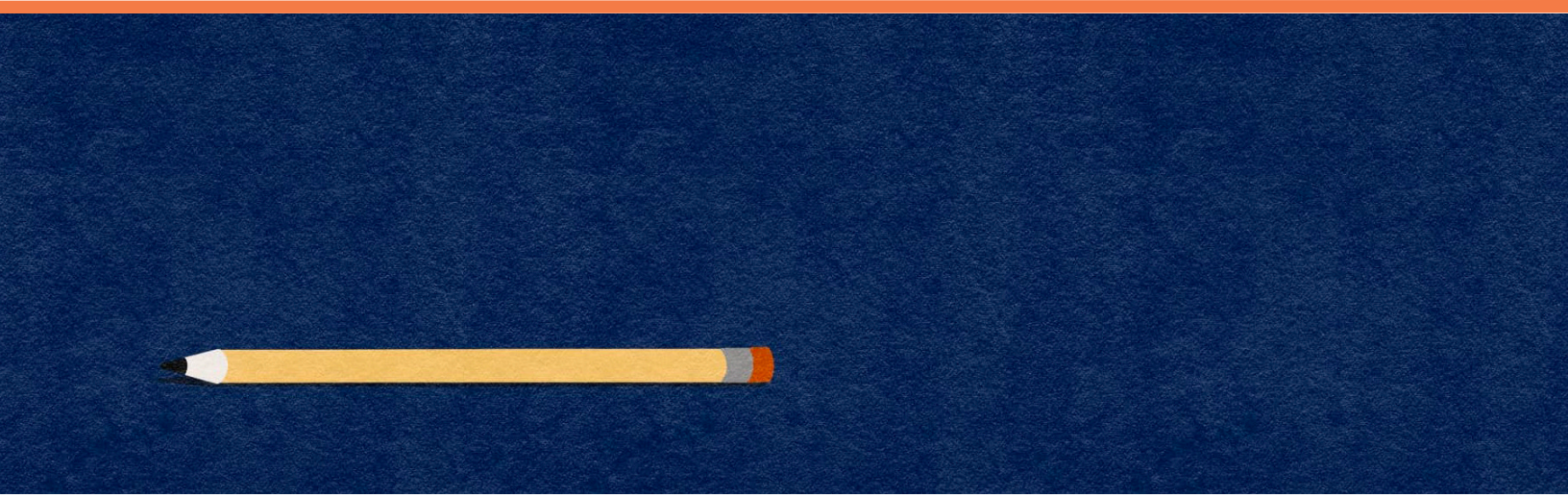
- → **ILSR's Community Choice Energy Report**
- → **Presentation on Community Power Opportunities**
- → **ILSR's Community Choice Aggregation Resources**
- → **Environmental Protection Agency Community Choice Aggregation Resources**

State-specific guides to community choice energy:

- → **Massachusetts Department of Energy Resources Municipal Aggregation Manual**
- → Community choice aggregation toolkits for **California**, **Massachusetts**, **New York**, and **Ohio**

More on how community choice can achieve various local goals:

- → **Building a Just Energy Future: A Framework For Community Choice Aggregators To Power Equity and Democracy In California**
- → **The Role of Community Choice Aggregators in Advancing Clean Energy Transitions: Lessons from California**
- → **Community Choice Aggregation and Energy Efficiency: Opportunities, Challenges, and Lessons Learned**



Ban Polluting Methane Gas

Many cities have the authority to ban new gas connections for local buildings, which they can do to limit fossil fuel consumption, avoid costly expansion of gas distribution, and advance electrification. Typically, these ordinances apply only to new construction and major renovations, or to certain building types.

There are many reasons why a local government might want to reduce or eliminate methane gas usage in buildings, from health impacts to climate change to high costs. Gas stoves create **harmful indoor air pollution** that can increase childhood asthma risks, which are already **disproportionately high** among Black Americans. And gas-powered appliances and heating systems contribute to the carbon emissions causing climate change.

Building electrification can help shield residents and businesses from **volatile methane gas prices**, especially low-income households with high energy burdens.

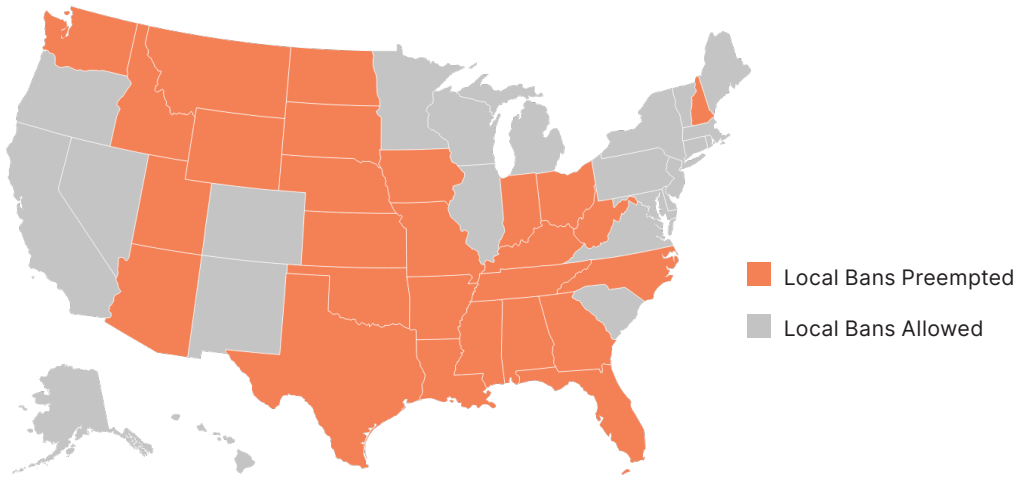
Finally, as adoption of electric appliances like heat pumps will likely decrease gas use over time, avoiding expansion of the distribution system can avoid costly investment in pipes likely to be underused.

Unfortunately, a number of state governments prevent cities from banning new gas hookups and requiring building electrification. Just over half of states preempt local government gas bans (as seen in the map on the next page).

Where available, local bans on new gas connections serve as a powerful tool for cities to reduce climate and air pollution.

State Preemption of Local Bans on Methane Gas in Buildings

Twenty-seven states block local governments from banning methane gas use in new or existing buildings.



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Cities Take Action | Ban Polluting Methane Gas

See which cities have taken action to cut out gas use in buildings in the examples below.

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BERKELEY, CALIFORNIA

In 2019, Berkeley, California, became the first U.S. city to **ban gas connections** in new multifamily buildings. The city council approved **the ordinance** unanimously, aiming to reduce greenhouse gas emissions and air pollution, improve health and safety, and stabilize energy costs for tenants.

However, the city **opted to repeal** the ordinance in 2024 following a lawsuit from gas ban opponents, led by the California Restaurant Association. The **opponents argued** that Berkeley's ordinance violated federal energy law, and the city ultimately decided to settle the case instead of appealing to the U.S. Supreme Court.

In late 2024, Berkeley residents also **voted down** a ballot measure that would have taxed gas use in large buildings as an alternative to the repealed ban, after the opposition campaign raised more than triple the amount of funds as ballot measure supporters.

Despite Berkeley's defeat, other cities **continue to enforce** their own bans as well as **pursue alternate methods** to get methane gas out of buildings, such as **building performance standards**.

"The most important thing is to stop the bleeding as soon as possible and not expand the gas infrastructure we already have."

Listen to former Berkeley Councilmember Kate Harrison speak about why the city decided to ban new gas hookups in **episode 87** of the Local Energy Rules Podcast.

PHOTO CREDIT: AXEL DRAINVILLE VIA FLICKR (CC BY-NC 2.0)

BROOKLINE, MASSACHUSETTS

The Town of Brookline, Massachusetts, officially **began enforcing** its ban on fossil fuels in major construction projects in 2024, as part of a state pilot program. **Brookline's ban** prevents new homes, businesses, and other buildings — as well as those undergoing significant renovations — from installing gas or oil systems for heating, cooking, and other uses. Officials may grant limited waivers based on cost or technological feasibility.

The Massachusetts Attorney General had blocked implementation of Brookline's **original fossil fuel-free bylaw**, which Town Meeting members **first passed in 2019** with the aim of lowering carbon emissions. The **Attorney General's office ruled** that state law did not permit local governments to adopt their own building codes.

In a 2022 law, the Massachusetts Legislature established the **Municipal Fossil Fuel Free Building Demonstration Program**, allowing a select number of local governments to implement bans on new fossil fuel hookups. Nine other Massachusetts communities are participating in the program.

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CRESTED BUTTE, COLORADO

As part of its updated building code, Crested Butte, Colorado, required that most new buildings have **all-electric heating and appliances**, despite **fierce pushback** from the local gas utility, Atmos Energy.

Councilors unanimously approved **the standards** in 2022, making Crested Butte the first community in the state to limit gas hookups for new construction. Town Councilors cited concerns over the environmental and health impacts of gas as reasons for the decision. Exceptions to the electrification mandate are available, including for commercial kitchens.

Other local governments in Colorado, such as **Boulder**, have since followed Crested Butte's example and instituted their own all-electric requirements.

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NEW YORK CITY, NEW YORK

In 2021, New York City **effectively banned gas use** in new buildings by limiting the emissions created by burning fossil fuels in appliances and furnaces. **The new ordinance** applies to most buildings less than seven stories beginning in 2024 and to all buildings by 2027. Exemptions are available, including for commercial kitchens.

New York City's requirement has so far **survived a legal challenge** similar to the one that took down Berkeley, California's ban on new gas hookups. Unlike Berkeley, New York City based its prohibition on the carbon dioxide emissions caused by combusting fossil fuels instead of banning gas appliances and furnaces outright.

Though opponents made the same claim that federal law preempted New York City's ordinance, the court found in this case that it did not apply and that local governments are free to regulate the use of fossil fuels in buildings.

Tools | Ban Polluting Methane Gas

Resources on gas system risks:

- → **Why Cities Need to Move Away from Fossil Gas**
- → **Health Impacts of Combustion in Homes (Report and Fact Sheets)**
- → **Health Impacts of Gas Stoves**

Local authority and state preemption:

- → **Clearing the Air: How Cities Can Mitigate the Impacts of the Gas System and Accelerate the Shift to Clean Energy**
- → **Implementation Guide: How Cities Can Shift From Gas to Renewables in Buildings**
- → **The Legal Dynamics of Local Limits on Natural Gas Use in Buildings**
- → **Preemption of Natural Gas Messaging and Resource Guide**

Examples from other cities:

- → Ordinances from **Berkeley, California**; **Brookline, Massachusetts** (pg. 142); **Crested Butte, Colorado**; and **New York City**
- → **Zero Emission Building Ordinances Interactive Map**
- → **Natural Gas Bans in New Buildings**