

CHARTER
NARUC Presidential Task Force:
NARUC-DOE Task Force on Evolving Gas Infrastructure Planning

The U.S. energy system is in a time of transition. New fuels and technologies such as hydrogen, renewable natural gas, and electrification are being developed and tested in numerous jurisdictions, with differing opinions among policymakers, utilities, and stakeholders about the extent to which these approaches can or should be deployed. State and federal policymakers continue to discuss and adopt ambitious decarbonization goals for the energy sector and the economy, including a growing number of states that aim to achieve net-zero economy-wide emissions.¹ Recently, more than a dozen state legislatures have begun directing public utility commissions (PUCs) to lead or assist in decarbonizing natural gas infrastructure under their jurisdiction.

Challenge

State utility regulators are charged with the task of balancing policy goals and emerging technologies with the safety, affordability, and reliability of utility infrastructure. Sound regulatory decision-making rests upon high-quality, comparative data about the costs and capabilities of deployable technologies and robust stakeholder engagement — tasks that are more difficult in the face of brisk technological innovation and rapidly approaching decarbonization goals. Regulators must make complex investment and prudence decisions today that will impact customers' bills and choices for decades into the future: decisions about expanding gas infrastructure to serve new customers, about investments in maintenance and replacement of aging assets, and about future uses of existing or new infrastructure. These investment decisions also must consider the safety and integrity of the gas pipeline distribution system, which represents significant ongoing investment in many states, independent of system throughput. Utility regulators are in urgent need of impartial, accurate information on the costs, benefits, and trajectories of various technologies and strategies to facilitate meaningful stakeholder engagement, all while minimizing cost burdens on customers. Advice and experience from state peers and federal experts can assist regulators in making well-informed decisions in the public interest.

Specifically, state PUCs are beginning to confront the following questions:

- What are the likely trajectories for the full range of technology options? What technologies can be deployed in the near- and long-term to achieve decarbonization goals while ensuring customers have access to safe, reliable, and affordable energy services?
- Where gas distribution utilities are required to achieve emissions reductions, how should the costs and benefits be quantified?
- How might PUCs evaluate and prioritize investments in gas distribution infrastructure given the multi-decade lifetimes for many of these assets and the timing of interim / final targets for decarbonization goals?
- What strategies can PUCs consider to limit the risk of stranded assets, especially considering that those stranded assets may become a substantial financial burden for those who can least afford it?

¹ See U.S. Department of State and Executive Office of the President, "The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050," November 2021 at <https://www.whitehouse.gov/wp-content/uploads/2021/10/US-Long-Term-Strategy.pdf>, and NARUC / National Regulatory Research Institute, "Clean Energy Policy Tracker," at <https://www.naruc.org/nrri/nrri-activities/clean-energy-tracker/>.

DOE and the National Laboratories are uniquely positioned to provide the type of impartial, scientific, and technical information needed by independent state PUCs to make decisions in their own states.

Approach and Outputs

NARUC will convene a Task Force on Evolving Gas Infrastructure Planning as a forum for participants from approximately 15 state commissions to make progress individually and collectively on adapting gas infrastructure planning in light of emerging technologies and decarbonization goals. The Task Force will be a NARUC-DOE initiative to organize a professionally facilitated workshop series over two years, providing a guided educational process for NARUC members to learn from national-caliber experts, share state-specific knowledge and experience, discuss state utility regulatory issues, and develop best practices that can guide state-level gas infrastructure planning. The Task Force will draw upon the insights and participation of members from the Gas Committee, Electricity Committee, and Energy Resources and Environment Committee---all of whom have been exploring some of these topics from their own perspectives, but not comprehensively and in a coordinated way that is only feasible with a cross-cutting initiative.

The Task Force staff and members will collaborate to develop and publicly release a decision process resource kit annotated with supplemental information and questions that can guide state utility regulators in their decision-making on gas infrastructure investments. The resource kit will articulate questions, data needs and possible sources, and steps that state PUCs and their stakeholders can take to support decision-making and will be based in part on the challenges encountered and lessons learned by Task Force members. The resource kit will include expert resources from DOE, National Laboratories, and relevant academic or non-governmental organizations, and include strategies for understanding potential technology trajectories, ratemaking tools to finance infrastructure costs and strategies to minimize burdens on lower-income customers, stakeholder engagement approaches, example state policies for discussion, and other resources to support state PUCs.

Other organizations, including but not limited to federal officials, utilities, industry representatives, non-governmental organizations, and consultants, may provide representatives at key points across the progression of the Task Force to deliver analytical resources, technical trainings, facilitation assistance, lessons learned from past industrial transitions, and other support to the Task Force to present members with high quality information from diverse perspectives.

By documenting the approaches used by early actors, the Task Force's primary output can be used in the future by states that are not currently engaged in this type of planning. The Task Force may also commission research papers, document literature reviews, and develop other informational resources in partnership with external parties depending on member needs and resource availability.

Membership

Many state PUCs are already actively engaged in these areas: more than a dozen states have relevant statutory requirements to open an investigation, deliver a report to the state legislature recommending further action, or issue state regulations on gas infrastructure planning. Further, in states without statutory requirements, many state commissioners are considering actions they could take to enhance information availability to support the commission in achieving better performance on safety, reliability, and affordability. In light of this recent activity, now is an optimal time to convene PUCs in a

collaborative forum where they can learn from their peers across states and invited experts from the federal government, industry, and other stakeholders.²

NARUC is well-positioned to leverage these states' experience as early actors, documenting lessons learned and facilitating productive conversations among commissions in these states, as well as others where legislative or executive action is imminent. The number of participants will depend on how many commissioners elect to submit an expression of interest to join this interdisciplinary initiative.

By participating in a leading, national conversation among states, PUCs can:

- Accelerate their understanding of near-term and long-term decarbonization options, including ranges of likely costs and benefits.
- Investigate strategies to avoid unnecessary investments and reduce the risk of stranded assets while ensuring safety.
- Explore approaches to mitigating and managing system transition costs; in particular, ensuring that costs do not fall disproportionately on low-income ratepayers.

Staffing and Resources

NARUC's President will appoint state commissioner leadership for the Task Force, to be supported by staff from the NARUC Center for Partnerships & Innovation (CPI). NARUC will partner with DOE Office of Policy, Office of Energy Efficiency & Renewable Energy, Office of Fossil Energy and Carbon Management, and others to support the NARUC-DOE Task Force on Evolving Gas Infrastructure Planning to leverage DOE's world-class technical expertise to assist state PUCs in meeting the challenges identified.

Approved by the NARUC Executive Committee on June 29, 2023 to begin upon announcement at the NARUC Summer Policy Summit on July 17, 2023.

² A partial list of potential stakeholder groups to include at various points in the process includes consumer advocates, technology advocates, pipeline safety groups, labor unions, environmental groups, large customers, investment community representatives, and other state energy decision makers in addition to utilities, federal partners, and research / academic experts.