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**NARUC**  
National Association of Regulatory  
Utility Commissioners

## **New Report Helps Regulators Assess and Implement Pathways to Integrate Low-Carbon Fuels**

**WASHINGTON** (December 14, 2022) — A new report from the National Association of Regulatory Utility Commissioners offers essential information to aid policymakers and regulators in navigating decarbonization goals. *Potential State Regulatory Pathways to Facilitate Low-Carbon Fuels*, developed by NARUC’s Center for Partnerships and Innovation with support from the U.S. Department of Energy, is part of the DOE-NARUC Natural Gas Partnership.

This report provides informational context for state utility regulators to understand the impacts and challenges of broader integration of low-carbon fuels such as hydrogen and renewable natural gas, also known as RNG. Included are illustrative examples of state regulatory actions taken to date to facilitate the development of low-carbon fuels, including voluntary customer tariffs, supplier tariffs, procurement targets and investigatory proceedings.

Increasingly, policymakers are considering the role of hydrogen and RNG in helping to achieve state and national decarbonization goals, as they may be able to reduce emissions from processes currently dependent on geologic natural gas by displacing emissions of methane, a powerful greenhouse gas. Although these alternatives currently cost more than geologic natural gas and face technical barriers to broader deployment, they can be explored as tools to decarbonize sectors that are difficult to electrify or transition away from natural gas entirely, such as air, rail and maritime transportation; long-distance trucking; industrial processes; and space and water heating in cold climates.

Developing clear methodologies to calculate the environmental benefits of low-carbon fuels and continuing federal and state investments in research and development to reduce costs relative to fossil fuels are important steps to broadening the market for hydrogen and RNG. State public utility commissions will play an integral role in establishing regulatory frameworks for low-carbon fuels and ensuring that ratepayer funds, if used, will further the public interest.

“State regulators must make decisions in the public interest, weighing costs and risks to customers through the lens of reliability and resilience, emissions reduction, and affordability,” said Commissioner Diane X. Burman of the New York State Public Service Commission. “This report is extremely timely, considering the Bipartisan Infrastructure Law and Inflation Reduction Act, which envisions allocating substantial

resources to help incentivize the development of various decarbonization technologies such as low-carbon fuels.

Ensuring that states have up-to-date, impartial information about how these fuels will be incorporated into existing infrastructure and what steps other states have so far taken to regulate these fuels is crucial for ensuring state regulators can make informed decisions about these emerging issues while keeping safety, reliability, and affordability top-of-mind.”

“State public utility commissions are at the forefront of our energy future, and many states are on the cusp of making critical decisions that will impact the growth of hydrogen and RNG in decades to come,” said CPI Senior Director Danielle Sass Byrnett. “Providing timely resources from a regulator’s perspective to support state decisionmakers is a critical part of NARUC’s mission to serve the public interest by improving the quality and effectiveness of public utility regulation.”

The Natural Gas Partnership is a cooperative effort between NARUC and DOE to understand emerging technologies and regulatory options for improving commissions’ oversight of natural gas utilities. The effort focuses on natural gas pipeline leak detection and measurement tools and new technologies and cost-effective practices for enhancing the safety, reliability, efficiency and deliverability of natural gas.

Download and read the report at <https://bit.ly/NARUClowcarbon>.

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### **About NARUC**

*NARUC is a non-profit organization founded in 1889 whose members include the governmental agencies that are engaged in the regulation of utilities and carriers in the fifty states, the District of Columbia, Puerto Rico, and the Virgin Islands. NARUC's member agencies regulate telecommunications, energy, and water utilities. NARUC represents the interests of state public utility commissions before the three branches of the federal government.*