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The Next Phase of RNG Is Here, Now What?

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The utility industry is rapidly adopting biomethane, also known as renewable natural gas or “RNG,” to supplement traditional natural gas as a fuel source for both electric generation and heating purposes. Previously, RNG project developers were predominantly focused on the unregulated space due to RNG’s high production costs and the regulatory requirements utilities otherwise faced in incorporating RNG into their existing, regulated systems. But times are changing. The passage of the Inflation Reduction Act, the enactment of several aggressive state-mandated carbon reduction targets, and the adoption of company- specific environmental programs mean RNG is now in the front seat.

The primary appeal of RNG arises from a combination of factors: its environmental benefits for capturing naturally-occurring greenhouse gas emissions from existing waste streams, a similar chemical composition to traditional natural gas, and the plentiful supply of organic feedstocks from which RNG is derived. Various low-carbon fuel standard programs also offer incentives for the increasing use of greener fuels such as RNG, as these programs award entities tradable credits for reducing carbon emissions .

Although use of RNG as a fuel source in the utility industry is not new, the scope of its use continues to expand. Early adopters of RNG projects—dating back more than a decade—tended to focus on small, localized projects. In most cases, RNG was physically isolated and was not otherwise distributed by local utilities (*i.e.*, local distribution companies or “LDCs”) for immediate end-use consumption in place of traditional natural gas. That has since changed. Today, and for the foreseeable future, LDCs and interstate pipelines are not only more active in helping develop RNG projects but are incorporating RNG pipeline facilities into their existing, regulated distribution systems.

Despite the benefits RNG offers, there are critical issues that must be considered to ensure RNG facilities are integrated in a safe, reliable, and efficient manner. This article highlights some of the most prominent issues.

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