

NEWS: ENVIRONMENT

# PUC finalizes plans to push natural gas out of Colorado home heating to hit 100% decarbonization

Xcel and other utilities must make 41% cuts to natural gas heating emissions in 10 years, transition fully by 2050



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Natural gas pipeline infrastructure is pictured near Serene Park in the Colliers Hill neighborhood of Erie on March 20, 2021. (Andy Colwell, Special to The Colorado Sun)

**C**olorado officials are making another major push toward electrification of home heating and deep cuts to carbon from natural gas, despite consumer cost concerns and the Trump administration's attempt to revive the use of fossil fuels.

The Public Utilities Commission on Monday finalized a state Clean Heat framework requiring Xcel and other utilities supplying natural gas for home and building heating to cut the carbon emissions from their systems by 41% in 10 years. The utilities are expected to reach 100% decarbonization of building heating by 2050, an ambitious goal celebrated by the environmental and clean energy groups who had pushed for an even faster schedule.

To meet the goals, utilities, regulators and policymakers must help hundreds of thousands of homeowners and landlords in Colorado switch from gas-fired heating systems to electric heat pumps and cooking appliances powered by clean, renewable solar and wind technology.

"We're excited to see Colorado continue committing to some of the strongest gas utility decarbonization goals in the nation," Colorado Sierra Club senior organizer Sarah Tresseder said.

Sierra Club, Southwest Energy Efficiency Project and others wanted the PUC to require 55% reductions in natural gas-related emissions by 2035, while the utilities and some state agencies argued for lower targets, Sierra Club attorney Jim Dennison said.

"While the commission's approved target of 41% emission reductions by 2035 is not as strong as we recommended, it represents a significant step forward in decarbonizing Colorado's gas utilities, and it rejects calls to weaken the target that was originally proposed," Dennison said.

The PUC's compromise, robust in the eyes of the environmental coalition, "will help maintain Colorado's leadership in gas utility decarbonization and send a clear signal to help drive a successful transition away from reliance on fossil gas," he added.

The Colorado Energy Office and the health department's Air Pollution Control Division had asked for a 30% target by 2035, the Sierra Club said.

The final targets are "a meaningful win for Latino and working-class families who deserve clean air, lower energy bills and healthier homes," said Christo Luna, deputy Colorado

director for the nonprofit advocacy group Mi Familia Vota. “This decision moves Colorado closer to an equitable transition away from fossil gas.”

Advocacy groups note that lower-income families often live in areas historically overburdened with pollution from fossil fuel power plants, industry and vehicles, and that reducing emissions will improve local health in addition to slowing global warming impacts on urban neighborhoods. They also want regulators to ensure average consumers do not suffer from stacks of rate increases that subsidize electrification for others.

The major natural gas suppliers to homes and businesses in the state that will now have to comply with the cuts are Xcel, with 1 million customers, Black Hills Energy and Atmos Energy. Some of the emissions cuts can come from tightening up pipeline and home distribution to prevent leaks of methane that are a super-generator of greenhouse gases because of how long they last in the atmosphere.

But the majority of cuts will need to come from more effective overhauls of home and building heating systems, replacing natural gas-burning furnaces with electric-driven heat pumps and other clean heating devices. There are also plenty of gains to be had from accelerating installation of more efficient appliances and home insulation, advocates say.

Xcel’s versions of required Clean Heat plans emphasized efficiency and electrification, “which were shown to be the most cost-effective and promising measures,” Dennison said.

“Meeting this goal will require greater customer adoption of electrification and advancements in heating technologies within the decade,” Xcel spokesperson Michelle Aguayo said Monday. “Xcel Energy remains committed to a balanced, dual-fuel clean heat transition that prioritizes affordability and reliability. We’re already reducing emissions while keeping costs low. Our Clean Heat Plan gives customers a portfolio of options—conservation, electrification, new technologies, and cleaner fuels—so they can choose solutions that fit their needs and deliver deeper, cost-effective reductions.”

Bold long-term planning is necessary, environmental advocates say, to avoid utilities charging consumers money to invest in “stranded” assets like gas pipelines and distribution that will soon be obsolete or made unusable by clean energy regulations.

Xcel’s own Clean Heat plan for beginning to meet the targets **was approved by the PUC in 2024.** Utilities like Xcel ask the PUC to approve consumer and business rates that will help pay for hundreds of millions of dollars in incentives to get people to switch to electric heat pumps and install efficient windows and insulation, among other measures.

About 10% of greenhouse gas emissions in Colorado come from natural gas burning home appliances and home and building furnaces. The Sierra Club estimates the new PUC-approved caps will avoid 44.5 million metric tons of greenhouse gases over time, and nearly 23,000 tons of nitrogen oxides, which also contribute to the Front Range's major ozone problem.