



NARUC
National Association of Regulatory
Utility Commissioners

For Immediate Release

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New Report for State Regulators Explores Securitization for Retiring Coal Assets

WASHINGTON (February 23, 2024) — The National Association of Regulatory Utility Commissioners today released a new report, *Mitigating Stranded Asset Risks to Utility Customers: An Exploration of Securitization and Retiring Coal Generation*. The report discusses the role that securitization can play in managing the costs associated with stranded assets due to early coal plant retirement.

Over the past two decades, the percentage of energy generated by coal in the United States has decreased from 51.7 percent to 19.5 percent. As coal plant retirement continues apace, many of the plants that have retired or will be retiring over the next decade have not reached the end of their useful lives. As a result, the assets being retired may still have associated undepreciated costs, which are still included in utility rates, even though customers are no longer benefiting from these units.

This report explores options for regulators considering the impacts of these early coal plant retirements on utility customers when it comes to paying for stranded assets. The information provided within the report can assist public utility commissioners in considering approaches for supporting reliable and affordable energy supply in their states.

“State regulators are seeking to understand different processes for addressing stranded assets and resulting costs of early coal plant retirement,” said Chairman Mary Throne of the Wyoming Public Service Commission. “This report is a great resource for public utility commissioners to learn more about how securitization can be used to address these issues.”

The report reviews financing orders from Michigan, Indiana and Missouri, where utilities have successfully reduced costs for customers through securitization to provide a clearer picture of the securitization process for early coal plant retirement. It also compiles relevant information from these cases to provide an overview of the outcomes of securitization for coal plant closure cases.

“This report is a relevant and practical resource that explores securitization while providing overview cases from states that have already implemented this approach successfully,” said NARUC Center for Partnerships & Innovation Technical Director Kiera Zitelman. “As states are employing practices to address the costs of coal plant retirement, NARUC presents this report to help guide strategies and decision-making around this topic.”

Explore the report to gain insight on the background and drivers of U.S. coal plant retirements; alternative transition tools for early retirement; an overview of securitization, including critiques and common responses; examples of states' implementation of securitization; and lessons learned.

Mitigating Stranded Asset Risks to Utility Customers: An Exploration of Securitization and Retiring Coal Generation was produced with support from the U.S. Department of Energy Office of Fossil Energy and Carbon Management under the DOE-NARUC Coal Modernization and Carbon Management Partnership.

Download and read the report at <https://pubs.naruc.org/pub/D41DAF2A-9425-50CD-C1E2-70B694AAC1A4>.

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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.