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Colorado research non-profit, SDSG releases a study on how coal plant closures effect customers of the Municipal Energy Agency of Nebraska (MEAN)

This report uses the case study of MEAN to assess how the costs of transitioning from coal dependence may be accounted. Who bears the cost?

Gunnison, CO, August 28, 2020 - Sustainable Development Strategies Group (SDSG) published a study on "The Toll Beyond Coal: Who Bears the Cost of Coal Plant Decommissioning and Coal Ash Disposal? A Case Study of the Municipal Energy Agency of Nebraska". This study assesses the costs of transitioning to a renewable energy infrastructure, specifically the retrofit and closure of coal ash ponds and how the Municipal Energy Agency of Nebraska (MEAN) may be preparing for such a transition.

SDSG is a non-profit research institute located in Gunnison, Colorado. SDSG focuses on the local management of natural resources. In February of 2019, SDSG published a study on the 13 communities (currently 14) in Colorado that receive electricity from the Municipal Energy Agency of Nebraska (MEAN), including the city of Gunnison, and how the MEAN contracts affect their renewable energy options. MEAN is a public, not-for-profit entity created under Nebraska law to provide wholesale electricity to municipal distribution utilities. That 2019 study is available on the SDSG website at https://www.sdsg.org/mean-study.

"The Toll Beyond Coal: Who Bears the Cost of Coal Plant Decommissioning and Coal Ash Disposal?" was released on August 25. You can find the study at https://www.sdsg.org/thetollbeyondcoal.

SDSG will be meeting with Colorado municipal officials and legislators to talk about the recent study and discuss how coal plant decommissioning under the power provider MEAN affects Colorado communities. The meeting will take place on September 24 by webinar.

Please contact Ellen Ross (918-557-2506; ross@sdsg.org) at SDSG for comment about this story. This issue affects communities across the state, which may face increased electricity rates as a result of coal plant closures.

Because MEAN works with 14 communities throughout Colorado, the information within SDSG's previous and current study are relevant and ongoing for many Colorado energy customers. The previous MEAN study, in two volumes addressed: first, limitations to renewable energy under the municipal utilities' contracts and policies; and second, seven community profiles which underline the complexity of the MEAN system and its customers. That initial study of MEAN led to more questions about how this energy agency based in Nebraska affects the energy future of Colorado. SDSG's most recent study, "Toll Beyond Coal," investigates how MEAN may be responsible for the decommissioning costs of its coal assets and how planning for those costs could affect Colorado customers.

U.S. coal plants are experiencing record closures, so the logical question is when, not if, the coal assets under MEAN will close and how the agency plans to afford their portion of the closure costs. This study begins by looking at how environmental, fiscal, and regulatory changes have expedited coal plant closures. Although there are many economic and regulatory factors driving the decline of coal's cost competitiveness, this study highlights the effects of the Environmental Protection Agency's 2015 coal combustion residuals rule. This rule addresses the safe disposal of the waste from burning coal, coal ash. Since the regulations for the disposal of coal ash were initially less stringent, the retrofits necessary to comply with updated environmental standards considerably increase the costs of decommissioning coal plants.

While exploring how other utilities from across the country have prepared for and financed coal plant closures, SDSG analyzed MEAN's public financial documents as well as contacted MEAN directly to determine how the energy agency is preparing for plant closures. The structure by which MEAN recoups costs associated with retrofitting, operation, or decommissioning of coal plants, along with related obligations on bond debts, is through rate charges to customers. Although MEAN has established a debt service reserve fund, these funds are not specifically committed to covering future costs of asset decommissioning. It appears that MEAN is not fully prepared, without rate increases, to cover unexpected costs they may encounter due to changes in regulations and laws related to coal-fired power plant decommissioning. The study concludes with policy recommendations for MEAN customers, local and state policy makers, and MEAN itself.

The full study on "The Toll Beyond Coal: Who Bears the Cost of Coal Plant Decommissioning and Coal Ash Disposal? A Case Study of the Municipal Energy Agency of Nebraska", can be found at https://www.sdsg.org/thetollbeyondcoal.

Sustainable Development Strategies Group (SDSG), www.sdsg.org, is a tax-exempt, non-profit organization comprised of researchers, consultants, teachers, and other experts whose goal is to provide guidance to communities, companies, and governments on law and policy frameworks that advance best practices for sustainable energy and natural resource development.

Ellen Ross is the Research Coordinator at SDSG. Ellen is interested in how energy policy functions to foster the renewable energy transition. You can contact Ellen at ross@sdsg.org or 918-557-2506