FACT SHEET:

RURAL ELECTRIFICATION 2.0—A CLEAN ENERGY ECONOMY

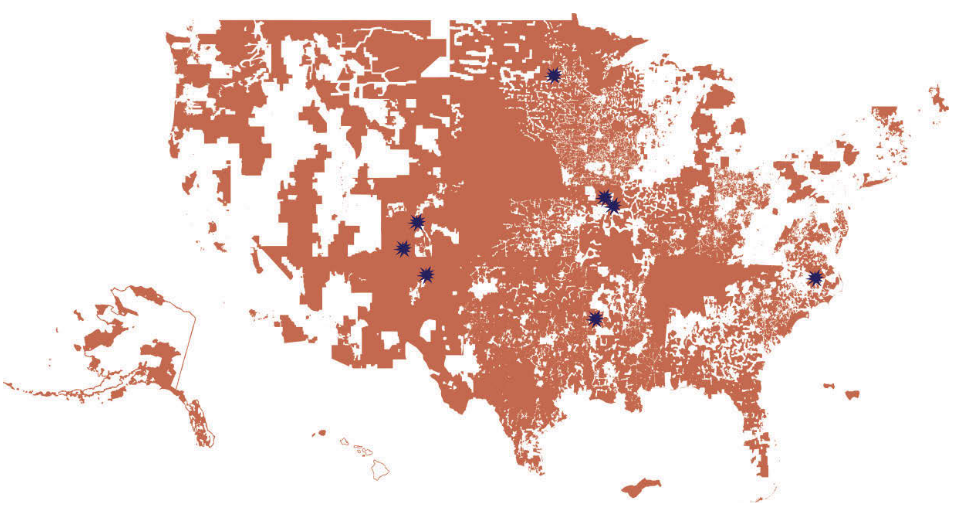
Rural America faces a conundrum with the expansion of renewable energy. Many rural areas in the country are providing infrastructure for a clean energy future, but are dependent on the energy resource mix of their rural electric cooperative, or co-ops. Nationally, co-ops derive 67 percent of their energy from fossil fuels.[1]

Rural communities, beholden to these stranded assets held by co-ops, are on the path to higher utility rates and insolvent or unstable utility organizations without a change of direction. Beyond curbing carbon emissions, the restructuring of coal debt to create conditions favorable for total co-op coal retirement would have a myriad of economic benefits. Restructuring electric co-op debt can help remove barriers and expedite this transition.

Pursuing a clean energy future would empower rural communities if current debt on existing coal plant infrastructure could be eliminated in exchange for a requirement to invest in clean energy and energy efficiency. Such a deal would incentivize the retirement of existing coal plants.

> "It seems counterproductive—why would any utility supplier want to sell energy at a lower price and decrease their profit? We're in the business of serving our members, not selling electricity." -Mark Cayce, CEO, Ouahita Electric

FIGURE 1. ELECTRIC COOPERATIVE TERRITORY HIGHLIGHTING LEADERSHIP ON CLEAN ENERGY



Electric cooperative territory in the U.S.

Electric cooperative leadership locations

Source: National Rural Electric Cooperative Association.

1 Cash, Cathy. "Co-op Fuel Mix Trends Away From Coal." National Rural Electric Cooperative Association, Feb. 2, 2018, electric.coop/co-op-fuel-mix-trends-away-from-coal/. Accessed January 2019.

PARTNERS

TABLE 1. ELECTRIC COOPERATIVE LEADERSHIP ON CLEAN ENERGY

Co-op name and type	State	Renewable commitments/outcomes
Kit Carson Electric Cooperative	New Mexico	100 percent solar powered in the summer, starting in 2022.
Farmers Electric Cooperative	Iowa	20 percent solar powered now.
Central Iowa Power Cooperative (with 13 member co-ops)	Iowa	60 percent carbon free now; announced 100 megawatt solar project in late 2018.
Great River Energy (with 28 member co-ops)	Minnesota	50 percent renewable energy by 2030.
Ouachita Electric Cooperative	Arkansas	On-bill energy efficiency program, on-bill program for rooftop solar launching soon, community solar, and broadband.
La Plata Electric Association[2]	Colorado	Cut carbon 50 percent from 2018 by 2030.
Holy Cross Energy	Colorado	70 percent renewable energy by 2030.
Roanoke Electric Cooperative	North Carolina	On-bill energy efficiency program, community solar, electric school bus program launching soon, and broadband.

Public and economic pressure are demanding a rapid transition to clean energy. A 2018 national survey of customers completed for the Edison Electric Institute said:

- 74 percent: Use solar as much as possible.
- 70 percent: In the near future, we should produce 100 percent of our electricity from renewable sources like solar and wind.
- 51 percent: It is a "pretty good" or "very good" idea to go 100 percent renewable, even if it led to a 30 percent bill increase.[3]

Another national survey of electric cooperative members showed:

- Half of members are interested in learning about the costs of renewable energy;
- Half of members feel their cooperative is committed to using renewable energy sources; and
- More than two-thirds of members are interested in community solar.[4]

CHALLENGES FOR A CLEAN ENERGY TRANSITION FOR RURAL ELECTRIC COOPERATIVES

Ties to long-term debt service on coal plants prevent many co-ops from making new clean energy investments. Of the $41.8 billion in loan guarantees in 2010, we estimate that approximately one-fifth, or $8.4 billion, is directly tied up with coal infrastructure. Further complicating the matter is an unknown amount of debt held by financiers such as CoBank, the National Rural Utilities Cooperative Finance Corporation, and other private financiers such as Goldman Sachs.

2 Shinn, Mary. "Electric co-op sets ambitious goal to cut carbon by 50 percent." The Durango Herald, Jan. 20, 2019, durangoherald.com/articles/259634. Accessed January 2019.

3 Roberts, David. "Utilities have a problem: the public wants 100% renewable energy, and quick." Vox, Oct. 11, 2018, www.vox.com/energy-and-environment/2018/9/14/17853884/utilities-renewable-energy-100-percent-public-opinion. Accessed January 2019.

4 "Greatest Hits: The National Survey on the Cooperative Difference 2004-2018—14 years." Touchstone Energy Cooperatives, 2018, tseservices2.cms.coopwebbuilder2.com/sites/tseservices2/files/PDF/Retrospect%20Greatest%20Hits.pdf. Accessed January 2019.