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

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.²

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.³

### 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.

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