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ADVANCING A CLEAN, EQUITABLE ENERGY TRANSITION THROUGH ALTERNATIVES TO INVESTOR-OWNED UTILITIES

Advancing a Clean, Equitable Energy Transition through Alternatives to Investor-Owned Utilities

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Executive Summary

The energy sector needs creative solutions for addressing the worsening and unevenly distributed impacts of climate change. There is growing scientific consensus that we have already surpassed 1.5 degrees Celsius of warming, the limit that would have prevented even more dire and irreversible climate consequences like permanent ice sheet melting, loss of entire ecosystems, and intensifying ocean warming. Instead, we are on a trajectory for 2.5 degrees Celsius warming by the end of 2100.¹



Ever-increasing global temperatures are directly related to more catastrophic events like intensifying droughts, floods, and extreme heat.² These climate effects also have disparate impacts on racialized and historically oppressed communities, including communities of color, immigrant groups, the working class, LGBTQ+ communities, and those with limited English proficiency.^{3,4} This is true across educational attainment and age categories.^{5,6}

Longstanding structural forces including white supremacy, settler-colonialism, patriarchy, capitalism, and imperialism have produced deep systemic inequalities and power disparities across economic, social, and political outcomes, and these power differentials perpetuate uneven impacts of climate change.⁷ A mix of racist policies and

practices stemming from these structural forces, including gerrymandering, mortgage and lending discrimination, and historic disinvestment, has created segregated, under-resourced communities that are especially frontline to environmental and climate catastrophes.⁸

These compounding and intersectional factors have led to a lack of energy-efficient and healthy housing and have led to high energy burden (high amount for energy bills relative to income) for these same communities.⁹ Households with higher energy burdens are disproportionately headed by low-wealth people, Black, Latino, and Native American people, older adults, renters, and multigenerational families.¹⁰ In other words, people who have contributed the least to climate change are experiencing its worst effects, including those related to energy pollution and energy burden.

Burning fossil fuels like methane gas, coal, and oil is the leading contributor to the rapid and unprecedented warming over the last 10,000 years.¹¹ These fuels release carbon dioxide, a greenhouse gas, into the atmosphere, which traps heat and warms the planet.¹² Burning these fuels also releases other greenhouse gases and nitrous oxides, which are linked to adverse health outcomes like respiratory illnesses (including asthma), cancer, and heart disease.^{13 14}

These adverse health outcomes are disproportionately high across racialized groups.¹⁵ Due to systemic racism in lending and zoning laws, people of color, especially those who are low wealth, are more likely than other groups to live near oil refineries, gas plants, and other dirty energy infrastructure.¹⁶ Higher and disproportionate exposure to these facilities' toxic emissions corresponds to higher rates of respiratory problems.¹⁷

Overall, the electric power sector is second only to the transportation sector in terms of carbon dioxide emissions in the United States,¹⁸ and 74 percent of all human-produced greenhouse gas emissions come from burning fossil fuels for electricity.¹⁹ Globally, the energy sector produces the most emissions of any sector, accounting for over 75 percent of greenhouse gas emissions.²⁰ While the U.S. has seen a decrease in carbon dioxide emissions from the electricity sector due to investment in renewable energy resources like solar, wind, and geothermal technologies since the 1990s, energy-related carbon emissions increased by 7 percent in 2021, in part due to increased electricity demand as more of the economy electrifies.²¹



Bold action is needed to mitigate the catastrophic and disproportionate climate and health harms from burning fossil fuels for electricity. Decarbonization is one of these bold and essential actions.

Decarbonization — the process of reducing or removing fossil fuels from production by switching to renewable energy resources in energy and economic systems — is necessary

to slow or halt the adverse consequences of climate change and carbon dioxide emissions.²² Some scholars have coined the phrase “deep decarbonization” to describe more specific, impactful interventions, including energy efficiency measures (upgrading residential and commercial heating and cooling systems and insulating homes), removing carbon from the electricity sector (ending the use of coal and natural gas and switching to wind and solar energy on the electric grid), transferring clean energy to building and transportation sectors (solar-powered electric buses), and utilizing natural carbon sinks (replanting forests).²³ Decarbonization must be conducted through the lens of equity and justice to fully and adequately address historic and present harms associated with fossil fuel-based pollution.

The electricity sector needs to deeply decarbonize, and to do so rapidly. However, the predominance of investor-owned electric utilities (IOUs) complicates, disincentivizes, and impedes clean energy investment and development for reasons explained in the Introduction.

Utility decarbonization targets can stem from legislative action like state climate laws, mandates from regulators at public utility commissions, emerging clean energy technology that is lower-cost and lower risk, market demand from customers or other stakeholders, or corporate environmental, social, and governance goals.²⁴ Collectively, the electricity sector must reduce emissions by 80 percent by 2035 to limit its impact on climate warming, but within the current decarbonization efforts of IOUs, aggregate progress has been lackluster and is only slated to meet 50 percent carbon reduction.²⁵

In 2022, the Inflation Reduction Act (IRA) — the single largest piece of climate legislation in U.S. history — was signed into law to facilitate, among other things, widespread decarbonization. The IRA was intended to boost a clean energy transition for individuals, municipalities, nonprofits, and industrial stakeholders like electric utilities through subsidies, loans, and adders (a specific type of financial bonus) for energy communities (or, those communities historically overburdened by fossil fuel-based pollution).²⁶ Many core elements of the IRA — including Environmental and Climate Justice Block Grants, the Greenhouse Gas Emissions Reduction Fund, Home Energy Performance-Based Grants, Whole House Rebates and Training Grants, and the High-Efficiency Electric Home Rebate Program — are investments in low-income and disadvantaged communities to promote “legacy pollution reduction, affordable and accessible clean energy for disadvantaged communities, and a better quality of life and good jobs.”²⁷

The most prominent provisions of the IRA for utility-scale decarbonization are the Investment Tax Credit and Production Tax Credit, with additional credits for low-income communities.²⁸ Unfortunately, these tax credits for utility-scale solar and wind projects, along with other credits, rebates, and subsidies, are now sunseting earlier because of tax code changes in the “One Big Beautiful Bill Act” (H.R. 1) passed on July 4, 2025.²⁹ With the effective repeal of the IRA, three impacts relevant to this brief are likely:

1. “Reduction in cumulative capital investment in U.S. electricity and clean fuels production by \$0.5 trillion from 2025-2035.
2. Increase of greenhouse gas emissions by roughly 190 million metric tons per year in 2030 and 470 million tons in 2035 — or about 2 percent of 2005 emissions in 2030 and 7 percent in 2035.
3. Decrease in clean electricity generation in 2035 by more than 820 terawatt-hours — more than the entire contribution of nuclear or coal to the electricity supply today.”³⁰

Within the IOU space, the scale and pacing of decarbonizing was already lagging; the effective repeal of the IRA means even fewer industry incentives to decarbonize and more carbon pollution. Creative solutions outside of IOUs are needed to facilitate a clean, equitable, and just energy transition in the utility space.

If IOUs aren't up to the monumental task of deep decarbonization in the name of an urgent climate crisis, what are the viable alternatives for electricity? This brief will explore alternative models outside of the IOU structure — electric cooperatives, publicly owned utilities, and community choice aggregators — and outline the benefits and drawbacks of each of these in achieving an equitable, clean energy transition. We will also address legal mechanisms and barriers for adopting these alternatives.



Introduction

Investor-owned electric utilities (IOUs) are for-profit companies owned by shareholders and regulated by the government. IOUs serve 72 percent of electricity customers in the U.S.³¹ IOUs recoup operating expenses (salaries, rent, and business operations) and make profits from capital expenses (physical infrastructure like substations and transformers).³² Capital expenditures provide recouped investments plus a percentage kept as profit, thus incentivizing costly investments on expensive physical infrastructure over less profitable (but more environmentally sound and affordable to customers) investments like demand-side energy efficiency programs (e.g., rewarding customers for turning the thermostat up during summer peaks or lowering the thermostat during winter cold snaps).³³

IOUs can set rates customers pay for electricity, and in exchange for this monopoly status, they are regulated by bodies like utilities commissions (known in some states as public service commissions, public utility commissions, corporate commissions, commerce commissions, etc.). In general, these commissions are designed to ensure that utilities provide reasonable and reliable service at reasonable rates, but this role is often unrealized or inadequate.³⁴

In this brief, we will not focus on better regulation of IOUs as a viable alternative. While some mechanisms for better regulation already exist, barriers to this approach are explained below.³⁵ Rather, because of the significant obstacles to regulating IOUs baked into these systems, we focus on alternatives outside of the IOU model.

Limitations of Investor-owned Utilities and Reasons for Alternatives

IOUs are limited in their ability to meet the full weight of the climate crisis in a meaningful, equitable, and affordable way due to a complicated mix of historical industry capture and political power, information asymmetries in a regulatory context, and the profit motive of energy production and distribution.

William Boyd, who is a Professor of Law, the Michael J. Klein Chair in Law Faculty, and the Co-Director of the Emmett Institute on Climate Change and the Environment at UCLA, describes the failure of neoliberal electricity markets to achieve their intended purpose of lowering cost to consumers, ensuring energy security, and delivering renewable energy as stemming from inaccurate pricing mechanisms and basic design of markets.³⁶ He argues that provisioning electricity as a necessity, as opposed to a commodity, via social ratemaking (simple, stable rates) is one solution.³⁷

There is some evidence of regulatory capture among IOUs, meaning the regulated electric utility and fossil fuel industry end up having influence on regulators, which can mean worse environmental and affordability outcomes. This is especially prominent in states with elected utilities commissioners. A recent Floodlight analysis demonstrated that in nine out of ten states with elected commissioners, a total of \$13.5 million in campaign contributions came from utility or fossil fuel interests between 2014 and 2023.³⁸ For example, in Alabama, commissioners receive over 50 percent of their campaign contribution support from fossil fuel and utility interests via contractors, attorneys, and political action committees.³⁹ This funding directly hinders investment in renewable energy and even leads to outright hostility from commissioners toward decarbonizing utilities.⁴⁰

IOUs also have a profit motive and duty to return profits to shareholders. Utilities make money by spending it on new capital like power plants, wires, and other heavy infrastructure.⁴¹ As a result, utilities do not have strong incentives to invest in some of the lowest cost and most resilient forms of renewable energy resources, such energy efficiency upgrades (HVAC and insulation, for example) or distributed energy resources like solar panels and community solar projects. That is because these investments are not capital intensive in the way heavy infrastructure like methane gas plants are.⁴²

Center for Progressive Reform Member Scholar and University of Michigan Vice Provost for Sustainability and Climate Action Shalanda Baker outlines the need for alternatives to IOUs in her book *Revolutionary Power: An Activist's Guide to the Energy Transition*, in which she argues that the IOU model does not advance “energy democracy” or the ability of those most harmed by the energy system to have input and benefit from a clean energy system.⁴³ Indeed, Baker argues that in addition to perpetuating environmental harm, the structure of IOUs leads to additional social harm in the form

of further and more deeply entrenched inequality and racialized harm.⁴⁴ The choices to prioritize shareholder profits at the expense of customer safety, Baker argues, expose the most vulnerable customers to the many externalities of fossil fuel-based infrastructure, both in additional proximate exposures to fossil-fuel based pollution and long-term impacts of the consequent and related climate warming.

Member Scholar and University of Pennsylvania Presidential Distinguished Professor of Law and Energy Policy Shelley Welton echoes the need for a new approach in the energy space, noting that while regulation of privately owned utilities may have worked in the last century to “incentivize low prices and adequate” supply, “this century, however, climate change creates the need for more deliberative, experimental management of electricity to meet the additional aim of decarbonization while maintaining affordability and reliability.”⁴⁵

We highlight three main alternatives — electric cooperatives, publicly owned utilities, and community-choice aggregators — in this brief and describe both their potential benefits to bring renewable and equitable energy, and some of their limitations.



Alternatives to Investor-owned Utilities

Publicly Owned Utilities

One alternative to IOUs is publicly owned utilities, which are not-for-profit entities owned by taxpayers and run as a division of government. Public utilities are governed by an elected city council or an appointed board. The U.S. currently has over 2,000 publicly owned utilities in 49 states, serving more than 48 million people.⁴⁶

Because of their nonprofit and governance structure, public power systems offer more democratic and local control over utilities compared to IOUs. These structures encourage equity and improve environmental outcomes if the community desires.

For example, Seattle City Light, a municipal electric utility, became carbon neutral in 2005, while Puget Sound Energy, the local IOU, had a 50 percent fossil fuel-based generation mix by 2020, demonstrating that local priorities can increase decarbonization rates relative to a regional IOU.⁴⁷

Public power systems engage a larger share of renewable energy resources due to their nonprofit structure (any dollar saved is a dollar reinvested), which encourages investments in lower-cost capital like distributed energy resources and community solar, as well as related energy reduction and energy efficiency incentives.⁴⁸ Indeed, over 40 percent of the collective generation mix of public power is from renewable energy sources, which is higher than generation sources across the electric sector.⁴⁹ Public power systems also reinvest these savings into state and local governments — 33 percent more than IOUs.⁵⁰ This reinvestment can provide economic benefits to the immediate community.

Municipal utilities typically also have better energy justice outcomes across recognition, procedural, distributive, and restorative justice relative to their IOU counterparts. Municipal utilities have more affordable rates compared to IOUs, which is tied into improving energy burden (distributive justice), some mixed outcomes on developing low-income customer programs (recognition justice), stronger outcomes in locally owned governance structure (procedural justice), and variation based on the municipal utility around accessing clean energy for frontline communities (restorative justice).⁵¹ Overall, municipal utilities are well-positioned to achieve positive energy justice outcomes by placing power and decision-making back into the community served without having shareholders to answer to.

Public power systems are not panaceas. There are concerns that these systems can take ratepayers out of the IOU rate base and privilege wealthier customers who can make a choice to switch to a public power system. This can leave remaining IOU customers literally “footing the bill.”⁵² Wealthier

municipalities may be better able to form municipal utilities, while economically disadvantaged municipalities may not be able to do so, again leaving higher rates for some as more leave the IOU rate base. Even so, wealthier municipalities may still struggle to form their own utilities outside of IOUs and may instead be better able to influence a private utility instead of leaving it entirely. For example, Boulder, Colorado — a wealthy municipality — attempted to municipalize but gave up after a lengthy, expensive process.⁵³ The failure was not an entire wash, however, as the city’s negotiations with Xcel Energy — the region’s IOU — hastened its own decarbonization. Xcel even became the first IOU to commit to 100 percent decarbonization, and negotiations with Boulder led to increased negotiating power and community engagement for grid planning and investments.⁵⁴

Electric Cooperatives

A second alternative to IOUs is electric cooperatives — not-for-profit energy providers typically based in rural areas and run by elected boards. Electric cooperatives are owned by their members, who then elect board members. Cooperatives do not have shareholders to return profits to, and while they must recover business costs, they can reinvest all excess revenue back into their communities in the form of capital credits. Electric cooperatives are governed by seven “Cooperative Principles” including: open and voluntary membership; democratic member control; members’ economic participation; autonomy and independence; education, training, and information; cooperation among cooperatives; and concern for community.⁵⁵

Rural electric cooperatives play a vital role in promoting energy equity, as they bring electricity to some of the most energy-burdened communities in the country. However, there is room for further improvement.

Rural electric cooperatives serve 56 percent of the U.S. land mass, with over eight hundred distribution co-ops. These cooperatives serve more than 90 percent of counties experiencing extreme poverty and deliver electricity to around 3.5 million people.⁵⁶ Due to structural disenfranchisement — unaccountable elected boards, lack of transparency in meetings, misuse of member capital, lack of representation of community served on elected boards, and more — cooperatives can have a spotty track record of meeting member-owners’ needs.⁵⁷ These same imperfect governance structures require reform to fully embrace cooperatives’ role in a clean energy transition.

Currently, electric cooperatives are not leaders in renewable energy development due to historically limited access to capital, power purchase agreements with IOUs, imperfect governance structures, and legacy debt from coal plants.⁵⁸ As of 2021, cooperatives still had a mix of mostly coal and natural gas, with a higher portion of coal (32 percent) than the overall U.S. generation mix (22 percent).⁵⁹ Further, many state legislatures allow electric cooperatives to “self-regulate,” which makes federal or state carbon mandates difficult to impose.⁶⁰ With a move toward what Alexandra Klass (Member Scholar

and James G. Degnan Professor of Law at the University of Michigan Law School) and Dr. Gabe Chan (Associate Professor at the University of Minnesota) call “cooperative clean energy,” however, cooperatives could contribute to nationwide decarbonization.^{61 62}

Under the “cooperative clean energy” model, cooperatives can embrace their guiding cooperative principles as self-regulating and self-governing entities to promote energy equity and democracy while also promoting a clean energy transition.⁶³ One component of a “cooperative clean energy” model is “bolstering support for internal governance that represents all cooperative members equitably.”⁶⁴

Grassroots advocacy efforts of some southeastern cooperatives are an example of member-led efforts to “promote participation, equity, and racial diversity” in cooperative governance to advocate — both internally and externally — for clean energy transition and member accountability.⁶⁵ Southeastern cooperatives serve a high percentage of Black members but have a very low percentage of Black board members, which is misaligned with cooperative guiding principles of open, accessible, and inclusive membership. Groups like the New Economy Coalition, We Own It, Partnership for Southern Equity, and the Advancing Equity and Opportunity Collaborative all work to improve community representation on electric cooperative boards, increase member engagement for a clean energy transition, and organize cooperative members into advocating for democratic, and more socially and racially just, clean energy systems.⁶⁶

Roanoke Electric Cooperative in North Carolina is a leader in democratic, social, and environmental reforms within the cooperative space. The cooperative has socially inclusive programs like a Black farmer fund and energy efficiency upgrades for low-income customers.⁶⁷

Electric cooperatives also have the advantage of a nonprofit structure that can improve renewable energy investment if federal funding is adequately tapped into. As nonprofits, cooperatives can often benefit from federal funding that for-profit entities cannot. A study from UC Berkeley, for example, demonstrated that the IRA’s Empowering Rural America (New ERA) program would have helped co-ops secure enough renewable energy resources to retire their entire coal capacity by 2032.^{68 69} The direct pay for nonprofit entities like cooperatives would have cut carbon emissions by 80 to 90 percent and reduced electricity costs by 10 to 20 percent compared to 2021 levels.⁷⁰

Unfortunately, only 43 cooperatives received portions of the \$9.7 billion in ERA funding. Many other cooperatives have had funds frozen or are no longer eligible to receive these investments that would reduce pollution and upgrade the power grid in rural communities. Cooperatives and the communities they serve should continue to advocate for this type of subsidized funding, however, to help facilitate cooperatives’ clean energy transition.⁷¹

Community-choice Aggregators

Community-choice aggregators (CCAs) are not-for-profit government entities that purchase their own power while relying on a utility's infrastructure. Cities or governments can purchase power from electric utilities, most often renewable energy sources based on preferences of residents or businesses. CCAs only manage the wholesale purchase and retail sale of electricity; IOUs still maintain billing, electricity distribution, and metering. This role allows CCAs to promote community control of energy sources, cost efficiency, and flexibility without the capital-intensive operational role of grid maintenance. CCAs are revenue-based; the rates customers pay are reinvested into group energy purchasing. CCAs are overseen by elected local officials.

Some benefits of CCAs include more connection to local and renewable energy resources, lower-cost electric bills, more customer choice and control over energy systems, and potentially more local clean energy jobs.⁷² Because of their recent entry into the energy market, CCAs have the advantage of benefitting from declines in renewable energy prices, as compared with regulated IOUs, which typically have purchased energy from renewable sources at higher rates at earlier points.⁷³

Indeed, data has shown that CCAs are driving demand for renewable energy resources such that the record-setting increases in 100 percent clean energy targets from state and local governments are linked with CCAs.⁷⁴ For example, in 2018, 4.7 million CCA customers bought about 13.1 million megawatt hours (MWh) of renewable energy through CCAs, and in 2019, roughly 7.8 million residential and commercial-industrial retail electricity customers bought about 164 million MWh of renewable energy, suggesting a strong role for CCAs to influence the demand for these renewable energy resources.⁷⁵ By aggregating demand for clean energy resources, CCAs with 100 percent renewable energy goals are pushing utilities to adopt clean energy targets at a quicker pace and accelerate a clean energy transition.

The environmental and economic benefits of CCAs are strongly evident in California. Overall, CCAs in the state offer up to a 25 percent greater share of renewable energy compared to their respective IOU.⁷⁶ This greener energy has pushed California closer to its renewable energy goals and has done so at lower cost to customers. When accounting for carbon pricing, this economic benefit is equivalent to \$7.5 million in annual savings for electricity customers statewide.⁷⁷

Similarly, California CCA customers on the whole pay less for energy than IOU customers in part because of more competitive low-cost contracts with IOUs and their nonprofit status. This status allows them to build electricity generating facilities without needing to consider shareholder profits, meaning they do not need to pass on higher costs to customers.

Besides lower costs, decentralized clean energy resources like distributed solar can also reduce transmission and distribution costs as power is more localized in the communities receiving it.⁷⁸ Some of these decentralized sources can be offered to low-income customers in the form of green tariffs, improving access to renewable energy resources. CleanPowerSF has a subsidized solar program for low-income customers, for example.⁷⁹

CCAs have more comprehensive community benefits centered in equity based on their governance structures. CCAs are overseen by elected local officials and have community advisory committees that represent a variety of stakeholders — residential, commercial, labor, and so on — enabling greater access to community decision-making.

CCAs also produce community clean energy jobs. For example, Marin Clean Energy supported 341 jobs as part of the construction of a solar project in 2019.⁸⁰ Because CCAs are locally controlled, they are also nimbler at creating programs for low-income customers. Energy efficiency programs, workforce development programs, and community ownership of distributed resources paired with a bill credit are just some examples of the many creative programs above and beyond IOU low-income customer initiatives.⁸¹



Legal Mechanisms for Adopting Changes or Alternatives

It is important to note that alternatives to IOUs require, to some degree, a “reality check” in terms of their role in a just and equitable clean energy transition, based on feasibility across regulatory and legal landscapes in various states.

For electric cooperatives, the regulatory landscape can be complex and lax around state decarbonization mandates. Cooperatives are self-regulating, meaning they are not subject to the same rate regulation or clean energy mandates as IOUs are. Though states retain authority to regulate cooperative rates and energy resources, they largely do not do so.⁸² For example, 30 states have decarbonization mandates, but most are lenient or do not impose the requirements on cooperatives.⁸³ This leaves cooperatives to voluntarily adopt decarbonization goals.

Also, it is enormously difficult to start new electric cooperatives due to a complex process related to the Federal Energy Regulatory Commission (FERC) regulations that govern power transmission. Rather, changing cooperatives from within may be the best-case scenario to address energy justice and increase renewable energy resources.⁸⁴

For CCAs, states must pass laws enabling cities, counties, a group of cities, or a group of counties to aggregate their electrical loads and become load-serving entities, in the way a utility would. To overcome the stranglehold IOUs have, there must be a cost-recovery mechanism to cover “exit fees” for customers leaving an IOU. Challenges also include lack of legislation in states permitting these types of collective purchases, community energy exit (the undermining of benefits and burdens in traditional energy systems that can compound social inequities when communities exit the monopoly utility), monopoly utility obstructionism, and high local costs.⁸⁵

As of 2025, only ten states had passed legislation allowing CCAs.⁸⁶ CCAs are only viable in states that are semi- or fully deregulated, meaning states that have regional transmission organizations (RTOs) or independent system operators (ISOs). Currently 21 states are in a regulated market, meaning without any regulatory or legislative changes, they are ineligible for CCAs.⁸⁷

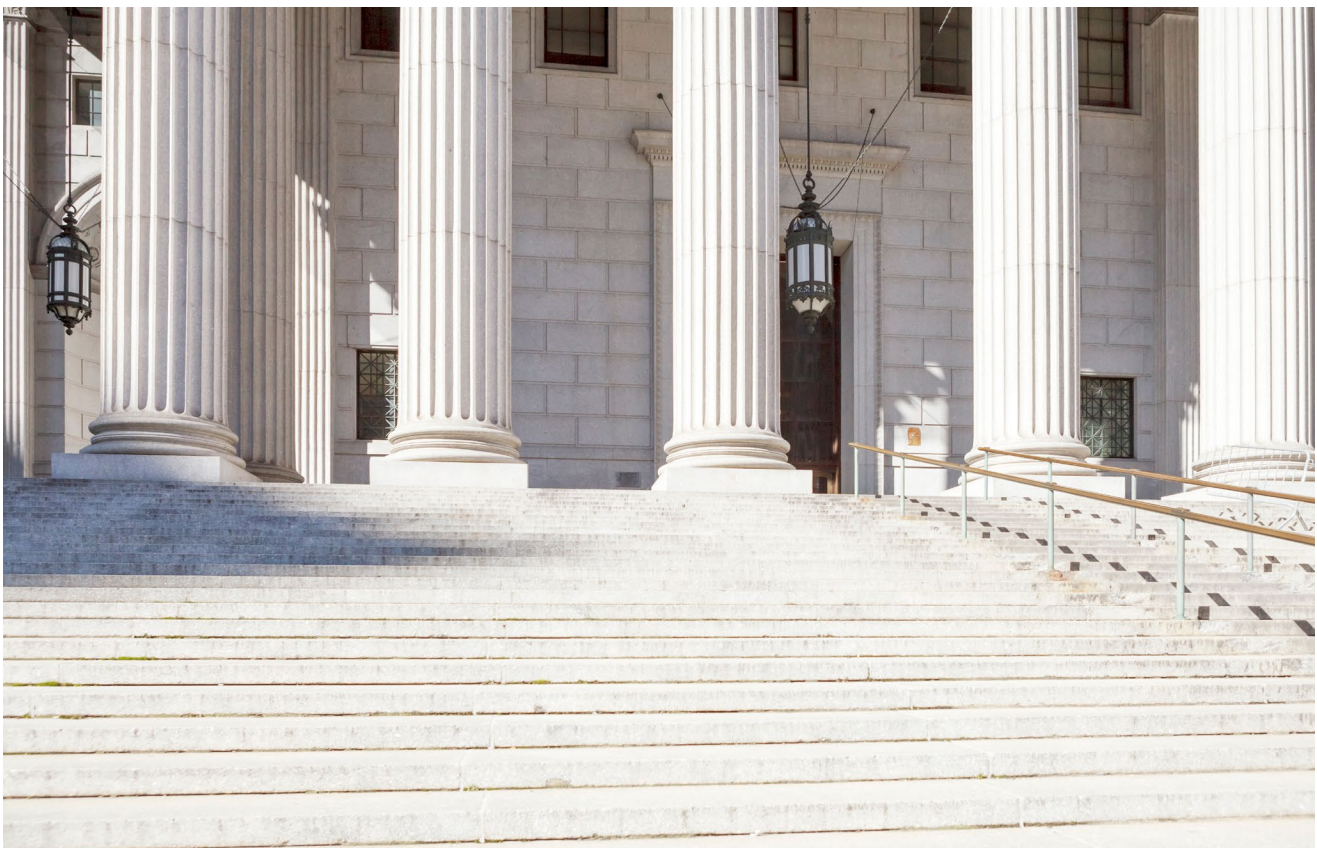
CCAs also face obstruction from IOUs based on cost-shifting from the IOU to the CCA, which can perpetuate unintended equity concerns stemming from community energy exit.⁸⁸ Exiting CCAs could potentially leave fewer customers to share the costs for energy programs or high cost purchases at the incumbent utility, saddling a smaller portion of customers with higher costs.⁸⁹ CCAs must work

with IOUs to develop fair and even costs distributed among CCA and IOU customers, as well as distribution of grid maintenance costs. Some of these costs are known as “exit fees” and can be highly contentious between IOUs and CCAs.⁹⁰

For public power systems, state laws can vary. For example, Alaska’s laws easily enable municipalization, and 100 percent of customers in Nebraska receive power from a public utility.⁹¹ Even with public power allowed in 49 states, state-local policy conflicts like preemption laws, particularly with increased political polarization, can hinder municipalization despite local government roles as propriety actors.⁹²

Further, the timeline for building a public power system can be unclear and/or lengthy, and IOUs can also blockade public power efforts with litigation over stranded assets or franchise agreements.⁹³ Municipal utilities are also costly endeavors, requiring the buyout of IOU assets, new infrastructure, and grid enhancement investments.

The cautionary tale of Boulder, Colorado, speaks to some of these preeminent municipalization challenges. After a 10-year process to municipalize, the city stopped the process due to a Colorado law “requir[ing] municipalities to discontinue an IOU franchise agreement and to hold a special election before they [could] form a municipal utility or initiate condemnation proceedings to acquire utility assets.”⁹⁴ Colorado law also requires municipalities to wait a decade to condemn utility assets, further delaying the process.



Conclusion

The weight of the climate crisis requires deep decarbonization across the electricity sector — one of the most polluting sectors in the United States. Deep decarbonization in the electricity space must be done with a mind toward an equitable and just clean energy transition to mitigate past and present harms to those most affected by climate change.

Most customers in the U.S. are served by investor-owned utilities. Due to their complicated mix of historical industry capture and political power, information asymmetries in the regulatory context, the profit motive of energy production and distribution, and tax policy, IOUs are often disincentivized from advancing an equitable clean energy transition.

Alternatives to IOUs include electric cooperatives, community-choice aggregators, and public power systems. No alternative is perfect, however, and due to legal challenges and barriers, some may require a serious “reality check” of their viability. Some states have structures that easily enable and incentivize public power systems, electric cooperatives, and CCAs. Others require legislation to enable these alternatives, which can be complicated by political gridlock, monied influence of IOUs in the legislature or regulatory space, and more.

Still, communities can continue to advocate for policies that enable a quicker transition to renewable energy resources that serve those most harmed by our energy systems. Our communities and planet depend on it.



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