

A coal plant in Ohio. Source: Alamy

Lethal Investments: The Health Consequences of Cash Flows into Coal

How Major Global Banks are Financing Some of the Deadliest Coal Plants in the US



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Executive Summary

- Coal plants across the US lacking firm retirement plans prior to the end of the decade result in over **3,800 premature deaths** each year. Major banks from around the world continue to inject billions of dollars into the companies responsible for keeping these deadly coal plants operational.
- Despite their commitment to align their financing with the Paris Agreement and their membership in the Net Zero Banking Alliance (NZBA), top financial institutions including Barclays, JPMorgan Chase, Bank of America, Citi, Wells Fargo and Mitsubishi UFJ Financial Group (MUFG) continue to finance the companies that own these highly polluting coal plants.
 - Since 2016, a total of \$166 billion has been poured into 10 of the most deadly coal utility parent companies in the US, with nearly half, or \$83.8 billion, coming from just these top six banks alone.
- Between 2016 and 2022, 53% of major global banks' funding for 10 of the most deadly coal utility parent companies in the US came from lending, compared to 47% from the underwriting of bonds and equities.
 - Banks lack strong policies restricting general purpose financing to the coal power sector, making for a significant loophole for continued support to this industry.
 - Most banks have no policies restricting underwriting of bonds and equities for the coal power sector.
- Parent companies like **Tennessee Valley Authority**, **PPL Corporation**, **Berkshire Hathaway Energy**, **Ameren Corporation and Vistra Corporation** are among the most deadly coal plant owners in the United States. While these owners have avoided setting firm retirement plans for their coal plants, financial institutions are failing to adopt robust restrictions for corporate underwriting and general-purpose financing to the coal power sector. Together, these failures present a grave threat to environmental and human health.

Introduction

A recent Sierra Club <u>report</u> reveals that particulate matter pollution (soot) from US coal plants with no firm retirement plans results in approximately **3,800 premature deaths** each year. A small subset of utilities, out of the more than 200 that collectively own these coal plants, are responsible for the plants that generate the majority of lethal particulate matter pollution. In fact, Sierra Club found that just 15 parent companies are responsible for over 60% of premature deaths. These companies vary in their structure — from federally or cooperatively-owned to private or publicly traded.

In this analysis, we investigate financing for the most deadly publicly traded and federally owned coal utility parent companies. We show that 10 of the most deadly parent companies receive the majority of their financing from a small number of financial institutions. Through their lending and underwriting activities, six major banks have been instrumental in keeping these deadly coal plants operational.

The 10 utility parent companies ranked from highest to lowest mortality rates are **Tennessee Valley Authority, PPL Corporation, Berkshire Hathaway Energy, Ameren Corporation, Vistra Corporation, FirstEnergy Corporation, Duke Energy Corporation, NRG Energy Inc, American Electric Power,** and **The Southern Company.** These companies operate coal plants with no firm retirement plans prior to the end of the decade in 16 states — Alabama, Arkansas, Florida, Georgia, Iowa, Indiana, Kentucky, Missouri, Montana, North Carolina, Ohio, Tennessee, Texas, Utah, West Virginia, and Wyoming.



Top Financiers of 10 of the Most Deadly Coal Utility Parent Companies

Since the adoption of the Paris Agreement in 2016, six major global banks — **Barclays**, **JPMorgan Chase**, **Bank of America**, **Citi**, **Wells Fargo**, and **Mitsubishi UFJ (MUFG)** — have poured **\$83.8 billion** into these 10 deadly utility parent companies. **Barclays** is the top non-US financier at **\$17.7 billion**, followed by four US banks and one Japanese bank: **JPMorgan Chase**, **Bank of America**, **Citi**, **Wells Fargo**, and **Mitsubishi UFJ (MUFG)**.

These six banks combined make up 50%, or **\$83.8 billion**, of the total capital injected from major global banks into these 10 parent companies through loans and the underwriting of bonds and equities. Overall, since 2016, a total of **\$166 billion** has been poured into these 10 parent companies.



Top 6 Financiers of 10 Coal Utility Parent Companies, By Year

Figure 2 (above): Top six financiers of 10 of the most deadly coal utility parents companies in the US from soot pollution, 2016-2022.

Figure 1 (previous page): Top global financiers of 10 of the most deadly coal utility parent companies in the US from soot pollution (Berkshire Hathaway includes subsidiaries PacifiCorp and MidAmerican Energy Company). Source: Underlying financial data is from the <u>Banking on Climate Chaos report</u>, with the exception of the Tennessee Valley Authority underwriting deal from S&P Global Capital IQ, and the list of utility parent companies from the <u>Out of Control report</u>. All financing data from Banking on Climate Chaos is adjusted based on various factors stated in the <u>methodology</u> to reflect the estimated financing to these companies for fossil fuel activities rather than full financing for all company activity.

How Bank Financing Works

Banks provide funding via two financing mechanisms:

Project financing allows companies to procure financing for specific projects by loans from banks, which are structured to be repaid using the revenue generated from the project (e.g. financing for a coal plant is repaid using the revenue generated from selling electricity from the coal plant). The bank may use collateral like the company's assets as an additional guarantee in case the project fails to generate sufficient revenue.

Corporate financing allows companies to raise general corporate funds for expansion activities or day-to-day operations through **borrowing** or the **sale of shares.** When banks provide underwriting services for corporate financing, they take on the risk of buying bonds or stocks (also known as securities) from a company at a set price and then sell them to the investors.

Borrowing includes the issuance of debt securities, such as bonds, or obtaining general purpose loans:

- **Bonds** are financial instruments that a company or government issues to raise funds. Companies borrow money by selling new bonds to investors, with a promise to pay back the borrowed amount over time with interest.
- General purpose loans are a flexible form of financing that allows companies to access capital without being tied to a specific project. The terms of the loan are contingent upon the company's credit history, income and cash flows, and their borrowing needs, all of which demonstrate their capacity to repay the loan.

The **sale of shares** allows companies to obtain funds by selling part of their ownership stake in a company (equity). When investors purchase these shares, they become partial owners of the company, and the company receives funds from the sale.

In essence, banks help companies procure corporate financing by buying and reselling the securities, and assuming the risk involved in the process.

Examining Bank Financing for Coal

The top six banks financing these 10 parent companies – **Barclays**, **JPMorgan Chase**, **Bank of America**, **Citi**, **Wells Fargo**, and **MUFG** – are all signatories of the <u>Net Zero</u> <u>Banking Alliance (NZBA)</u>, and have pledged to align their financing with the goal of limiting global temperature rise to 1.5 degrees Celsius, as established in the Paris Agreement. However, they continue to finance the parent companies that own the coal plants harming our health and environment, and pushing our climate goals further out of reach.

Project Financing vs Corporate Financing

When it comes to providing financing to the coal sector, some banks have restrictions in place to restrict financing for specific projects related to coal mining, as well as the establishment of new- or the expansion of existing- coal power plants. However, many banks continue to finance the coal power sector through general purpose loans for utility parent companies. These funds are typically not earmarked for specific projects, but instead can be used for operating expenses needed for running the business like paying salaries, supporting infrastructure or equipment upgrades, or refinancing existing debt.

The lack of explicit bank policies restricting corporate financing to companies responsible for maintaining and operating coal plants creates a massive loophole for capital injection into this highly polluting industry.





Figure 3: The top six banks' annual aggregate lending versus underwriting for 10 of the deadliest coal utility parent companies from soot pollution (2016-2022). Source: Underlying financial data is from the <u>Banking on Climate</u> <u>Chaos report</u>, with the exception of the Tennessee Valley Authority underwriting deal from S&P Global Capital IQ, and the list of utility parent companies from the <u>Out of</u> <u>Control report</u>. Between 2016 and 2022, 53% (\$88.4 billion) of major global banks' funding for these 10 parent companies came from lending, compared to 47% (\$77.8 billion) from bond and equity underwriting. Of the 47% of financing that came from underwriting, 91% was bonds versus 9% equity.

In that same period, the top six banks contributed \$49.6 billion in the form of loans, and \$34.2 billion in the form of underwriting, for a total of \$83.8 billion.

In order for bank climate commitments to be effective, it is evident that restrictions on project financing alone will not be sufficient, and that banks must expand their climate policies to include restrictions for underwriting services and general purpose financing to utility companies responsible for prolonging the use of coal in the power sector.

This problem extends beyond the banks and companies included in this report. A recent analysis¹ by the Sierra Club confirms the need for a focus on underwriting, revealing that nearly two-thirds of big US banks' financing for 30 of the top fossil fuel expansion companies in the world came from underwriting, as opposed to direct lending. The analysis identifies several US banks that don't incorporate their underwriting activities into their emissions reduction targets, effectively distracting investors and regulators with half-finished net-zero transition plans that only cover their lending activities, while funneling funds to fossil fuel companies via underwriting.

Risks of Debt Financing

From 2016-2022, debt financing — composed of bond issuances and loans — made up for 96% (\$159.5 billion) of utility parent company financing. Debt financing is the process of raising capital for a business or project through borrowing, usually by issuing bonds or taking out loans, but it comes with its own risks for banks.

Market risk: As the world increasingly shifts toward clean energy, the demand for coal power plants is declining. This downward trend could negatively impact companies' ability to generate revenue to pay back the bond and loan obligations.

Stranded asset risk: Coal plants that suffer from unanticipated or premature write-downs, devaluations, or conversions to liabilities can be associated with stranded asset risk when the value of the assets decreases. For example, coal plants can be devalued in response to market shifts to renewable energy. As the US moves toward a low-carbon economy, utilities will not be able to operate coal plants profitably, adversely impacting the financial viability of the company and making coal bonds a risky investment.

¹ <u>https://www.sierraclub.org/press-releases/2023/07/new-report-us-banks-role-capital-markets-reveals-hidden-pipeline-fossil-fuel</u>

Regulatory risk: Investors who buy bonds issued to finance coal power plants assume numerous regulatory risks. Materialization of any of these risks could put additional stress on a company to repay its bonds, leading to potential losses for the bondholders. These risks include:

- Tighter environmental regulations requiring upgrades or retrofits where non-compliance could result in hefty fines. In fact, over the next two years, strengthening and enforcing existing air pollution rules could force <u>over half of remaining coal plants</u> to retrofit with pollution control equipment, or retire.
- Carbon pricing mechanisms like carbon taxes or cap-and-trade systems, which may increase the operating costs of coal plants, making them less competitive when compared to clean energy.
- Phase-out policies implemented by the government, which could mean retiring existing plants and banning construction of new plants by a set target date.
- The climate transition risk can be driven by various factors, including changes in policy and regulation, technological advances, evolving consumer preferences, and shifts in market sentiment toward renewable energy sources. All of these factors can result in material impacts on a company's financial performance (i.e., direct costs stemming from investments in new technologies for lower carbon emissions).

"Our planet can't afford the billions of dollars funneled into dirty, deadly fossil fuels. **Berkshire Hathaway Energy** continues to poison and pollute our communities with their burning of fossil fuels. **MidAmerican Energy**, one of its subsidiaries, is the largest carbon polluter in Iowa. When clean energy alternatives are more affordable and reliable than ever, there's simply no excuse to finance coal plants that play a significant role in serious public health issues." -Emma Colman, Organizing Representative, Iowa Sierra Club.

"Despite their high-profile climate pledges, big banks like **Barclays** and **Citi** are continuing to funnel billions of dollars into deadly coal plants. With their flimsy financing policies and half-finished net zero targets, these banks have left billions of dollars on the table for major polluters to continue to operate and even expand the coal plants killing thousands of people in the United States every year. Experts have repeatedly warned that fossil fuel expansion will make it impossible to meet our global climate goals, and coal power is the worst of the bunch. By continuing to pour money into coal, these banks are telling their shareholders, clients, and regulators they aren't serious about meeting their own climate commitments." -Adele Shraiman, Senior Campaign Strategist, Fossil-Free Finance, Sierra Club

Bank Policies on Coal Financing

The restrictions on financing of coal plants across the top six banks for the 10 utility parent companies are inconsistent. **Barclays** and **Citi** are the only two banks in this group that have publicly committed to phase out financing for coal power companies, while the remaining four banks have only modest restrictions for dedicated project financing for coal power plants.

Barclays' coal power phase out policy is significantly more robust than Citi's, though both are still insufficient and contain concerning loopholes. **MUFG** has committed to phase out financing for coal power plants by 2040, but like other banks, there is no commitment to restrict underwriting of bonds and equities or general purpose lending to coal power companies.

Banks must place greater emphasis on:

- Adopting a robust policy for phasing out existing exposure to coal utility power companies.
- Setting restrictions on corporate financing services for utilities with operational coal power plants.
- Removing exceptions for project-specific financing for coal plant infrastructure projects that will extend the lives of aging units, and thus perpetuate emissions of particulate matter and other harmful pollutants.

² Coal power policy is a set of guidelines or restrictions disclosed by a bank for financing coal mining or power generation. A "Yes" for "Exists?" denotes the bank has some form of these guidelines or restrictions.

³ Phase out policy is a bank's commitment to gradually reduce or cease financial support for coal related activities, including lending and underwriting.

⁴https://home.barclays/content/dam/home-barclays/documents/citizenship/Sustainability/Barclays-Climate-Strategy-T argets-and-Progress-2022-Final.pdf

⁵https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2022.pdf ⁶https://about.bankofamerica.com/content/dam/about/pdfs/ESRPF_ADA_Tagged_Secure_June_2022_Final.pdf

²<u>https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/Environmental-and-Social-Policy-Framework.pdf</u> ⁸ Acquisition financing is the procurement of finances used to facilitate the purchase or acquisition of a company or its assets. Acquisition advisory services refers to consultation services provided to assist companies in navigating the acquisition process by assessing risks, identifying potential acquisition targets, etc.

²https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/environmental-social-impact-manage ment.pdf

¹⁰ https://www.mufgamericas.com/sites/default/files/document/2021-12/sustainability-report-2021.pdf

Bank	Coal Power Policy ²			
Name	Exists?	Lending Restrictions	Underwriting Restrictions	Phase Out Policy [®]
Barclays⁴	Yes	No project financing for new construction of coal power plants.	No financial services, including underwriting, to mining and power companies that generate more than 50% of their revenues from coal power generation or from coal mining. Reduce the threshold to 30% by 2023 for mining, by 2025 for power. Reduce the threshold to 10% for mining and power by 2030.	Commitment to phase out financing for the coal sector by 2030 for mining and power companies in European Union (EU)/ Organization for Economic Cooperation and Development (OECD) countries and by 2035 worldwide.
JP Morgan⁵	Yes	No project financing for new construction or expansion of coal power plants, including refinancing unless carbon capture technology is used.	No explicit restriction on underwriting services for coal power generation.	No phase out date for coal power financing.
Bank of America ⁶	Yes	No project financing for new construction or expansion of coal power plants, including refinancing unless carbon capture technology is used.	No explicit restriction on underwriting services for coal power generation.	No phase out date for coal power financing.
Citi ⁷	Yes	No project financing for new construction or expansion of coal power plants, including refinancing.	No acquisition financing or acquisition advisory services ⁸ to coal power plants, with exceptions for transition financing. No new clients with >20% power generation from coal. No explicit restriction for underwriting services for coal power generation.	Commitment to phase out financing for coal power by 2030 in OECD countries and by 2040 worldwide, with an exception for companies with a share of generation from coal under 5%.
Wells Fargo ⁹	Yes	No project or asset financing for new construction or expansion of coal power plants unless carbon capture technology is used (considered on a case by case basis).	No explicit restriction on underwriting services for coal power generation.	No phase out date for coal power financing.
Mitsubishi UFJ Financial Group (MUFG) ¹⁰	Yes	No project financing for new construction or expansion of coal power plants, unless carbon capture technology or mixed fuel combustion is used (considered on a case by case basis).	No explicit restriction on underwriting services for coal power generation.	Reduce financing to coal power plant projects by 50% by 2030 and phase out completely by 2040.

Current Coal Financing Policies for the Top 6 Banks

Deadliest Companies

One thing is clear: the longer these coal plants remain in operation, the longer they will continue to contribute to high mortality and climate pollution. According to the <u>International Energy Agency</u>, to meet net-zero emissions by 2050, coal power plants must be phased out of advanced economies like the US by 2030.

All 10 of the parent companies included in this report operate coal plants without firm retirement plans prior to the end of the decade. These plants are in 16 states — Alabama, Arkansas, Florida, Georgia, Iowa, Indiana, Kentucky, Missouri, Montana, North Carolina, Ohio, Tennessee, Texas, Utah, West Virginia, and Wyoming.

As these plants remain in operation with no retirement date as of this decade, a grim 1,719 unnecessary deaths annually could be attributed to the plants' owners (see Table 1).

Utility Parent Company	Largest Financier (2016- 2022)	Owned Mortality ¹¹
Tennessee Valley Authority	Bank of America: \$1 Billion	241 deaths/year
PPL Corporation	Credit Suisse: \$200 Million	198 deaths/year
Berkshire Hathaway Energy	Barclays: \$6 Billion	195 deaths/year
Ameren Corporation	Goldman Sachs: \$2 Billion	195 deaths/year
Vistra Corporation	Morgan Stanley: \$3 Billion	192 deaths/year
FirstEnergy Corp	Barclays: \$9 Billion	181 deaths/year
Duke Energy Corporation	Barclays: \$11 Billion	176 deaths/year
NRG Energy Inc	Citi: \$10 Billion	138 deaths/year
American Electric Power Company	Barclays: \$4 Billion	129 deaths/year
The Southern Company	Citi: \$11 Billion	74 deaths/year

Deadly Parent Companies, Largest Financiers, and Mortality Rates

Table 1: Largest financiers of 10 of the most deadly utility parent companies alongside their owned mortality rates for coal plants without plans to retire by 2030.

¹¹ <u>https://coal.sierraclub.org/deadly-impact-of-coal-pollution</u>

Retirement Plans

These 10 parent companies have the following retirement plans for their coal fleet:

Tennessee Valley Authority (TVA) owns three coal plants — the Gallatin (Gallatin, Tennessee), Kingston (Kingston, Tennessee), and Shawnee (Paducah, Kentucky) plants — none of which have firm plans to retire by 2030. TVA plans to retire:

- Kingston between 2026 and 2027 (these plans are not yet approved),
- Gallatin in 2031, and
- Shawnee in 2033.

If these dates are upheld, air pollution from these units will result in an additional 1,906 deaths by the time they retire.¹²

PPL Corporation owns part or all of the Clifty Creek (Madison, Indiana), Ghent (Ghent, Kentucky), Kyger Creek (Gallipolis, Ohio), Mill Creek (Louisville, Kentucky), and Trimble County (Bedford, Kentucky) coal plants through its utilities Louisville Gas and Electric and Kentucky Utilities. All remaining units at these plants lack retirement plans. As a result, air pollution from PPL will continue to cause an additional 198 deaths each year.

Berkshire Hathaway Energy owns part or all of the Colstrip (Colstrip, Montana), Dave Johnston (Glenrock, Wyoming), George Neal North (Sergeant Bluff, Iowa), George Neal South (Salix, Iowa), Hunter (Castle Dale, Utah), Huntington (Huntington, Utah), Jim Bridger (Point of Rocks, Wyoming), Louisa (Muscatine, Iowa), Ottumwa (Ottumwa, Iowa), Walter Scott (Council Bluffs, Iowa) and Wyodak (Gillette, Wyoming) coal plants through its subsidiaries **PacificCorp** and **MidAmerican**.

PacifiCorp's draft Integrated Resource Plan¹³ (IRP) has the following retirement / fuel switch dates outlined for its coal fleet:

- Jim Bridger units 1&2 in 2024; units 3&4 in 2030
- Dave Johnston unit 3 in 2027; units 1&2 in 2028; unit 4 in 2039
- Hunter unit 1 in 2031; units 2&3 in 2032
- Huntington units 1&2 in 2032
- Wyodak in 2039
- Colstrip units 3&4 by 2025 and 2029 respectively

¹² Calculation methodology is found in Sierra Club's <u>Out of Control</u> report. This value (and the following values for each utility discussed) includes an update of utilities' planned retirement dates (where applicable) from IRPs and other planning documents. The cumulative calculation is from 2023 to the stated retirement year.

¹³ Integrated Resource Planning is a strategic approach used by utilities to evaluate future energy needs and make informed decisions about retiring coal plants based on economic, environmental, and social considerations.

If the dates are upheld, PacifiCorp's share of air pollution from these units will result in an additional 997 deaths by the time they retire.

MidAmerican has no retirement plans for its remaining coal units. As such, its shares of remaining coal units will continue to cause an additional 71 deaths each year.

Ameren Corporation has one coal plant located in Labadie, Missouri that has not been committed to retire by 2030. The preferred portfolio in Ameren's 2022 IRP update includes retirement of the Labadie plant (2 of 4 units by 2036; 2 of 4 units by 2042). If those plans are upheld, air pollution from Labadie will result in an additional 3,192 deaths by the time it retires.

Vistra Corporation owns the Martin Lake (Tatum, Texas) and Oak Grove (Franklin, Texas) coal plants. There are no firm plans to retire these plants. As a result, air pollution from Vistra will continue to cause an additional 192 deaths each year.

FirstEnergy, through its various utilities (Allegheny Energy Supply Co and Monongahela Power), owns part or all of the Clifty Creek (Madison, Indiana), Fort Martin (Maidsville, West Virginia), Harrison (Haywood, West Virginia), and Kyger Creek (Gallipolis, Ohio) coal plants. All remaining units at these plants lack retirement plans. As a result, air pollution from FirstEnergy will continue to cause an additional 181 deaths each year.

Duke Energy, through its various subsidiaries (Duke Carolinas, Duke Ohio, Duke Florida, Duke Indiana, Duke Kentucky, and Duke Progress), owns part or all of the Belews Creek (Belews Creek, North Carolina), Clifty Creek (Madison, Indiana), Crystal River (Crystal River, Florida), East Bend (Rabbit Hash, Kentucky), Edwardsport (Edwardsport, Indiana), Gibson (Princeton, Indiana), Cliffside (Cliffside, North Carolina), Kyger Creek (Gallipolis, Ohio), Marshall (Terrell, North Carolina), and Roxboro (Semora, North Carolina) coal plants. Each of these plants has one or more generating units which have not committed to retire prior to the end of the decade, according to Sierra Club.

- Belews Creek units 1 & 2, East Bend unit 2, and Gibson units 1 & 2 all have planned retirements in their various subsidiary IRPs for 2035.
- Marshall unit 3 has a planned retirement in 2032.
- All other plants owned by Duke Energy have no stated retirement dates.

If those dates are upheld, air pollution from Duke's coal units will result in an additional 1,349 deaths by the time they retire. The plants with no retirement dates will continue to cause an additional 73 deaths per year.

NRG owns the Limestone (Jewett, Texas) and Parish (Thompsons, Texas) coal plants. According to the Energy Information Administration¹⁴ NRG plans to retire Limestone by 2030. However, Sierra Club research has found no supporting documentation from NRG or elsewhere that confirms those retirement plans. Each year, the Limestone and Parish plants (Units 5-8) will continue to cause an additional 114 deaths each year.

American Electric Power Company (AEP), through its various utilities (Appalachian Power, Indiana Michigan Power, Kentucky Power, Ohio Power, Southwestern Electric Power, and Wheeling Power), owns part or all of the Clifty Creek (Madison, Indiana), Flint Creek (Gentry, Arkansas), Amos (Winfield, West Virginia), Turk (Hampstead, Arkansas), Kyger Creek (Gallipolis, Ohio), Mitchell (Moundsville, West Virginia), and Mountaineer (New Haven, West Virginia) coal plants. All remaining units at these plants lack retirement plans. As a result, air pollution from AEP will continue to cause an additional 129 deaths each year.

The Southern Company, through its various utilities (Georgia Power and Alabama Power), owns part or all of the Bowen (Cartersville, Georgia), Miller (Quinton, Alabama), and Scherer (Juliette, Georgia) coal plants. In Georgia Power's 2022 IRP, it proposed retiring Bowen in 2035 and Scherer in 2028. However, Georgia Power only owns about 8% of the Scherer plant, and the other owners have not committed to this date.

An additional 770 deaths will occur by the time Bowen retires in 2035. The Southern Company's shares of the Miller and Scherer plants will continue to cause an additional 14 deaths each year.

"In Utah, **Berkshire Hathaway** owns the Hunter and Huntington coal plants, some of the worst polluters in the West. These coal plants significantly impact public health, contributing to increased asthma attacks, hospital visits, and even premature death. Berkshire Hathaway and other major banks are financing the poisoning of our communities, and these investments are increasingly threatening our ability to breathe clean air." -**Hunter Warren, Volunteer, Sierra Club's Utah Needs Clean Energy group**

"Bank financing enables monopoly utilities like **Ameren** to pursue climate-wrecking projects that pollute our air and water — all while insurance companies quietly retreat from covering homeowners in coastal areas because of a quickly changing climate. We need investments in renewable energy, efficiency, and storage, not new investments to prop up coal plants or build new gas power plants." -**Jenn DeRose, Campaign Representative, Missouri Sierra Club**

¹⁴ https://www.eia.gov/electricity/data/eia860/

Conclusion

Banks play a critical role in shaping the energy sector. Currently, major global banks are providing billions of dollars to parent companies that own deadly coal plants. As the world seeks to forge a path toward a healthier horizon, it is imperative for financial institutions to recognize their influence and responsibility in curtailing the escalation of the climate crisis and curbing the cash flows into polluting industries. Mobilizing financial resources to support the transition to renewable energy sources and phasing out fossil fuels is not just a health and environmental imperative, but also a strategic business opportunity. Banks can do this by:

- Adopting a robust net-zero transition plan for phasing out financing for all companies expanding fossil fuels, including coal power generation.
- Strengthening sector-specific project and corporate financing policies to restrict the flow of new capital into companies expanding fossil fuel production, and increase the flow of capital to clean energy sources.
- Measure and disclose emissions from capital market activities and set targets for reducing facilitated emissions from their bond and shares underwriting activities.
- Denying financing for parent companies to develop new coal plants, expand existing ones, or invest in infrastructure projects that will extend the lives of aging units thus perpetuating emissions of particulate matter and other harmful pollutants.

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