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How the Bank-Run Bond Market Could Make Clean Energy Cheaper.

Georgia utilities are getting a discount on gas — but paying full price for renewables.

For decades, some towns and cities have been getting a discount on their natural gas supply by locking in long-term contracts with big banks. These prepaid municipal bonds first emerged in the 1990s and are especially popular across the Southeast. They represent more than $80 billion in prepaid natural gas supply and billions of dollars in savings, according to financial analysis commissioned by MCE.

Recently, towns and cities in California have started locking in similar discounts for renewable energy, lowering electricity bills as they work toward state targets for renewable energy. Since 2021, the California Community Choice Financing Authority has issued prepaid renewable bonds totalling nearly $10 billion, according to the authority. Like prepaid gas bonds, they help municipalities save 10% or more on long-term energy contracts.

Communities in Michigan, Minnesota and Vermont have all reached out to learn more, said Garth Salisbury, a board member of the Financing Authority and its treasurer and controller. “I think deals are going to get done,” he told Capital & Main.

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By Meg Duff

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