



February 8, 2024

**Testimony by Dan Cohn, Energy Finance Analyst
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To the Oregon State Legislature, House Committee on Emergency Management, General
Government, and Veterans
on House Bill 4083**

I submit this testimony in support of House Bill 4083. The coal industry is exposed to significant investment risks as its market position rapidly declines. House Bill 4083 would be protective of the value of Oregon’s pension investments.

The present bill would direct the State Treasurer to avoid new investments into the thermal coal industry; review the pension fund’s current holdings for thermal coal companies; and dispose of thermal coal company securities in a prudent manner, with exceptions made for companies that are transitioning their business into renewable energy on a timeline acceptable to the Oregon Investment Council.

Decreasing the state’s exposures to coal is judicious in light of the industry’s declining prospects. “Thermal” coal is coal mined for combustion in power plants to produce electricity. It comprises the lion’s share of U.S. coal production.¹ The amount of coal burned each day in the U.S. has fallen from about 2.8 million tons a day in 2008 to roughly 1.1 million tons a day in 2023—a 62% drop.²

Coal’s share of electricity generation has fallen significantly and faces further declines. Final figures for 2023 are expected to show coal falling short of a 20% share of the U.S. power market. This stands in contrast to all years before 2020, when coal’s market share never dipped below 20%. This about-face is expected to persist in the near-term, as large coal stockpiles at power plants decrease the need for additional coal purchases.³ The U.S. Energy Information Administration predicts that total coal mined in 2024 could fall nearly 20% from last year, with further declines in 2025.⁴

The coal industry has negligible prospects for turning around its shrinkage. No new coal-fired power plants have been announced in the U.S. for many years. Coal fired power generation cannot compete on price with natural gas, wind, or solar.⁵ Proposals to use coal for non-

¹ U.S. Energy Information Administration. [U.S. coal exports account for a larger share of a shrinking market.](#) January 29, 2024.

² IEEFA. [Coal use at U.S. power plants continues downward spiral; full impact on mines to be felt in 2024.](#) November 2, 2023.

³ *Ibid.*

⁴ U.S. Energy Information Administration. [Short-Term Energy Outlook.](#) February 2024. Page 41.

⁵ Lazard. [Levelized Cost of Energy Plus.](#) April 2023.

combustive purposes have not seen significant commercial deployment.⁶ Instead, electric utilities have announced new construction of nearly 12 times more solar, wind, and battery storage capacity than the next largest source of new generation, gas-fired power plants.⁷

The future for the coal industry is reflected in its miniscule share of the stock market's value. At the end of 2023, the coal industry weighed in at a mere 0.038% of the Russell 3000, a commonly recognized index representing U.S. stocks.⁸

The present bill directs the Oregon Investment Council and State Treasurer to reduce exposure to coal in a way that is protective of the portfolio's long-term value:

- The bill respects the fiduciary duties of the Council and Treasurer by requiring any investment actions to be prudent and reasonable and by setting as a goal “no monetary loss” to the fund from these activities.
- The bill advises the fund to make use of existing knowledge and expertise. By expressly permitting consultations with peer pension funds that have already divested from the coal industry, the Treasurer and Council may reduce costs and increase confidence in the decisions made pursuant to this law. By encouraging the fund to utilize the materials produced by the German organization Urgewald, the bill sanctions the use of one of the most comprehensive lists of coal industry participants available. It is prepared with meticulous attention to detail and is provided free of charge.
- The bill requires annual reporting of the Treasurer's actions in this area until coal holdings are eliminated. Regular and transparent reporting is an essential element to establish trust in public processes and commitments.

⁶ See, e.g.: National Coal Council. [Carbon Forward: Advanced markets for value-added products from coal](#). October 2021.

⁷ Edison Electric Institute. [Annual Financial Review](#). 2022. Page 41.

⁸ FTSE Russell. Russell 3000 Sector Weight Holdings Data. December 29, 2023. Proprietary.