



Stranded Asset Issuance Pickup to Offer More Long-Term Bonds

We expect to see an uptick in stranded asset securitizations. This will provide investors with a growing universe of long duration, triple-A rated bonds. Insurance accounts and other long-term investors may be particularly interested. The \$305 million Cleco Securitization II transaction last year included two triple-A classes, with nine-year and 20-year scheduled maturities. The Cleco deal was related to the retirement of power stations in Louisiana, a typical driver of stranded asset [transactions](#).¹

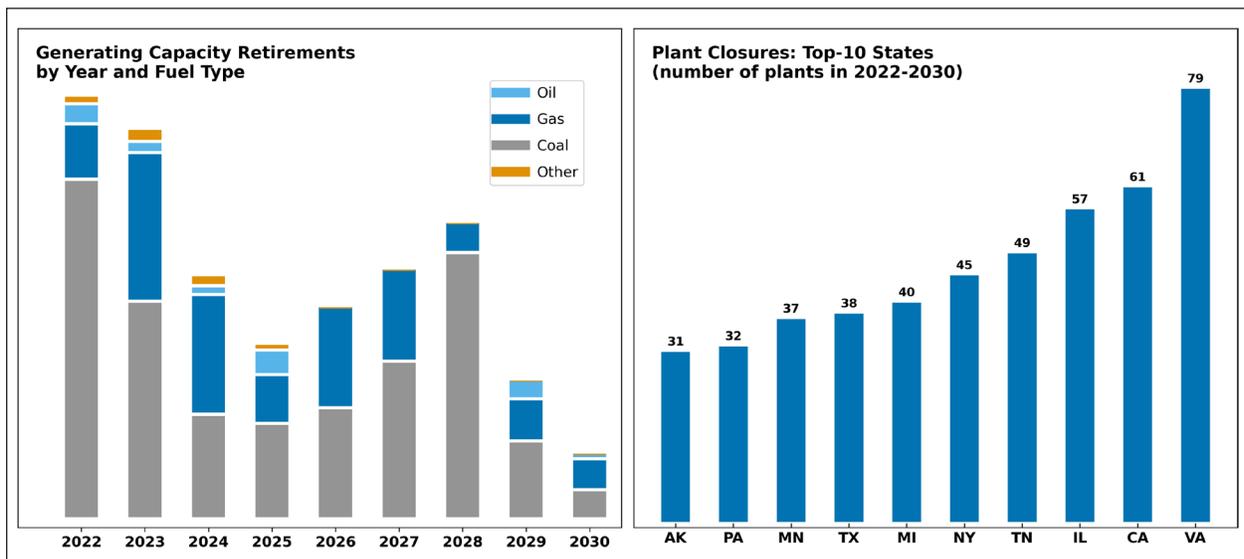
A confluence of secular trends should accelerate stranded assets inventory.

There is a growing focus on joint construction of data centers and power plants. Some of the projects take place in sparsely populated, remote locations, such as the Permian Basin in Texas, or Richland Parish in Louisiana. This could tie any potential obsolescence or under-usage of the data centers to their associated power plants. The power plants could become stranded assets. In turn, public utility commissions (PUCs) across the country are embracing securitization as a viable approach to fund stranded assets. There is a significant inventory of power plants scheduled for retirement in the near future (Figure 1). As PUCs increasingly encourage utilities to use securitization to fund retiring plants, investors will see more stranded asset transactions.

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Figure 1. Power Plant Retirements



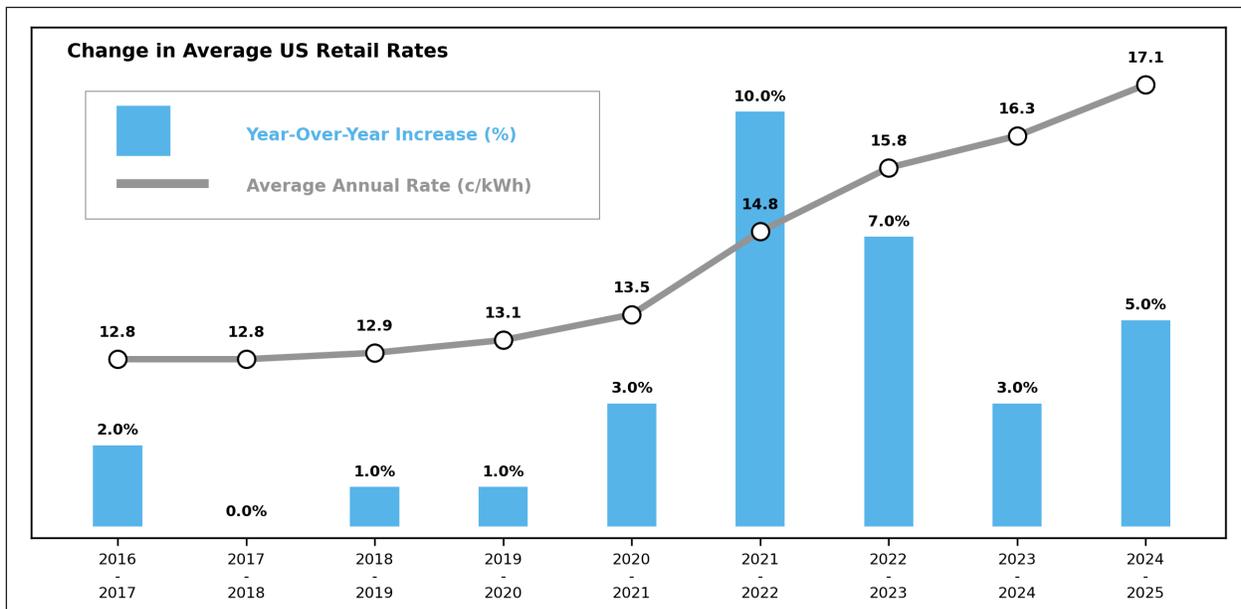
Source: US Energy Information Administration (EIA) and Academy Securities

¹ “Energy Transition: Expect Broader Definitions in Securitization Laws,” Securitized Products Special Topics, Academy Securities, May 22, 2025

Power and Data Center Future Performance Coalesce

The potential for a rise in stranded assets driven by data centers underscores the strengthening co-dependence of future performance of data centers and power plants. Data centers and energy sources are becoming increasingly integrated. This will have implications for various securitized segments, including data center ABS/CMBS and ratepayer [securitization](#).² Legislators, governors, PUCs, and other stakeholders are urgently focused on rapidly rising consumer electric bills (Figure 2). Utilities are also focused on customer affordability. This is affecting power agreements that utilities negotiate with data center users, as the unusual recent spat between Amazon and Oregon’s utility PacifiCorp [showed](#).³

Figure 2. Retail Electricity Prices



Source: Charles River Associates, EIA, and Academy Securities

A key market trend is closely tying data center power consumption to the associated infrastructure buildouts or upgrades. Policymakers take a variety of approaches aimed at shielding residential ratepayers from real or perceived data center costs:

- **Data center tariffs.** We see in PUC dockets a flurry of utilities requests to impose tariffs on data centers to prevent costs shifting to other customers (in the requests, the data centers are often coded as “a very large customer”). A couple of upcoming PUC hearings on such requests are in Wisconsin. We Energies is requesting to service data centers in Mount Pleasant and Port Washington. Separately, Alliant Energy is looking to service a data center in Beaver Dam. PUC dockets provide troves of publicly available documents on such utility/data center relationships. The materials can facilitate underwriting exposures to specific utilities and data centers.

² “Power Costs: Data Centers and Recovery Bonds Poised for More Predictability,” Securitized Products Special Topics, Academy Securities, March 10, 2025

³ “Power Failures: Amazon/PacifiCorp Dispute Spotlights Power Agreements,” Securitized Products Special Topics, Academy Securities, November 24, 2025

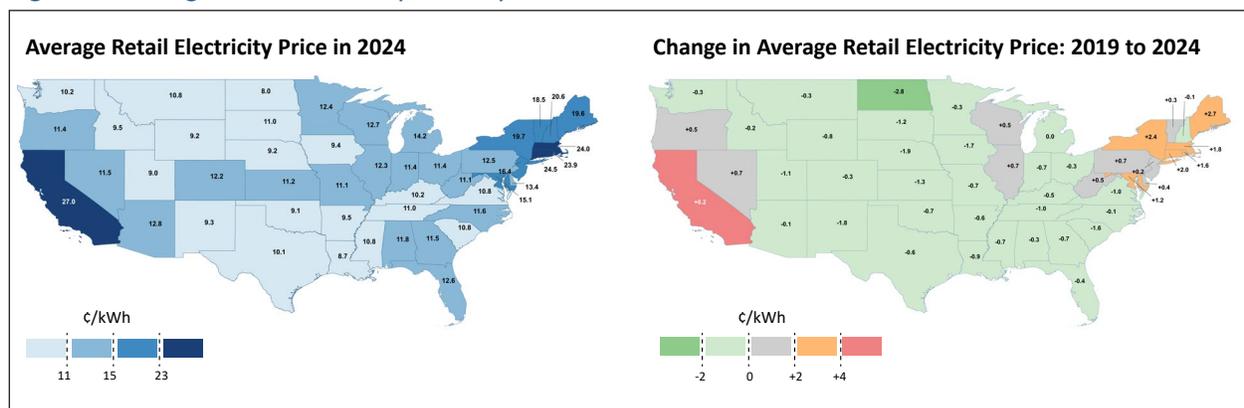
Stranded Assets: Intertwining Power Plants and Data Centers Performance

- Data center-focused legislation.** Various states are enacting securitization laws, and introducing provisions to protect consumers from data center costs. For example, in Minnesota HF2928 will require “high-energy users” to pay full costs. Interestingly, the law is also aimed at preventing ratepayer-subsidized infrastructure in case of premature power plant closures. Indeed, in states such as Minnesota, that look to enact legislation targeted specifically at stranded assets, utilities and data centers users will likely need to devise creative approaches to fund obsolete infrastructure.
- PJM power auction.** The Trump administration, along with a bipartisan group of state governors, is pushing PJM, the largest US grid operator, to hold emergency wholesale power auction. Such auction could help shift costs to data center users. Under Trump’s plan, PJM will hold an auction for tech companies to bid on 15-year contracts for new electricity generation capacity.
- Revisiting data center grid approvals.** Grid operators may reconsider previously approved data center projects, according to press reports. Specifically, the Electric Reliability Council of Texas (Ercot) proposes to subject roughly 8.2 gigawatts of power consumption to new reviews. Ercot plans to submit its plan later this month for state regulators for approval.

Data Center/Power Policies Can Vary by State

Notable differences of retail electricity prices across states may impact the urgency of data center-focused policy changes. Average retail prices vary significantly from state to state (Figure 3). Average state-level retail prices varied by more than a factor of three in recent data, from less than 8 cents/kWh in North Dakota to more than 27 cents/kWh in California, according to Lawrence Berkeley National Laboratory study.

Figure 3. Average Retail Electricity Price by State



Source: Lawrence Berkeley National Laboratory and Academy Securities

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