

# Coal's Accelerated Burn

Stakeholder Analysis: A Case Study



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## INTRODUCTION

As more North American utilities pursue clean energy goals, shifting their asset portfolios away from carbon-intensive fuel sources and toward renewable generation, the number of coal-fired power plant retirements continues to rise. As utilities develop their long-term asset strategies, they must not only consider the financial implications of retiring coal plants, but the human element as well.

A comprehensive stakeholder analysis is a key input to developing a strategy for coal plant retirement. In this case study, we review the tools and strategy used by a utility client to develop a plan for stakeholder engagement. This includes the consideration of optimal announcement timeline, communication channels and venues, impacted stakeholder groups, and change management tools.

## THE CHALLENGE

ScottMadden worked with the client to form a cross-functional team of representatives from across the organization. The challenge facing this team was to develop a change management and communication plan for the current asset strategy that considered and addressed the diverse and sometimes contradictory viewpoints of a wide range of stakeholders. Over the course of several months, the team convened to align on who to engage, what information to share, and when to share.

## HOW WE HELPED

### Who to Engage

The team's first decision was with whom to share the information. From the beginning, the team set the guiding principle that all stakeholders would receive consistent key messaging. While there was recognition that some stakeholder groups would be more interested in certain aspects of the asset plan (e.g., environmental concerns, workforce concerns, tax impacts, etc.), the team deemed it important to ensure all groups received the same message to demonstrate transparency and foster trust among stakeholders.

The team created a list of stakeholder groups most impacted and interested in the asset plan (see example in Figure 1). Those stakeholder groups included employees, the board, bargaining units, and local officials. For these stakeholder groups, the team developed proactive plans for communicating the long-term asset strategy in a manner that was tailored to each group's specific concerns. The team also evaluated whether to communicate this message with the media, ratepayers, regulators, and the investor community. However, because the asset strategy had not yet been approved by the board, the decision was made to develop talking points for use in responding to any questions that might be asked by those stakeholder groups but not to proactively engage with them until the asset strategy was approved.

**Figure 1: Example Stakeholder List and Concerns**

Stakeholder Group	Primary Concerns	Stakeholder Group	Primary Concerns
 <b>Employees</b>	Jobs and asset diversity	 <b>Interest Groups and Associations</b>	Carbon impact of capacity replacement and pace of decarbonization
 <b>Board</b>	Financial and political impacts	 <b>Retail Ratepayers</b>	Rates and reliability
 <b>State and Local Government Officials</b>	Jobs, tax revenue, and local economy	 <b>Independent System Operators</b>	Reliability, asset diversity, ramping ability, and disaster recovery capabilities
 <b>Federal Government Officials</b>	Climate and jobs	 <b>Community Groups</b>	Jobs and local economy
 <b>Regulators</b>	Rates, reliability, and process	 <b>Potential Industrial Customers</b>	Rates, reliability, climate, and asset diversity
 <b>Bargaining Units</b>	Jobs	 <b>Business Partners</b>	Supply chain impacts (upstream and downstream)
 <b>Media</b>	Climate, jobs, and local economy	 <b>Investor Community</b>	Asset diversity and impacts of carbon regulation

### What Information to Share

Once the team had alignment on which stakeholders to engage, the next consideration was how much of the asset strategy to share with impacted stakeholders. This discussion centered on two options:

- A limited, five-year window of the asset strategy
- The full current asset strategy

With the first option, the team had more confidence in the shorter-term projected coal plant closure dates. They acknowledged, however, that these gains in certainty from a limited window could be offset by a perceived lack of transparency from stakeholders. That could prompt distrust of leadership, rumors among the workforce and local impacted communities, and potential productivity losses due to uncertainty.

With the second option, the team was less certain of the longer-term projected coal plant closure dates. These dates had a higher risk of being shifted (either earlier or later than the current projection), depending on external factors in the coming years. The team was concerned that by communicating a plan likely to change, leadership could lose credibility with the workforce and other stakeholder groups. There was also a risk of workforce attrition; however, the team believed that this could be offset by involving the impacted workforce in the development of a workforce strategy to redeploy employees working in and supporting coal plants.

Ultimately, the team opted to share the full asset plan with impacted stakeholders while clearly communicating the caveat that the current asset plan was based on assumptions that may change in the coming years. The team also leveraged employee communications as an opportunity to highlight ongoing workforce strategy efforts. This included an update of the workforce strategy and next steps to further

engage employees and local stakeholders to identify internal and external opportunities for the highly skilled workforce at retiring coal plants.

### When to Share

Originally, the team planned to communicate the asset strategy with employees first and all other stakeholder groups later. However, with further discussion and stakeholder analysis, the team decided to perform a more strategic and coordinated outreach effort. First, the board was made aware of the upcoming employee communication, which allowed them to be prepared if there was any public reaction from stakeholders to the communication. Then, plant and bargaining unit leadership received the asset strategy information. This was important to allow them time to prepare for questions from impacted employees. The employee communication was then delivered in-person at each impacted site. A combined community leader and elected official meeting immediately followed for those stakeholders to receive the messaging directly from executive leadership.

Following the employee communication, the team developed messaging and FAQs for use by the remaining stakeholder relationship owners, should they receive any questions from their stakeholder groups about the plant closures. Additionally, the team continued to maintain a list of stakeholder questions and responses to ensure consistent communications across all stakeholder groups following the employee communication.

## RESULTS

Throughout the effort, there was an understanding that even the best communication plan would not mitigate all stakeholder concerns. From the beginning, the team committed to a transparent and open process. The final messaging balanced the uncertainty of the assumptions built into the asset plan with the transparency desired by impacted stakeholders. The communication demonstrated respect for the workforce, calmed short-term fears of last-minute closure announcements, and recognized the benefit of a longer runway for employees as they make professional and personal decisions. Additionally, preparing consistent talking points across stakeholder groups allowed the client to shape the messaging both internally and externally. In the end, all stakeholder concerns were considered and addressed, and each group appreciated being included early in the process.

### Related Articles

This article is one of a four-part series titled “Coal’s Accelerated Burn,” covering coal unit closures:

- Drivers for Coal Unit Closures
- [Coal's Accelerated Burn: A Management Guide to Coal Plant Decommissioning](#)
- Stakeholder Analysis: A Case Study
- After the Closure: What’s Next for a Decommissioned Coal Plant?

Additionally, we suggest the following article by Dorsey & Whitney’s Development and Infrastructure Industry Group:

[Power Plants Retired as “Uneconomic” May Still Hold Significant Value](#)

## About ScottMadden's Energy Practice

We know energy from the ground up. Since 1983, we have served as energy consultants for hundreds of utilities, large and small, including all of the top 20. We focus on Transmission & Distribution, the Grid Edge, Generation, Energy Markets, Rates & Regulation, and Corporate Services. Our broad, deep utility expertise is not theoretical—it is experience based. We have helped our clients develop and implement strategies, improve critical operations, reorganize departments and entire companies, and implement myriad initiatives.

## About the Authors

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