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Report Looks At Weighing Environmental Risk In U.S. States Ratings

NEW YORK, March 22, 2022 /PRNewswire/ -- The U.S. states have tools at their disposal to address climate transition risks, but managing the risks and focusing on new opportunities may be uneven across states and may impose a negative influence on credit quality for some of them.

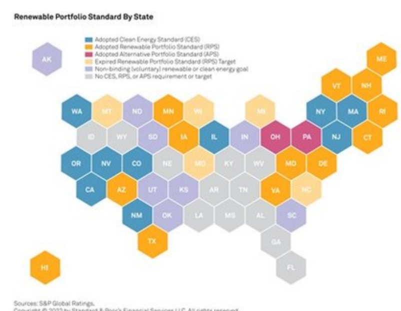
This is according to a new report, "**ESG Brief: Incorporating Climate Transition Risk In U.S. States Credit Ratings**," published today by S&P Global Ratings.

"In our consideration of 'E' factors that influence state credit ratings, climate transition risk is most prevalent in states with high fossil fuel production and energy generation, particularly when states draw significant economic or financial resources from these carbon-intensive industries," said S&P Global Ratings credit analyst Thomas Zemetis. "We primarily consider climate transition risks within our credit analysis of a state's economic and budgetary performance, particularly when considering gross state product composition, number of jobs associated with the energy sector, and revenue collected from severance taxes that fund operations.

"We also consider how states are attracting sectors that are more insulated from transition risk, how states incorporate transition risk into long-term financial and capital planning, and how they enable cross-agency and regional coordination to reduce greenhouse gas emissions."

Climate transition risk considers the implications of the world's transition to a low carbon and greener economy through a reduction in greenhouse gas emissions, shifts in public sentiment and consumer demand, changes in climate policy or legislation, or technological advancements which could lead to significant swings in demand and costs for development of certain products and services.

This report does not constitute a rating action.



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