



EMPLOYMENT AND ECONOMIC DEVELOPMENT

ENERGY TRANSITION OFFICE



Energy Transition Advisory Committee (ETAC) Plan

DECEMBER 2022

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EXECUTIVE SUMMARY

The world, the United States and Minnesota are witnessing an energy transition as progress is made toward more environmentally sustainable and more affordable energy production. This transition has significant implications for existing energy production facilities (“power plants”). Some legacy power plants have closed, and many are projected to close as the energy landscape evolves. The transition will significantly impact the workers that power these facilities and the communities that host them.

Many impacts of the energy transition are positive: actively decreasing energy carbon footprints via wind and solar implementation, decreasing energy costs, mitigating climate change by reducing greenhouse gas emissions, improving human health and the environment with decreased air and water pollution and the creation of jobs and economic development opportunities related to the energy transition. Other impacts are challenging.

The host communities (cities and counties in which the power plants are located) impacted by closures will endure a substantial loss of tax revenue, the loss of good-paying power plant jobs and community impacts. The power plants these communities hosted generated energy for Minnesota’s homes, businesses, schools, hospitals and more. The workers at the power plants are dedicated and committed, putting in long hours so that Minnesotans have not had to wonder whether they would have power when they flipped the light switch. Power plants and their workers also supported host communities by participating in community activities, volunteering, philanthropy and supporting local businesses.

On April 29, 2022, the ETAC met for the first time to carry out its statutory purpose to “...develop a statewide energy transition plan and to advise the governor, the commissioner, and the legislature on transition issues, established transition programs, economic initiatives, and transition policy.” Minn. Stat. § 116J.5492, subd. 1. Further detail about the plan is provided under State Statutes section 116J.5493.

The Energy Transition Advisory Committee (ETAC) was created to prepare a plan to assist in addressing the impacts from the closures. The ETAC has identified the following as priority recommendations to assist the communities and workers:

- **Workforce:** Provide adequate resources to retrain the existing and potential workforce in high-wage, high-demand jobs.
- **Community Engagement:** Support transitioning communities in their community engagement, marketing, planning and outreach.
- **Tax Base:** Explore tax base replacement aids to impacted communities.
- **Re-Use:** Encourage the re-use of existing infrastructure to support economic development and business retention.
- **Economic Diversification:** Create a toolbox to assist impacted communities including best practices and opportunities for economic diversification, capacity building and networking.
- **Energy Transition Office:** Expand and empower the Office of Energy Transition to coordinate programming and support and to provide guidance for recommendations.
- **Energy Transition Advisory Committee:** Legislative action to make the ETAC permanent.



BACKGROUND & HISTORY

HISTORY

The closure of a power plant significantly affects its host community and energy workers. The anticipated impacts that announced power plant closures would have within their communities, include: job loss among power plant employees and contract workers who supported the power plant; the decrease in demand for services and goods among local businesses which were engaged with the power plant; the significant loss of tax base; questions about what would happen at the location of the closure; environmental concerns; other impacts on the community and schools; and the effects on neighboring governments such as the Prairie Island Indian Community, townships, cities and counties. Not preparing and managing the closures has been witnessed in other parts of the United States to result in significant impacts to the energy worker and community.



The communities and power plant workers began working to better understand both the impacts of power plant closures and the efforts being undertaken in similarly situated states to plan and support for their energy transition. Their work led them to Colorado's efforts and its newly created Office of Just Transition, which assists with Colorado's coal mines and coal plant closures on energy workers and communities.

During the 2021 Legislative Session, the State Legislature passed Minnesota State Statutes 116J.5491, creating the Energy Transition Office; 116J.5492, creating the Energy Transition Advisory Committee; and 116J.5493, requiring the development of the Minnesota Energy Transition Plan. Modeled after Colorado's Office of Just Transition, the Minnesota Energy Transition Office was established to assist energy workers and communities affected by power plant closures and is only the second office of its kind in the United States.

CREATING THIS PLAN

This Plan was created by a multi-disciplinary group who engaged in research and analysis, met with organizations and government staff, and compiled this document to assist in the transition planning.

Each member of the ETAC contributed to this document. Consistent with detailed statutory requirements for its composition, the ETAC brought together representatives of affected communities, impacted workers, utilities, lawmakers, state agencies, economic development professionals, the public, and other resources. Each member of the ETAC, and their respective communities and employers, are not presumed to agree with every detail included in this report—but bringing together a number of voices allowed for a variety of perspectives to be shared and reflected in this document.



Additionally, it should be acknowledged that the recommendations contained in this report can only reflect this moment in time. The economy, the state's energy needs, business cycles, the workforce, and community needs will continue to evolve with the changing energy landscape. These changing circumstances may require that this plan be revisited and revised. Moreover, it is anticipated that future power plant closures beyond those within this document might occur and present new challenges and opportunities. It is the ETAC's hope that this document can provide guidance and support as energy workers, host communities, and the state continue the energy transition and that the ideas and recommendations contained herein will continue to be considered, discussed, built upon and pursued.

Thank you to everyone who participated in the creation of this report – your time and hard work is valued and reflected in this document.

IMPACTED POWER PLANTS & COMMUNITIES

The changing energy landscape will impact power plants, energy workers, host communities, and utility owners. Information on a number of Minnesota’s base load power plants’ locations, fuel sources, number of energy workers, anticipated closure or license end dates, and ownership can be found in Fig. 1 and 2.

FIG. 1

| Utility/Plant | City | County | Type | Employees | End of Lives |
|-------------------------|--------------------|----------------|----------|-----------|--------------|
| MN Power | | | | | |
| Boswell 1 | Cohasset, MN | Itasca Cty | Coal | 170 | 2018 |
| Boswell 2 | Cohasset, MN | Itasca Cty | Coal | | 2018 |
| Boswell 3* | Cohasset, MN | Itasca Cty | Coal | | 2030 |
| Boswell 4** | Cohasset, MN | Itasca Cty | Coal | | 2035 |
| Boswell Common | Cohasset, MN | Itasca Cty | Coal | | 2035 |
| Laskin Energy Center | Hoyt Lakes, MN | St. Louis Cty | Nat. Gas | 10 | 2030 |
| Taconite Harbor | Schroeder Township | Cook Cty | Coal | Retired | 2021 |
| Xcel Energy | | | | | |
| Granite Falls | Granite Falls, MN | Chippewa Cty | Coal | Retired | 2004 |
| Allen S. King | Oak Park Heights | Washington Cty | Coal | 87 | 2028 |
| Sherco Unit 1 | Becker, MN | Sherburne Cty | Coal | 301 | 2026 |
| Sherco Unit 2 | Becker, MN | Sherburne Cty | Coal | | 2023 |
| Sherco Unit 3*** | Becker, MN | Sherburne Cty | Coal | | 2030 |
| Monticello | Monticello, MN | Wright Cty | Nuclear | 460 | 2040 |
| Prairie Island Unit 1 | Red Wing, MN | Goodhue Cty | Nuclear | 600 | 2033 |
| Prairie Island Unit 2 | Red Wing, MN | Goodhue Cty | Nuclear | | 2034 |
| Otter Tail Power | | | | | |
| Hoot Lake Unit 1 | Fergus Falls, MN | Otter Tail Cty | Coal | Retired | 2021 |
| Hoot Lake Unit 2 | Fergus Falls, MN | Otter Tail Cty | Coal | Retired | 2021 |

*BEC 3 must cease coal operation by 2030, with further facility details pending in the next MP IRP.

**Co-owned with WPPI Energy

***Co-owned with Southern Minnesota Municipal Power

FIG. 2
Map of Minnesota
Host Communities

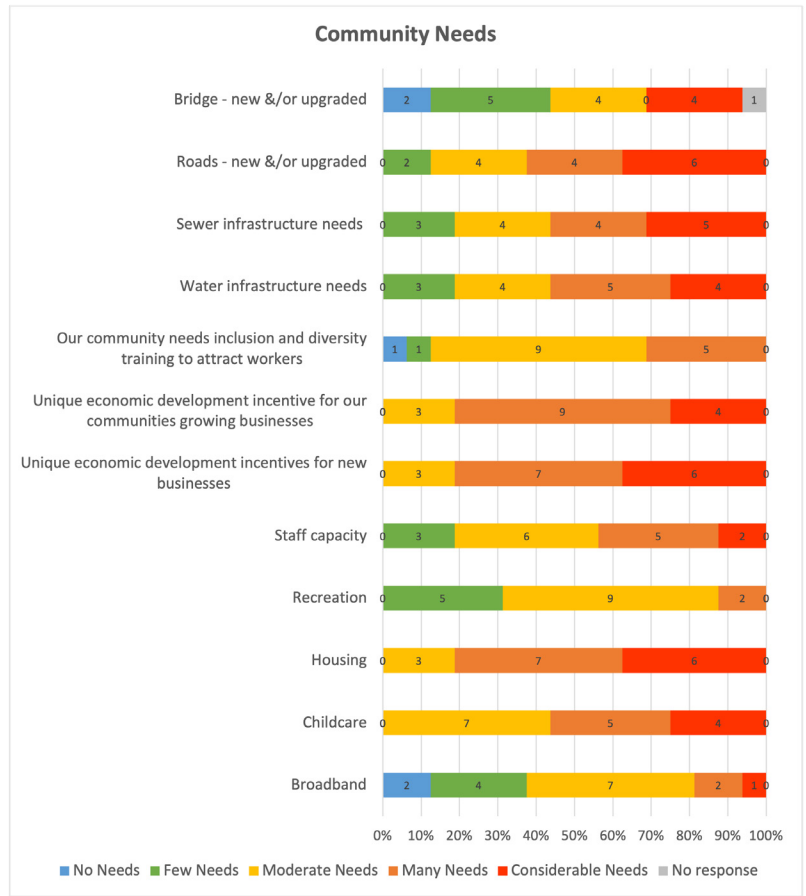


Community Concerns

Surveys were conducted by the ETAC to solicit public input. Surveys were sent to the impacted communities, counties and Prairie Island Indian Community. Survey responses showed that impacted communities are looking to support the economic development and expansion of current businesses, as well as to attract new businesses. Responses also indicated that community needs beyond the power plant closure also compete for the communities' scarce resources. Communities are not only facing the loss of power plants, but simultaneously many are struggling with demands for housing, child care, infrastructure, business needs and workforce challenges.

The energy transition will look different in each community. Figure 1 shows the announced dates of known power plant closures and the usable/ permitted/licensed life of the power plants.

It is unlikely that any one singular new business will fully replace the jobs and tax revenues that were provided by the power plant. Creative business retention, local business growth, and economic diversification within the local economy is critical to prepare for and mitigate the impacts of a changing energy landscape. Economic development efforts have begun in many communities, but additional resources from federal, state, and local governments, as well as private and non-profit entities, are necessary and critical to strengthening those efforts. The ETAC recommends an expansion of state economic development resources to assist communities in managing their assets, exploring new opportunities for long-term growth, and attracting and retaining businesses in a competitive market. While grant-match-requirements for such existing programs are common, many shared in their survey responses that they had concerns about how such requirements could impact their community's ability to compete for those resources.



A second survey was completed in October to receive stakeholder comments from the Draft ETAC plan. The survey indicated concern about their community's future and the negative impacts of power plant closures on their local economy (particularly for displaced workers, families in the community); concern about the future energy supply and increased energy prices for the state due to future plant closures; lack of clarity and uncertainty regarding future job opportunities for displaced workers and availability of re-training; lack of communications regarding plant closures and the rationale for announced plant closures; and concern about alternatives, such as solar energy. The surveys all show the need for community planning efforts should occur before, during, and after plant closure.



The power plant’s continuing need for staff until its closure adds to the complexity of the transition. Employees who plan to relocate may be less concerned about the power plant’s staffing requirements, as they might secure a job without retraining by expanding the geographic scope of their job search or they might choose to move prior to the plant closure. However, employees who wish to remain in their community might experience a tension between the power plant’s ongoing staffing needs to maintain safe operations and their own desire to secure a replacement job. As demonstrated by the Fergus Falls community’s experience, an employer can support a successful transition by communicating and working cooperatively with workers.

Many of the impacted workers love their communities and want to stay. Employee education and retraining efforts can assist employees and contract workers who are affected by the power plant closure and allow them the opportunity to remain in their communities.

Additionally, power plant closure does not just affect the worker, but rather their family and the entire community. Mental health services should be available to support community needs. Companies and unions may provide mental health benefits, but additional resources for employees, their families and communities should be considered.

Assessing the Impact on Tax Revenue

The ETAC was also tasked by statute with assessing the impact of plant closures on local government finances. To achieve this, all local jurisdictions were contacted and surveyed in August 2022. All affected communities responded and provided assessments of the revenue impacts on school district budgets, local tax revenues, and local fees for trash and sewer. These reported impacts are summarized below. Overall, communities anticipate considerable local revenue declines as a result of power plant closure.



The communities impacted by power plant closures generally have small populations, as reflected in the below table:

| City | Population |
|--------------------|------------|
| Becker | 4,800 |
| Cohasset | 2,700 |
| Fergus Falls | 14,100 |
| Granite Falls | 2,700 |
| Hoyt Lakes | 2,000 |
| Monticello | 14,500 |
| Oak Park Heights | 4,850 |
| Red Wing | 16,500 |
| Schroeder Township | 190 |

Because they have a small population and in some cases have few other large businesses in the community, the cities, counties, and school districts near power plants receive a large proportion of their tax revenues from the local power plant, creating challenges for communities after the plant closes. In some communities and school districts, more than 40% of tax revenues that fund their operations come from the local power plants. The following table below provides a few illustrative examples from operating power plants:

| City, County or School District | Percentage of Tax Revenues from Local Power Plant † | Actual Amounts of Tax Revenues from Local Power Plant (2021) |
|---------------------------------|---|--|
| City of Becker | 65% | \$3,761,000* |
| Becker School District | 44% | \$3,069,000* |
| Sherburne County | 11.70% | \$4,051,000* |
| City of Cohasset | 55% | \$2,200,000† |
| Cohasset School District | 16% | \$1,678,634† |
| Itasca County | 14.29% | \$9,105,754† |
| City of Monticello | 49% | \$5,794,000* |
| Monticello School District | 38% | \$4,077,000* |
| Wright County | 7.75% | \$7,104,000* |
| City of Red Wing | 47% | \$11,163,000* |
| Red Wing School District | 42% | \$3,820,000* |
| Goodhue County | 19% | \$7,400,000* |
| City of Oak Park Heights | 30% | \$1,617,000* |
| Stillwater School District | 4.36% | \$936,000* |
| Washington County | 1.09% | \$878,000* |

Source: *Xcel Energy, †Impacted communities

Of note, the Prairie Island Indian Community does not receive taxes from the local power plant. Nonetheless, the Prairie Island Indian Community is significantly impacted by the power plant, which is located within hundreds of feet of their sovereign nation.

Additionally, the decommissioning, demolition, and environmental clean-up processes following a power plant closure can take years. For example, it took more than a decade for the demolition phase to occur in Granite Falls. During these years, redevelopment of the former power plant site is not possible, and community-wide economic development efforts take on increased importance.

ETAC STRUCTURE

The ETAC created an Executive Committee, comprised of a Chair and Vice-Chair, to help lead and guide its work. The ETAC also created the following five task forces to allow its members the opportunity to delve into more specific topics:

1. Workforce
2. Community Engagement
3. Tax Base and Financial Incentives
4. Re-Use
5. Economic Diversification

The Task Forces engaged with presenters, conducted research, and created goals, recommendations, and best practices, which they then reported to the whole ETAC. The Task Forces asked for comments and input from the whole ETAC to ensure that members’ voices were heard—regardless of the Task Forces on which they served.

The ETAC utilized past research, including state- and regional-level reports, numerous studies, Integrated Resource Plans, local government advice and best practices for power plant and other closures, and more as a foundation to create this plan. Numerous presentations guided the ETAC’s decisions and recommendations.

ENERGY TRANSITION PLAN

I. WORKFORCE

Goal

Workers displaced from power plant closures should be supported as they plan for and go through the transition. All workers affected by power plant closures should be empowered to achieve new career goals that allow them and their families to thrive economically.

Key Findings

The Energy Omnibus bill passed in 2021 requires that utilities provide a resource plan to the Public Utilities Commission that details how the utility will work with energy workers to minimize dislocation impacts. A power plant closure will likely have widespread effects and impact not only those directly employed by the power plant, but also contract workers, employees of businesses that provide goods and services to the power plant, and youth who are aging into the labor market during the transition. Workforce supports should be broad, tailored to each community's workers' needs, and adaptable to changing circumstances. Opportunities to use federal and state funds and programs to support workers should be explored.



Recommendations & Strategies

1. The development of a rapid response strategy that suits the unique circumstances of a power plant closure would help communities and energy workers as they plan for and undergo the transition. A rapid response strategy should consider the following:
 - Notice: Provide early and effective notice of a power-plant-related workforce downsizing or closure.
 - Asset Mapping: Identify key resources in the community that have the potential to provide assistance to affected workers and businesses.
 - Training Services: Explore public and private methods to assist employees in accessing training services.
 - Access to Benefits: State agencies and local partners should consider allowing access to benefits and support prior to plant closure and formal separation, including services listed in Recommendation 2.
 - Early Retirement: Consider offering employees early retirement incentives.
2. Explore and/or develop possible funding sources and programs to support transitioning energy workers directly and through employers, local governments and educational institutions including:
 - Employer-provided training services;
 - Services offered through the Dislocated Worker Program;
 - Unemployment Insurance reemployment assistance benefits;
 - Efforts supported by the Minnesota Jobs Skills Partnership Board (MJSB); and
 - Creating an open appropriation for the purpose of supporting workers affected by the transition.
3. The Energy Transition Office should compile and make available a list of existing funding sources and programs to support workers through the transition.
4. Possible federal programs to assist dislocated workers should be explored and supported.

5. Workforce training and retraining programs should be designed to enhance equity rather than enforce disparities, with possible efforts including:



- Consulting with Tribal Nations and engaging with communities that have experienced discrimination and barriers regarding current and potential training and retraining programs;
- Tracking data on employee demographics and pay;
- Encouraging employee recruitment from outside typical networks;
- Monitoring promotion patterns and eliminating biased language in job descriptions; and
- Exploring efforts to eliminate harassment in the workplace.

6. Opportunities to include youth and new workers in the local labor force should be explored in transitioning communities. Possible opportunities might include:

- Enrolling and/or providing high school students in summer youth employment programs;
- Supporting high school graduates in affected communities who seek Pell grants and Pell Promise awards;
- Considering state subsidies for youth in affected communities;
- Supporting initiatives to increase career and technical education in high schools; and
- Providing or expanding affected communities' access to sectoral training programs that have strong evidence of success.

7. Mental health resources should be accessible to workers and communities leading up to, during and after plant closure. Such support will foster continued participation in the workforce by helping affected individuals navigate what is likely to be an emotional situation.

8. State and local governments, employers, labor unions, and workers should communicate and work collaboratively before separation from employment and throughout the transition to better support impacted workers. Open communication and collaboration are likely to facilitate impacted workers' efforts to:

- Plan for the transition;
- Continue their self-sufficiency;
- Maximize their options; and
- Adapt to changing circumstances.

9. State and local governments, employers, and labor unions should consider conducting public meetings to provide impacted workers with information about the training, education, and other programs that are available to them.

10. When considering workforce solutions, additional opportunities for state agency coordination and learning should be explored.

II. COMMUNITY ENGAGEMENT

Goal

Ensure that transitioning communities experience engagement and communication that are timely, thoughtful and effective, with established deadlines and timelines.

Key Findings

Community engagement and communication are critical for the success of the transition process. Each community is unique, and the process, solutions and communications should be tailored to the community's specific needs. State and federal authorities, unions, community partners, academic and scientific researchers, non-profits, interest groups, economic development agencies, business groups, and the utilities themselves can and should all weave threads in the tapestry of conversation. Communication can reduce anxiety and ensure that the community receives accurate and timely information to engage in effective short-term and long-term planning.



Recommendations & Strategies

1. Community engagement is an important part of the decommissioning process. Community engagement and planning should begin well in advance of the plant closure and continue after the plant has closed. Funding to support communication, marketing efforts, planning, and community engagement before, during, and after plant closure should be identified and might include, for example, efforts to support communities' engagement and direct participation in matters before the Public Utilities Commission.
2. Special consideration should be given to reach people of diverse backgrounds and those who may feel disenfranchised, including Native American people, in a multi-disciplinary communication approach to meet people where they are at. This could include, for example, a power plant closing ceremony to allow people to grieve, reflect and remember.
3. The creation of multi-agency state action teams made up of technical experts in relevant fields should be considered. These state action teams could be used to provide assistance and communicate guidance to impacted communities.
4. Consider expanding the Energy Transition Office to support the development of community-led engagement efforts by providing guidance on how to foster beneficial community conversations, create task forces and community advisory panels, implement surveys, and undertake local and regional planning efforts.
5. Communities should identify new or repurposed resources to kick-start community engagement. Community leaders of all types should engage the Office of Energy Transition and schedule conversations on the specific topics that would best help their community chart a successful course through the challenges ahead.
6. Consider expanding the Energy Transition Office to support the development of peer-to-peer networks and coalitions to bring forward the collective voice of small communities to the state and federal government. A peer-to-peer network of communities undergoing similar transitions across the state and the country could facilitate the sharing of ideas, information and experiences.
7. Tribal Nations should be consulted on issues related to the transition and included in communications about relevant programs, funding opportunities, and resources that might assist them through the transition process. A power plant's impact on Tribal lands and culture should be acknowledged. For example, the Prairie Island Indian Community should be consulted to create a plan for burial grounds that were disturbed during the construction and operation of the Prairie Island plant.

8. Communications regarding the ongoing environmental impacts of the power plant should continue into the future. For example, communications should alert future generations to coal ash areas and the special environmental needs and restrictions of those areas.

III. TAX BASE AND FINANCIAL INCENTIVES

Goal

Impacted communities should be able provide stable and diverse funding for local services, infrastructure, and institutions when tax revenues from power plants decline or are eliminated. Strategies should be developed to identify, organize and support investment opportunities and create mechanisms that allow private and public capital to co-invest in a manner that reduces community risk. Policies should encourage investments in assets that continue to generate wealth and increase the resilience and capacity of local institutions.

Key Findings

The retirement of a power plant has a large impact on a community's tax base. Power plant-related property may make up to 40-70% of a host city's tax base and significantly contribute to operations of local counties and school districts. Taking proactive steps to address the transition's effects on the local tax base requires the open disclosure of decommissioning plans by electric utility companies. Host communities may be able to obtain relevant information through publicly available information, as regulated utilities are required to provide planned retirement dates in public filings in Minnesota. Regardless of whether the exact date of plant closure is known, host communities should anticipate and plan for eventual closure. Best practices to address the loss of tax revenue from the power plant include:

- Proactive tax diversification
- Proactive budget review and planning
- Identification of opportunities based on regional strengths
- Economic development and diversification

Recommendations & Strategies

1. The legislature should provide transition aid for impacted cities, counties, and schools and should consider the following criteria in developing transition aid:
 - Transition aid should be available to counties, cities, and school districts impacted by the power plant retirements.
 - Transition aid should fully replace lost revenues resulting from plant retirement in the year immediately following the retirement and taper down over time.
 - The transition aid should allow local governments to continue to provide vital services and make the investments necessary to diversify their tax base, without shifting the burden onto residents and businesses through property taxes.



- Transition aid should also recognize that some Minnesota communities, such as the Becker, Cohasset and Red Wing communities, are host to more than one electric generating unit and that these units may retire at different times. Transition aid should be structured to capture the impact of each unit retirement.
 - Mechanisms to adjust or eliminate transition aid over time in response to the community's recovery should be considered.
 - A transition aid program should include clear requirements for communication between the Minnesota Department of Revenue and local governments regarding timelines, the anticipated scale of impacts, and the process by which local governments will receive aid.
2. Communities should start working now to assess how the plant closure will affect their tax base, inventory available assets, identify funding options, repurpose existing revenue streams and tax expenditures, and develop new sources of funding and other fiscal strategies for the legislature to consider.
 3. State and utility partners should create a regular, clear, consistent and predictable process for retiring plants and communicating about those closures to allow communities to anticipate and plan for the effects to their tax base.
 4. The legislature should consider making the ETAC permanent so that the ETAC can continue to gather information about the impact of a plant's closure on the tax base and the effectiveness of various strategies to replace tax revenues.
 5. The legislature should consider funding to support ongoing research and analysis. Such funding could support research by economists, researchers, and subject matter experts to develop estimates of revenue impacts to individual taxing districts in transitioning communities, identify funding needs, and estimate program costs.
 6. The legislature should consider an investment fund that both provides short-term local commitments to lower the risk for investors and long-term capital.



IV. RE-USE

Goal

Transitioning communities should be empowered to develop and implement locally driven plans for the re-use of property.

Key Findings

One of the key discussion topics for any community with a plant closure is how to redevelop and/or re-use the site, with the aim to use existing land assets or interconnects to the grid for future resource development. Much depends on the current owners of each site, local zoning and comprehensive plans, environmental remediation and the infrastructure needs specific to the site. Additionally, many power plant sites have heightened environmental restrictions due to their proximity to waterways. Cultural impacts, including those at the Prairie Island location, should also be considered. Communities should keep in mind that re-use may vary from site to site—some may develop asset-based plans, others may be brought back to their original state or rezoned for different purposes.



Recommendations & Strategies

The re-use plan must be locally driven, and strong partnerships between the facility, the local government, and the public are critical to success. Each community and property owner will have their own goals.

1. The legislature should allocate funding for planning grants and consultants, which will assist impacted communities to develop re-use plans. Consultants and planning grants should address environmental and infrastructure concerns, including water, sewer, storm sewer, roads, bridges and long-term post closure care of ash landfill, as well as support communications about the history of the site and re-use opportunities and challenges.
2. Communities should consult with Tribal Governments per Minnesota State Statute 10.65 whenever possible, recognizing that Tribal Governments are their own government. Communication and consultation with Tribal Governments early and often is important.
3. Consider expanding the Energy Transition Office so that it can be used as a one-stop shop for grant information and grant opportunities for transition-related re-use and redevelopment efforts.
4. The legislature should explore new programs or adjustments to existing programs that would make host communities more competitive in seeking funding for redevelopment projects.
5. When considering research and resource development, the legislature should consider commissioning playbooks, similar to those in Pennsylvania, for locations that are interested in commercial and industrial redevelopment.
6. Risk transfer for environmental cleanup on a site can be a challenge for a community to assume. Coordination between the responsible party and the community on the redevelopment is key.
7. Communities should commission site evaluation studies to determine best future uses before decommissioning/demolition so that any potential site alterations can be accomplished during the process. Eligible use of any planning funds shall include using facilitators to help communities and the site owner collaborate on redevelopment plans.
8. Communities should explore existing state programs, including the Shovel Ready Certification, Minnesota Business First Stop, and Redevelopment Grant Program.
9. Permits, infrastructure upgrades, extensions to the property or more may be needed to assist in redevelopment. State bonding funds for infrastructure improvements should be considered.



V. ECONOMIC DIVERSIFICATION

Goal

Transitioning communities should be supported as they develop and implement community-based and locally driven strategies to diversify their economies, retain energy transition workers, promote good new jobs and achieve long-term socioeconomic vitality.

Key Findings

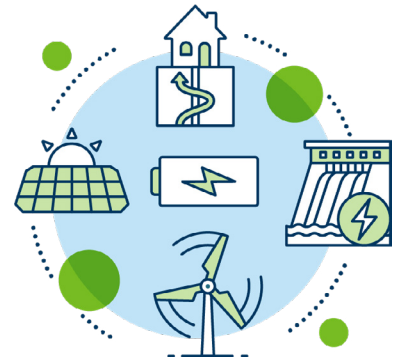
As stated in the Minnesota Vitality Council Report, “Economic diversification is the most critical strategy that communities must deploy in order to realize a successful transition. The closure of power plants may force some communities into necessary conversations that virtually every community has when experiencing the end of a long history with a large single employer: how can we create a future together that will make us less dependent on one industry, and this less likely to happen again?”

The state can play an important role in providing information on funding opportunities or identifying gaps/needs in capacity.” The economic transition of communities will be a long-term undertaking, and the State’s commitment should also be long-term and must meet communities where they are, ensuring they drive their own process. Community resilience, economic diversity, equity, the creation of local wealth, long-term business development and expansion, and stable jobs that pay living wages and provide good benefits should be prioritized.



Recommendations & Strategies

1. Communities should start planning now – they can begin assessing the impacts of plant closures, the impacts on the communities and workforce, take inventory of available assets, and start planning for a diverse economic future now.
2. The legislature should consider creating additional programs and resources at DEED focused on retaining and attracting businesses to impacted communities which will also assist the community’s workforce. This could include:
 - Adjusting job creation requirements for existing programs so communities can more easily attract businesses;
 - Ensuring investments that support local economic development plans are focused on creating new businesses and high wage jobs, and increasing sales tax revenues and property tax values;
 - Creating a state-wide investment fund focused on making capital investments in transitioning communities in collaboration with those communities;
 - Expanding DEED’s Community Energy Transition Grant Program beyond its current scope to increase support to all impacted communities in a variety of areas, including developing impact and planning studies, infrastructure development and site readiness;
 - Waiving local matching-fund requirements for incentive programs for companies locating in impacted communities (e.g., one deal waiver per county) to attract new primary employers and help diversify the economy, including a sunset date and opportunity to review for possible extension;
 - Appropriating funding for financial incentives within a defined timeframe to attract businesses to impacted communities to support the retention and attraction of businesses; and
 - Supporting community diversity to attract workers from outside the community to join the local workforce.



3. Grants and programs should be tailored to the unique needs of each community, as each impacted community and school has different needs.
4. The state should consider investments in physical and community infrastructure to maintain and improve quality of life and critical services. Such strategies could include:
 - Investments for housing, broadband, healthcare, K12 and higher education, mental health resources, recreation, child care, arts and culture, and the public sector workforce;
 - Investments in roads, rails, and airports, and the public sector;
 - Technical assistance to plan for long-term recovery of lost local tax revenues; and
 - Funding for Shovel Ready certification for all impacted communities.
5. Further conversation should be conducted about Tax Increment Financing (TIF) requirements as it relates to economic development efforts in the impacted communities.

VI. OTHER ITEMS

Recommendations & Strategies

1. Change State Statute to continue the ETAC beyond the plan submittal.
2. Conduct a periodic review of the plan to ensure the recommendations are still valid and update to current needs and conditions as warranted.
3. Minnesota Statute 10.65 should be followed by cities, counties and state agencies when consulting with Minnesota's 11 Federally Recognized Native American Tribes
4. There should be a discussion about the treatment of the burial grounds and human remains that were impacted at the Prairie Island Indian Community by the Prairie Island plant.

In the analysis, other items emerged that were not in the scope of the ETAC plan, but were recommended for further research. They include:

- Impact of nuclear waste at the Prairie Island location and its relation/distance to Prairie Island Indian Community.
- Preparing a plan for the recycling, reuse, etc. of windmills and solar.

APPENDICES

- 1) Stakeholder Survey
- 2) ETAC Meetings
- 3) Property Tax Payments Data
- 4) Workforce Flow Chart image

APPENDIX 1

STAKEHOLDER SURVEY

The ETAC was not required to receive any input from the Stakeholders to create this plan. However, from the beginning the ETAC wanted to include Stakeholders. To go to where the Stakeholders were at, the meetings were always held in an impacted community in a hybrid format. This allowed anyone to attend the open meetings and to ensure those stakeholders felt welcome to attend. The ETAC Executive Committee directed ETO staff to include public comments on the agenda to visibly show that comments were welcome.

Stakeholders were also invited to attend ETAC meetings, provided the same information as the ETAC for their meetings and provided access to the ETO webpage for documents related to the ETAC work.

The ETAC also wanted to ensure that surveys were sent to receive comments from those that might not attend meetings. With analysis from the August, pre-draft Stakeholder survey we determined that:

Marketing and communication are critical. Funds for marketing and communication should be focused on the following in impacted communities:

- a. Address plant closure information
- b. Address plant closure concerns – including reliability
- c. Address confusion on the power plant closures including dates
- d. Correct incorrect information

Key Findings from the August pre-draft Stakeholder survey:

- Michael Child's communication to the ETAC on the concerns was reinforced with a strong response from the Prairie Island Indian Community.
- There was a lack of participation from power plant workers. However, it is possible that power plant workers are receiving such good information that they did not feel the need to complete the survey.
- To date, there was very little to no response from some counties that are impacted.

APPENDIX 2

ETAC MEETINGS

The ETAC met in Becker, Oak Park Heights, Fergus Falls, Granite Falls, Cohasset and Prairie Island Indian Community. A power plant tour (Becker, Oak Park Heights and Cohasset) or former site tour (Fergus Falls and Granite Falls) was typically offered. These tours were fundamental as they enabled the ETAC to meet power plant employees, see the expansive sites and current infrastructure, and learn about the power plant's effects on the local community, businesses, and natural spaces. Tours also brought people to the community to see and witness the unique challenges and the unique communities that this plan is addressing.

The ETAC had the following presenters:

May

- City of Becker, Mayor Tracy Bertram
- Community Transition Planning, Cindy Winland
- Will Seuffert, Executive Secretary, Minnesota Public Utilities Commission

June

- City of Oak Park Heights, Mayor Mary McComber
- Briggs White, Deputy Executive Director Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization
- Audrey Partridge, Director of Regulator Policy, Center for Energy & Environment
- Kevin Lee, Deputy Commissioner Energy Resources Division, Department of Commerce

July

- City of Fergus Falls Mayor Ben Schierer
- Jesse Heier, Executive Director Midwest Governor's Association, Presentation on the MGA Power Plant Community Planning Report and next steps
- Dan Pfeiffer, Xcel Energy, Economic Development efforts in MN and Transition in other states
- Jon Van Nurden, State Assessed Property Supervisor, Department of Revenue

August

- City of Granite Falls Mayor Dave Smiglewski
- Shane Zahrt, Senior Attorney/Lobbyist, Flaherty & Hood, P.A.
- Catalina Valencia, Executive Director, Business Development, MN Dept of Employment & Economic Development
- John Hunt, Principal Engineer & Jim Bodensteiner, Principal Environmental Analyst - Xcel Energy, Granite Falls Coal Plant transition.

September

- Brett Schwartz, NADO (National Association of Development Organizations)
- Joshua Skelton, Chief Operating Officer, Minnesota Power
- Tamara Lowney, President & CEO, Itasca Economic Development Corporation

October

- Johnny Johnson, President, Prairie Island Indian Community
- Wade Buchanan, State of Colorado Office of Just Transition
- Ann Meyers, Department of Employment and Economic Development

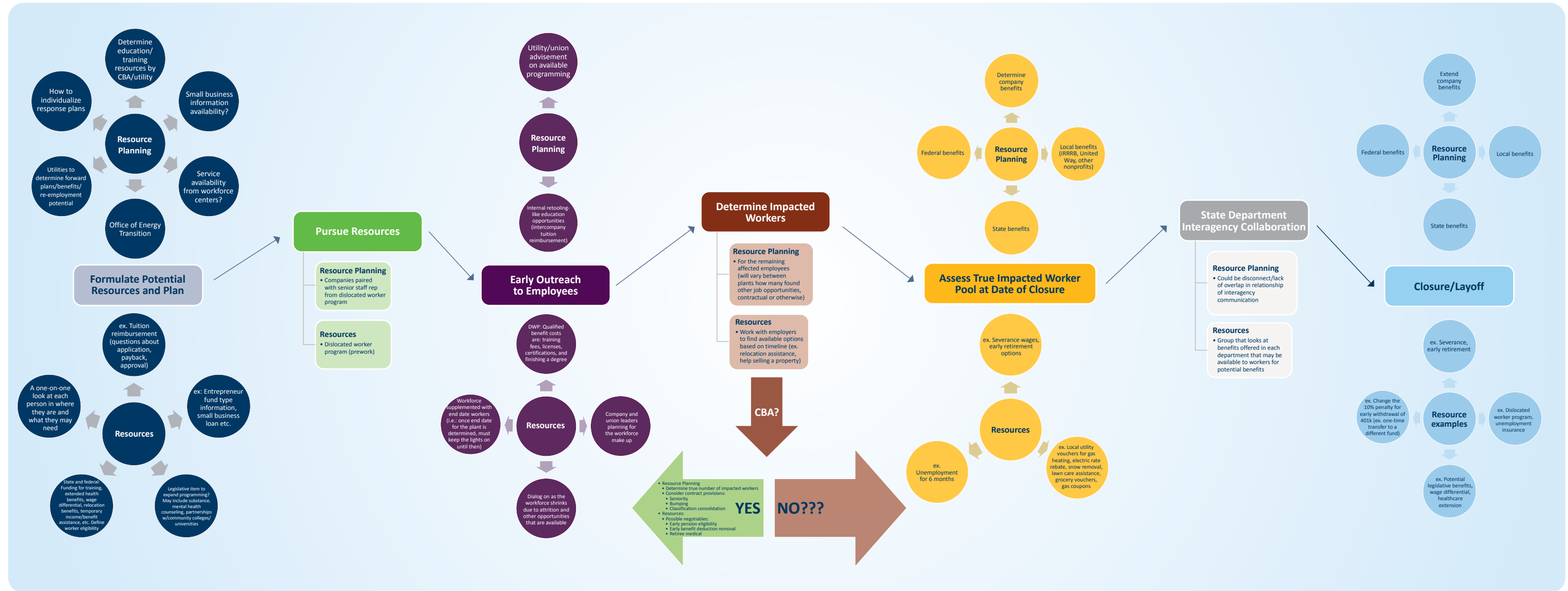
APPENDIX 3

Northern States Power Company, Minnesota Property Tax Payments by Plant and Jurisdiction Last Updated: 6/8/22

| | Total | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------|
| City | 92,992,000 | 11,080,000 | 11,163,000 | 11,535,000 | 9,828,000 | 12,845,000 | 11,651,000 | 10,256,000 | 8,492,000 | 6,142,000 | |
| County | 59,345,000 | 7,413,000 | 7,400,000 | 7,278,000 | 6,866,000 | 7,664,000 | 7,021,000 | 6,247,000 | 5,351,000 | 4,105,000 | |
| School District | 32,931,000 | 3,509,000 | 3,820,000 | 4,042,000 | 4,701,000 | 4,341,000 | 4,123,000 | 3,108,000 | 2,884,000 | 2,403,000 | |
| Prairie Island Total | 185,268,000 | 22,002,000 | 22,383,000 | 22,855,000 | 21,395,000 | 24,850,000 | 22,795,000 | 19,611,000 | 16,727,000 | 12,650,000 | 0 |
| City | 47,966,000 | 5,579,000 | 5,794,000 | 5,501,000 | 5,462,000 | 5,676,000 | 5,520,000 | 5,374,000 | 5,050,000 | 4,010,000 | |
| County | 57,299,000 | 6,681,000 | 7,104,000 | 6,988,000 | 7,058,000 | 7,013,000 | 6,590,000 | 6,231,000 | 5,737,000 | 3,897,000 | |
| School District | 37,737,000 | 3,725,000 | 4,077,000 | 4,040,000 | 4,450,000 | 4,551,000 | 4,469,000 | 4,624,000 | 4,409,000 | 3,392,000 | |
| Monticello Total | 143,002,000 | 15,985,000 | 16,975,000 | 16,529,000 | 16,970,000 | 17,240,000 | 16,579,000 | 16,229,000 | 15,196,000 | 11,299,000 | 0 |
| City | 29,589,000 | 4,175,000 | 3,761,000 | 3,509,000 | 3,462,000 | 3,435,000 | 3,253,000 | 2,788,000 | 2,663,000 | 2,543,000 | |
| County | 37,130,000 | 4,152,000 | 4,051,000 | 4,085,000 | 4,239,000 | 4,356,000 | 4,201,000 | 3,942,000 | 4,044,000 | 4,060,000 | |
| School District | 26,617,000 | 3,214,000 | 3,069,000 | 3,116,000 | 3,214,000 | 3,158,000 | 3,055,000 | 2,982,000 | 2,427,000 | 2,382,000 | |
| Sherco Total | 93,336,000 | 11,541,000 | 10,881,000 | 10,710,000 | 10,915,000 | 10,949,000 | 10,509,000 | 9,712,000 | 9,134,000 | 8,985,000 | 0 |
| City | 14,912,000 | 1,698,000 | 1,617,000 | 1,528,000 | 1,571,000 | 1,810,000 | 1,714,000 | 1,733,000 | 1,687,000 | 1,554,000 | |
| County | 8,305,000 | 908,000 | 878,000 | 935,000 | 945,000 | 1,012,000 | 937,000 | 926,000 | 903,000 | 861,000 | |
| School District | 9,204,000 | 1,081,000 | 936,000 | 869,000 | 1,031,000 | 1,096,000 | 1,058,000 | 1,039,000 | 1,048,000 | 1,046,000 | |
| King Total | 32,421,000 | 3,687,000 | 3,431,000 | 3,332,000 | 3,547,000 | 3,918,000 | 3,709,000 | 3,698,000 | 3,638,000 | 3,461,000 | 0 |
| City | 6,550,000 | 719,000 | 685,000 | 707,000 | 670,000 | 681,000 | 760,000 | 770,000 | 794,000 | 764,000 | |
| County | 4,773,000 | 482,000 | 493,000 | 517,000 | 499,000 | 511,000 | 571,000 | 581,000 | 574,000 | 545,000 | |
| School District | 3,757,000 | 381,000 | 364,000 | 404,000 | 360,000 | 386,000 | 417,000 | 433,000 | 448,000 | 564,000 | |
| Riverside Total | 15,080,000 | 1,582,000 | 1,542,000 | 1,628,000 | 1,529,000 | 1,578,000 | 1,748,000 | 1,784,000 | 1,816,000 | 1,873,000 | 0 |
| City | 6,514,000 | 735,000 | 785,000 | 810,000 | 793,000 | 814,000 | 734,000 | 762,000 | 553,000 | 528,000 | |
| County | 7,535,000 | 734,000 | 828,000 | 837,000 | 825,000 | 868,000 | 946,000 | 1,037,000 | 735,000 | 725,000 | |
| School District | 7,192,000 | 765,000 | 855,000 | 833,000 | 824,000 | 793,000 | 869,000 | 937,000 | 668,000 | 648,000 | |
| High Bridge Total | 21,241,000 | 2,234,000 | 2,468,000 | 2,480,000 | 2,442,000 | 2,475,000 | 2,549,000 | 2,736,000 | 1,956,000 | 1,901,000 | 0 |
| City | 2,827,000 | 355,000 | 337,000 | 356,000 | 316,000 | 348,000 | 314,000 | 288,000 | 268,000 | 245,000 | |
| County | 1,812,000 | 238,000 | 223,000 | 225,000 | 221,000 | 208,000 | 189,000 | 175,000 | 169,000 | 164,000 | |
| School District | 1,006,000 | 112,000 | 115,000 | 125,000 | 151,000 | 118,000 | 111,000 | 87,000 | 91,000 | 96,000 | |
| Red Wing Total | 5,645,000 | 705,000 | 675,000 | 706,000 | 688,000 | 674,000 | 614,000 | 550,000 | 528,000 | 505,000 | 0 |
| City | 2,850,000 | 325,000 | 351,000 | 343,000 | 330,000 | 327,000 | 314,000 | 297,000 | 286,000 | 277,000 | |
| County | 2,614,000 | 311,000 | 339,000 | 327,000 | 312,000 | 298,000 | 280,000 | 259,000 | 242,000 | 246,000 | |
| School District | 2,039,000 | 229,000 | 249,000 | 244,000 | 242,000 | 243,000 | 218,000 | 214,000 | 198,000 | 202,000 | |
| Wilmarth Total | 7,503,000 | 865,000 | 939,000 | 914,000 | 884,000 | 868,000 | 812,000 | 770,000 | 726,000 | 725,000 | 0 |
| System | 503,496,000 | 58,601,000 | 59,294,000 | 59,154,000 | 58,370,000 | 62,552,000 | 59,315,000 | 55,090,000 | 49,721,000 | 41,399,000 | 0 |

Note: above amounts may include un/related substations

APPENDIX 4





**EMPLOYMENT AND
ECONOMIC DEVELOPMENT**
ENERGY TRANSITION OFFICE