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## FY25 Energy Transition Office Report

As required by Minn Stat. § 116J.5491

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As required by Minnesota Statute 3.197: This report cost approximately \$450.00 to prepare, including staff time, printing, and mailing expenses.

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## Program History

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The closure of a power plant significantly affects its host community and energy workers. The anticipated impacts that announced power plant closures have within their communities include:

- Job loss among power plant employees and contract workers who supported the power plant
- Decrease in demand for services and goods among local businesses which were engaged with the power plant
- Significant loss of tax base
- Uncertainty about the future of the former power plant site
- Environmental concerns
- Impacts on the community and schools
- Effects on neighboring governments such as the Prairie Island Indian Community, townships, cities, and counties.

Cases from across the United States show that not preparing and managing power plant closures results in significant negative impacts to the energy worker and community.

Communities impacted by power plant closures and power plant workers began working together 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.

The Energy Transition Office (ETO) is modeled after Colorado's Office of Just Transition. The ETO was established to assist energy workers and communities affected by power plant closures. It is only the second office of its kind in the United States.

In early 2025 the Federal Government eliminated the Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization. This group brought together Federal Agencies to find opportunities to assist impacted communities nationwide. This included grants and support not only for impacted communities, but also for the cancelling of clean energy projects that utilities had been exploring.

There are numerous nonprofits, that like the Just Transition Fund, are working to provide resources to impacted communities, however their funding is limited. The National Association of Counties leads the Building Resilient Economies in Coal Impacted Communities program. This program provides technical information through webinars.

## Legislative History

During the 2021 Legislative Session, the Minnesota State Legislature passed the following into law:

- Minn. Stat. § 116J.5491 – established the ETO
- Minn. Stat. § 116J.5492 – established the Energy Transition Advisory Committee (ETAC)
- Minn. Stat. § 116J.5493 – requires the creation of a Minnesota Energy Transition Plan

The ETO is administered by the Minnesota Department of Employment and Economic Development (DEED). The purpose of the office is to:

- Address economic dislocations experienced by impacted workers after an impacted facility is retired
- Implement recommendations of the Minnesota Energy Transition Plan developed in Minn. Stat. § [116J.5493](#)
- Improve communication among local, state, federal, and private entities regarding impacted facility retirement planning and implementation
- Address local tax and fiscal issues related to the impacted facility's retirement. Develop strategies to reduce the resulting economic dislocation experienced by impacted communities and impacted workers
- Assist the establishment and implementation of economic support programs, including but not limited to property tax revenue replacement, community energy transition programs, and economic development tools for impacted communities and impacted workers.

Within its duties, the ETO connects communities, workers, etc. with federal, state, regional, nonprofit resources to improve their ability to successfully transition from the power plant closure.

During the 2024 legislative session, Minn. Stat. § 116J.5491 was amended to include one representative of a school district facing revenue loss due to energy transition on ETAC.

## Energy Transition Office Overview

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The ETO staffs ETAC. The committee is currently composed of 19 members representing impacted cities and counties; impacted workers, utilities, Prairie Island Indian Community, unions, Minnesota State House and Senate representatives, K-12 school representative and eight different state agencies.

The office also supports the impacted communities. Many of the communities will see a loss of significant tax revenue from the power plant closures (or units within). Some communities have approximately 65% of their city taxes and 10% of the county taxes. Schools are also impacted. Thus, meeting with the communities and assisting them on their: economic diversification, re-use, workforce and other grants and funding options that are available is important. The Business Development Managers, Workforce Strategy Consultants, Community Energy Transition grant team, and the IRRR (if

appropriate) all assist in elevating the offices work to find solutions to assist the communities that each have capacity issues. Many solutions have been solved during these mtgs.

## Background Data of Energy Transition

Utility/Plant	City	County	Type	Employees	End of Lives
<b>MN Power</b>					
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
Granite City	St. Cloud, MN	Benton Cty	Nat. Gas	Retired	2019
<b>Xcel Energy</b>					
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
<b>Otter Tail Power</b>					
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

The office also administers grants that were allocated in FY24 and FY 25 that are mentioned later in this report.

## Map of Minnesota Coal, Nuclear and Coal to Gas Host Communities\*



\*A full list is with the Energy Transition Advisory Committee Plan

## Program Results in 2025

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### Program Highlights

ETAC holds its meetings in impacted cities/counties. This year the meetings were located in: Oak Park Heights (coal), Fergus Falls (coal), Sherburne County (coal) and Benton County (natural gas). Each meeting has a focus topic to assist the board on its goals. Topics ranged from funding (concern after the loss of numerous Federal grant opportunities), legislative updates, workforce and Integrated Resource Plans. Each meeting at least one state agency presents and each state agency is asked to submit a memo for each meeting to keep the board informed.

Statute also requires a yearly update to the ETAC plan. This year ETAC took a deeper dive than to a traditional polishing of the plan. They surveyed the impacted communities and analyzed any changes, trends, new needs that were not anticipated three years ago in the last plan and with the changes that have occurred at the Federal government.

The year the national Just Transition Fund (JTF) hosted its Midwest and national convening in Minnesota. This was the first time it was not in Washington DC, due to the work being done in Minnesota. JTF worked with the City of Becker, Sherburne County and ETO staff on tours, presenters and highlights that are occurring (and occurred) in Minnesota for other states, regions, counties and cities to learn from us.

The office was also asked to present in numerous national groups - National Association of Counties, Labor Market Analysts, Resilient Energy Communities, Just and Equitable Transition and many other

smaller groups. The goal is for others to learn from Minnesota as well as learning from others to elevate ETO's work.

The office also holds quarterly check-ins for each city, county and Prairie Island Indian Community to offer them one-one service. The check-ins include DEED's Business Development Managers, Workforce, Grant team (if applicable), IRRR (If applicable) and ETO Director. This has provided numerous opportunities for communities to communicate challenges, trouble-shoot and to update the communities on updates from each department attending. These meetings are appreciated by each community and is something that each wants to continue.

The office also supports the Energy Transition Advisory Committee's two sub-committees: Workforce and Emerging Issues. Both meet frequently and report back to the full board.

Legislation	Updates
Address economic dislocations experienced by impacted workers after an impacted facility is retired	Work with MN Power and Xcel Energy to monitor plans as IRPs are approved. Triage with the ETAC Workforce sub-committee and others for successful opportunities for impacted workers.
Implement recommendations of the Minnesota energy transition plan developed in section <a href="#">116J.5493</a>	ETAC will update its plan in December 2025. They will work on an implementation strategy. Some of the top goals is transition aid, fund community energy transition grants, and to continue participating in IRP comments.
Improve communication among local, state, federal, and private entities regarding impacted facility retirement planning and implementation	Continue routine check-ins as appropriate.
Address local tax and fiscal issues related to the impacted facility's retirement and develop strategies to reduce the resulting economic dislocation experienced by impacted communities and impacted workers	Work with DEED Business Development Managers on locating businesses within the impacted communities. Continue to work with the communities on what needs they have to assist on the economic diversification efforts. This includes identifying grants and other opportunities to assist the transition community.
Assist the establishment and implementation of economic support programs, including but not limited to property tax revenue replacement, community energy transition programs, and	Continue to find opportunities to assist the communities as appropriate, especially with the loss of the Federal Agency Working Group on

economic development tools, for impacted communities and impacted workers	Coal Impacted communities to assist on a national level.
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**Outcomes**

**FY 2025 Grants:**

**Benton County**

Grant Awarded: **\$1,000,000**

Project: **Removal of Transmission Lines Along CSAH 29 Corridor**

Project Goals: Benton County was awarded \$1M for the relocation of Xcel’s electric transmission poles along the CSAH 29 Corridor. The first phase of the project of constructing a roundabout at the intersection of CR29 and CR1 - which is part of the larger Beltline Corridor project. The implementation of this project will help a rapidly developing area of the St. Cloud APO Region linking metro growth centers with major residential, commercial, industrial and airport sites.

**City of Becker**

Grant Awarded: **\$770,000**

Project: **Planning for grade separation Interchange at US Highway 10/MN TH Intersection**

Project Goals: Becker was awarded \$770,000 in CET grant funding to complete the planning process for a new grade separated interchange at the intersection of US Highway 10/MN Trunk Highway 25/County Road 52/BNSF Rail line/First Street and Edgewood Street in Becker (hereinafter referred to as “the intersection.”) This intersection is the west entrance into the Becker Business Park. The project will accomplish economic impacts, safety improvements and huge benefits to the community

**City of Cohasset**

Grant Awarded: **\$750,000**

Project: **Blackwater Banks Infrastructure Phase 3**

Project Goals: The city of Cohasset was awarded \$750,000 of the Community Energy Transition Grant Program to help fund the third phase of infrastructure costs for the Blackwater Banks Riverfront Development Project. This project is located on the Mississippi River in Cohasset and will substantially expand and enhance the growing community’s downtown area.

Completion of the infrastructure will create an investment-ready site that is fully prepared for development of new housing, recreational amenities, restaurants, retails, lodging, and more.

### **City of Oak Park Heights**

Grant Awarded: **\$440,000**

Project: **PFAS Treatment: Feasibility & Preliminary Design**

Project Goal: The City of Oak Park Heights proposes to use the Community Energy Transition Grant funds for PFAS Treatment: Feasibility and Pre-Design. PFAS contamination is a pressing issue for Oak Park Heights.

The City has two drinking water wells, and both wells produce water that exceeds the Minnesota Department of Health's (MDH) Health Based Guidance Values for PFAS. PFAS pollution may hamper the City's economic development efforts and impact the overall quality of life in the community.

### **Goodhue County**

Grant Awarded: **\$124,930**

Project: **Employment and Tax Base Diversification Fee Reimbursement Program**

Project Goal: The Employment and Tax Base Diversification Fee Reimbursement Program will use grant funds to lower financial barriers to capital investment, and create a favorable environment to build, expand or improve commercial and residential facilities in unincorporated Goodhue County and the city of Red Wing.

The fees and charges will be initially paid to the City or County by the property owner or developer. A voucher will be provided for eligible expenses which can be processed or reimbursement at the Goodhue County Finance department. The resulting building activity will diversify and grow the tax base as it increases the taxable value of individual parcels. New and expanding companies will create jobs, with employers pre-positioned to better retrain and reabsorb within the community workers displaced by a plant closure. Residential building activity will address shortages in affordable housing by potentially making significant increase in the overall supply of housing units of all kinds.

### **Otter Tail County**

Grant Awarded: **\$650,000**

Project: **Westridge Mall Redevelopment**

Project Goals: The funding application to the Community Energy Transition program is being requested for the purchase and selective demolition of the vacant, blighted portion of the Westridge Mall in Fergus Falls.

Otter Tail County will take the necessary steps to advance the redevelopment of the site and work to ensure the preservation of four remaining businesses still physically connected to the mall structure but under separate ownership.

### **City of Red Wing**

Grant Awarded: **\$1,000,000**

Project: **Red Wing's Economic Resiliency Transition Plan, The Future**

Project Goals: The City of Red Wing was awarded \$1M to complete strategic analysis and associated planning tasks to mitigate the effects of the Prairie Island Nuclear Generating Plant closure. Following the 2040 Community Plan, the city will develop a comprehensive Economic Resiliency Transition Plan and implementation tools to support a sustainable transition from an energy economy and a stable economic future for the community.

Overall in the two years of Community Energy Transition grants approximately \$9.5 million was directed to impacted communities throughout the state.

- Each grant has been monitored and follows all Office of Grants Management and DEED policies.
- Community check-ins – approximately quarterly for each community
- Quarterly ETAC meetings
- Quarterly ETAC Workforce sub-committee meetings
- Approximately monthly ETAC Emerging Issues sub-committee meetings
- National Just Transition (state Energy Transition programs that exist) meetings
- Just Transition Fund National and Midwest convening
- Resilient Energy Economies national convening
- Quarterly Xcel Energy Stakeholder Meetings
  - Oak Park Heights – King Plant
  - Becker – SHERCO plant

- ETO Newsletter

## Story of Impact

During a check-in with an impacted community, a significant challenge was identified that the community was facing. Due to having the triage team (business development, workforce, grants, ETO and IRRR (if applicable)), the team was able to provide ideas to solve this problem. The community was provided grant opportunities to apply (Community Energy Transition grant). They applied, received the funds and were able to expand their industrial park. This expansion of the industrial park allowed a business to expand and another to locate. This increased the tax base, economic diversification and created jobs.

This relationship building that allows the community to feel safe to explain their concerns is invaluable and to ask for help and advice. The follow-through is important and is building trust and helping the community with their transition.

## Learnings

The Federal Government has eliminated the Interagency Working Group on Coal Impacted Communities. Thus, a direct link to Federal assistance has taken a different trajectory. The National Association of Counties has also not continued their Building Resilient Economies in Coal Communities. This challenge has also brought many states with similar agencies together to try to build a community practice to learn from each other and elevate opportunities to assist communities.

With the changes also brought funding changes. The ETO needs to continue to monitor other funding options and forward to impacted communities to pursue, if desired. The office also needs to continue to find solutions to problems that do not require funding, helping communities moving forward..

Relationships and periodic check-ins are important to impacted cities, counties and PIIC. This time allows us to work together to trouble-shoot problems, educate on information of relevance, and build trust. ETO staff forwarding on opportunities for funding thru other state agencies and non-profits is important during a time of reduced Federal funds and with the CET grant not being funded.

In the research and work with other states, transition plans must have an implementation strategy. Some locations in other part of the US had planning, but no implementation and they are struggling. In Minnesota, many communities took implementation as a foundation to their work and have focused on economic diversification, reuse, workforce strategies and enhancing infrastructure. They also work with their utilities, non-profits and state agencies to be a partner in their future plans. Implementation takes trouble-shooting, sometimes funding, and a dedicated team to assist. All items that the ETO can advise.

## Conclusion

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Communities in transition are in various points in their transition. Some have fully closed plants, some have plants in the process of closing, some will close and some have IRPs in cue that will aid in understanding how the plants will transition.

Economic diversification is important to all communities. Reducing the reliance on one industry for a tax base and workforce is important. Investing in the communities for diversification has been and continues to be important.

The Energy Transition Advisory Committee meets quarterly and works to find solutions to the impacted communities