



# **Policy processes for a just transition from coal: A survey of U.S. state legislation**

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- Overview of state legislative action
- Framework for state policy processes, examples of processes in CO, NM, MN, policy development + political considerations
- Discussion of coal community attitudes on transition and involvement in policy formation
- High-level questions, tradeoffs, and takeaways

## Questions from me to you

- What takeaways are surprising or interesting to you?
- What takeaways do you disagree with?
- What questions do you still have about the policy process?

# State legislation summary

- What states have acted?
- How do states define a “just transition”?
- Which demographics do state policies target?
- What policy tools have states adopted?
- How can state transition funds be used?

# State action on just transition has increased dramatically in recent years

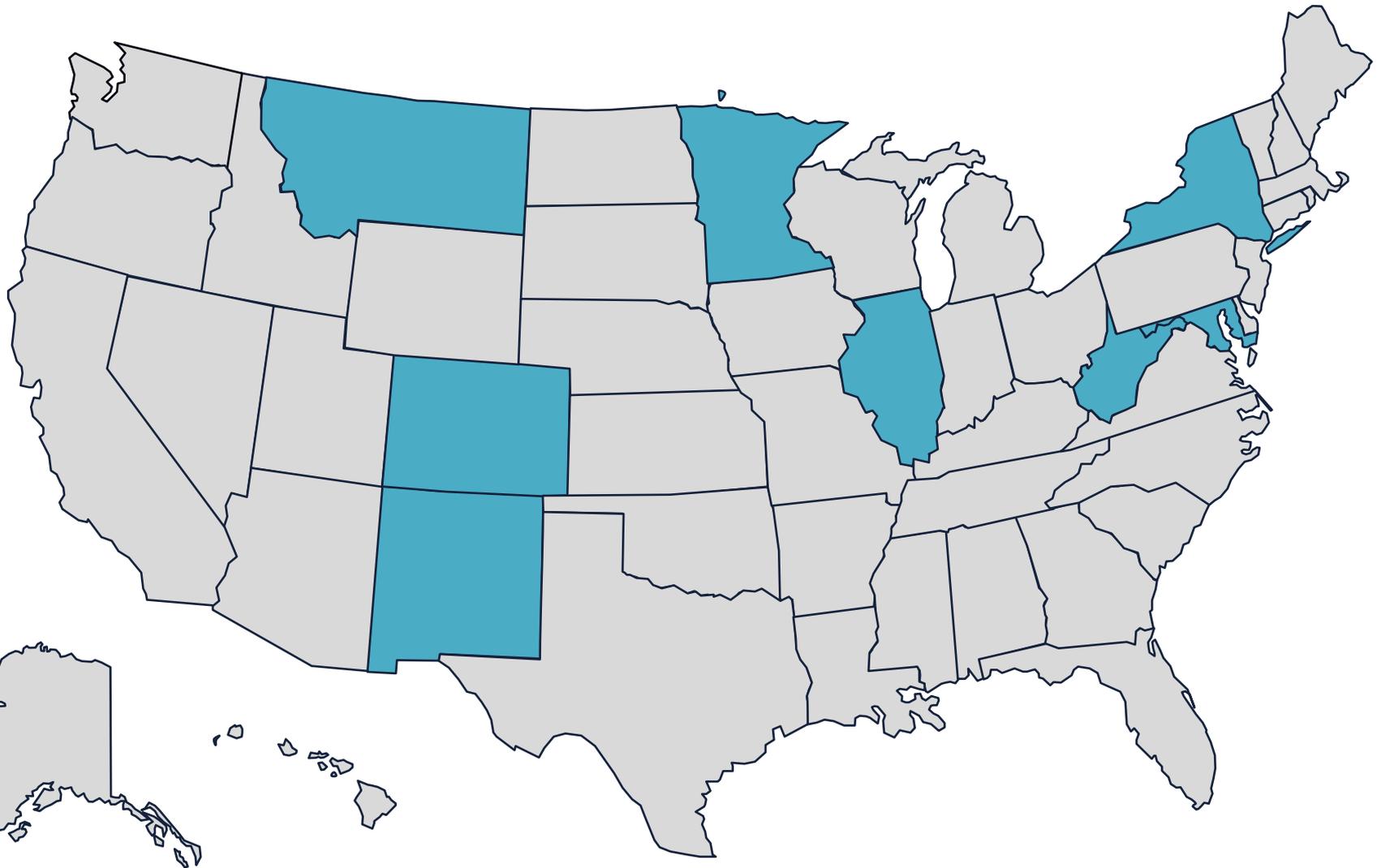
- Prior to 2019-2020, only 2 states had enacted policies on coal transition:
  - **Washington** (2011): codifying memorandum agreement to retire **TransAlta Centralia**, including \$55 million in transition funding for economic development and energy investment in local community
  - **New York** (2015): creates **Electric Generation Facility Cessation Mitigation** fund to compensate local governments for tax revenue lost due to power plant closure
- In 2019-2020, **8 states proposed or passed coal transition legislation**: Colorado, Illinois, Maryland, Minnesota, Montana, New Mexico, New York, and West Virginia

# State action on just transition has increased dramatically in recent years

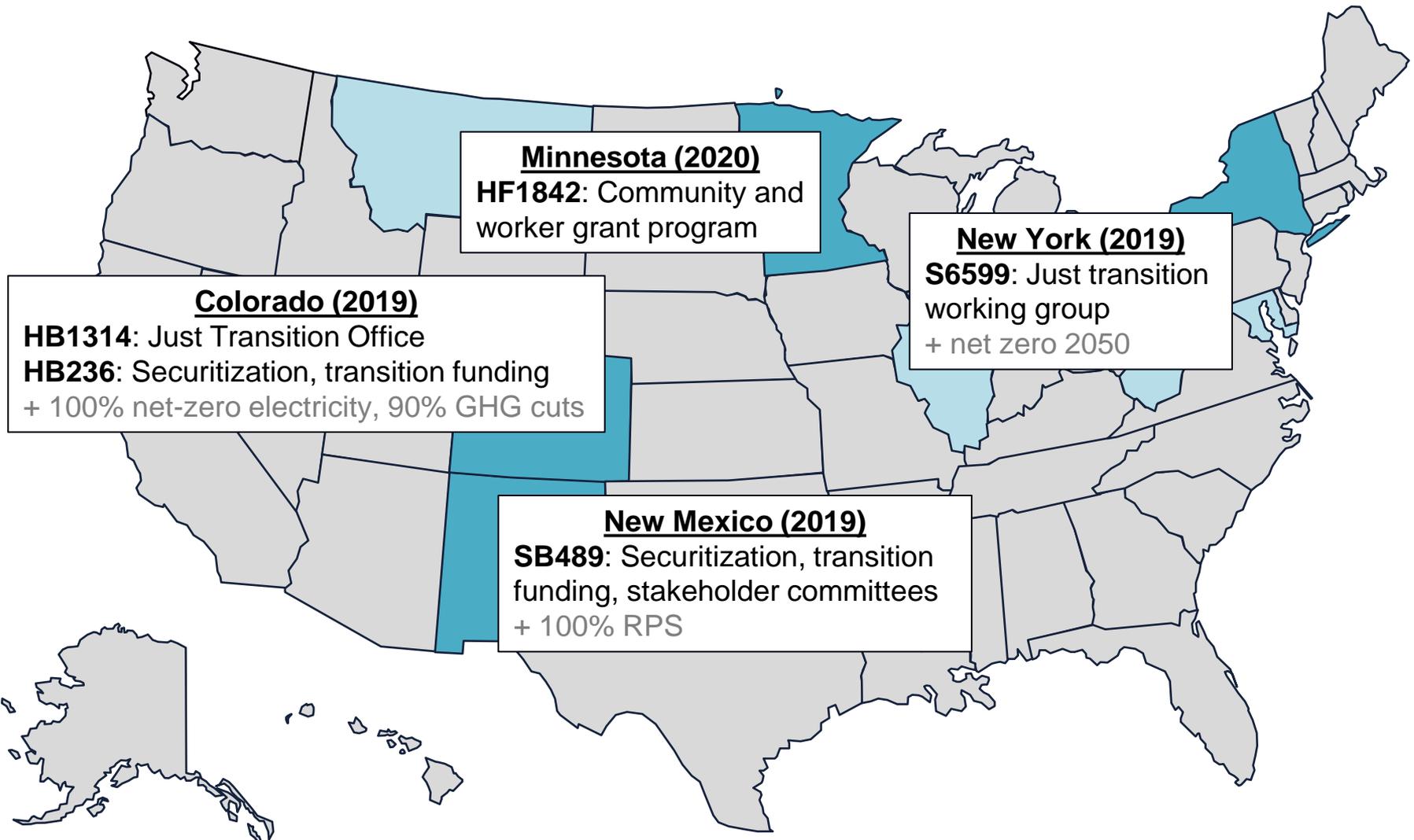
but very little research has focused on state efforts

- Prior to 2019-2020, only 2 states had enacted policies on coal transition:
  - **Washington** (2011): codifying memorandum agreement to retire **TransAlta Centralia**, including \$55 million in transition funding for economic development and energy investment in local community
  - **New York** (2015): creates **Electric Generation Facility Cessation Mitigation** fund to compensate local governments for tax revenue lost due to power plant closure
- In 2019-2020, **8 states proposed or passed coal transition legislation**: Colorado, Illinois, Maryland, Minnesota, Montana, New Mexico, New York, and West Virginia
- Little formal or centralized documentation of state approaches exists
- My research: interviews with 48 stakeholders across these 8 states (enviro, labor, utilities, grassroots orgs, state and local gov't)
- Describes state policy processes: how was legislation developed, negotiated, and passed
- **Does not discuss policy effectiveness or outcomes**

# In 2019 and 2020, 8 states advanced legislation on coal transition



# 4 states successfully passed legislation



# 4 states attempted legislation, failed due to political opposition or timing

## Montana (2019)

**HB467:** Securitization and transition funding  
*\* stripped from bill*

## Maryland (2020)

**SB887:** Community and worker grant program  
+ coal-free electricity  
*\* COVID cuts session short*

## Illinois (2020)

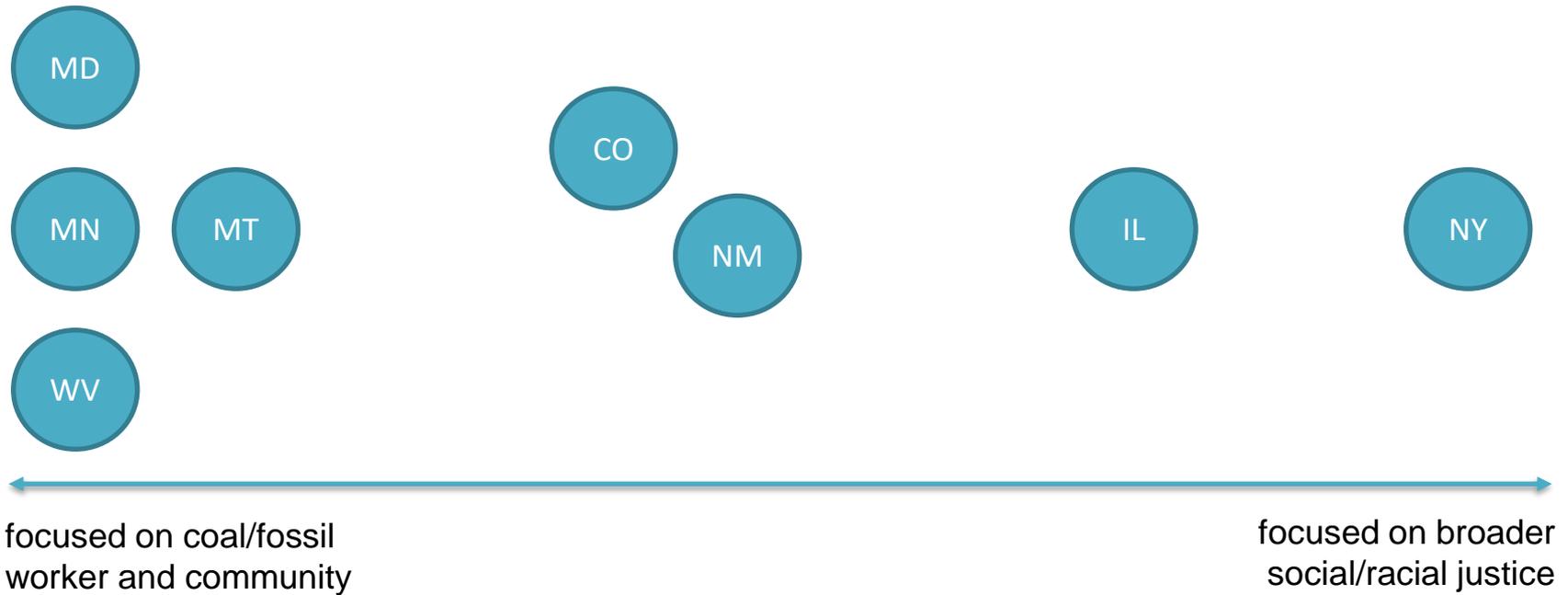
**SB2132:** Community and worker reinvestment fund, workers' bill of rights.  
+ 100% clean electricity  
*\* COVID cuts session short*

## West Virginia (2020)

**HB4574:** Just Transition Office  
*\* passed House unanimously, died in Senate*

# Types of state policy approaches

States range in their interpretation of 'just transition': coal/fossil-specific vs. broader social/racial justice



# State policies vary across target recipients, policy tools, and funding uses

Target recipients in enacted legislation

	Workers			Communities	
	Plant	Mine	Supply chain / indirect	Plant	Mine
Colorado	Blue	Blue	Blue	Blue	Blue
Illinois	Blue	Blue	Grey	Blue	Blue
Maryland	Blue	Grey	Grey	Blue	Grey
Minnesota	Blue	Grey	Grey	Blue	Grey
Montana	Light Blue	Grey	Light Blue	Light Blue	Grey
New Mexico	Blue	Blue	Grey	Blue	Grey
New York	Blue	Blue	Blue	Grey	Grey
West Virginia	Blue	Blue	Blue	Blue	Blue



# State policies vary across target recipients, policy tools, and funding uses

*Types of policy support in enacted legislation*

	Advisory committee	Transition/closure reporting	Grants	Reinvestment mandates/incentives	Hiring/apprenticeship mandates/incentives
Colorado	Blue	Blue	Grey	Grey	Grey
Illinois	Blue	Blue	Blue	Blue	Blue
Maryland	Blue	Grey	Blue	Grey	Grey
Minnesota	Grey	Grey	Blue	Grey	Grey
Montana	Light Blue	Grey	Light Blue	Grey	Grey
New Mexico	Blue	Grey	Blue	Blue	Blue
New York	Blue	Grey	Grey	Grey	Grey
West Virginia	Blue	Blue	Grey	Grey	Grey



# State policies vary across target recipients, policy tools, and funding uses

*Uses of state funding in enacted legislation*

	Workers				Communities		
	Retraining	Wage support	Retirement support	Relocation support	Tax revenue supplement	Energy investments	Economic diversification
Colorado							
Illinois							
Maryland							
Minnesota							
Montana							
New Mexico							
New York							
West Virginia							

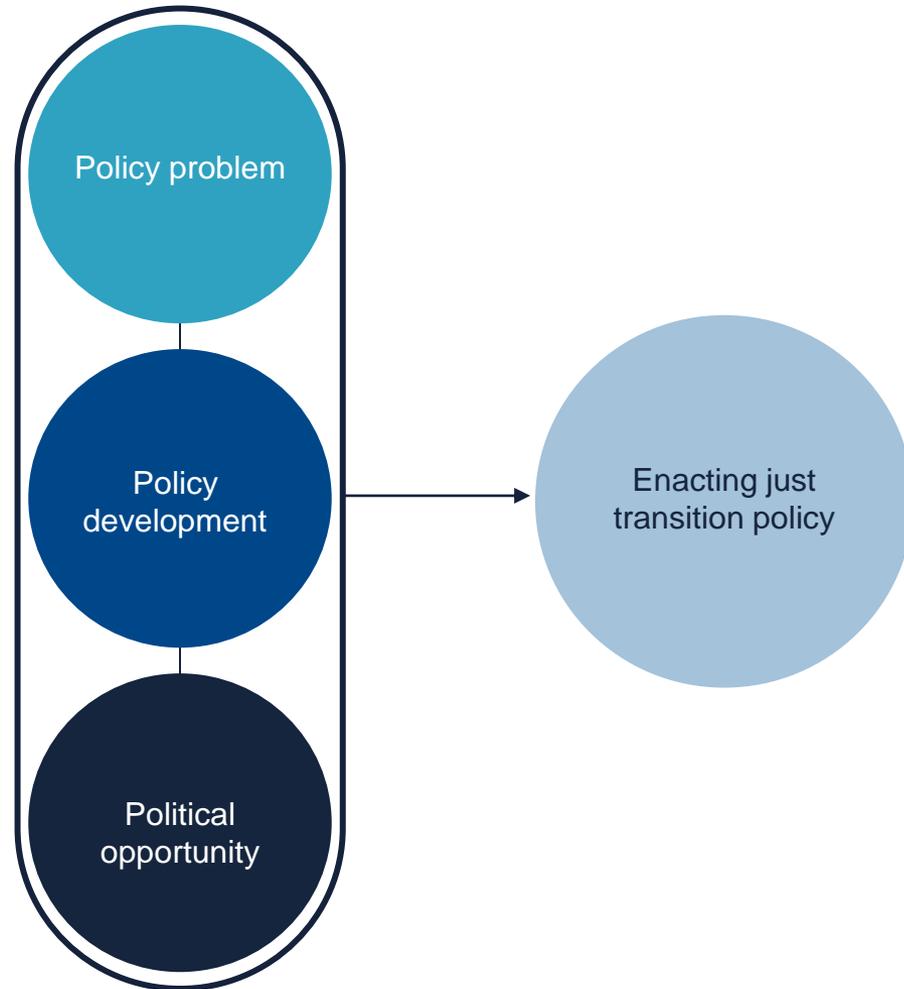
*\* decommissioning and remediation were usually treated separately from “transition” policies and so are not included in this table*

# Policy process framework

- 3 dimensions of transition policy: policy problem, policy development, political opportunity
- Transition process in Colorado, New Mexico, and Minnesota
- Considerations for policy development and stakeholder engagement
- Common political barriers

# 3 dimensions behind passing transition policy

- Policy problem**
  - Number of coal plants/mines
  - Degree of economic dependence on coal
  - Timeframe for coal closure
- Policy development**
  - Stakeholder positions
  - Stakeholder power/influence
  - Stakeholder processes or negotiations
- Political opportunity**
  - Partisan control of government
  - Strong advocacy in favor of transition policy
  - Potential links to climate packages



# Colorado: climate-centered, addressing future closures

## Policy problem

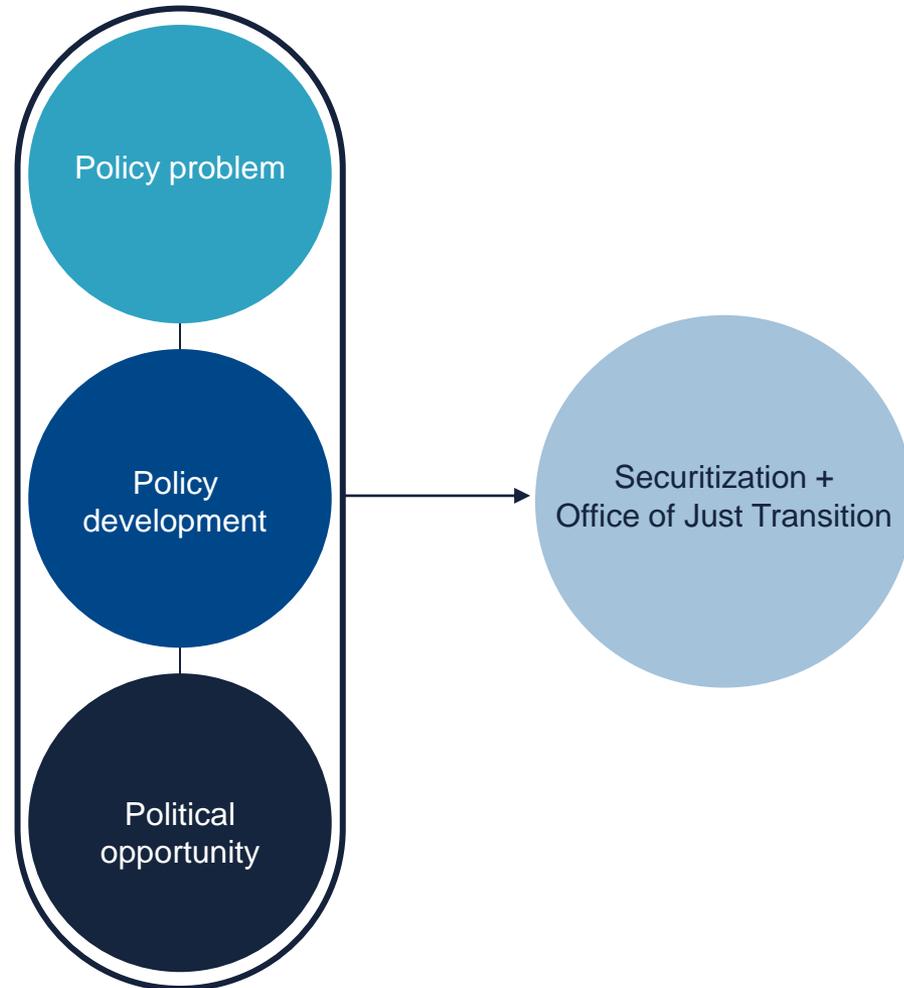
- Numerous coal plants and mines
- Xcel 100% carbon-free announcement presages future closures

## Policy development

- Securitization: Xcel opposition to transition weakened final provisions
- OTJ: Labor-driven proposal, preceded by enviro-labor coalition meetings

## Political opportunity

- 2018 election gives Democrats control of both chambers
- Pent-up appetite for climate policy acts as an opener for transition



# New Mexico: reacting to closure, aligned w/ political leadership

## Policy problem

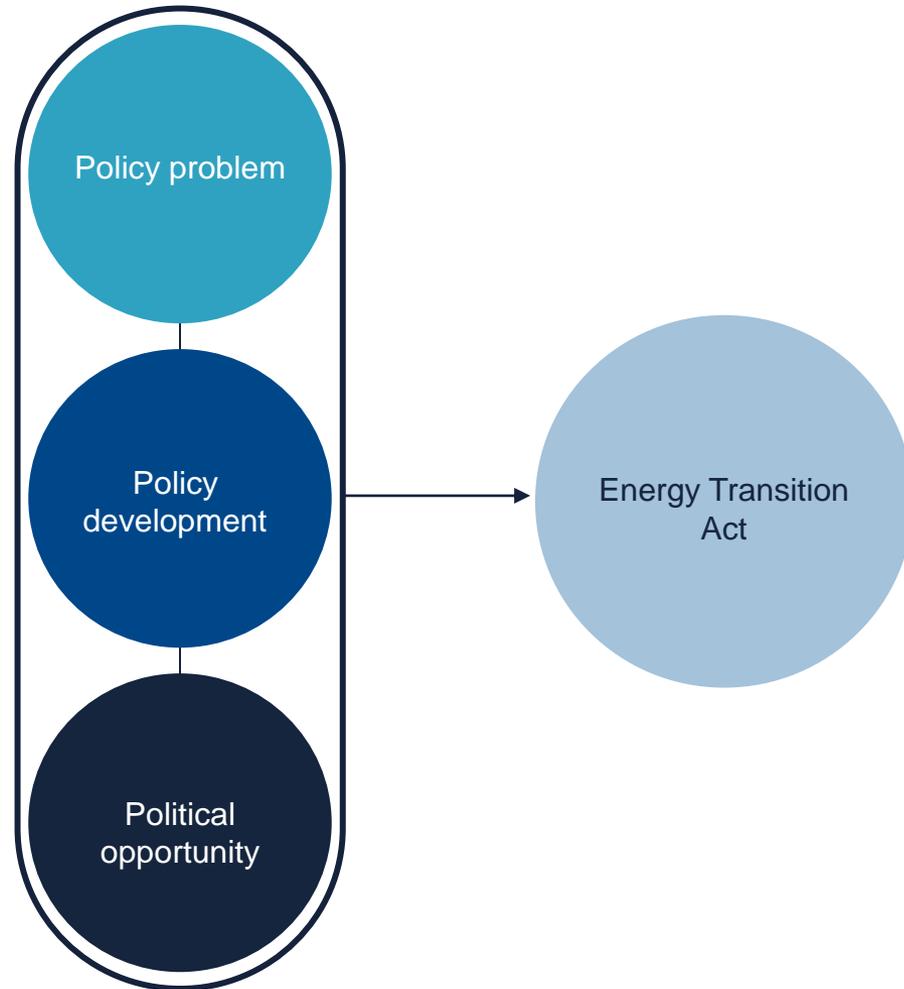
- 2017: PNM announced closure of San Juan Generating Station – ETA designed largely in response

## Policy development

- PNM introduces securitization proposal in 2018 session, advocates negotiate climate/transition conditions
- Speaker of House coordinates negotiations between 2018-2019

## Political opportunity

- Gov. Lujan Grisham wins 2018 – leadership on ETA
- Timing of long/short sessions gives Xcel incentive to cooperate
- “Dysfunctional” regulatory environment makes Xcel interested in securitization



# Minnesota: unique example of community-led policy

## Policy problem

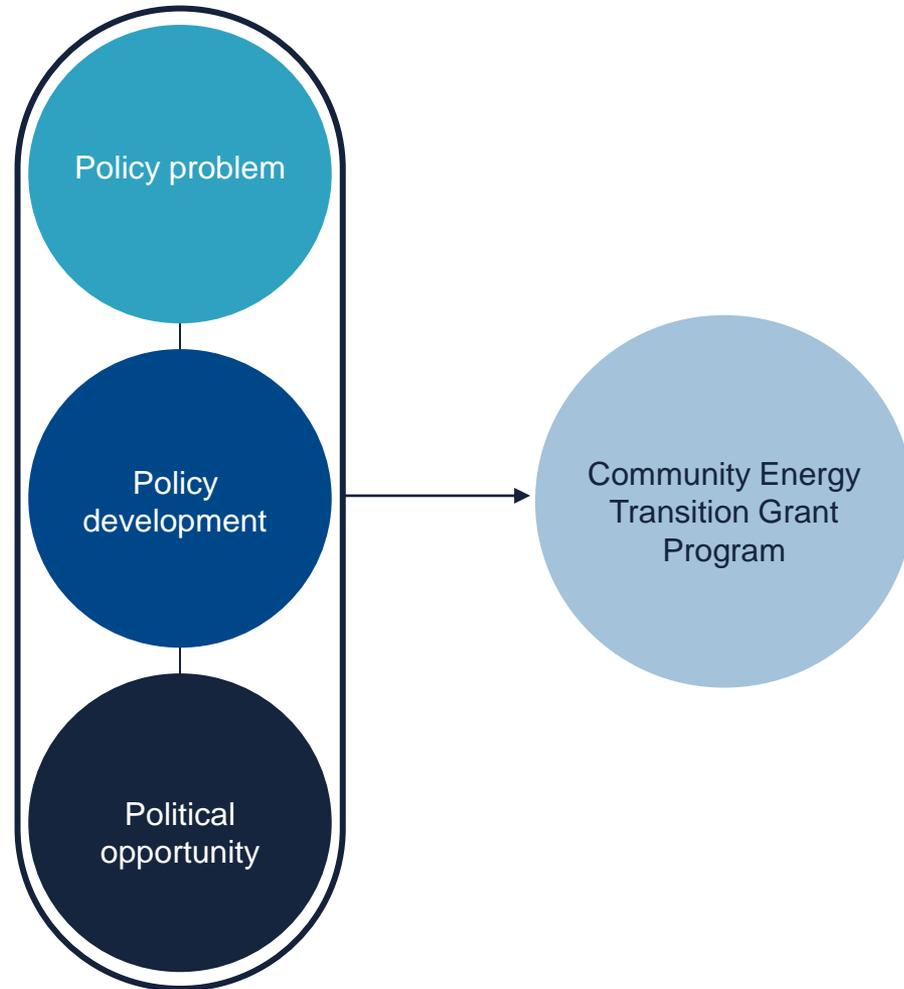
- 2015: Xcel announces closure of Becker coal plant. Other coal communities realize closure is imminent

## Policy development

- Coalition of Utility Cities – a network of power plant host communities coordinating lobbying priorities – drives the bill

## Political opportunity

- Split legislature forces bipartisan conversations
- Funding readily available through Renewable Development Account
- Passed despite COVID



# Policy development is often driven by coalition/stakeholder processes

- Advocates in Colorado (OJT), Illinois, and New York organized stakeholder meetings across interest groups prior to developing transition legislation
- New Mexico policymakers organized extensive stakeholder meetings as the ETA was being negotiated
- Stakeholder processes prior to introducing legislation can help improve buy-in, build trust, and arrive at agreement
- However, preexisting contentious relationships may make such conversations difficult – stakeholders may be more willing to engage after legislation is introduced

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but some key stakeholders can be left out

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- Stakeholder processes prior to introducing legislation can help improve buy-in, build trust, and arrive at agreement
- However, preexisting contentious relationships may make such conversations difficult – stakeholders may be more willing to engage after legislation is introduced
- Impacted groups are can easily be left out of these processes if not properly engaged:
  - Colorado: labor-enviro coalition meetings in 2018 did not include local community reps
  - Illinois: stakeholder listening sessions were led by enviro advocates; even when held in coal communities, meetings often drew only those who already agreed with advocates' goals
  - New Mexico: tribes and tribal advocates were only engaged late in the ETA process

# Political challenges to transition policy are often predictable across states

## Common across all states

- Coal/JT specific
  - General unfamiliarity with the concept of / need for a just transition
  - Concern that providing coal-specific funding creates a precedent for the state to intervene in all potential economic transitions
  - Opposition from key interest groups (those who stand to lose from coal closure or who would be forced to pay for transition funding)
- General legislative challenges
  - Funding debates: reappropriating existing funding sources, designating new funding sources, deciding whether to fund at all
  - Time constraints with legislative sessions and competing policy priorities

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but some are specific to states' and lawmakers' political ideologies

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## Common with conservative states/lawmakers

- Opposition to growing government by creating new government programs
- Reluctance to acknowledge that coal closure is coming

## Common with liberal states/lawmakers

- Apathy or lack of interest in transition issues, even if they care about climate (e.g., states that pass high RPS or GHG reduction targets without transition support)

# Role of coal communities

- Communities' attitudes on coal transition
- Community participation in policy processes
- Implications for just transition policy

# Communities may face difficulty accepting that transition is coming

- Communities' perceived willingness to acknowledge that a transition is coming varied widely across states (and across stakeholders interviewed)
- Barriers to community acceptance of transition include:
  - The boom/bust nature of fossil fuels leading to faith that coal will eventually recover
  - Concern that open acknowledgment of the inevitability of transition will only expedite coal's decline
  - Lack of information about market-driven coal decline, since communities often blame coal decline on policy measures rather than market forces
  - General inertia and difficulty of accepting change, esp. given cultural legacy of coal

# Communities may face difficulty accepting that transition is coming

and may be less receptive to climate-related policy reforms

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  - General inertia and difficulty of accepting change, esp. given cultural legacy of coal
- Community views of transition are closely linked to views on climate
  - Communities may not recognize the contribution of local coal resources to climate change (e.g., “our skies are blue”)
  - Communities may seek to pivot from coal to other fossil fuels
  - Communities may express skepticism about renewable energy, esp. reliability

# Community participation in policy development is often lacking

- Communities generally express feeling left out, unheard, or abandoned in state processes
  - Distance from rural areas to the state capital
  - Short comment periods during hearings
- State representatives of coal communities often do not engage actively in developing transition policies

# Community participation in policy development is often lacking

Distrust of state actors is almost inevitable

- Communities generally express feeling left out, unheard, or abandoned in state processes
  - Distance from rural areas to the state capital
  - Short comment periods during hearings
- State representatives of coal communities often do not engage actively in developing transition policies
- Communities often distrust state actors and want to be left alone – don't think that state policymakers understand rural issues, don't think that state policymakers care about them
- Ways to build trust:
  - Visit the town
  - Tour the plant/mine
  - Listen to people
  - Come back

# Conclusions and considerations

- “Just transition” remains an ambiguous term
- Real tradeoffs exist and must be addressed
- Conclusions and takeaways

## “Just transition” remains an ambiguous term

- Many policymakers and advocates expressed confusion about what a “just transition” is – the terminology itself may be distracting
- Just transition can range from narrowly labor/community-focused to broadly social/racial justice-focused (“climate justice”)
- Failure to clearly define just transition can lead to weak policy mandates (e.g., Colorado OTJ “disproportionately impacted communities”)
- Real resource, time, and political capital competition may exist between either end of the spectrum
  - Is it possible to address both using a single policy mechanism?
  - How do we deal with historical inequities in investment/disinvestment in different communities?
  - When push comes to shove, whose voices are listened to, and why?

# Just transition policies result in uncomfortable tradeoffs

- Resource tradeoffs: state resources are strained, esp. post-COVID, and potential beneficiaries of transition support may need to compete for funding
- Time tradeoffs: despite efforts to conduct participatory stakeholder processes, legislative timing may prevent thorough engagement during policy development
- Autonomy tradeoffs: despite recognition that community-led solutions are needed, some community solutions may conflict with state policy priorities
- Outcome tradeoffs: policies that benefit one group may directly harm another (e.g., relocation benefits to help workers may impede community revitalization)

# Conclusions and takeaways

- Policies tend to focus on coal plant workers and communities, and consist of grants and formation of an advisory committee
- Few policies address relocation benefits, infrastructure investments, or local tax reforms
- Stakeholder processes in forming transition policies may not be fully participatory – coal communities and tribes are often left out
- Political barriers include lack of familiarity with transition, funding, concern about coal precedent
- Coal communities' ability to accept that a transition is coming is a key determinant of their willingness to engage with transition policy
- Coal communities have often been left out of transition policy development and may have deep-rooted distrust of state actors
- “Just transition” must be clearly defined: just transition for whom?
- Advocates must honestly acknowledge tradeoffs within concepts of just transition, transition benefits, ideas of community leadership/participation

# Thank you

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# Summary of bill provisions, 2019-2020 legislation

State	Bill number	Year	Transition-related provisions	Status
Colorado	HB 1314	2019	<ul style="list-style-type: none"> <li>- Creates Office of Just Transition, Just Transition Advisory Committee.</li> <li>- Requires coal plant operators to submit Workforce Transition Plan.</li> </ul>	Passed
	SB 236	2019	<ul style="list-style-type: none"> <li>- Permits inclusion of assistance to coal workers and communities as part of cost recovered/financed under securitized bonds.</li> <li>- Requires utilities to pay local gov't for lost coal plant property tax revenue when accelerated retirement is proposed.</li> </ul>	Passed
Illinois	SB2132/ HB3624 (Clean Energy Jobs Act)	2020	<ul style="list-style-type: none"> <li>- Creates Energy Community Reinvestment Fund for community and workforce assistance, incentives to hire displaced workers and invest in former coal plant/mine communities. <b>Funded by new 6% coal severance fee.</b></li> <li>- Creates Displaced Energy Worker Bill of Rights to provide education, pension, and healthcare protections for coal workers.</li> </ul>	Failed to pass in 2020
Maryland	SB 887	2020	<ul style="list-style-type: none"> <li>- Creates Fossil Fuel Community Transition Account to provide grants for coal workers and communities. <b>Funded by RGGI allowance sales proceeds.</b></li> </ul>	Failed to pass in 2020
Minnesota	HF 1842	2020	<ul style="list-style-type: none"> <li>- Creates Community Energy Transition Grant Program for coal workers and communities. <b>Initial funding from state Renewable Development Account (Xcel payments).</b></li> </ul>	Passed

# Summary of bill provisions, 2019-2020 legislation (cont'd)

State	Bill number	Year	Transition-related provisions	Status
Montana	HB 467	2019	<ul style="list-style-type: none"> <li>- (Proposed) Requires portion of securitized bond proceeds to be used for transition assistance to coal communities and workers.</li> </ul>	Amended out of final legislation
New Mexico	SB 0489 (Energy Transition Act)	2019	<ul style="list-style-type: none"> <li>- Creates three energy transition funds dedicated to tribes, community economic diversification, and displaced workers. <b>Funds from securitized bond proceeds.</b></li> <li>- Convenes community advisory committees to provide recommendations on use of funds.</li> <li>- Requires construction of replacement resources in the school district of the closed plant.</li> <li>- Requires employment of apprentices for new electricity generation construction.</li> </ul>	Passed
New York	S6599 (Climate Leadership and Community Protection Act)	2019	<ul style="list-style-type: none"> <li>- (Proposed) Creates apprenticeship and workforce programs for displaced fossil fuel workers.</li> <li>- Convenes Just Transition Working Group to advise on impacts on fossil-dependent workers and communities and provide recommendations to mitigate harmful effects</li> </ul>	Amended out or weakened in final legislation
West Virginia	HB 4574	2020	<ul style="list-style-type: none"> <li>- Creates Coal and Timber Transition Office, Coal and Timber Transition Advisory Committee.</li> <li>- Requires coal plant and mine operators to submit Workforce Transition Plan.</li> </ul>	Failed to pass in 2020

# Active stakeholders vary across states

Active in almost every state:

- Enviros
- Unions
- Utilities

Occasionally involved:

- Tribes
- Local government
- State agencies, governor's office

Often forgotten:

- Coal mine operators
- Other users of funding sources