
Energy Transition Office

Annual Report
January/05/2024

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Introduction and 2023 Highlights

The Energy Transition Office (ETO) is within the Minnesota Department of Employment and Economic Development (DEED). The office was created by statute in 2021, Director was hired in 2022 and in 2023 the Grants Coordinator was hired. The purpose of the office is:

- (1) address economic dislocations experienced by impacted workers after an impacted facility is retired;
- (2) implement recommendations of the Minnesota energy transition plan developed in section [116J.5493](#);
- (3) improve communication among local, state, federal, and private entities regarding impacted facility retirement planning and implementation;
- (4) 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; and
- (5) 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.

Responsibilities of the ETO are statutorily outlined in Minn Stat. § 116J.5491, Energy Transition Advisory Committee (116J.5492) and Community Energy Transition Grants (116J.55) with the ultimate goal of assisting the workforce and communities impacted by power plant closures. Within its duties, the ETO connects communities, workers, etc. with Federal, State, regional, non-profit resources to improve their ability to successfully transition from the power plant closure.

2023 Highlights

- Hired Grants Coordinator
- The legislature approved the creation of the Community Energy Transition Grant. The program will award \$5 Million in FY 24 and \$5 Million in FY 25.
- Staff worked on structuring and rolling out the grants program, including creating the application, digitizing it, developing the scoring methodology and tools, preparing the RFP and rolling it out, conducting training webinars and much more.
- A first round of grant opportunities was rolled out. As of the printing of this document, awards were announced to:
 - City of Fergus Falls for “Old Lumber Yard Workforce Housing”.
 - Redevelopment of a delapidated site
 - No jobs will be created from the housing, but the housing will support workers that need housing in the community

- The community planned diligently on this project
 - Award: \$640,250
- City of Granite Falls for “Industrial Park/City East Side Watermain”
 - Industrial park is needed for tax base, jobs, schools, positive impact that the businesses within the park will also have for current community businesses
 - Lack of redevelopment to occur at the plant site, this is the next best option for creating tax base
 - Award: \$750,000
- A second set of grant opportunities are in the process of being announced to allocate all the funds for this fiscal year.
- Worked on a contract per Statute 116J.55 with the Environmental Quality Board (EQB) for services that they will provide to impacted communities. The EQB will provide technical assistance for energy transition communities on environmental review requirements and processes to support communities in their readiness efforts for business expansion and attraction opportunities.
- Held the “Energy Transition Summit” event in Becker, MN. All impacted communities, counties, regional development commissions, etc were invited. The event highlighted numerous State and Federal agencies. Those agencies and departments educated on grants, loans and programs to assist impacted communities as they work to ensure a better future with the power plant transition. Some non-profits also were invited and participated. Prior to the event a tour of Becker for State and Federal agencies were held to assist in the understanding of the coal plant closure on the community.
- Met with all impacted communities. Provided information on grants and other opportunities available to assist the impacted communities as we became aware of the resources.
- Attended all quarterly meetings that Xcel Energy holds for the SHERCO and Allen King Coal Plants. These meetings have been instrumental in keeping stakeholders updated on plant closures and other related topics such as impacted workers, resources, solar projects near the plant, future sub-station needs, nearby development, etc.
- ETO Director was selected for the National Coalition of Counties (NACO) Building Resilient Economies in Coal Communities (BRECC) initiative. Attended all e-meetings and in-person meetings in Virginia and Wyoming. Of special note, MN ETO is the only state agency in the US with a representative on the initiative. Other representatives involved include regional and county representatives of other impacted communities in the US. Resources are brought to the meeting and those attending provide feedback and support on projects we are working on to ensure a higher rate of success. MN ETO provides updates to the impacted communities in MN for their reference.

- Offered and held “Closing the Loop” meetings for interested cities and counties, and we will continue to offer. These meeting started with the impacted city or county providing a list of projects/programs that they self-identified would assist in their successful transition. ETO provided the list to state and federal agencies. A meeting in which each project the impacted communities identify was discussed with Federal and State agencies/departments educating on what grants, loans, etc. that could be applied for.
- Updated the ETO webpage to ensure better usability. Each section of the ETAC plan has a tab in which resources for that topical area are located as we become aware. It is the landing page for all information on the Community Energy Transition grant program and other information and documents that have been gathered as resources for impacted communities all in one location.
- Attend meetings with other States and regions to learn about their transition and to bring best practices for us to learn.
- Researched and indentified organizations that have the capacity to writegrants, a need expressed by impacted communities. Educated impacted communities on this free resource.

Impacted Communities and Populations



| City | Population |
|--------------------|------------|
| Becker | 4,800 |
| Cohasset | 2,700 |
| Fergus Falls | 14,100 |
| Fox Lake | 246 |
| Granite Falls | 2,700 |
| Hoyt Lakes | 2,000 |
| Monticello | 14,500 |
| Oak Park Heights | 4,850 |
| Red Wing | 16,500 |
| Schroeder Township | 190 |
| St. Cloud | 69,568 |

Power Plant Retirements and Employee Information

| Utility/Plant | Plant Name | City | County | Plant Type | Employees | End of Life/ Existing or planned retirement | Date Removed from Tax Base |
|------------------------------------|----------------------|--------------------|------------|--------------------------------------------|-----------|---------------------------------------------------------------------------------------------------|----------------------------|
| Coal Generated Power Plants | | | | | | | |
| Xcel | SHERCO | Becker | Sherburne | Coal | 301 | Unit 1 - 2026 Unit 2 - 2023 Unit 3 - 2030 | n/a |
| MN Power/ALLETE | Boswell | Cohasset | Itasca | Retired Retired Coal Coal Coal | 170 | Unit 1 - 2018 Unit 2 - 2018 Unit 3 - 2029 (ends coal use) Unit 4 - 2035 Common - 2035 | n/a |
| Otter Tail | Hoot Lake | Fergus Falls | Otter Tail | Coal | n/a | Unit 2-6.2021 Unit 3-6.2021 | 2025 |
| | | Fox Lake | Martin | Coal | n/a | 11.17 - per Dept of Rev | 2018 |
| Xcel | Granite Falls | Granite Falls | Chippewa | Coal | n/a | Retired | |
| MN Power/ALLETE | Laskin Energy Center | Hoyt Lakes | St Louis | Natural Gas (Was Coal) | 10 | Unit 1 -2030 Unit 1 -2030 | n/a |
| Xcel | Allen S. King | Oak Park Heights | Washington | Coal | 87 | 2028 | n/a |
| Xcel | Granite City | St. Cloud | Benton | Natural Gas | n/a | Unit 1-6.2019 Unit 2-6.2019 Unit 3-6.2019 Unit 4-6.2019 | n/a |
| MN Power/ALLETE | Taconite Harbor | Schroeder Township | Cook | Coal | n/a | Unit 1 - 2021 Unit 2 - 2021 | n/a |
| Nuclear Power Plants | | | | | | | |
| Xcel Energy | Monticello | Monticello | Wright | Nuclear | 460 | MN PUC extended to 2040 | n/a |
| Xcel Energy | Prairie Island | Red Wing | Goodhue | Nuclear | 600 | Unit 1 - 2033 Unit 2 - 2034 | n/a |

Note: Each year the ETO updates the impacted list with agreement from Public Utility Commission, Revenue and Commerce. The communities are expected to change over time due to the Statute definition for impacted communities having specific times. Also, the impacted communities for the ETO office and those for the Community Energy Transition grants are not the same.

ETAC Plan Updates on Implementation

- Legislature passed Transition Aid for impacted communities.
- Continued to find grants and funding opportunities for impacted communities and counties.
- Community Energy Transition Grant funds that communities can apply for in the areas identified in the plan of: Workforce, Community Engagement, Planning, Economic Diversification, etc. to help them in their transition.
- Creation of State to State peer group with CO and NY to learn and improve services. Numerous other states have been added since we started in late fall 23.

Next Steps and Recommendations

Over the past year, the emphasis was on getting the Community Energy Transition grant portion of the Office up and running. Staff was hired, trained, all documents were created, grants were released and funding approved grants.

The upcoming year will focus on:

- Second round of grants for FY 24 and funding for FY 25.
- Supporting the communities that have, are and will be experiencing power plant closures.
- Support the Energy Transition Advisory Committee and its activities
- Creating a Strategic Plan for the ETO office.
- Continue to engage with stakeholders, workers, utilities, communities, counties, non-profits etc. to support energy transition efforts.
- Grant administration
- Continue to educate and coordinate impacted communities on Federal, State, non-profit, etc. funding and educational opportunities. Including opportunities for impacted communities to learn about resources available to them.
- Monitor transition efforts in other states and localities

- Attend and participate in NACO BRECC, state and other meetings.
- Attend Xcel Energy outreach meetings per orders of the PUC as well as attend other appropriate meetings with other Utilities on their plant closure process.
- In coordination with the efforts of DEED's Business Development office. Continue to support communities with Economic Diversification efforts. Efforts include leveraging and partnering with local resources (Chambers, community organizations and others) on business attraction, retention and expansion efforts.