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December 12, 2015

Position Paper 2015-4

Re: POWER Plus Plan and Rural Economic Development

Summary

The Partnerships for Opportunity and Workforce and Economic Revitalization Plus (POWER+) Plan is a federal investment and funding program that aligns with AMRDI's goal of helping transition rural mountain communities away from dependence on natural resource development to more diverse energy economies.

The POWER+ Plan (hereafter the Plan) was included in President Obama's fiscal year 2016 budget to help coal communities and workers relieve their dependency on the resource.ⁱ The Plan focuses on Appalachia, but has implications for Colorado as a formerly coal dominated state that has transitioned to natural gas as its main energy source.ⁱⁱ The Plan came as a response to the combined threat to the coal industry of the natural gas boom, lowering cost of renewable energies, growing energy efficiency, leveling electricity demand, and revised clean air standards.ⁱⁱⁱ

The Plan was announced eight months after the release of the draft of the Clean Power Plan and it was preceded by a series of grants for coal communities from the POWER initiative.

POWER grants in Colorado

The POWER initiative grants were a precursor to the Plan, wherein \$14.5 million in was awarded to 36 programs on Oct. 15, 2015 to help coal communities cope with economic hardship brought by a changing energy economy.^{iv} These included three that impact Colorado:

- The Department of Commerce's Economic Development Administration grant funded a \$1,257,800 grant to the Region 10 League of Economics and Assistance and Planning Inc. in Montrose, Colorado to build broadband infrastructure and provide Internet services to local communities.^v
- A \$327,300 grant was awarded to Northwest New Mexico Council of Governments Economic Development District in Gallup, New Mexico. The grant will fund a study assessing current and future impacts of coal as well as opportunities and obstacles for economic diversification in the San Juan Basin and surrounding region in Arizona, New Mexico, Utah, and Colorado.^{vi}



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- A \$50,000 grant was awarded to Moffatt County, Colorado to assess the economic needs and assets of the county and surrounding region.^{vii}

Power+ Plan^{viii}

The decline of the U.S. coal industry poses significant challenges for rural, mountain communities throughout the West. The Plan provides economic support, job training, and health and retirement benefits for coal workers – all of which have thus far been under-provided and yet are essential if communities are going to embrace more sustainable trajectories of development. The Plan also includes tax incentives for development of technologies that reduce the environmental footprint of coal, as the industry will remain a crucial part of energy mix for years to come. The financial incentives of the Plan are as follows:

- The Plan invests \$55 million in coal communities for job creation, reemployment services, and job training through grants to organizations that support coal communities affected by changes in the industry.
 - This includes \$20 million set aside for workers dislocated from coal mines and coal-fired power plants.
- The Dislocated Workers National Reserve provides funds, which the Department of Labor allocates to states that have experienced mass layoffs or plants closing, to be used for job training and support services.
- The Plan increases funding to the Department of Commerce, Economic Development Assistance Programs by \$8 million for grants to spur job creation and economic growth in communities in economic distress.
- The Plan provides \$12 million for Rural Economic Development grants through the U.S. Department of Agriculture and \$85 million in loans for job creation in rural areas affected by the downturn in coal.
- The Plan restructures health care and pension plans for retired coal miners and their families to ensure adequate health and retirement security. This includes providing for retirees whose health benefits were denied or reduced when the bituminous coal industry went bankrupt in 2012.
- The Plan directs \$5 million into the Environmental Protection Agency's Brownfields Program – a cleanup program for contaminated properties – specifically for cleanup of retired coal-fired power plants.
- The Plan provides \$1 billion to states and tribes over 5 years from the Abandoned Mine Reclamation Fund, administered by the Office of Surface Mining Reclamation and Enforcement to sustainably reclaim abandoned coal mines and their associated polluted waters.
- The Plan includes \$2 billion in refundable investment tax credits for use of carbon capture, utilization and sequestration technologies. The budget also



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provides either \$50 per metric ton of permanently sequestered carbon dioxide or \$10 per metric ton of sequestered and reused carbon dioxide.

How the plan has been received

Officials in Appalachian states like Kentucky, Tennessee, Virginia, and West Virginia have shown support for the Plan.^{ix} However, lawmakers in Appalachia have shown little interest in the Plan, or have attacked it outright as an attack on coal, and local livelihoods.^x When the Plan reached the U.S. House of Representatives, lawmakers proposed to eliminate the \$20 million funding for dislocated workers, as well as the \$5 million for the EPA's Brownfields Program, and to cut the rural economic-development loan program from \$85 million to \$33 million.^{xi}

Kentucky is willing to accept help from the Plan, but West Virginia is resisting saying the Plan is only necessary because of the regulatory framework of the Clean Power Plan (see our Policy Position Paper 2015-3), which state lawmakers are widely hoping to see reversed.^{xii} As of November 2015, however, about two dozen communities throughout Appalachia have passed resolutions asking Congress to approve the Plan and allocate funds.^{xiii}

Conclusions and AMRDI Position

The Power+ Plan could provide significant benefits to Colorado's rural mountain communities at risk from a declining coal industry (even before climate is taken into consideration). Assisting coal-dependent communities as they diversify their economies is a primary goal of both AMRDI and the Plan, and the investments included in the Plan are essential in order to both minimize economic dislocations as communities chart new pathways towards healthy, sustainable rural development.

Notes and References

ⁱ "Investing in Coal Communities, Workers, and Technology: The POWER+ Plan." *The President's Budget: Fiscal Year 2016*. [Accessed on 11/24/2015] https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/fact_sheets/investing-in-coal-communities-workers-and-technology-the-power-plan.pdf

ⁱⁱ "Colorado: State Profile and Energy Estimates." *U.S. Energy Information Administration*. [Accessed on 11/24/2015] <http://www.eia.gov/state/?sid=CO>

ⁱⁱⁱ see note i.

^{iv} Jeremiah Shelor. "Officials: POWER Plus Plan a much-needed investment in coal communities." *The Exponent Telegram*. [Accessed on 11/24/2015]



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http://www.theet.com/news/local/officials-power-plus-plan-a-much-needed-investment-in-coal/article_dee7a2de-a8e0-5994-8c10-df6ba73b4d45.html

^v Office of the Press Secretary. "Fact Sheet: Administration Announces New Workforce and Economic Revitalization Resources for Communities through POWER Initiative." *The White House*. [Accessed 11/24/2015] <https://www.whitehouse.gov/the-press-office/2015/10/15/fact-sheet-administration-announces-new-workforce-and-economic>

^{vi} see note v.

^{vii} see note v.

^{viii} see note i.

^{ix} "Appalachians Look to Branch Out from Coal-Based Economy." *Appalachian Voices*. [Accessed on 11/24/2015] <http://appvoices.org/2015/11/12/appalachians-look-to-branch-out-from-coal-based-economy/>

And Rainey, Callie and Ryan Adams. "Communities vote to back Power Plus Plan." *WKYT*. [Accessed on 11/24/2015] <http://www.wkyt.com/wymt/home/headlines/Communities-vote-to-back-Power-Plus-Plan-321598312.html>

And see note iv.

^x Ken Ward Jr. "Obama Urged Coalfield Officials to Support Climate Action." *Charleston Gazette-Mail*. [Accessed on 11/24/2015]

<http://www.wvgazetteemail.com/apps/pbcs.dll/article?AID=/20150803/GZ01/150809879/1419>

^{xi} Ken Ward Jr. "WV Delegation Cool to Obama's coalfield Plan." *Charleston Gazette-Mail*. [Accessed on 11/24/2015] <http://www.wvgazetteemail.com/article/20150711/GZ01/150719928>

^{xii} "Gazette Editorial: Plan for Coal's Decline." *Charleston Gazette-Mail*. [Accessed on 11/24/2015] <http://www.wvgazetteemail.com/article/20150711/GZ01/150719928>

^{xiii} Henry Gass. "America's Coal Country Plans for Life Beyond the Mine." *The Christian Science Monitor*. <http://www.csmonitor.com/Environment/2015/1113/America-s-coal-country-plans-for-life-beyond-the-mine>

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