

# A Proposal for Financing the Clean Energy Transition

The transition to a clean economy will involve significant economic shifts in how we produce, distribute, and consume electrical power. Since electricity touches virtually every aspect of modern society and is an \$840 billion sector of the economy, this transition can either be a tool that helps to rebuild America and revitalize our manufacturing sector and the middle class, or it can be a disruptive force that creates unnecessary hardship for particular communities, industrial sectors, and demographics.

However, a well-managed transition with adequate financing can ensure that jobs are created to replace the jobs that are lost in affected industries, that new economic development strategies replace lost tax revenues, and that the skills Americans need to compete in a 21st Century economy are readily available.

A combination of lower natural gas prices, rising coal costs, booming renewable energy deployment, reduced demand for electricity due to rising energy efficiency, and the lingering effects of the recession is driving the market to reduce consumption of coal-based power and retire some of the country's oldest coal plants.

Solving climate change necessitates a shift to low-carbon energy and a substantial reduction of U.S. carbon emissions over the next several decades. Transforming the electric generating system can create thousands of new jobs and make the system more efficient. At the same time, even if carried out over a period of years, the retirement of old power plants can mean significant economic turmoil for workers as well as their families and communities. Coal-fired power plants are large industrial sites that contribute to their local economies by generating both direct employment and indirect economic activity, providing tax revenues for local and state government, and defining an area's cultural identity in the eyes of local residents. When large plants close down or downsize, the resulting economic impacts need to be addressed for the workforce, the community, and affected businesses.

Managing the transition to a low-carbon energy system in the United States will require significant and consistent funding to address transition issues. We will continue to develop and push for a comprehensive solution to effectively fight climate change, repair America's dilapidated infrastructure, rebuild our middle class, and provide a full and proper transition to workers and communities. In the immediate term, there is a

pressing need for a transition program right now.

To meet this need, we propose a mechanism to begin financing the transition for energy sector workers and their communities in the following fashion.

Given the political constraints of the current Congress, we urge states across the country to establish the following program:

1. Create a Clean Energy Transition Fund. The Fund would:
  - First and foremost, ensure that displaced workers from closing power plants and affected fossil fuel extraction sites receive transition support, including wages, benefits and retraining.
  - Then, expand existing economic development programs to enable communities to respond to power plant closures or downsizing.
  - And, finally, support vital elements of the clean energy transition, including support of climate resilient infrastructure projects in communities where plants are closing.
2. There are a number of methods to generate this necessary revenue to fund a proper transition. We do not intend to limit the choices, but believe a worthy option based on the pressing need for action now would be to place a small fee, otherwise known as a "wires charge," on electricity transmission and distribution.

We believe that this plan offers several important benefits. A transition for workers and communities would foster new economic development strategies to replace lost tax revenues, and help ensure that skills needed within those communities can compete in a 21st Century economy.