

Written Testimony of Sam Gilchrist – Western Campaigns Director, Center for Policy Advocacy

Natural Resources Defense Council

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Good morning Chair Velazquez, Ranking Member Luetkemeyer, and distinguished members of the House Committee on Small Business. I want to thank you for holding this hearing on *Wealth for the Working Class: The Clean Energy Economy* and inviting me to testify and provide comments.

My name is Sam Gilchrist. I am the Western Campaigns Director in the Center for Policy Advocacy at the Natural Resources Defense Council (NRDC). NRDC is an international nonprofit organization of scientists, lawyers, and environmental specialists dedicated to protecting public health and the environment. Founded in 1970, NRDC has more than 3 million members and activists supporting work to protect public health, the environment, and grow more sustainable livelihoods.

Prior to joining NRDC, I served as the Executive Director of the Colorado AFL-CIO, where we represented over 130,000 workers, many of whom worked within the broader energy sector, including coal and fossil fuel industries. We also worked closely with advocates for the environment on policy solutions to ensure these workers and their communities have a future in the clean energy economy. Since joining NRDC, our partnership has grown to include direct collaboration on policy solutions to see this through.

The climate crisis is affecting communities across this nation in terms of both our economic and physical health. Single-industry towns are facing economic uncertainty as market forces make it less economical to produce energy from fossil fuels. The decline of coal is being accelerated by the urgent need for us to reorient our energy policies away from burning fossil fuels in favor of cleaner, cheaper renewable energy.

The Coming Energy Transition

The U.S. coal industry has declined precipitously in recent decades due to a combination of automation in mining and declining costs of other fuel sources such as natural gas and renewables. For communities largely dependent on coal for high-paying jobs and local tax revenue, the closure of coal mines and power plants can be economically catastrophic and socially disorienting. The trauma caused by shifting economics is long lasting and involves the entire community. As the country's energy landscape continues to transition toward a low-emissions future, we must support communities affected by these changes in their own transitions from the extractive economy to diversified, socially and environmentally regenerative economies. The process of building place-based economic stability in the shift

from an extractive to a regenerative economy is sometimes referred to as a “just and equitable transition.”

We have witnessed similar situations before, but we have not always been prepared to address them proactively, leaving many communities behind with small, local businesses bearing the economic impact. With appropriate investments from private sources, supported by state and federal policies and strategic investments, we have an opportunity to strengthen small businesses, diversify local economies and tackle climate change by investing in a just and equitable transition for communities that are economically tied to the fossil fuel industry.

My home state of Colorado is well on the way to addressing this issue through local solutions, such as funding for retraining affected workers, wrap-around services for workers and community members, and increased private investment to rebuild local economies.

We are also seeing state policy solutions that reduce greenhouse gas emissions while also increasing work for qualified contractors, such as a recent bill¹ requiring utilities to create programs to promote the use of efficient, healthy electric mechanical equipment and appliances in homes and businesses. This work will be done by skilled, licensed contractors that are often small businesses. Colorado is also leading in making sure that homes, businesses, cities, and towns have the capital to invest in future sustainable growth. It is imperative that the jobs created by the clean energy transition are good, family-sustaining jobs with defined benefits and pathways to unionization. We also need to ensure that underserved communities have equitable access to this prosperous future.

Colorado’s GHG Reduction Roadmap

In 2019, the Colorado legislature passed HB19-1261,² which required the state to develop a pathway to meet greenhouse gas reduction targets of 26% by 2025, 50% by 2030, and 90% by 2050 from 2005 levels. The state details this plan in the Greenhouse Gas Reduction Roadmap,³ which outlines specific measures for the state’s highest emitting sectors, including transportation, electricity generation, oil and gas development, fuel use in homes, and business and industrial applications. Specifically, the state needs to quickly achieve the following reductions, as stated in the roadmap:

- Continue swift transition away from coal to renewable electricity
- Make deep reductions in methane pollution from oil and gas development
- Accelerate the shift to electric cars, trucks, and buses
- Make changes to transportation planning and investment and land use planning to encourage alternatives to driving
- Increase building efficiency and electrification
- Reduce methane waste from landfills, wastewater, and other sources

¹ <https://leg.colorado.gov/bills/sb21-246>

² <https://leg.colorado.gov/bills/hb19-1261>

³ <https://energyoffice.colorado.gov/climate-energy/ghg-pollution-reduction-roadmap>

In addition to the state Roadmap, NRDC and partners authored a report⁴ that shows we can achieve many of these emissions reductions in a healthy and equitable way. Further information on the report results can be found in a series of blogs from my colleagues⁵ Ariana Gonzalez and Arjun Krishnaswami.

Although transportation is the largest segment of Colorado's emissions, coal-fired electricity generation is a close second and coal plant closure is the focus of my testimony. To achieve the necessary emissions reductions outlined in the roadmap and avoid the worst effects of climate change, the retirement of the state's coal plants is necessary to achieve at least half of these target reductions. Given the increasing cost to generate electricity from coal and fossil fuels, it also makes economic sense to close these plants.

As mentioned, localities across the country have faced this type of economic uncertainty before as single-industry towns see their main economic generators close. Big changes are coming to both the energy and transportation sectors, which could cause significant economic and workforce implications if handled improperly. The difference now is Colorado is proactively addressing these workforce implications of the clean energy transition.

Colorado's Transition Plan

In 2019, through legislation sponsored⁶ by the Colorado AFL-CIO, NRDC, and many of our BlueGreen Alliance partners, the state created the first Office of Just Transition in the nation. This office and its advisory committee, which is comprised of voices from across the state, were tasked with developing an action plan to address how Colorado can support workers and communities as our coal plants close. Colorado led the nation in developing the first statewide just transition plan and in requiring that utilities planning to retire coal plants generate workforce transition plans.

Pursuant to the legislation, the Office of Just Transition delivered a Just Transition Action Plan⁷ in December 2020 that targets existing resources and musters new ones in service of a just transition, recommends benefits for displaced coal workers—including wage benefits and education—and establishes a grant program for eligible entities in coal transition communities that seek to create a more diversified, equitable, and vibrant economic future.

The Action Plan's overarching goal is to avert another boom-bust cycle in Colorado by helping coal communities and workers transition to prosperous futures. To achieve this goal, it designates three categories of strategies: those related to communities, those related to workers, and those related to funding. Together with utilities, labor, environmental organizations, and the State, we are working hard to reduce the need for transition assistance, but we expect it will be a major challenge.

⁴ <https://www.nrdc.org/sites/default/files/committing-to-climate-action-gridlab-report.pdf>

⁵ <https://www.nrdc.org/experts/ariana-gonzalez/committing-equitable-climate-action-colorado>

⁶ <https://leg.colorado.gov/bills/hb19-1314>

⁷ <https://cdle.colorado.gov/colorado-just-transition-action-plan>

The Action Plan provides a framework outlining our desired outcomes and strategies to overcome transition challenges. Community-led solutions are critical to ensuring community resiliency. The plan recognizes that—to succeed in economic diversification, small business growth, tax revenue protection, and good jobs for workers—communities must design their own futures, with deliberation over an extended period.

Public and private investment can help communities build the systems to plan this transition. For example, some coal communities in Colorado simply cannot afford to devote city staff time to work on economic development. They do not have the capacity to apply for more than one federal grant at a time. They may also lack the resources to assist workers or employers to leverage existing local, state, federal, or non-profit programs that can give them what they need to move out of coal work, and into something else. Furthermore, they may recognize that a barrier to new business in the community is that their water system is inadequate – but they may not have anyone who can find funding to get it fixed. Investing in the capacity of coal communities is critical and will benefit local economies and small businesses.

Likewise, investing in community infrastructure will also contribute to community resiliency. Ensuring that local infrastructure—such as schools, hospitals, universities, and municipal buildings—is upgraded to meet higher efficiency standards will help grow and attract future investment.

NRDC and partners are working alongside the Colorado Governor and Treasurer’s offices to bring together the investment community as well as state and national foundations to develop a community engagement process to provide resources that allow local leaders to self-determine the best path for their communities after plant closure. Our efforts are directly supporting *Community Strategy 6* in the Just Transition Action Plan, entitled “*Attract grant and investments to power local economic growth.*” Namely, convening distinct groups of funders and investors to generate specific guidance and helping “Tier One” communities—meaning coal communities that are facing the earliest closures and at risk for near term disinvestment—participate in the investment discussion.

The strategy entails gauging and understanding the nature of investor interest, both directly and indirectly, to deploy investment capital in support of transitioning communities. We also hope to engage companies such as investor-owned utilities to invest in support of their stated climate-related commitments.

Clean Energy Future

Ensuring the clean energy future benefits small businesses and workers is not simple. Despite the potential difficulties, we must continue to engage with all stakeholders and think about non-traditional solutions. This is the entire purpose of our Colorado BlueGreen Alliance which, like chapters in other states, unites environment, labor, and community-focused partners. We bring together different perspectives and expertise to achieve mutually beneficial policy

solutions. Last year, our coalition invested a great deal of time in developing policy solutions to meet many of the requirements of the state's Greenhouse Gas Reduction Roadmap. Our biggest concerns were reducing emissions and ensuring good outcomes for workers and businesses.

Given failures by the previous Federal administration to support the growing clean energy economy, states were left to fend for themselves—creating a patchwork approach to the clean energy transition across the country. Therefore, new investment from the federal government is especially important. We need to ensure that any infrastructure package contains clean energy tax incentives, funding to develop new energy training pathways, funding to expand electric vehicle infrastructure, and standards and incentives for domestic manufacturing. These investments will create jobs and support communities facing an energy transition by providing good options for affected workers, while enhancing our domestic manufacturing supply chain

Investing in clean energy supports small businesses because it helps sustain local economies, and because energy efficiency upgrades save businesses money on their utility bills every month. By supporting incentives for businesses to upgrade to more efficient mechanical systems, you are putting money back into the pockets of small business owners.

As we make these investments, we cannot underestimate the importance of ensuring that the clean energy future results in high-quality jobs. We define high-quality jobs as those providing fair and equitable compensation, family-sustaining wages and benefits—such as paid family and sick leave, health care, and paid vacation— a career path, the right to organize, and a safe and healthy working environment that is free from hazards or retaliation, inclusive, and free of discrimination. With standards and incentives for domestic manufacturing, we can also ensure that investments in clean energy translate into quality, family-sustaining jobs, and a more robust domestic manufacturing supply chain.

Furthermore, we need to ensure that Black, Indigenous, and People of Color (BIPOC) communities have access to these high-quality jobs. Ensuring equitable access to jobs can be achieved by requiring participating contractors to hire a certain percentage of their workforce from a particular demographic, creating training opportunities that aim to recruit people from marginalized communities, and include wrap-around support such as transportation or childcare support. We must also focus on building partnerships across the workforce ecosystem such as between utilities and community-based organizations serving marginalized communities.

Over the last decade, Colorado has invested state resources in creating accessible, equitable career pathways in many sectors. This year, Colorado passed legislation⁸ requiring the Colorado Workforce Development Council to create career pathways for students in the clean energy sector. The bill requires the state to work in collaboration with local work force boards, the state department of education, superintendents of local school districts, the state board for

⁸ <https://leg.colorado.gov/bills/hb21-1149>

community colleges and occupational education, and other postsecondary partners. Building these pathways is a great first step to ensure our students have a future in the vibrant and growing clean energy economy.

Colorado is also home to many union apprenticeship programs that are already training new and existing coal plant workers for jobs in the clean energy economy. Union apprenticeship programs are some of the best training opportunities for individuals interested in a vocational career pathway.

In 2019, Colorado further encouraged the development of clean energy apprenticeship programs in the Colorado Public Utilities Commission Reauthorization Act. As mentioned in the BlueGreen Alliance 2020 State Policy Toolkit,⁹ the Act:

Establishes the criteria by which the PUC reviews utility decisions to acquire new energy resources. Section 40-2-129 of that Act directs the PUC to evaluate proposals for new energy construction on best value' employment metrics: The availability of training programs, including training through apprenticeship programs registered with the United States Department of Labor's office of apprenticeship and training or by state apprenticeship councils recognized by that office. For the operations and maintenance of constructed or acquired clean energy projects, the bill also directs utilities to use qualified contractors if the employees have access to a registered apprenticeship program. (BGA 2020 State Policy Toolkit, Page 6)

According to the E2 (Environmental Entrepreneurs) Clean Jobs America 2021¹⁰ report, the clean energy sector employs more than three million individuals nationwide. In Colorado alone, more than 62,000 individuals work in clean energy, and the sector has grown five times faster than the fossil fuel industry. The report also highlights the fact that job growth is not just concentrated in major metropolitan areas, due in part to the highly localized nature of many clean energy jobs:

America's rural nonmetropolitan statistical areas now employ nearly 400,000 workers, about 13 percent of clean energy's entire workforce. But for many states, rural clean energy jobs account for significantly more than that. In 21 states, rural areas accounted for more than 25 percent of the state's total clean energy employment and in four states the majority of clean energy jobs were in rural areas. (E2 Clean Jobs America 2021, page 18)

Clean energy jobs are also good jobs: median hourly wages are roughly 25 percent higher than the national median wage. They also tend to pay more than fossil fuel industry jobs. From the report:

⁹ https://www.bluegreenalliance.org/wp-content/uploads/2020/07/StatePolicyToolkit_Report2020_vFINAL.pdf

¹⁰ <https://e2.org/reports/clean-jobs-america-2021/>

The median hourly wage for clean energy jobs was \$23.89 in 2019, according to an analysis of Bureau of Labor Statistics data (BLS).¹¹ That was 25 percent higher than the nationwide median hourly wage of \$19.14. While wages in clean energy as a whole are lower than fossil fuels, some occupations pay just as well if not better than some fossil fuel jobs. For instance, wind turbine technicians in 2020 made about \$56,230 and solar installers made about \$46,470, according to BLS data.⁴ Oil and gas roustabouts made about \$39,420 while oil and gas derrick operators made about \$47,920. Looking at median hourly wages, wind energy workers earn the highest wages at \$25.95 per hour, compared with \$25.40 for grid modernization, \$24.82 for storage, \$24.48 for solar, and \$24.44 for energy efficiency. (E2 Clean Jobs America 2021, page 5)

It's important to note that most clean energy jobs—jobs that cannot be exported or outsourced to our foreign competitors—are at small businesses. More than 60 percent of the nation's clean energy workers are employed by companies that have fewer than 20 employees. About 90 percent work at companies with fewer than 100 employees. These small businesses—and these workers—are the backbone of America's economy. To ensure a prosperous future for many small businesses and local economies, we must support these companies and jobs and build pathways to create more of them.

The E2 report says it best: “The United States needs to get its economy humming again after COVID-19. It needs to address the growing economic and other costs of climate change. And as experience shows, there’s no better way to simultaneously create jobs, drive economic growth and address climate change than by investing in clean energy.” The report lists these specific steps the federal government can take to grow jobs and drive investments in states:

- *Transportation and Grid Modernization— Pass and fund legislation to create a national car-charging network, expand building efficiency improvements and modernize our electric grid.*
- *Tax Policy—Extend, expand and improve accessibility of federal tax incentives for energy efficiency, wind, solar, energy storage and zero-emission vehicles.*
- *Innovation—Make federal Investments in clean energy, vehicle and battery storage, energy efficiency, and regenerative and low-carbon agriculture.*
- *Workforce Training—Better fund existing programs and pass new programs to create new employment opportunities, improve equity and meet the workforce requirements of a better, cleaner economy.*
- *Clean Energy Finance—Facilitate and leverage privately financed clean energy projects and improve equity. (E2 Clean Jobs America 2021, page 27)*

¹¹<https://e2.org/reports/clean-jobs-better-jobs/>

Upgrading and expanding clean transportation infrastructure will also create good, family sustaining jobs and utilize Colorado's existing workforce. The EVRAZ steel plant in Pueblo, a Tier 1 coal transition community, is one of the only high-speed rail manufacturing centers in the West. This manufacturing center is directly supporting Colorado's plans to extend passenger rail between Cheyenne and Pueblo, which has been in the works for over 20 years. Now is the time to turn those plans into real infrastructure, creating union steelworker jobs, union construction jobs, while also equipping Colorado's workers and visitors with affordable, low-emission transportation options for generations. Just this year, Colorado passed important legislation to create the entity that will finally finance, build, and operate this new Front Range Rail we've been planning. The legislature also authorized \$453 million in bonds dedicated to multimodal transportation. However, to fully develop this project and get it done as quickly as possible, Colorado also needs federal investment.

In addition to the suggested investments mentioned above, the E2 report outlines the following workforce policies the Biden administration and Congress can pursue to expand clean energy jobs while also can making sure these jobs are better and available to even more workers:

- *Encourage or include requirements for project labor agreements (PLAs) on construction projects whenever possible.*
- *Require developers to abide by prevailing wage standards that set minimums for pay, health, and other benefits.*
- *Include local hire provisions for clean energy projects.*
- *Support education and job training for members of traditionally underserved communities.*
- *Enhance and enforce hiring and procurement policies that benefit low-income communities, people of color, and women.*
- *Ensure underserved communities that host clean energy facilities directly benefit with jobs and supplier opportunities.*
- *Ensure state housing finance agencies make ever-increasing commitments to efficiency and health improvements in Low-Income Housing Tax Credit-funded properties (E2 Clean Jobs America 2021, page 5)*

Just as in CO, we know that to make workforce training truly accessible, we need to make it financially accessible. That doesn't just mean affordable training but also a stipend. Many American families are living paycheck to paycheck. They can't afford to take unpaid leave or quit a job to take on training without financial support. Further, by providing incentives for communities in transition to own more clean energy assets (such as rooftop solar, EV's, energy efficiency upgrades, etc.), legislation can also help grow the local demand for jobs in these sectors. That in turn helps to ensure that investments in workforce training translate into real jobs in the local economy.

Conclusion

Investing in clean energy is a win-win for Colorado. We can reduce emissions that impact our climate and negatively affect our health while also creating good jobs. We need federal action to ensure investments benefit everyone, including people living on the margins, transition communities, rural residents, and tribes. The recent announcement of \$3 billion in funding for communities from the U.S. Economic Development Administration is a great start, but we can and must do more.¹²

In a recent letter to President Biden, Colorado's Governor Polis called on the administration to do three things to help workers and their communities through the transition to the clean energy economy: develop a national strategy for impacted fossil fuel workers, address local budget shortfalls due to loss of property taxes and other revenues, and finance long-term state and local economic development, resiliency, and diversification.

There is no better time to make these investments than now, as we slowly recover from the ongoing pandemic. Workers across the country have been out of work or in stagnant jobs for over a year. Lives have been uprooted, and families and small businesses are reliant upon necessary but temporary programs such as unemployment assistance and the Paycheck Protection Program.

We must act with urgency and deliberate focus to build back better and stronger. We have a once-in-a-lifetime opportunity to make life better for all Americans. If we fail to act, our communities and the small businesses that sustain them will suffer. This opportunity is here—right now. We must act now, we must be bold, and we must be intentional in our actions. Once again, thank you very much for this opportunity to testify.

¹² <https://eda.gov/news/press-releases/2021/07/22/american-rescue-plan-programs.htm>