EXECUTIVE SUMMARY

Colorado, like the nation, is transitioning away from coal as a fuel for generating electricity. This is due to increased competition from other lower-cost energy sources as well as laws and regulations to protect public health and counter climate change. While this transition is creating many new opportunities, it will also result in the loss of stable, high-paying jobs and economic opportunities in communities where coal is mined and burned to fuel the economy.

In 2019, the Colorado General Assembly made a “moral commitment to assist the workers and communities that have powered Colorado for generations” by supporting “a just and inclusive transition” away from coal. It created the Office of Just Transition (OJT) and, among other things, charged it with preparing a “final just transition plan for Colorado” by the end of 2020.¹

This Action Plan fulfills that requirement. It is approved by the executive directors of the Colorado Department of Labor and Employment (CDLE) and the Colorado Department of Local Affairs (DOLA). It is based in large part on the Draft Colorado Just Transition Plan prepared after a year of extensive study and deliberation by the Colorado Just Transition Advisory Committee (JTAC, also created by legislation). And it reflects input from a wide range of stakeholders, issue experts, state agencies, and members of the public.²

Goals and Actions

Our overarching goal is to avert yet another boom-bust cycle in Colorado by helping coal communities and workers transition to prosperous futures.

Specifically, through a just transition we intend to help each community end up with more family-sustaining jobs, a broader property tax base, and measurably more economic diversity than when this process began in 2019.

To achieve these goals, we will:

1. Align state and federal programs to assist local strategies
2. Target early successes in business start-ups, expansions, retention, and attraction
3. Empower communities with resources to drive their own economic transitions
4. Coordinate infrastructure investments to support local and regional transition strategies
5. Identify and support state, regional, and local institutions to facilitate needed investments
6. Attract grants and investments to power local economic growth

¹ Throughout this document, we refer frequently to Colorado House Bill 19-1314, which established the Just Transition process in Colorado. Readers can find this statute at C.R.S. 8-83-501 through 8-83-506.
² Much of this input came during a formal public comment period from September 15 through November 30, 2020. The OJT received 51 individual responses to an online survey as well as comments submitted by email from seven organizations and two individuals. All comments will be catalogued and their relevant contents will be made available on the OJT website by the end of January 2021.
Similarly, through a just transition we intend to help workers who are laid off from the coal industry or related businesses secure good new jobs with family-sustaining incomes—and to help them do so without sacrificing their families’ economic security. This includes achieving secure retirements for older workers who may not wish to stay in the workforce.

To achieve these goals, we will:

1. **Empower workers and their families to plan early for future success**
2. **Encourage the federal government to lead with a national strategy for energy transition workers**
3. **Prepare, for future consideration, a detailed state program to help displaced workers build skills, find good jobs or start businesses**
4. **Explore strategies to protect family economic security through the transition**

Finally, because some strategies recommended by the Just Transition Advisory Committee would likely entail significant costs, this plan also includes efforts to identify potential funding options from public, non-profit, and private sources should the State decide to move forward with any of these recommendations. This includes ways to help communities bridge gaps in property tax revenues and to pay for new programs to serve displaced workers.

To achieve these goals, we will:

1. **Develop realistic options for further State support of just transition strategies**
2. **Work with utilities and mining companies to increase transition funding**
3. **Ensure the OJT has adequate capacity to continue to develop and implement this Action Plan**

### Planning for a Just Transition in the time of COVID

We considered a wide range of factors in developing this Action Plan. One of the most unexpected was the COVID-19 pandemic, which hit halfway through our planning process. Some have asked why the State should focus at all on assisting a relatively small number of workers and communities at a time when many thousands of workers in every corner of the state are facing so much disruption and uncertainty.

The most direct answer to this question is that the law directs us to do so. But the more appropriate answer is that the two challenges are different in nature. And because the major effects of the pandemic on our economy and workforce will almost certainly have passed before the major effects of the coal transition occur, there is no reason we cannot address both.

A pandemic is, one hopes, an extremely infrequent phenomenon that requires an extraordinary response from every sector of society—much like the response to natural disasters. Quite literally, these events require us all to drop what we are doing to confront an immediate and often existential threat.

The transition away from coal to generate electricity, on the other hand, is a predictable result of a fundamental shift in the energy economy. We can see it coming long in advance. And for workers and communities, its effects are consistent with the loss of any large local employer or economic driver. Transitions like this have happened in rural Colorado throughout our state’s history, and it is due in part to inadequate (or nonexistent) government response that they too often have perpetuated boom-bust cycles that have devastated families and communities.

We believe it is a fundamental obligation of government to address both kinds of challenges—those that urgently threaten the health and safety of our citizens and those that arise more predictably from fundamental shifts in our economy over time. Except in the most extreme of circumstances, one should not preclude the other.
Still, it is true that the immediate challenges of the ongoing COVID pandemic will affect the pace at which we can prepare for the longer-term challenges of the transition away from coal, especially where public finances are involved. As a result, this Action Plan focuses on the early and relatively low-cost actions we can take now to prepare. It defers until later those decisions that might drive the higher costs we do not yet know how to pay and that, in any case, will not have an impact on workers or communities for at least several more years.

This is not a dodge. It is an honest and responsible reflection of the times we are in. The JTAC made strong recommendations for increased infrastructure investments in transition communities and income support programs for dislocated workers. Together, these recommendations would likely cost the state over $100 million to implement, but we do not yet know where that money might come from. We think that advancing any recommendation with a high price tag and no firm suggestion of how to pay for it, at a time when public revenues are significantly stressed, would be a sure-fire way to have that recommendation rejected.

These recommendations deserve to be considered on their merits, not triaged in lean times based solely on their costs. Luckily, we have at least several years before the higher-cost challenges are likely to occur. We commit to use that time to study these proposals further, consider alternatives, and explore realistic funding options. And while we cannot promise these recommendations will be adopted at a later date, we are confident they will stand a better chance of serious consideration when state revenues have recovered and we have a better understanding of the proposals, how much they might cost, and how we might pay for them.

### A Long-term Commitment

Legislation refers to this as “a final just transition plan for Colorado.” But it is “final” only in the sense that it comes at the end of the initial planning process. Colorado’s transition away from coal as a fuel for generating electricity is likely to last a decade or longer, and our strategies for ensuring a “just transition” will adapt to changing circumstances over time. Updating this plan will be the ongoing responsibility of the Office of Just Transition, working hand-in-hand with the Just Transition Advisory Committee, relevant state agencies, workers, communities, and other stakeholders.

In his budget for FY 2021-22, Governor Polis has proposed an increase in the number of staff in the Office of Just Transition to a total of 3.5 FTE – a clear indication of the Administration’s commitment to the long-term success of state and local just transition efforts.

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3 This is a rough estimate for Colorado’s coal transition workers derived from estimates for all “fossil fuel industry dependent workers” in Pollin, Robert, et al, A Green Growth Program for Colorado: Climate Stabilization, Good Jobs, and Just Transition, Department of Economics and Political Economy Research Institute (PERI), University of Massachusetts-Amherst, April 2019, pages 64-86.
JUST TRANSITION STRATEGIES AND ACTIONS

This Action Plan is divided into two main sections – one on communities and one on workers. While the interests and challenges of both overlap significantly, we think this structure brings the most clarity to the strategies outlined. A third section deals with funding issues. Each section provides a brief overview of the major challenges the plan is designed to address, followed by specific strategies and action steps we are taking. While not identical, this Action Plan closely tracks the Draft Just Transition Plan submitted by the Just Transition Advisory Committee in August 2020.

A. Helping Coal Communities Transition to Prosperous Futures

More good jobs, more diverse economies, broader property tax bases.

HB 19-1314 directs the Office of Just Transition to submit a plan designed to assist “communities and workers whose coal-related industries are subject to significant economic transition.” It defines a “coal transition community” as “a municipality, county, or region” that has been or will be affected “by the loss of fifty or more jobs in total from a coal mine, coal-fueled electrical power generating plant, or the manufacturing and transportation supply chains of either.”

By this definition, all or parts of 11 Colorado counties are potential coal transition communities. However, some of these communities have or will face far more significant challenges than will others. This plan refers to these as “Tier One Transition Communities.” They include the West End of Montrose County, which is already more than a year into its transition away from coal (the mine there closed in 2017 and the power plant closed in 2019). They also include communities in the Yampa Valley (Moffat, Rio Blanco, and Routt counties), Morgan County, and Pueblo, each of which will likely see meaningful declines in economic activity, their employment base, and property tax revenues before 2030.

OJT will keep a close eye on the “Tier Two Transition Communities” (Delta, El Paso, Gunnison, La Plata, and Larimer counties), though current information strongly suggests they will experience much milder effects (if any), at least for the foreseeable future. The Tier One communities are the ones that likely will command most of our attention and benefit most from our work. (For more detail on Tier One and Tier Two transition communities, see the Appendix at the end of this document)

While the actual closures of Colorado’s remaining coal-fired power plants, and any related closures of coal mines, are at least several years off, jobs are already starting to disappear from communities through attrition. Other economic impacts – and the uncertainty that accompanies them – are also likely to begin prior to actual closures. Effective economic development and diversification strategies will take time and resources, and will require a long-term commitment from all involved. So planning and implementation must and will start immediately.

Effective economic development and diversification strategies also require strong leadership from and broad public engagement within the communities themselves. And while these strategies should be agile and opportunistic, they intentionally must focus on the unique assets of each community and build on existing strengths. Attracting new businesses to these communities is important. So too is building from within. Experience shows that strategies to retain and expand existing businesses often make the biggest difference over the long term.

Finally, successful transitions will require significant levels of investment in these communities from the public, private and nonprofit sectors. But investing in communities that are facing hard economic times can be seen as a risky proposition. Achieving the levels of investment these communities need to successfully transition to prosperous futures

Under current plans as of the end of 2020, the next closures of coal-fired power plants in Colorado will be in 2023 (Comanche 1 in Pueblo and Drake in Colorado Springs), with all remaining plants closing in 2025 or later. However, we need to be prepared for dates to change. The power plant in Nucla, originally scheduled to close in 2022, closed instead in 2019 with only a few months’ notice. So we must and will be prepared to respond to changing circumstances.
will require concerted and coordinated efforts. And those efforts must focus on quality as well as quantity. The coal jobs that will leave these communities are mostly high-paying with generous benefit packages. In its draft plan, the JTAC wrote, “We would consider it a failure to replace a job people have raised families on with a job that barely allows them to make ends meet.” We share that sentiment.

This Action Plan has six Community Strategies to begin to address these challenges.

**Community Strategy 1:**

*Align state and federal programs to assist local strategies*

**Description:** Both the State and the Federal Government have a wide range of programs, incentives, and other tools to assist with economic development, and these are most effective when they are coordinated and often stacked upon one another. At its best, community and economic development is a team sport, requiring coordinated action among all levels of government and sectors of the local economy. This first strategy is about maximizing that coordination in transition communities to take full advantage of all available tools to create a strong environment for job creation through business retention, expansion and attraction. This was a key recommendation of the JTAC in its draft plan.

**First Actions:**

1. The Governor has directed state agencies to make assisting coal transition communities a priority. His Cabinet’s Environment and Renewables Working Group adopted two “Wildly Important Goals” related to economic development and job creation in coal transition communities. These goals will be updated to reflect the commitments made in this Action Plan. All these goals are posted online on the Governor’s Dashboard and tracked through metrics that are updated regularly. Interested parties can follow the Administration’s progress toward meeting them.

2. The OJT will establish State Action Teams to work with each Tier One community or region. Each team will coordinate and align existing state programs, funding, and infrastructure investments to support transition plans in its partner community or region. Each team will include Regional Managers and the Rural Prosperity Manager from the Department of Local Affairs, key staff from the Office of Economic Development and International Trade, and representatives of other state agencies as appropriate. We will also invite representatives of relevant federal agencies to participate as needed, including the U.S. Economic Development Administration (EDA).

3. In addition, the OJT will establish a statewide Just Transition Team made up of experts in relevant fields (including finance, grant opportunities, business recruitment and site selection, business expansion, and more) to support the State Action Teams with critical guidance and expertise, and to help coordinate and execute support strategies at the state level. Together, the State Action Teams and the statewide Just Transition Team will serve as the main vehicles for any assistance provided to these communities under the provisions of the Rural Economic Advancement of Colorado Towns (REACT) Act established in 2018.  

4. The OJT will ask each Tier One transition community to establish a corresponding team of key local leaders and stakeholders to coordinate with its State Action Team. In the case of multi-jurisdictional communities (the Yampa Valley or Morgan County, for example), individual municipalities or counties may choose to establish their own teams, so long as they work in coordination with one another.

**Authority:** These actions can be taken within existing authority.

**Funding:** These actions can be accomplished within existing funding, with any minimal additional costs initially covered through fundraising from foundations and other stakeholders.

**Timing:** Ongoing beginning in January 2021.

**Lead:** OJT, with DOLA and OEDIT.

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5 REACT was established by Senate Bill 18-005 and can be found at C.R.S. 34-32-3601 through 34-32-3605.
Community Strategy 2:

Target early successes in business start-ups, expansions, retention, and attraction

Description: Starting immediately, the State will work through the State Action Teams (established through Community Strategy 1) to help coal transition communities achieve early successes in attracting new businesses and creating good new jobs – and retaining existing jobs – consistent with local plans. While the full transition away from coal will take a long time, early successes will serve as a downpayment on the State’s commitment to that process and create momentum for the long-term. Again, the quality of jobs created – not just the quantity – will be an important measure of success, as will the equitable distribution of the benefits of new growth throughout the community.

Among other things, State Action Teams will work with communities to help make sense of the almost dizzying array of programs and incentives available through the state and federal governments. These tools can be strategically mixed and matched to great effect, and many larger cities and regions have the capacity and expertise on staff to do just that. For smaller communities with much leaner staff resources, sorting through dozens of programs, funds, and incentives to find the right tool (or tools) for a given opportunity can at times be overwhelming. Our State Action Teams will support and assist those local efforts to take full advantage of opportunities and maximize success.

First Actions:

1. OEDIT has waived local matching-fund requirements for the Strategic Fund Job Growth Incentive program for companies locating in Just Transition communities (one deal waiver per county) to attract new primary employers and help diversify the economy. This waiver will last at least through the end of calendar year 2021, when it will be re-evaluated and may be extended.

2. OEDIT has committed at least $500,000 in strategic funds in Calendar Year 2021 for grants to attract new businesses to Tier One communities or to help grow existing businesses in these communities. This commitment may be extended in future years, depending on outcomes and available funding.

3. To drive early successes in local business retention and expansion, State Action Teams will assist Tier-One communities in navigating and maximizing benefits from the very wide array of programs and tools that can:
   - Help local businesses stabilize and expand operations (though Small Business Development Centers or other support organizations such as Manufacturer’s Edge).
   - Increase access to capital for local businesses (through the CLIMBER Fund, Energize Colorado Gap Fund, EDA Statewide Revolving Loan Fund, CDBG regional revolving loan funds, credit enhancement programs run by CHFA on behalf of OEDIT, Community Development Financial Institutions (CDFIs) and other non-profit lenders and traditional banking and capital resources).
   - Increase access to and maximize private capital from local, state, and national investors through the federal Opportunity Zone (OZ) program (through increased awareness; technical support for including OZs in community development plans; assistance in layering them on top of other incentive and grant programs; sponsoring events that spotlight local development plans for potential investors; and marketing OEDIT’s OZ Capital Accelerator Program to support local businesses and start-ups).
   - Expand awareness of and participation in business support incentives (such as the Rural Jump Start, Procurement Technical Assistance Center (PTAC), Venture Capital Authority (VCA)/Greater Colorado Venture Fund, Enterprise Zone and Enhanced Rural Enterprise Zone Tax Credits (ERez), Job Growth Incentive Tax Credits (JGITC), Strategic Fund cash job growth incentives, Advanced
Industries grants and incentives, Skill Advance Colorado job training dollars, and Minority Business contractor certifications).

- **Encourage and support entrepreneurial development** (in partnership with the SBDC, StartUp Colorado and other partner organizations).
- **Expand the use of free consulting, classes and technical assistance opportunities** (through local chambers, entrepreneurial groups and economic development organizations).
- **Assist with “Shop Local” opportunities**.
- **Leverage unique opportunities in specific sectors** (for example, in partnership with the Colorado Energy Office, OEDIT has allocated $2 million in loan guarantees to the Colorado Clean Energy Fund to support construction jobs that provide energy-saving building upgrades in coal transition communities).

4. To drive early successes in **business attraction**, in addition to the supports listed above, the State will:
  - **Host local educational and resource forums to encourage participation in existing programs**.
  - **Develop strategies to attract new businesses to transition communities and expand awareness of site selection opportunities with JTC communities** (working with OEDIT’s Global Business Development Division).
  - **Develop and expand remote work opportunities in transition communities** (by assisting communities in training local remote employees and employers and attracting remote work opportunities and businesses through OEDIT and DOLA’s Location Neutral Employment Marketing (LONE) program, CDLE’s remote worker and employer certification, and the Rural Technical Assistance Program within OEDIT).

**Authority:** These actions can be taken within existing authority.

**Funding:** These actions can be accomplished within existing funding, with any initial additional costs covered through fundraising from foundations and other stakeholders.

**Timing:** Ongoing beginning December 2020.

**State Lead/Support:** OEDIT, with CDLE (OJT) and DOLA.

**Community Strategy 3:**

**Empower communities with resources to drive their own economic transitions**

**Description:** If economic development is a team sport, then local leaders are the best quarterbacks. In other words, the most effective and long-lasting economic development strategies usually come from within communities themselves, reflecting their own priorities and building on existing strengths. The state will work with appropriate jurisdictions within Tier One communities to ensure each has the staff capacity and expertise to effectively develop and implement local transition strategies. These local strategies, and the local leadership behind them, will serve as the foundation of the State’s ongoing partnership with these communities on transition issues. We will ask communities to submit applications outlining how the added capacity and expertise will be used to advance their local transition strategies (which should be focused and demonstrate broad community support). This was a key recommendation of the JTAC.

**First Actions:**

1. The Department of Local Affairs has committed up to $500,000 in the current fiscal year for grants to Tier One communities to build the staffing and expertise (including shared regional and statewide capacity) to develop and implement their local transition strategies. Funding will come from the Energy and Mineral Impact Assistance Fund (EIAF) and Rural Economic Development Initiative (REDI) fund, with a goal of continuing and increasing this commitment in future years, depending on revenue. If needed, OJT will seek additional funding from stakeholders.
2. DOLA and OJT will closely coordinate to expedite applications for these funds from Tier One communities. Communities will outline how the added capacity and expertise will be used to advance local transition plans, which should be focused, demonstrate broad community support, and include strategies to retain coal transition workers.

3. Upon request from communities, state action teams will assist with developing rural economic diversification and transition roadmaps. These roadmaps will engage community stakeholders in the development of local strategies to support business retention, attraction, and expansion as well as community development.

4. Colorado has submitted a grant application to the U.S. Economic Development Administration (EDA) requesting more than $2.3 million over 2 years to support the development and implementation of local “COVID-19 Recovery and Resiliency Roadmaps” throughout rural Colorado. A decision on this application is expected from EDA in the first quarter of 2021. If successful, this grant would significantly increase the resources available to support local recovery efforts, and designation as a Tier One Transition Community would be a key consideration in the disbursement of grant funds.

5. OJT will work with DOLA and OEDIT to establish a peer-to-peer mentoring and networking program among coal transition communities and with other communities (in Colorado and around the country) that have experienced or are undergoing similar transitions. This action will capitalize on the momentum of the coal impacted cohorts that collaborated under the POWER+ program in 2018-19.

**Authority:** These actions can be taken within existing authority.

**Funding:** These actions can be accomplished within existing funding, with any minimal additional costs initially covered through fundraising from foundations and other stakeholders. If successful, the requested EDA grant would provide significant additional support.

**Timing:** Ongoing from January 2021.

**Lead:** OJT, with DOLA and OEDIT.

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**Community Strategy 4:**

**Coordinate infrastructure investments to support local and regional transition strategies**

**Description:** As an essential transition strategy, the JTAC recommended the State “invest in physical and community infrastructure to maintain and improve quality of life and critical services.” It stated that a community’s physical and cultural assets “are key components of [its] appeal – the ability to reach one’s markets by road, rail or air – or broadband – as well as quality schools, higher education and apprenticeship programs, a wide range of quality healthcare services, and other community assets such as parks, arts facilities, and recreational opportunities.”

We agree, and we intend for the OJT to consider a number of these investments (especially including broadband). However, as we outlined earlier, in the current fiscal environment we are not able to advance any specific strategies that could drive significant new costs, as some of these could. Instead, at this early stage we will work to coordinate and focus existing state efforts to maximize their effect in transition communities within existing resources. We will also work with transition communities to take advantage of targeted funding opportunities from other sources, including the federal government and the philanthropic community.

**First Actions:**

1. CDLE and DOLA will convene a cabinet-level working group to prioritize and coordinate infrastructure investments that best support local strategies within existing resources. This may lead to the formation of regional state field teams representing various state agencies to coordinate resources and support infrastructure investment. Communities will be encouraged to assist this process by identifying areas
Community Strategy 5:

*Identify and support state, regional, and local institutions to facilitate needed investments*

**Description:** For Tier One communities, the pending loss of major industrial assets will result in the loss of high-paying jobs and millions of dollars in property taxes. In fact, assuming the average mill levy rate in Colorado (81.7 mills), we calculate it would require the creation of nearly $2.75 billion in new commercial property value (2019 dollars) to replace all the property taxes paid by Colorado’s existing coal facilities. However, if we assume the average mill levy rate currently assessed in Tier One communities (70.19), the value of new commercial property that would be needed to replace the lost property taxes rises to nearly $3.2 billion.\(^6\)

That will take a lot of investment, some of which will certainly come from within the communities themselves. But there probably is no way to do the job completely without attracting significant sums from outside. This is the basis of this and the subsequent strategy (community strategies 5 and 6).

A critical component of the draft plan from the JTAC was the need for investment strategies that lower and share overall risk, thereby encouraging a wide range of investors to make significant commitments to coal-transition communities. The JTAC recommended establishing a “statewide independent investment intermediary focused on leading and structuring investments” in transition communities. It also recommended establishing a statewide investment fund with two components — a “First Risk Capital Fund” to make commitments to local deals that lower the risk for other investors, and a “ Permanent Investment Capital Fund” to provide long-term capital for these deals.

We agree these functions are essential. We also believe that initial steps and “proof of concept” can be achieved within existing authority and structures and will not require any legislation or the creation of new institutions at this time. What they will require for success is expert leadership and effective coordination among existing funds and institutions. These include the Just Transition Cash Fund, established by HB 19-1314. The OJT is authorized to “seek, accept, and expend gifts, grants, or donations from private or public sources” to help achieve the goals of the legislation.\(^7\) They also might include state financial authorities, revolving loan programs, and community development financial institutions, among other tools.

These mechanisms should be used explicitly to support the kind of investments that lead to jobs that provide family-sustaining incomes, meet appropriate labor standards, and share community benefits equitably. While it will be hard to match the pay scales and benefit packages that current coal workers receive, these state-sponsored entities should seek to support the creation of stable, well-paying jobs that truly contribute to community well-being and resilience.

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\(^6\) Both estimates were calculated by staff using the uniform 29 percent commercial property assessment rate and average county mill levies as reported in the Division of Property Taxation’s 2019 Annual Report.

\(^7\) C.R.S. 8-83-504(2).
First Actions:
1. OJT will work with experts in OEDIT, DOLA, and the Colorado Treasurer’s Office – and in consultation with other financial experts, transition communities, and the Colorado Attorney General’s Office – to create an effective and accountable governance structure and a network of financial institutions to support investments in coal transition communities that meet the goals established by the JTAC.
2. OJT will seek funding from interested parties to support this governance structure and meet the administrative and operational costs of the network until the whole enterprise can become self-supporting.

Authority: These actions can be taken within existing authority.
Funding: The initial consultation and design actions can be accomplished within existing funding, with any additional costs initially covered through fundraising from foundations and other stakeholders. Additional state funding may be requested in future years.
Timing: January through September 2021.
Lead: OJT, with OEDIT and DOLA.

Community Strategy 6:

Attract grants and investments to power local economic growth

Description: No investment strategy succeeds without capital. The previous strategy is all about ensuring the right structures and expertise are in place to facilitate effective investments through appropriate institutions. This final community strategy is about making sure those institutions actually have the capital needed to drive those investments. Based on some initial exploration by OJT and several stakeholders, we believe there may be significant interest among potential investors at the state and the national level. This strategy is about further gauging that interest and getting a firm understanding of how best to attract that capital to Colorado’s coal transition communities.

First Actions:
1. In early 2021 the OJT will work with the Governor’s Office and the Treasurer’s Office, and perhaps other stakeholders, to gather high level input on investor interest. We intend for this to lead to a convening, also in early 2021, of a series of conversations with distinct groups of funders and investors, including local and national foundations, family offices, community development financial institutions (CDFIs), impact investors, opportunity funds, and institutional investors. These conversations would focus on generating specific guidance for how best to structure our finance-related strategies and to more broadly and deeply gauge investor interest and capacity to support economic diversification in coal transition communities.

Authority: This action can be taken within existing authority.
Funding: This action can be accomplished within existing funding, with any additional costs initially covered through fundraising from foundations and other stakeholders. Additional state funding may be requested in future years.
Timing: January through September 2021.
Lead: OJT, with OEDIT.
B. Protecting the Economic Security of Coal Workers and Their Families

**Good new jobs and secure retirement**

HB 19-1314 defines a “coal transition worker” as “a Colorado worker laid off from employment . . . in a coal mine, coal-fueled electrical power generating plant, or the manufacturing and transportation supply chains of either.” By this definition, somewhere between 2,000 and 3,000 Coloradans currently are potential coal transition workers. However, as with the communities in which they live, some of these workers will face far more significant challenges than will others.

A total of over 90 workers lost their jobs when the coal mine and power plant in the West End of Montrose County closed. And attrition is already beginning to erode employment at some of the remaining coal-fired power plants. However, actual layoffs from these power plants, and from any coal mines due to the closure of these plants, are not expected to begin until later in the process — perhaps not until 2025, with the largest numbers likely not coming until 2028 or later.

By definition, one asset all coal transition communities will have is a skilled and capable workforce. While some — perhaps many — of these workers will choose to move away from coal communities, one top goal of this Action Plan is to help these communities retain as many workers as possible by providing good opportunities for them to continue to thrive where they are.

And whether a laid off worker decides to move or not, we want to engage them early in the State’s workforce development system, as the Just Transition Advisory Committee recommended. That will be the best way to assist all who are interested in developing individual transition plans “for achieving their financial, career and/or retirement goals while maintaining or achieving economic self-sufficiency.” These individual transition plans should lead to early engagement

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8 Derived from county profiles prepared by the Keystone Policy Center for the Just Transition Advisory Committee, July 2020.
9 Both estimates were calculated by staff using the uniform 29 percent commercial property assessment rate and average county mill levies from the Division of Property Taxation’s 2019 Annual Report.
with appropriate education and training programs -- preferably while the workers are still employed in the coal industry. And if the experience in the West End of Montrose County is any guide, some of that training will help more than a few displaced workers start their own businesses.

Engaging workers early in the workforce system also should be the best way to reduce costs later in the process. That is a good thing, because as we have discussed, we feel that we must defer for later consideration the more costly worker strategies proposed by the JTAC. Current closure plans suggest we still have time to do so.

These challenges and strategies are outlined in more detail in the four Worker Strategies below.

**Worker Strategy 1**

_Empower workers and their families to plan early for future success_

**Description:** The JTAC recognized that early planning was critical to success for both communities and workers. But while we have a high level of certainty about which specific communities will be the hardest impacted by closures, we have less certainty about whom among the more-than 2,000 coal-related workers will actually be laid off, what they will try to do next, and what level of income their new careers will generate.

This strategy entails reaching out broadly to power plant workers, miners, and others early in the closure process -- perhaps 2 years ahead of an announced closure -- to establish a relationship between them and the state workforce system. This also includes reaching spouses and perhaps other members of their households whose future employment may be key to family economic security. Our goal is for these early relationships to lead to effective early planning, counseling, career coaching, job training and other activities that will shorten the transition period for these workers and their families and help them find high quality opportunities after coal.

**First Actions:**

1. OJT is working with the Division of Employment and Training at CDLE to develop an outreach strategy, workforce toolkit and quick action plan to deploy when closures are announced (preferably at least 2 years ahead of closure). This strategy will include identifying any additional resources that may be needed (though we believe most of this can be done within existing capacity). We will also identify and engage key partners, such as local community colleges, to help develop and execute the strategy.

**Authority:** This action can be taken within existing authority.

**Funding:** This action can be accomplished within existing funding, though modest additional resources may be needed for future implementation.

**Timing:** Ongoing beginning in January 2021. Outreach strategies, workforce toolkit, and quick action plan should be complete by December 2021.

**Lead:** CDLE.

**Worker Strategy 2**

_Encourage the federal government to lead with a national strategy for energy transition workers_

**Description:** The JTAC made significant recommendations for how the public sector can assist workers as they transition from the coal industry to good job opportunities elsewhere in the economy (or to retirement when appropriate). These recommendations include training strategies, financial support for job search and relocation, and temporary "wage differential" and "wage replacement" benefits for those whose new jobs pay less than they were earning in the coal industry. These recommendations are the subjects of worker strategies 3 and 4 below.
However, we believe these programs and benefits would be most appropriately provided at the national rather than the state level, and Worker Strategy 2 is about working with our congressional delegation, other states and national stakeholder groups to encourage the federal government to take on this task. This is our preferred option for reasons of consistency, equity, funding, and simplicity.

Most of this action plan addresses what the legislation refers to as Colorado’s “moral commitment to assist the workers and communities that have powered Colorado for generations.” It is clear that lawmakers saw this moral commitment arising directly from the pending closure of Colorado’s coal-fired power plants.

But the transition away from coal is not just a Colorado phenomenon. Much of the coal mined in the United States crosses at least one state border before it is consumed, and some leaves the country entirely. For example, one Colorado mine sends all of its coal to a power plant in Utah, while much of the coal burned by the five power plants in eastern Colorado is mined in Wyoming. The state’s largest mine exports most of its coal out of state (some of it to Japan), and plans are well advanced to re-open another coal mine in the state to serve markets in Asia.10

For a variety of reasons, miners are likely to make up a significant majority of those who could be laid off from the coal industry in Colorado during this transition. But many (if not most) are likely to be laid-off due to business decisions made or public policies set outside the state. It seems unlikely that lawmakers intended Colorado’s “moral commitment” to extend to those whose job security depends not on Colorado power plants but on national and international markets or business and regulatory decisions made outside Colorado.

The transitions we are seeing in energy markets are national – even global. And we believe the most consistent and equitable response, at least with regard to workers, should be national. The alternative is a hodge podge of state responses, perhaps with some states providing varying levels of assistance to displaced workers and other states providing no support at all. A uniform national approach would avoid such disparities.

In addition, the JTAC recommended a generous level of assistance for workers. At this stage, there are too many variables and unknowns to say with confidence precisely how much these benefits could cost the State to provide. But work done by the JTAC, using research conducted by the Political Economy Research Institute at the University of Massachusetts-Amherst, suggests the total cost of the worker benefits recommended by the JTAC could total $100 million or more over the duration of the transition. No matter how worthy the purpose, we think it is improbable that lawmakers within the next few years would commit to this level of expenditure from a state budget already constrained by a pandemic and the nation’s most restrictive tax and spending limitations. We suspect other states will face similar barriers.

The Federal Government is in a far better position to establish and fund uniform benefits for all energy workers in transition throughout the country. It may also be able to do so relatively simply, in part by amending the existing Trade Adjustment and Assistance Act Program, which already includes financial assistance for certain displaced workers as well as training, job search, and relocation benefits. We believe extending this national program to cover displaced energy workers would be a much better solution than relying on states to adopt a variety of programs that might actually increase national disparities.

First Actions:

1. The OJT will work with the Governor’s Office and relevant Cabinet representatives to explore the feasibility of and gauge support for a national strategy to assist displaced energy workers. We will reach out to legislative leadership, Colorado’s congressional delegation, transition communities, labor leaders, utility representatives, environmental organizations and more to share the concept and enlist support.

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10 This refers to the announced plans of Allegiance Coal Limited, an Australian company that in October 2020 acquired the idle New Elk Mine near the town of Weston in Las Animas County. According to the company’s website, Allegiance plans to return the mine to production in 2021.
Based on the response, we will work with the delegation to develop a legislative strategy and with allies to develop an advocacy strategy and try to build a broad national coalition of support.

Authority: This action can be taken within existing authority.
Funding: This action can be accomplished within existing funding.
Lead: OJT.

Worker Strategy 3

Prepare, for future consideration, a detailed state program to help displaced workers build skills, find good jobs, or start businesses.

Description: The JTAC recommended the state develop “a package of training, job search and relocation support services, similar to the federal Trade Adjustment Assistance (TAA) Program, to help workers achieve their transition goals” (HB 19-1314 specifically directed the advisory committee to consider TAA as a model). For reasons outlined in the description of the previous strategy, we believe the goals of this recommendation are best achieved at the federal level. However, should that strategy not result in federal action, we want to be ready with options for consideration of a state-level program to help workers develop new skills, find new jobs or start their own businesses. Any such program would require legislative authorization and funding, and so our goal is for these options to be ready for consideration as early as the start of the 2022 legislative session.

First Actions:
1. The OJT will lead a process within CDLE, with the assistance of other stakeholders as appropriate, to design a detailed proposal that reflects both the goals of the JTAC and the fiscal realities of the State of Colorado. The proposal will emphasize a broad range of skill development and education choices to help displaced workers maximize their future opportunities. Our goal will be to have a proposal complete by October or November 2021. We will also work to build consensus among stakeholders to support a common approach.

Authority: This action can be taken within existing authority.
Funding: This action can be accomplished within existing funding. If ultimately authorized by the General Assembly, implementation of some components could require significant additional state funding.
Timing: January through November 2021.
Lead: CDLE.

Worker Strategy 4

Explore strategies to protect family economic security through the transition.

Description: The JTAC recommended Colorado implement temporary “wage and health differential” and “wage and health replacement” benefits for displaced workers. It did so out of a clear commitment to the economic well-being of those workers who, through no fault of their own, could suffer the most from the transition away from coal. The JTAC recommended benefits to cover “all or part of the difference in income and health benefits between an individual’s previous coal-related employment” and their new income. They would last between three and five years, depending on a displaced worker’s age and length of service.

This is a bold recommendation -- to our knowledge, no state offers benefits of this level or duration to displaced workers. Through HB 19-1314, lawmakers directed the JTAC to consider these benefits. But they also recognized
they could drive significant costs and could set a precedent for other workers who lose their jobs due to future disruptions in this and other economic sectors. The advisory committee made a good effort to estimate what these benefits for laid-off coal workers might cost. It also made good progress in developing criteria that might be used to determine whether to provide similar benefits to other disrupted workers in the future.

Nevertheless, too much uncertainty remains around cost and scalability for us to feel comfortable advancing this recommendation – especially in the midst of the COVID pandemic and resulting economic downturn. Despite the JTAC’s hard work, we do not yet know how the State might pay for these benefits, and we do not adequately understand the magnitude of the precedent we would be setting for future economic disruptions.

We understand the potential benefits of financial support for these workers, and we urge their consideration as part of the federal response recommended in Worker Strategy 2 (above). In the meantime, OJT will drive a serious process to gain more certainty about costs, scalability, potential sources of funding, and possible alternatives at the state level. And we will engage a broad range of stakeholders in a dialogue about whether the State should implement such a strategy – and how it might do so.

First Actions:
1. OJT will continue to work with state economists to estimate the costs of different assistance options to more accurately inform future decision making.
2. The State will engage existing employers in the coal industry to discuss the role they can and should play in assisting with worker transitions through severance packages, funding retirement benefits, and other strategies (possibly including securitization – there is more on this in Funding Strategy 2 later in this plan).
3. OJT will engage a broad range of stakeholders to help build on the JTAC’s work to determine options; identify potential models from around the country; better understand the role and relationship to existing temporary support programs (including Unemployment Insurance and TAA); discuss eligibility issues concerning miners who serve markets other than Colorado power plants; and further explore the precedential implications of establishing new worker benefits as well as further develop the criteria that might guide their application to other sectors.

Authority: These actions can be taken within existing authority.
Funding: These actions can be accomplished within existing funding.
Lead: OJT, with CDLE.

An Ongoing Commitment to Disproportionately Impacted Communities

Throughout this document, we reference the explicit “moral commitment” made in HB 19-1314 to coal transition communities and workers. The same sentence in the bill’s legislative declaration also includes a moral commitment to “the disproportionately impacted communities who have borne the costs of coal power pollution for decades.” As the JTAC’s draft plan explains, this refers to residents throughout Colorado who may have been “disproportionately exposed to pollution and other environmental hazards by virtue of where they live (for example, low-income neighborhoods located near industrial facilities), where they work, or other factors often related to their socioeconomic status.”

HB 19-1314 provides no further guidance to either the JTAC or the OJT on how specifically to address issues facing disproportionately impacted communities. But we agree with the JTAC that the Legislature included

11 C.R.S. 8-83-501(1)(c)(II).
C. Finding Resources to Support the Transition

A Shared Obligation

Funding a just transition for Colorado coal communities will be a shared obligation among public and private actors at the local, state, and national levels. As the JTAC clearly recognized, and as we have pointed out throughout this document, figuring out the funding details in a time of significant economic uncertainty and fiscal constraints is among the most challenging parts of our work.

Luckily, most of the early actions outlined in this plan can be achieved within existing resources -- or with very modest increases in state funding or support from other stakeholders. And getting these early actions right -- planning well for the transition at the community and individual levels and laying a solid foundation for future strategies -- could greatly reduce the long-term costs of the transition at all levels. There are a wide range of potential sources of funding for these early actions -- even some of the more costly ones. And some sources are particularly well suited for specific strategies in this Action Plan. We are optimistic about many of these.

Specifically, we are encouraged by early indications that there may be meaningful investor interest in supporting business attraction and expansion to diversify local economies in transition communities. In the community section, we outlined our commitment to get the process right to take advantage of any such opportunities. And we believe there may be enough interest among foundations and other funders to provide start-up costs of some of the strategies we have outlined -- a task we describe in Community Strategy 6.

We also will explore ways to maximize investment and financial support for this plan from existing employers (utilities, power plants and mines), whom we believe have an obligation to assist. Coal workers and communities have not only fueled our economy -- they have fueled the economic success of these companies and, for some, their shareholders. Tri-State, which owns both Craig Station and the Colowyo mine in Moffat County, set a hopeful example by pledging $5 million to community support when it closed its Escalante plant in New Mexico. In addition, Senate Bill 19-236 requires that any utility that files a Clean Energy Plan with the Public Utilities Commission that includes the accelerated retirement of existing facilities must also include workforce transition and community assistance plans. At a minimum, this will apply to the three power plants owned by Xcel Energy (Hayden Station in Routt County, Comanche Station in Pueblo County, and Pawnee Station in Morgan County) if, as expected, the Clean Energy Plan Xcel submits in early 2021 includes accelerated closures of these facilities.

\[12\] C.R.S. 40-2-125.5(4)(a)(VII).
As for potential public funding for the strategies in this plan, much work remains to be done. We have already outlined actions to better determine the costs of some strategies proposed by the JTAC. And we have suggested there is a significant role for the Federal Government to play in funding retraining and income support for displaced workers throughout the nation. We are committed to fill out the rest of the puzzle over the coming year.

This Action Plan has three specific Funding Strategies to begin to address these challenges.

**Funding Strategy 1**

*Develop realistic options for further State support of just transition strategies*

**Description:** The potential big ticket items for which we have not yet identified appropriate or adequate sources of immediate funding include:

- Expanding infrastructure in transition communities, the costs of which could be large but can also be scaled based on available resources.
- Helping communities bridge the gap created by lost property tax revenues. The total property taxes paid in 2019 by all coal mines and coal fired power plants was approximately $65 million. Through equalization under the School Finance Act, roughly a quarter of the total loss would be redistributed and shared with all school districts throughout the state. Another specific portion (not yet calculated) would be backfilled through the community assistance plans required of some utilities in SB 19-236. The rest -- perhaps $40 million or more annually if all coal facilities close -- will be lost to counties and other local taxing districts (fire protection, libraries, water conservancy, and more). This gap will persist until new economic growth generates enough new property value to permanently replace what is lost in these communities when coal facilities close.
- Some of the more ambitious components of the JTAC’s recommendations for workers -- especially wage differential and wage replacement benefits, which could cost $100 million or more over the duration of the transition.

**First Actions:**

1. OJT is working with economists at CDLE and issue experts in state government to develop the most dependable estimates of program costs and the actual levels of revenues lost to individual taxing districts in coal transition communities.
2. OJT is working with fiscal experts to identify specific funding options, including repurposing existing revenue streams and tax expenditures, developing other sources of funding, and other fiscal strategies for lawmakers (or voters) to consider should they decide to move forward with any of the more costly strategies discussed in this plan.

**Authority:** These actions can be taken within existing authority.
**Funding:** These actions can be accomplished within existing funding.
**Timing:** Ongoing beginning in December 2020.
**Lead:** OJT.

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13 For a good introduction to how equalization works within Colorado’s School Financing formula, see School Finance in Colorado (2020), Colorado Legislative Council Staff, Research Publication #746, especially “Local Share and State Aid” (pages 14-16).
Funding Strategy 2

Work with utilities and mining companies to increase transition funding

Description: As mentioned, we believe the utilities and mining companies share some of the obligation for funding community and worker transitions, and we will work with them on ways to do that. Options include direct financial assistance for communities and workers as well as locating new energy infrastructure projects in transition communities for the benefit of local tax revenue and employment. An additional mechanism, referred to as power plant “securitization,” was authorized through SB 19-236 and could provide significant additional resources for communities and workers through a form of debt refinancing.

First Actions:
1. The OJT will seek to work directly with and assist power plant and mine owners on strategies for supporting transition workers and communities, either directly or by helping fund some of the strategies in this Action Plan.
2. The OJT will coordinate with the Colorado Energy Office and staff at the Public Utilities Commission to further explore options, including securitization, that can be leveraged through the regulatory process.

Authority: These actions can be taken within existing authority.
Funding: These actions can be accomplished within existing funding.
Lead: OJT, with CEO.

Funding Strategy 3

Ensure the OJT has adequate capacity to continue to develop and implement this Action Plan.

Description: By far, the greatest needs for investment and funding are in transition communities and among displaced workers. The role of OJT and other state agencies is to effectively coordinate and support those transition efforts and to leverage state resources, programs, and authority to benefit local transitions. Right now, the OJT is an office of one person. In his budget for FY 2021-22, the Governor has requested a modest increase in funding and staffing (up to a total of 3.5 FTE) for the office to better ensure it can achieve its goals on behalf of these communities and workers.

First Actions:
1. CDLE will support the Governor’s budget request for OJT through appropriate channels and will provide any data and other information the General Assembly needs to determine whether to include additional funding for OJT in the state budget.

Authority: This action can be taken within existing authority.
Funding: This action can be accomplished within existing funding.
Timing: January through June 2021.
Lead: CDLE.
D. Keeping this Action Plan Current

A long-term commitment to success

Colorado’s transition away from the use of coal as a fuel for generating electricity will span many years. We anticipate three basic phases (with some overlap):

1. **Preparation**, during which we lay the groundwork for a successful transition by planning and beginning to implement strategies to assist communities and workers. This phase began with the passage of HB 19-1314 almost two years ago, and we expect it will continue until 2023 -- and longer in some communities.

2. **Closure**, during which Colorado’s remaining power plants (and some coal mines) close down. This will be the period of maximum negative impact to workers and local economies. While it will happen sooner in some communities than in others, as a state we expect this phase to last from 2023 through at least 2030.

3. **Recovery**, during which workers and communities complete their transitions to a future after coal -- a future we are committed to making as bright and prosperous as possible. We believe this phase can begin soon, as communities get a head-start on diversifying their economies and workers start planning early to take charge of their own futures. It will end when we have accomplished the goals for workers and communities laid out in the Executive Summary of this plan.\(^{15}\) How long this phase lasts will depend on how soon we start and how much energy and focus each of us brings to the effort.

This plan outlines only those strategies and actions we plan to take over the next several years -- during this initial **preparation phase** of the transition. We intend for these strategies and actions to lay a solid foundation for an effective longer-term process. And we will be reporting on our progress and updating this plan on an annual basis. We will do so through a transparent process that engages stakeholders (especially through the Just Transition Advisory Committee), builds on successes, and reflects the lessons from any mistakes we make along the way.

None of this will be easy. But the Office of Just Transition takes seriously the "moral commitment" the State made in House Bill 19-1314 to "a just and inclusive transition." Coal workers and communities are obviously in this for the long haul, and we are too.

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\(^{15}\) Goals from the Executive Summary:

- Through a just transition we intend to help each community end up with more family-sustaining jobs, a broader property tax base, and measurably more economic diversity than when this process began in 2019.
- Through a just transition we intend to help workers who are laid off from the coal industry or related businesses secure good new jobs with family-sustaining incomes -- and to help them do so without sacrificing their families' economic security. This includes achieving secure retirements for older workers who may not wish to stay in the workforce.
APPENDIX

Coal Communities

When HB 19-1314 passed in 2019, eight coal-fired power plants were operating in Colorado. One closed that year, and the remaining seven are likely to close over the next 10-15 years. As a direct result, at least some of Colorado’s six operating coal mines are likely to close as well. The most negative impacts are likely to be concentrated in four communities or regions encompassing six counties. This plan refers to these as “Tier One Transition Communities.” They are:

- The West End of Montrose County, and particularly the towns of Nucla and Naturita, which was home to a coal-fired power plant (closed in 2019) and a coal mine (closed in 2017) that together employed over 90 workers, and in 2017 paid $1.8 million in property taxes to the county, local schools and other special districts.

- The Yampa Valley (Routt, Moffat and Rio Blanco counties and the communities of Craig and Hayden), which as a region is home to two coal-fired power plants and four coal mines that collectively employ almost 1,000 workers, and in 2018 paid over $19 million in property taxes to local districts. Most of these facilities are expected to close between 2025 and 2031.

- Morgan County, and the cities of Ft. Morgan and Brush, which is home to a coal-fired power plant that employs nearly 80 workers and in 2018 paid approximately $12.7 million in property taxes to local districts. Early closure of this facility has not been announced but could happen between 2025 and 2030.

- Pueblo County and the City of Pueblo, which are home to a coal-fired power plant that employs 150 workers and in 2018 paid more than $29 million in property taxes to local districts. Two of the three units of this facility are set to close between 2023 and 2026. The accelerated closure of the third unit has not been announced but could happen by the early 2030s.

A second tier of communities in five Colorado counties either face significantly less disruption or are home to coal mines that supply markets that are not directly related to electrical generation in Colorado. They are:

- El Paso County, home to two coal-fired power plants that together employ 166 workers. One is scheduled to close in 2023 and the other in 2030. However, because they both belong to Colorado Springs Utilities, a community-owned utility run by the City, there will be no property taxes lost when they close. The utility has also committed that there will be no layoffs resulting from these closures.

- Larimer County, home to a coal-fired power plant that employs approximately 100 workers and is scheduled to close by 2030. This facility is owned by Platte River Power Authority, which also is a community-owned utility (serving the cities of Estes Park, Fort Collins, Longmont and Loveland), meaning there will be no property taxes lost when it closes. The utility has also stated it will try to avoid any layoffs resulting from this closure.

- Gunnison County, home to the state’s largest coal mine, and neighboring Delta County, where most of the miners live. With roughly 350 employees, the closure of this facility would significantly impact both counties and nearby communities. However, no such closure is publicly known or anticipated, and the mine serves mostly out-of-state markets (including some global customers).

- La Plata County, home to a coal mine that employs around 90 workers. This facility is owned by and provides fuel for a regional cement and concrete producer. It is not related to electricity generation and is not expected to close within the timeframe of this plan.

Finally, we should note that coal mining might soon make a comeback in Las Animas County, which has a long history with the industry dating back more than a century. The new owners of New Elk Mine – an idle coal mine near Weston, west of Trinidad – recently announced plans to reopen the mine to provide coking coal to markets in Asia. Their plans are to begin production in 2021 and to employ over 300 people at full production, suggesting that coal mining may continue in Colorado long after the State’s last coal-fired electrical power plants close.17

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16 Closure dates and plans referenced in this document are based on formal announcements from the companies themselves or are estimated based on best available information from the companies and other reliable sources. The greatest uncertainty exists around the potential closure of coal mines. All of the dates in this document should be considered to be estimates, and none should be considered firmly established unless explicitly stated.

17 Information about plans for the New Elk Mine are from a briefing of Just Transition Office Staff by Mark Gray, Chairman and Managing Director, Allegiance Coal Limited, November 2, 2020, and from Allegiance Coal Limited’s Website.