

North Carolina's Clean Energy Plan: Ensuring a Just Transition

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I. Overview

In 2018, North Carolina Governor, Roy Cooper, signed Executive Order 80, which called for modernizing North Carolina's production of electricity using clean energy sources.¹ The Clean Energy Plan states three major goals for the future of energy production in the state. First, the plan seeks to reduce 2005 level emissions by 70% by the year 2030.² Second, the plan seeks to create a more affordable and stable price structure for those living in North Carolina (N.C.).³ Finally, using clean energy innovation, the Clean Energy Plan seeks to create economic opportunities for all parts of the state.⁴

The final goal of the plan includes prioritizing a just transition to clean energy in the State. The movement for ensuring just transitions to renewable sources of energy originated in worker's unions.⁵ These unions were concerned that their members would be adversely affected by major environmental legislation, beginning with the National Environmental Policy Act in 1970. The goals of the movement were simple, as "trade unionists understood just transition as a program of support for workers who lost their jobs due to environmental protection policies."⁶ Over time, the principle of just transition has evolved past simply focusing on preventing job loss or providing new opportunities for those who found themselves jobless. As environmental justice groups began to arise in the United States, the principle of just transition began to address

¹ *Clean Energy Plan*, NC DEQ, (Oct. 2019), <https://deq.nc.gov/energy-climate/climate-change/nc-climate-change-interagency-council/climate-change-clean-energy-16>.

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ Samantha Smith, *Just Transition: A Report for the OECD*, JUST TRANSITION CENTRE (2017), 1.

⁶ *Id.*

racial inequalities and impacts to low-income communities. Now, a “just transition” to clean energy has the ultimate goal of create a system that “emphasizes the co-existence of a healthy environment and a strong economy,”⁷ while also encouraging processes that are “inclusive, equitable, and community-driven.”⁸ Achieving a just transition is not just an American ideal, as its language has been integrated into numerous international organizations and climate agreements, such as the Paris Agreement and the United Nations Conference on Sustainable Development.⁹ This inclusion demonstrates that the implementation of a just transition to clean energy is an integral part of any modern clean energy plan.

This paper will first discuss the just transition provisions included in North Carolina’s Clean Energy Plan and will analyze whether these provisions will be successful in the future. It will then use case studies from other states to illustrate how other areas have had successes and failures in ensuring a just transition. Finally, using the case studies and existing provisions in North Carolina, this paper will suggest potential improvements that the North Carolina Clean Energy Plan could adopt to strengthen its focus on a just transition.

II. Existing Provisions in the N. C. Clean Energy Plan Focusing on a Just Transition

North Carolina has demonstrated a strong interest in creating a just transition when moving away from traditional sources of electric power. The plan breaks its equity goals into two different groups, with one focusing on creating affordable, accessible access to new forms of

⁷ Matthew S. Henry, Morgan D. Bazilian & Chris Markuson, *Just Transitions: Histories and Futures in a Post-COVID World*, 68 ENERGY RSCH. & SOC. SCI. 101668, 2 (2020), <https://doi.org/10.1016/j.erss.2020..>

⁸ *Id.*

⁹ *Id.*

energy and the other focusing on the equitable distribution of the economic benefits and the mitigation of detriments caused by transitioning to clean energy sources.

As stated above, the first stated goal of the state’s Clean Energy Plan is to provide access to affordable, clean energy. In this section of the plan, the state seeks to address the fact that people in low-income communities are unlikely to have access to new, clean energy technologies. Low-income households in North Carolina already pay between 17% and 21% of their incomes on electricity bills.¹⁰ In addition, the plan states that over 1.4 million people in North Carolina are paying a “disproportionate amount” of their income towards electricity.¹¹ In households that already have such a high proportion of household income tied up in electricity costs, there will likely not be any further investment in clean energy. The plan recognizes that “low-income households may not be able to take advantage of existing programs for clean energy due to up-front costs and financing.”¹²

The Clean Energy plan’s second goal of ensuring that the benefits and detriments of transitioning to clean energy contains three recommendations for ensuring a just transition. First, the plan recommends that historically marginalized individuals should be included in decisions regarding the locations of new electricity assets and other programs that will affect their economic or physical wellbeing.¹³ Second, the State recommends launching an apprenticeship program, open to individuals of all racial and socioeconomic backgrounds, that focuses on preparing the next generation for jobs in the clean energy sector.¹⁴ Finally, the plan recommends

¹⁰ *North Carolina Clean Energy Plan*, *supra* note 1, at 113..

¹¹ *Id.*

¹² *Id.*

¹³ *Id.* at 120.

¹⁴ *Id.* at 122.

that well-paying, sustainable jobs should be made available to workers who are displaced by establishing a clean energy economy.¹⁵

III. Assessing the Just Transition Provisions of the N.C. Clean Energy Plan

As already mentioned, the Clean Energy Plan's first recommendation for achieving a just transition is allowing historically marginalized communities to be part of the decision-making process for establishing a clean energy economy in the State. The inclusion of these communities in the decision-making process is critical to the success of a just transition, as these communities are the ones who have been most affected by poor energy policy in the past.¹⁶ The North Carolina Climate Science Report found that historically marginalized communities have been disproportionately exposed to dangerous materials and pollution due to discriminatory housing and zoning laws that allowed power plants and toxic waste to be stored in their communities.¹⁷ Although these populations have historically been located near harmful byproducts of traditional energy production, they have been largely shut out of employment and investment opportunities in the energy sector. By establishing a way for these communities to actively participate in decision-making processes regarding the location of energy assets and the distribution of state funding for infrastructure could assist in repairing issues historically neglected by the energy sector.

While the goal of including historically marginalized communities in critical decision-making is included in the Clean Energy Plan, it is only a general idea and does not provide specifics for how this goal will be achieved. The plan only mentions that the "[Department of

¹⁵ *North Carolina Clean Energy Plan*, *supra* note 1, at 123.

¹⁶ *North Carolina Clean Energy Plan*, *supra* note 1, at 120.

¹⁷ *Id.* at 121.

Environmental Quality] will report to the Governor’s Office how it is implementing actions that ensure meaningful participation and inclusion of historically marginalized communities and considering impacts on those communities in agency decision making related to energy.”¹⁸ In order to ensure that these groups can participate in decision-making and ensure that their communities’ concerns are included in every clean energy decision, the State of North Carolina needs a more concrete plan to elevate the concerns of these groups to a level in which they will be heard. The plan does mention “a concerted effort to reach out to community members, grassroots organizations, and tribal government to understand how different options will impact them,”¹⁹ but it fails to provide a mechanism for doing so. Therefore, this provision will likely be unsuccessful in incorporating these groups into decision-making processes unless there is further action in this area.

The second just transition recommendation that the Clean Energy Plan contains is the creation of a clean energy apprenticeship program within the existing Apprenticeship NC program. The Apprenticeship NC program allows those from any educational or socioeconomic background to combine “on-the-job” learning with educational opportunities at North Carolina community colleges, allowing participants in the program to learn a new, highly-skilled trade.²⁰ The Clean Energy Plan plans to work with the NC Community Colleges System and the U.S. Department of Labor to identify clean energy career pathways and create apprenticeships to pursue those careers.²¹ This goal also includes provisions that extends these opportunities to small businesses, historically underutilized businesses, and Historically Black Colleges and

¹⁸ *Id.* at 121.

¹⁹ *Id.*

²⁰ *Apprentices*, APPRENTICESHIP NC, <https://www.apprenticeshipnc.com/>, (last accessed Dec. 15, 2020).

²¹ *North Carolina Clean Energy Plan*, *supra* note 1, at 121.

Universities.²² By including such a provision in the plan, the State will not only create widespread economic opportunity, but opportunities that seek to “ensure equitable outcomes” in the clean energy space.²³

The final just transition recommendation found in the Clean Energy Plan is the creation of “family sustaining wages and benefits in renewables and grid infrastructure . . . for low-income communities and workers displaced by the transition to a clean energy economy.”²⁴ This goal speaks to the core principle of a just transition—creating jobs for those who are most affected by a change in environmental and energy policy. The plan’s vision for improving the economic outcomes for low-income communities references the same apprenticeship program detailed in the previous goal with the addition of prioritizing job training and other resources for those displaced from traditional energy employment. This section also details a partnership between the Department of Commerce and DEQ in the Clean Energy and Clean Transportation Workforce Assessment, a report that identifies growing industries in clean energy and provides recommendations for creating sustainable employment for the aforementioned “most affected” communities.²⁵

In addition, the plan includes a section focusing on supporting rural areas. It seeks to make sure that rural areas are not cut off from the creation of clean energy infrastructure, manufacturing, and other economic opportunities. However, there are mixed results on whether rural areas are being included in the economic opportunities presented in the transition to clean energy. A report by E2 shows that the counties with the most clean energy jobs per capita are

²² *Id.*

²³ *Id.*

²⁴ *Id.* at 123.

²⁵ *Id.*

highly-populated, urban counties, such as Mecklenburg and Wake Counties.²⁶ Additionally, Charlotte and Raleigh are home to one-third of all clean energy jobs in the state.²⁷ However, there has been some progress in this area, as rural areas are home to 29,000 clean energy jobs, about one-quarter of all clean energy jobs in North Carolina.²⁸ Additionally the plan seeks to create family sustaining jobs, but energy companies in North Carolina, such as Duke Energy and others, are increasingly using contractors that do not pay living wages and benefits to their employees.²⁹

While the state's Clean Energy Plan recognizes this and makes the point that energy companies should work with "high road" contractors that are known for good pay and benefits, the State does not introduce any formal mechanism that will persuade energy companies to behave in a way that is not best for their economic interests.³⁰ In order to create well-paying jobs that can support historically marginalized communities and those communities that will experience significant job losses due to the Clean Energy Plan, the state government must establish mechanisms by which they can enforce energy companies paying a living wage. For example, when approving rate changes for energy companies operating in a state-approved monopoly, the state government could make any change contingent on paying workers a living wage and using "high road" contractors.

Ultimately, the most glaring issue with establishing a just transition through the Clean Energy Plan is the lack of a centralized agency. A centralized agency is necessary to keep track of progress made towards accomplishing each of the plan's goals, in addition to working with the

²⁶ *Clean Jobs North Carolina 2019*, E2, (June 18, 2019), <https://e2.org/reports/clean-jobs-north-carolina-2019/>.

²⁷ *Id.*

²⁸ *Id.*

²⁹ *North Carolina Clean Energy Plan*, *supra* note 1, at 124.

³⁰ *Id.*

various governmental agencies and non-governmental organizations that will be vital in creating an equitable future for North Carolina's energy future. For each recommendation in the Clean Energy Plan regarding equity and a just transition, the DEQ's plan lists three or more outside agencies that are involved. As a result, this calls for a dedicated state commission or agency that can handle the day-to-day aspects of inter-agency relations and grassroots communications.

IV. Case Study: Colorado's Office of Just Transition

Colorado, like North Carolina, has shifted its energy policies towards a future in renewable energy. The state government of Colorado, in 2019, recognized that coal workers and those living in communities that are based around the coal industry would lose a major source of jobs and tax revenues. In order to respond to this situation, the government declared that Colorado had a "moral commitment to assist the workers and communities that have powered Colorado for generations, as well as the disproportionately impacted communities who have borne the costs of coal power pollution for decades."³¹ To show this commitment, the State of Colorado's Department of Labor and Employment created the Office of Just Transition. This office has several, detailed roles, but it includes creating economic solutions to respond to economic dislocations, creating a Just Transition Advisory Committee (JTAC) and engaging with other administrative agencies to carry out the Just Transitions program for the State.³²

The JTAC has already achieved one of the goals stated in North Carolina's Clean Energy Plan: creating a decision-making body that includes those in affected communities and historically marginalized populations. The JTAC in Colorado includes representatives from

³¹ *Draft Colorado Just Transition Plan*, COLO. DEP'T OF LAB. AND EMP. (Aug. 1, 2020), https://cdle.colorado.gov/sites/cdle/files/2020-09/draft_colorado_just_transition_plan_08.03.2020.pdf.

³² *Id.*

energy companies, government bodies, members representing rural counties, members representing tribal interests, and other members representing marginalized communities.³³ While there is not enough data yet to show that economic opportunities will be extended to rural areas affected by the loss of coal-related employment or to historically marginalized areas, having members of these affected groups on the JTAC will ensure that their voice is heard in every decision made by this body when drafting their Just Transition Plan. Also, by having members of all outside groups and a central hub to track progress on just transition related initiatives within the state government, the JTAC has created an efficient, consolidated body of decision makers.

In addition, the JTAC has created a forty page Just Transition Plan that details specifics on how to achieve the major goals of their just transition in Colorado.³⁴ In addition, it includes details on training, job search, and relocation support. These types of traditional just transition mechanisms include actual dollar amounts that each individual is entitled to use towards securing additional education, travel, and even cost-of-living subsidies for relocations to more expensive areas in Colorado.³⁵ The plan also includes specific details on providing income differential assistance for those who found new jobs in Colorado that paid less than the jobs that they had in the coal industry, including a breakdown of how much income could be subsidized and for how long the benefits would last.³⁶

The Just Transition Plan also addresses the final goal of the Clean Energy Plan, which is to provide economic opportunities to those from areas that will be adversely affected by the transition to renewable energy sources. This part of the plan is less specific than the individual

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Draft Colorado Just Transition Plan, supra* note 31.

benefits portion, but that is done purposely in order to allow local communities to decide how they would like to enter the future, whether it be relying on new, clean energy jobs or diversifying the local economies. After the local governments and citizens make their decisions, the JTAC states that the State will provide funding to provide them with the resources that are needed to follow whichever economic path they choose. However, one way that the JTAC is ensuring that economic opportunities begin to develop in these areas is by pledging State investment into housing, internet access, healthcare, education, and replacing lost tax revenues. These infrastructure changes will not only seek to soften the blow for those losing their jobs, but to provide the necessities to be prepared for an entrance into a modern economy.

Ultimately, the Colorado Just Transition Advisory Committee and its Draft Colorado Just Transition Plan are a stark contrast to the North Carolina Clean Energy Plan and its just transition provisions. Instead of relying on the state's environmental agency to be a liaison to both government and non-governmental organizations, Colorado created a more efficient and inclusive decision-making body that created a specific plan for supporting a just transition. To provide displaced workers and historically marginalized communities with an equal chance to benefit from the transition to clean energy, North Carolina should follow the lead of Colorado, and establish a state-led body that will focus solely on securing a just transition for the future of the state.