JUST TRANSITION ROUNDTABLE SERIES RECOMMENDATIONS

Regenerative Recovery Coalition | January 2023

THE ALLIANCE CENTER

COLORADO'S REGENERATIVE RECOVERY

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Just Transition Roundtable Series Recommendations

Overview & Justification

As Colorado continues the switch to renewable energies to meet our Greenhouse Gas (GHG) reduction goals, there is a moral responsibility to assist workers and communities in heavy fossil fuel development regions through economic investments in workforce development programs, safety nets for workers, bolstering local economies who are overly reliant on tax revenues from the sector and repairing the negative environmental harms relating to the production, transportation and refinement of oil and gas. So far, just transition programming at both the state and federal level has been mostly reactive, responding to the downturn in the coal industry, while ignoring the other key components of the fossil fuel economy like oil and gas. Instead of creating a comprehensive strategy for transitioning away from fossil fuels, we are curbing our ability to proactively address the side effects of the unfolding energy transition, leaving workers and communities in the lurch. This current short-sided approach prevents younger workers from having the time needed to build skills in transferable industries, while training current workers for jobs that are likely to disappear in the future. Putting in place robust transition programming now would allow time for this retraining, in addition to supporting economic diversification for impacted communities, and giving companies time to secure pensions, remediation funds, and identify new business models while they are still profitable.

In Colorado, the oil and gas extraction, pipeline construction and transportation, and related support industries make up just 1.8% of total wages in the state, 3.4% of total personal income, 3.3% of GDP and less than 1% (0.7%) of total employment. Despite these numbers, taxes received from industry play a huge role in supporting the communities where it is located, signaling the need for targeted support as Colorado continues its energy transition.

Community Dependence on Oil & Gas

A recent report from the Colorado Fiscal Institute highlights the disparity between counties in Colorado and gives additional information about oil and gas in Colorado's economy. Thirty-six of Colorado's 64 counties had oil and gas assessed property value in 2021, with several counties having over 40% of property tax coming from oil and gas, including Dolores, Rio Blanco, Garfield, Weld and Montezuma. Only nine of the 36 counties receive more than 10% of their property taxes from oil and gas property. In 2021, $11.9 billion was generated from property tax in Colorado. Of this total, $621 million came from property taxes on oil and gas property (5.2%).

Of that $621 million, $210 million goes to schools, $128 million goes to counties, and the rest funds cities and special districts (like fire protection districts). Counties received 19.5%, Special Districts 18.8%, the City and County of Denver 4.9%, municipal governments 4.6%, and local district colleges 1.2%. In an extreme example of reliance on taxes from the industry, Platte Valley RE-7 School District receives 86% of its funding from property taxes from oil and gas. Total contributions from the industry were $958.3 million in 2021. In addition to property taxes, oil and gas contributes to state severance taxes, the State Land Board, the federal mineral lease and the Oil and Gas Conservation and Environment Response Fund.

It is worth noting that state auditors have found considerable underreporting from well operators on how much they produce. An audit looking at the period of 2016-2018 found that the Colorado Oil & Gas Conservation Commission failed to collect thousands of production reports from well operators which impacts the amount of severance tax received, and if properly fined and accounted for, the state could have collected more than $308 million in fines. This is in addition to the tens of billions of dollars in direct and indirect subsidies from federal and state governments that the fossil fuel industry has received for decades. The Environmental and Energy Study Institute reported that the US spends $20.5 billion per year on direct subsidies alone. This does not include the estimated $649 billion per year in subsidies when externalities such as public health, environmental and climate change impacts are factored in. The industry also benefits from exemptions in major environmental statutes put in place to protect public health including the Clean Water Act, Clean Air Act, and the Safe Drinking Water Act. Addressing production and consumption subsidies through coordinated policy approaches at the state and federal level can help to both remove barriers to and help fund the transition away from fossil fuels.

The Transition is Already Underway - Job Trends & Economic Forces

Colorado has taken important steps to facilitate the transition away from coal, creating a new office through the passage of House Bill 19-1314 and the creation of the Office of Just Transition. The lack of focus on just transition programming for the oil and gas sector, however, highlights a current gap in Colorado state policy, despite trends showing that the industry is in decline and will continue to slow down over the decades to come. According to data from the Bureau of Labor Statistics (BLS), oil and gas jobs have decreased by nearly half since 2015, with many jobs not recovering from pre-pandemic levels. Around 12,000 jobs have been lost in the sector since 2019 alone. While the pandemic put great strain on the industry, job trends have been progressively turning downward, due to the overall structural viability of the sector. BP Oil's 2020 Energy Outlook stated that:

"Energy markets will undergo lasting change, shifting towards renewable and other forms of zero- or low-carbon energy. That demand for oil and gas will be increasingly challenged."

According to CU Boulder's Colorado Business Economic Outlook, uncertain demand in the future puts Colorado jobs in oil and gas on a downward trajectory. Recent reports have shown that market forces and regulatory initiatives will cause the oil and gas sector to diminish in the coming years, and many oil and gas executives agree, with half of those surveyed in a recent study expecting to see their core business decline within a decade.

A 2021 report from the Blue Green Alliance analyzing the oil and gas sector in Colorado makes the case for proactively planning for energy transition and its impacts in conjunction with workers:

"The renewable energy and electric vehicle sectors are envisioned to take on increasingly more market share. In such an eventuality, the oil and gas sector would see fewer earnings, decreased profitability, less economic impact in the states where it is located, and increased layoffs."

The Blue Green Alliance recommends that the Colorado government should be "Proactively engaging with this workforce (both induced and supplier oil and gas jobs) in advance of any potential structural changes in the energy sector" to understand who will be the most impacted by the transition and to allocate funding and resources appropriately.

The economic landscape of oil and gas production and related support industries means that transitions within the energy sector will have hyper-local impacts in communities where it is located, while the climate crisis will have far reaching impacts on the state's communities and economy as a whole.

Oil and Gas Impacts on Climate Change and Pollution

Scientists globally are pushing for "immediate and deep emissions reductions across all sectors" to keep global temperature rise below 1.5C. The oil and gas industry and the related combustion of GHGs that it produces is one of the top contributors to climate warming. Coloradans are already suffering from the climate crisis, feeling the impacts of the worst megadrought in 1200 years, and the 20 largest wildfires in recorded history since 2000. Twenty-four Colorado counties have already warmed between 1.5 and 2.4 degrees Celsius, with Western Colorado warming about double the nation's average. Colorado's Greenhouse Gas Pollution Reduction Roadmap summarizes the impacts of climate change in Colorado: decreased snowpack and earlier runoff, less water availability, lower water quality, risks of increased flooding, increased drought and drier soil, decreased crop yields, smaller herd size,

increased insect, disease and drought impacts on trees and crops, increased risk of wildfires, increased area burned, heat-related health risks, health impacts from ozone, increased risk of asthma and other respiratory diseases, increased risk of vector-borne diseases, wildlife population impacts, and increases in invasive species. These impacts profoundly affect our citizens, visitors and ecosystems.

Oil and gas production is a large contributor to Colorado's GHGs, especially when the emissions from oil and gas that is exported out of state are recognized. Colorado exports 66-75% of gas it produces and 75-90% of oil, according to the Energy Information Administration. While Colorado shouldn't include exported emissions in its GHG reporting to the EPA (this would be double counting), we should be mindful of the impacts exported emissions have on the climate and Colorado communities, and include them in our goals for reducing emissions despite them being burned outside of state lines.

Additionally, oil and gas production is the top source of ozone pollution leading to severe air quality nonattainment along the Front Range, with impacts felt most acutely by those living closest to oil and gas production and refining sites, which are most often low-income communities and communities of color. Gas power plants such as Xcel Energy's "Cherokee" and "Arapahoe" plants also emit toxic pollutants like nitrogen oxide (NOx) and sulfur dioxide (SO2), severely impacting the health of low-income residents in North Denver. These issues place a significant health and financial burdens on Coloradoans.

Economic damages from the oil and gas sector in the US are predicted to be between $13 billion-$29 billion, which is mostly due to health damages from premature deaths. Since their premature death estimates for Colorado is about 3.7% of the national estimates, total damages for Colorado will be between $480 million and $1 billion. The current economic model of the oil and gas industry externalizes costs such as land, water and air pollution disproportionately on already marginalized communities. The Colorado Fiscal Institute estimates that the total economic damages between 2020-2030 would be $13.6 billion, using the $68 social cost of carbon in Colorado law.

As we continue to decarbonize our economy to address these issues, a coordinated statewide effort will be required to ensure that the market shift to renewable energy empowers and supports fossil fuel dependent workers and impacted communities, while repairing the environmental harms from the oil and gas industry.

Colorado's Responsibility to Support a Just & Equitable Clean Energy Transition

The US has experienced many technology transitions since the industrial revolution, most of which have been due to market forces and were left unmanaged. This has led to significant outcomes, with communities often feeling "left behind," and some still reeling socially and economically. Reluctance to transition from workers, labor unions and others has come from valid concerns about the social and economic ramifications. A managed decrease, rather than a boom-and-bust collapse in new oil and gas production is needed, woven with just and equitable transition policies that provide adequate financial, technical and social resources to workers and communities.

This comes at a time when there are major gaps in skilled labor and training opportunities in the energy efficiency, electrification and renewable energy sectors. Given our abundant renewable resources, Colorado is well positioned to be a leader in the energy transition. To fully support this shift, we will need the expertise of skilled workers in the oil and gas industry to help usher in a low-carbon future. Prioritizing areas where workers can transfer their skills to analogous low-emission sectors is incredibly important. Legislation should assess current workforce gaps and build programming in partnership with apprenticeship training facilities, trade schools and higher education institutions to implement viable and accountable programs at every educational level to build the workforce required to meet our climate goals.

Targeted stakeholding with communities impacted by both a decline in energy production and jobs, as well as pollution from the industry, is critical at every step to ensure that the transition is led and guided by those most affected, with support from state and local governments. While there will be many jobs in renewable energy as the transition continues, deep community listening is needed so that opportunities are offered in areas that fit related skills and interests including construction, healthcare, technology, entrepreneurship and well plugging and abandonment.

A holistic approach to just transition programming will consider the whole community - in addition to the workers - and will include environmental remediation programs alongside social and economic support. The energy transition presents opportunities to ameliorate past harms and to build a better future. Policy initiatives should support moving towards distributive and regenerative economic models that protect the environment and public health, center frontline communities, build local resilience and foster economic prosperity.

Funding Opportunities

To fully support a just and equitable transition, Colorado should identify and leverage funds available through the Inflation Reduction Act (IRA) and the Bipartisan Infrastructure Investment and Jobs Act (IIJA).

Potential funding to support a just transition from the IRA include:

- Title V, Subtitle A, Sec. 50123 (State-based home energy efficiency contractor training grants) provides states with funds to implement a training program for contractors involved in energy efficiency and electrification
- Title VI, Subtitle A, Sec. 60103 (Greenhouse Gas Reduction Fund) provides $7 billion to states, municipalities, and tribal governments to make grants
- Title VI, Subtitle B, Sec. 60201 (Environmental and Climate Justice Block Grants) provides grants for community-led pollution monitoring, prevention, and remediation, and investments in low- and zero-emission and resilient technologies and related infrastructure and workforce development to help reduce greenhouse gas emissions and other air pollutants.

Funding sources are also available through The Interagency Working Group on Coal and Power Plant Communities (IWG) and Economic Revitalization, which identifies Greeley, Colorado as one of 25 priority communities across the country. The IWG states that "the priority communities were presumed to be in need of the most immediate transition assistance" and further states that "'fenceline' communities are communities situated near energy or industrial facilities and are affected by the decline in businesses associated with logistics, services, and energy supply chains, and by the environmental and health impacts connected to these sites." It is recommended that state offices tasked with the just transition of fossil fuel communities work with IWG and communities like Greeley to access funds from the IWG funding database, which features a clearinghouse of over 160 federal funding opportunities.

Roundtable Process

The Just Transition Roundtable Series (JTRS) was convened by the Regenerative Recovery Coalition, a program of The Alliance Center. The Alliance Center brings people together to solve systemic problems, bridging gaps between environmental and social movements. The JTRS convened labor, environmental justice, economic policy, community groups and individuals both currently and formerly working within the oil and gas industry to start a dialogue around the needs surrounding the transition away from fossil fuels as the state pushes towards a decarbonized future.

The conversations were facilitated by CSU's Institute for the Built Environment. Around 30 roundtable participants met in person and primarily virtually for a total of six sessions between November and January. Meetings were structured to maximize group participation and feedback, with the bulk of the work occurring in breakout sessions focused on core themes and guiding principles identified early on in the series. The outcome of these meetings are the policy and decision-making recommendations below, for which there was strong consensus and support for by group participants.

We understand that the political feasibility of the ideas below varies greatly. Recommendations were made through the lenses of environmental, worker, and community justice. We recognize that to truly fund and carry out the vision below, multiple bills may be required, in addition to repealing or modifying restrictions in TABOR to allocate the needed resources. While the legislature should act swiftly to make use of the critical window of opportunity available from federal funds like the IRA and IIJA, some of the ideas below will take longer to stakeholder and implement. Thoughtful policy integration and community stakeholdering at every level will be critical to implementing the energy transition in a way that is just and equitable for Colorado workers and communities.

Key Objective

Fostering economic and physical health for individuals, families, and communities who are directly connected to and disproportionately impacted by the oil and gas industry, in alignment with the policy and market shift toward electrification, energy efficiency, and renewable energy alternatives in Colorado.

Four Core Guiding Principles

Ensure that current and former oil and gas workers and their communities are engaged and sufficiently informed, protected, and supported.

Address and reduce negative health and environmental impacts to historically marginalized communities while advocating for employment and economic growth for disproportionately impacted communities.

In consultation with workers, communities and other stakeholders, the state should coordinate transitional support systems, retraining, investment, and revenue sources to promote economic stability and incentivize employment opportunities for current oil and gas workers and communities.

Support a managed decrease of oil and gas production in Colorado that minimizes the adverse effects on workers and their families while reducing both the toxic burden on communities and the associated greenhouse gas emissions, keeping global temperature rise below 1.5C and supporting the restoration of clean air, water, soil, and healthy ecosystems.

Key Strategies

1. Enhance and ensure workplace safety, protections and good jobs for past, current, and future oil & gas workers

A. Increase worker protections, enforcement and good quality jobs.

- Identify and address gaps in current worker health and job site safety
- Provide access to health care (including mental health services) for transitioning workers (potential for portable benefits) and their family members
- Create or enhance whistleblower protections and enforcement for current and future oil and gas workers
    - Develop more stringent whistleblower protection laws
    - Provide education to workers on their rights and options for whistleblowing
- Ensure highest job quality in adjacent industries that workers can transition into by requiring family sustaining wages, robust benefits, predictable scheduling, professional development and advancement opportunities, and safe and inclusive work environments
    - Support unions and unionization efforts for existing oil and gas jobs, as well as new jobs that take on transitioning workers, such as jobs in renewable energy, energy efficiency, and electrifying homes, buildings, and infrastructure
- Address the unique needs of undocumented workers
    - Ensure that financial supports reach this community (federal funds often cannot go to undocumented workers but there may be more flexibility for state, county, or municipal funds)
    - Reduce risk of deportation for undocumented workers
    - Provide access to legal resources for undocumented workers in the oil and gas industry
    - Health and safety risks for this community are exponentially increased as they have little recourse for infractions (undocumented workers often have no access

to workers compensation, no protection against retaliatory firing, and it is harder for them to access health care and health services, etc.)

2. Individual Support and Workforce Development

A. Create workforce development, training/retraining, skill transfer, education programs, and tuition support for current, past, and future transitioning workers. Include wraparound services for transitioning workers during education and training periods.

- Match oil and gas worker skill sets to workforce demand in related fields
    - Leverage existing skills during transition into new career (i.e., emerging green energy economy fields)
    - Determine what additional skills workers need to transition
    - Prioritize career moves with similar pay and benefits
    - Identify opportunities for glide-paths to retirement
    - Assess demand for renewable energy, electrification, and energy efficiency jobs
        - E.g., Retooling; Geothermal/geo-exchange/thermal heat exchange systems; electrification of homes, businesses, transportation, and industry; installing and maintaining residential and commercial heat pumps; installing and maintaining electric vehicle charging stations; growing electric grid (e.g., transformers, panels, distribution, batteries); reduce energy demand/consumption; home insulation, updating homes to be more energy efficient; low voltage home; green hydrogen infrastructure; manufacturing
        - Assess and enhance capacity for manufacturing in alternative energy industry
    - Assess demand for transition and cleanup activities
        - Bolster abandoned well inventory and cleanup through utilization of transitioning workers in capping and monitoring abandoned wells
- Eliminate barriers to training opportunities by providing wrap around services for a sufficient amount of time (i.e., more than six months):
    - Income subsidies and benefits maintenance including pension portability

    - Family support groups to help with the change in education or career requirements
    - Child care
    - Transportation grants/funding
    - Mental health services for workers, their families and communities
    - Health care (portable benefits)
    - Equitable access to programs for all transitioning workers
    - Relocation and housing costs
    - Provide income support for transitioning workers during career gaps and training/education periods
    - Sufficient upfront tuition support to achieve certification or complete training program in new careers
        - Take advantage of available tuition free training programs such Senate Bill 22-226 'Programs To Support Health-care Workforce', which covers tuition and fees for short-term healthcare programs at community, local district, and technical colleges
            - Follow this model and support similar tuition-free programs in growing/emerging industries
- Incentivize analogous jobs for transitioning workers
    - Prioritize positions with comparable pay and benefits
    - Prioritize the use of prevailing wage, local hire/ provisions for hiring impacted workforce
    - Include Project Labor Agreements and Community Benefit Agreements on new energy projects when possible
- Bolster union apprenticeship programs with a focus on new/emerging electrification and clean energy technologies
    - Take advantage of funds earmarked in IIJA/IRA to support this goal
- Establish opportunities at high school and higher education levels for growing industries such as renewable energy, coding and technology, construction, and cybersecurity
- Partner with the Colorado Workforce Development Council and their Good Jobs Pilot Program to enhance job quality and benefits for workers
- Incentivize entrepreneurship in fenceline communities to support job creation and bolster the transition through support for start-ups, microgrants for aspiring entrepreneurs, free small-business training through Small Business Administration (SBA) programs and Energize Colorado, among others.
- Leverage federal and state funding sources for workers and communities
    - Identify the IRA (Inflation Reduction Act), IIJA (Infrastructure Investment and Jobs Act), and other (state and federal) funding sources
    - Applying for funds to support retraining efforts

    - Create a fund, perhaps through the state green bank, to backfill the budgets for special districts in the locations that will be most impacted as oil and gas production decreases
    - Create an Impacted Worker Fund; assess possibility of requesting funds from the National Dislocated Worker Grant program
    - Ensure that money from federal government is accountable to impacted communities and oil and gas workers
        - Conduct outreach to Recovery officers/local grant navigators–OEDIT: state employees housed in OEDIT that are tasked with distributing and drawing down federal money to state agencies and communities (CO Energy Office, Dept. Local Affairs)
        - Hire additional personnel to assist with and create a process for effective grant coordination and accessibility so funding goes to DI and fenceline communities who often are unable to access these funds

B. Communicate and engage with workers and communities early and often.

- Engage impacted individuals and communities in identifying solutions and opportunities in multiple languages
    - Ensure impacted communities are involved in initial planning and are informed of retraining and compensation program opportunities
- Incorporate union leadership into decision making and delivering news and education about coming transition
- Provide support for school districts and community services that currently obtain funding from oil and gas economy
- Work with local governments, social service agencies, financing offices, community-based organizations (CBOs) and faith communities to identify needs
    - Hire community liaisons to work directly with workers and impacted community members to assist with local, state and federal funding opportunities, just transition programming and benefits

C. Provide business and workforce development that supports electrification and clean energy industry jobs for disproportionately impacted community members.

- Prioritize benefiting historically marginalized and minority-owned businesses and communities with renewable energy investment and incentive programs
    - It is essential to ensure funds specifically benefit low income and underrepresented groups

- Provide technical assistance to low-income communities, state-level investments in building up individual community's capacity to access both federal and state funds and to ensure that funds are equitably distributed

3. Industry Transition, Community Economic Support & Taxes

A. Provide incentives for renewable energy development and other industries to be comparable to oil and gas in pay and benefits and support community resilience.

- When creating new environmental and labor mandates or regulations, provide funding and support so businesses and communities can meet these requirements - require bonding for the workforce
- Ensure alternate jobs are "good jobs"
    - Support unions and unionization efforts so that the jobs of the industries workers are transitioning to have comparable worker protections
    - Provide support to help small businesses in solar, efficiency, and electrification industries hire union and/or provide job stability, adequate/comparable wages, and benefits
    - Develop an employment scoresheet to help set standards
    - Analyze workforce development needs and opportunities
    - Consider "Sectoral Bargaining" for the renewable energy sector, which allows standards to apply across an industry
    - Treat transitional industries such as renewable energy, efficiency, and electrification as "essential" industries and support their growth, standards, and survival
- Increase state investments/funding for oil and gas transition projects and alternative employment opportunities
- Support economic diversification studies for communities who are at greatest economic risk

- Work with Office of Just Transition to identify and implement lessons learned from the Coal transition to better meet needs for oil and gas industry transition
- Identify specific industries that oil and gas workers could transition to, and funding sources to support that transition, such as:
    - Well plugging, abandoning and other oil and gas related remediation work
        - Identify federal opportunities to support P&A (potential federal program in the works - Abandoned Well Administration)
    - Electrification, efficiency, and clean energy technologies such as ground/air source heat pumps, transportation electrification, and renewable energy storage
    - Promote agrivoltaics, wind farms, regenerative agriculture and other solutions to reduce emissions, sequester carbon, retain water, and support food localization to bolster local economies and grow demand for jobs
- Meld housing policy priorities with just transition policy
    - Train fenceline communities and transitioning workers in housing industry trades and technologies
    - Form public-private partnership(s) that support(s) employer-financed training and rent-to-own benefits to transitioning workers and fenceline communities in support of progressive, climate-smart housing developments
    - Form a rural workforce housing innovation district to support a housing and just transition cluster strategy with the US Economic Development Administration, among others
- Support beneficial electrification, community solar or solar co-ops starting with lower-income communities, residents and businesses
    - Model success of initiatives like the City of Denver Climate Action, Sustainability & Resiliency (CASR) Office's Denver Solar Co-op program
- Support in-state manufacturing of renewable energy components such as wind turbines and solar panels, growing demand for jobs
- Invest in R&D in healthier alternatives to replace petrochemicals used to create everyday products and grow jobs in this area
- Provide economic incentives that accelerate beneficial electrification, energy efficiency and renewable energy technologies, as well as clean replacements for petroleum products, plastics, and certain chemicals
- Support economic and social feasibility studies and innovation grants for emerging technologies such as green hydrogen, geo-exchange, ground source heat pumps and hemp product alternatives
- Provide priority workforce development opportunities for dislocated workers and green industrial policy for DI workers and communities

B. Address tax implications to support local communities.

- Consider creating new taxes, fees on oil and gas industry, or repealing parts of TABOR to ensure adequate funding for Just Transition programming
- Identify alternative revenue sources to replace severance taxes from oil and gas development
    - Identify ways to ensure solar installations, wind farms, and other industries benefit communities like oil and gas has, possibly as a local TABOR repeal or structured as a fee
    - Develop a state level Collective Bargaining Agreement (CBA) or require it for every renewable energy project. These CBAs should include provisions not only for the time when wind or solar farms become obsolete but, also, for the social license that allows RE to build those farms and infrastructures to begin with
    - CBAs should include a social license contribution to reflect the fact that RE companies are benefiting from public policies and use of public space
- Institute an export fee on oil and gas exports (Polis references a polluter tax but a new tax like this would need to go to voters for approval whereas a fee would not)
- Modify state tax and budget structure to provide support for transitioning communities to fill in gap for revenue that local governments are losing
    - General TABOR limitations: addressing our generally regressive flat income tax that harms workers and means wealthier folks pay less than with a graduated system, our inability to pass new taxes without voter approval (like ones on oil/gas or even the ones mentioned above on renewable companies), and inability to tax forms of wealth to finance Just Transition programs
    - Address the fact that schools are generally funded half-state, half-local
        - Some counties have passed mill levy overrides to give more to schools: reforming state-level funding formulas to ensure equity/backfill lost revenue for Just Transition communities through legislation

C. Create programs for oil and gas companies to fund and assist the energy transition.

- Build on the important progress made with the passage of SB 22-198 (Orphaned Oil and Gas Wells Enterprise) by ensuring the orphaned wells mitigation enterprise and orphaned wells mitigation enterprise cash fund created by SB22-198 have the funding and resources necessary to fully mitigate the liability presented to Colorado Taxpayers by orphaned and abandoned wells, and by increasing mitigation fees on operators if needed to achieve this goal
    - Require that every well possess an individual trust fund, a sinking trust fund, and the full cost bond, so the industry pays for plugging and abandonment
    - Work in conjunction with the Biden Administration Methane supplement rule

- Establish state strategic fund for Just Transition
    - Boost annual well registration fee (which currently funds the orphaned well program) and require 50% of these fees to go to the Just Transition fund to help fund orphaned workers
- Offer housing for retraining workers, support rent-to-own opportunities where possible
- Require operators to submit a transition plan for their workers to retrain
- Create tax incentives or mandates for the industry to submit plans to transition using their assets into clean energy, such as:
    - Solar
    - Wind
    - Geothermal energy
    - Green hydrogen
- Explore the feasibility of instituting a carbon tax as an incentive to spur investments in cleaner technologies and fund the Just Transition for workers and communities
- Address tax subsidy imbalances afforded to oil and gas industry
    - Implement a polluter tax to address injustice on historic emissions directly impacting communities
    - Implement a windfall tax to address the boom-and-bust nature of the oil and gas industry

4. Environmental Responsibility & Mitigating Community Health Impacts

A. Enact policy for a managed decrease and phase out of new oil and gas permits by 2030 to align with global climate targets, while developing and transitioning a workforce with the skills and expertise necessary for Colorado to be a leader in a just transition to a clean, renewable energy future.

- When developing new energy projects and transitioning to renewable energy sources, employ the strongest possible regulations applying to environmental, community and worker safety
    - Work in conjunction with disproportionately impacted communities for development of renewable energy projects. Mining for minerals to build renewable energy has large environmental impacts and threatens tribal sovereignty
    - Fund research and development into products that can replace minerals such as lithium for energy storage to reduce the need for extractive and exploitative mining practices

- Ensure that the timeline for a just transition complements the timeline for a new permitting phaseout
- Task the COGCC with developing a plan to decrease the number of new oil and gas permits annually toward a phase out by 2030 and transition the agencies' focus to oversight of monitoring emissions leaks, recapping and remediation as needed of Colorado's 100K+ existing wells
- All agencies to apply careful strategic planning regarding how society uses the remaining fossil fuels, with a focused effort to minimize emissions from existing fossil fuel energy infrastructure and set targets to end production of all fossil fuels to achieve climate goals

B. Eliminate the most harmful and polluting wells, refineries, and projects first as a way to address air, water, and soil contamination, especially considering the cumulative impacts within disproportionately impacted communities.

- Reduce and/or deny permits based on close proximity to homes, schools, water sources, parks, open space, high-use areas, superfund sites, in DI communities, and ozone nonattainment areas
    - Develop collaborative methods to identify timeline, process, and outcomes
    - Develop a realistic and enforceable transition timeline with provisions for companies that do not meet target requirements
- Identify incentives to develop renewable energy projects on environmentally toxic land previously used for oil and gas extraction and production
    - Include community and stakeholder input on what industries/projects should replace existing infrastructure; establish Community Benefit Agreements whenever possible
- Invest in soil and land restoration affected by oil and gas production and refinement in partnership with local tribes, communities, soil scientists and land restoration experts

C. Mitigate existing and future harms while reducing negative health impacts from oil and gas extraction, use, processing and production for fenceline communities and residents in ozone nonattainment areas.

- Require industry to provide indoor air filtration systems to remove hazardous air pollutants released by production facilities
- Provide impacted communities with guidance in accessing IRA and other funding to convert to all-electric homes

- Require industry to map pipelines and other infrastructure associated with production and distribution and remove all pipelines and infrastructure upon abandonment
- Ensure compliance and enforcement of environmental and health laws, regulations, and policies at the federal, state, and local levels
    - Monitor, regulate, and restore air, water, and soil health in impacted communities
        - Industry should fund this with no strings attached; with a trusted third party conducting the data collection, analysis, and reporting
        - The Black Lung Excise Tax can be a model for creating a fund for impacted workers and communities
- Establish a legal fund or new legal structure to help impacted families seek redress from operators who violate pollution standards or who are responsible for related leaks, spills, fires, or explosions
- Establish an industry-funded pool to cover health-related expenses for people suffering from health issues linked to pollution from fracking such as asthma attacks, premature birth, childhood leukemia and other conditions
    - Include assistance to help cover expenses related to missed work and school time, medications, hospital visits, funerals, as well as relocation assistance for people needing to leave a polluted area

D. Directly engage, educate, and empower impacted communities to determine the desired solutions for individual communities including providing reliable data and information.

- Identify environmental justice priority areas and specify who is included in the definition of Disproportionately Impacted (DI) Communities[2], historically marginalized, under-served, disadvantaged and impacted communities
    - Create simplified user-friendly environmental justice mapping tool (similar to CDPHE's CO EnviroScreen)
- Create positions for government community liaisons so residents have a specific venue to voice concerns and can be directed to the appropriate agencies or departments to address concerns
    - Employ workers and community members in local transition centers
    - Liaisons should provide technical assistance and support to DI communities to apply for grant and funding opportunities
    - Provide accountability tracking mechanisms to ensure community concerns are heard and addressed

5. Identify and assign duties to state and local government offices to implement the policy

A. Establish (or identify) a state body that would work with the state and local offices listed below to identify and manage energy transition efforts by assessing local conditions and needs

Relevant State and Local offices:

- Colorado Energy Office (CEO)
- Colorado Department of Labor and Employment (CDLE)
    - Office of Just Transition
    - Office of Future of Work
- Department of Local Affairs (DOLA)
    - State Resiliency Office
- Department of Regulatory Agencies (DORA)
- Colorado Workforce Development Council (CWDC)
- Council of Governments (COGs)
- Office of Economic Development and International Trade (OEDIT)

Implementation Duties:

- Work with economists, social scientists, and community leaders to research critical transition focus areas and demographic profiles for fenceline energy communities to identify who will be most impacted by the energy transition and to allocate funding and resources accordingly
- Specify or create, guide, fund, and coordinate the institutions to support a statewide Just Transition program to include retraining, community and individual economic support, and opportunities and justice for disproportionately impacted communities
- Develop retraining programs within the state education system and include childcare, stipends, free tuition, and other resources required for participation in retraining
- Establish a stakeholder process with set goals and benchmarks; assure local participation in partnership with community liaisons
- Support "bid aggregation" to boost capacity of localities to bolster their power to apply for funds, benefit from and implement related programs
- Identify available funding from the Inflation Reduction Act (IRA), Infrastructure Investment and Jobs Act (IIJA) and future proposals and funding sources at state and federal levels; coordinate with state agencies and local governments to draw down federal funds

- Apply for funds for both retraining and also to create a fund, potentially through the state green bank, to backfill the budgets for special districts in fenceline energy communities
- Allow for funding flexibility and matching options from private sector or NGOs to leverage state dollars
- Establish grant programs and/or fixed allocations to localities based on need, potential, and community consensus

Definitions

[1]**Fenceline Community definition:** The Interagency Working Group (IWG) on Coal Communities and Economic Revitalization (also mentions oil and gas) defines a fenceline energy community as: metropolitan and nonmetropolitan areas with a high number of fossil energy activities and jobs. "Fenceline" communities are communities situated near energy or industrial facilities. Fenceline communities are affected by the decline in businesses associated with logistics, services, and energy supply chains, and by the environmental and health impacts connected to these sites.

[2]**Disproportionately Impacted (DI) Community Definition from CO HB21-1266:** A community that is in a census block group where the proportion of households that are low income, that identify as minority, or that are housing cost-burdened is greater than 40%; or any other community as identified or approved by a state agency, if the community: Has a history of environmental racism perpetuated through redlining, anti-Indigenous, anti-immigrant, anti-Hispanic, or anti-Black laws; or is one where multiple factors may act cumulatively to affect health and the environment and contribute to persistent disparities.

Our additions:

Specifically related to the production, transportation and refinement of oil and gas: There should be an emphasis on the communities most impacted by oil and gas activities with a focus on environmental injustice. Additionally, all communities in the

ozone nonattainment areas should receive support to address health impacts associated with living in these areas.

About the Facilitators

The Regenerative Recovery Coalition contracted with the Institute for the Built Environment (IBE) at Colorado State University (CSU) to facilitate the Just Transition Roundtable Series (JTRS). IBE, founded in 1994, brings a long history of thought leadership and expertise in facilitation and integrative design processes that help project teams and community groups develop shared purpose, clarity of vision, and integrated implementation plans. IBE helps create healthy, thriving places through evidence-based facilitation practices, inclusive stakeholder engagement, effective communications, and detailed program management.

IBE's project expertise in facilitation, integrative process, and systems thinking spans across high performance buildings, climate action, health equity, housing, urban redevelopment, conservation, education, communications, marketing, and academic research. We intimately understand technical concepts and specialize in making them accessible to public officials, community members, and other non-subject matter experts through clear framing and compelling visual communications.

About the RRC/The Alliance Center

Overview of The Alliance Center

Since 2004, The Alliance Center has served as the connective tissue for the sustainability movement in Colorado by bringing people together to solve systemic problems. The Alliance Center envisions a sustainable and equitable future in which all communities thrive, democracy is strong, the economy works for everyone and the planet is healthy. The Alliance Center convenes and mobilizes this network to identify some of the largest problems Coloradans face and wherever possible, move thought into action through community led solutions. Initiatives encompass a holistic model working at the intersection of environment, economy and community.

The Regenerative Recovery Coalition

The Regenerative Recovery Coalition (RRC) was created in 2020 in direct response to the COVID-19 pandemic. The RRC was born out of the obligation to accelerate the transition to a regenerative and equitable future. Through this work, The Alliance Center is leveraging its

strength as a convener and mobilizing its diverse network of change agents to create robust, localized economies that meet human needs abundantly and equitably provide clean air, water, food and energy to all.

For more information and to connect on opportunities, please contact Jane Allen, Assistant Director of Climate & Energy Resilience, at jallen@thealliancecenter.org

Acknowledgments

This report was made possible by funding from the Wells Fargo Foundation and Premier Member Credit Union. Thank you for funding this important work and for your commitment to community-centered climate solutions.