A Community’s Just Transition: Tonawanda, New York

“For the broad masses of the world’s people solutions must be found in such a manner as to improve economic well-being; not as an excuse to shift the burden of needed changes onto their backs. Fortunately, such a path does exist.” - Richard Lipsitz and Rebecca Newberry, Huntley, a Case Study: Building Strategic Alliances for Real Change

Executive Summary

The Huntley Generating Station was a coal-fired power plant in Tonawanda, New York, just south of Niagara Falls. Built in 1916, the Huntley Plant was purchased by NRG Energy in 1999. Due to the declining profitability of coal, three-fourths of the Huntley Plant’s generating units were decommissioned in 2006 and 2007, and the plant was fully retired in 2016. NRG paid approximately $13 million annually in property taxes to the town of Tonawanda, Erie County and the Kenmore-Town of Tonawanda School District prior to 2006, yet their tax payments were more than halved following the 2006-2007 partial closures, with devastating impacts for the town government and school district. To address the unfolding negative impacts, the Clean Air Coalition of Western NY led the formation of a community coalition, the Huntley Alliance. This coalition included representatives of the Western NY Area Labor Federation, the school district union, and other community groups. The Huntley Alliance successfully lobbied the New York State legislature to establish a fund dedicated to supporting communities undergoing energy and economic transitions, named the Electric Generation Facility Cessation Mitigation Program. Both the town of Tonawanda and its school district received financial assistance from the mitigation program following the 2016 Huntley Plant closure. In addition, with federal funding for economic development planning, the town of Tonawanda successfully implemented community-driven strategies to sustainably transform Tonawanda’s economy, producing the economic transition plan Tonawanda Tomorrow in 2017.

What made Tonawanda a successful example of the just transition?

1. Community coalition: The Huntley Alliance
   Through the work of the Huntley Alliance prior to the 2016 closure of the Huntley Plant, community stakeholders played an active role in addressing the impacts of the plant retirement and shaping the town’s economic future.

2. State assistance: The Electric Generation Facility Cessation Mitigation Program
   Thanks to the advocacy of the Huntley Alliance, state financial support was made available to the town of Tonawanda, which supplemented the tax revenue lost by the Huntley Plant’s closure.

3. Economic development planning: Tonawanda Tomorrow
   Engaging over 1,000 residents of Tonawanda, the Huntley Alliance implemented an economic development planning process and created a community transition plan, Tonawanda Tomorrow, in 2017. Tonawanda Tomorrow outlines the community’s vision for its workforce, natural and industrial areas, and economic future.
Background

**NRG Energy’s Huntley Generating Station**

Built in 1916, the Huntley Generating Station was a coal-fired electric generation facility in the western New York town of Tonawanda. The site of the power plant, 84 acres in area, runs along the Niagara River, just south of Niagara Falls. The Huntley Plant’s coal-fired steam generation was updated with six new coal-fired generating units between 1942 and 1958. NRG Energy, one of the top 20 electric power producers in the U.S., purchased the plant in 1999. In 2006 and 2007, NRG retired four of the six generating units at the Huntley Plant, signaling the imminent closure of the plant. The reduction in the Huntley Plant’s generating capacity resulted in a reduction in the plant’s employment from 125 to 75 workers. The Huntley Generating Station retired its final two generating units in 2016, closing the plant completely.

**Tonawanda, New York**

At the time of the closure of the Huntley Plant in 2016, Tonawanda’s population was just over 73,000. Tonawanda’s population decreased by nearly a third between 1970 and 2015, corresponding with decreases in the industrial activity and prosperity of the region. While the 21st century has seen an influx of young people and young homeowners, the over-55 population remains the largest supply of workers in Tonawanda’s dominant sectors, including manufacturing, trade and transportation.

While the Huntley Plant was not a major employer in Tonawanda by volume of employees, it was a significant contributor to the town’s tax revenue. NRG paid approximately $13 million annually in property taxes to the town of Tonawanda, Erie County and the Kenmore-Town of Tonawanda School District. However, after NRG retired three-fourths of the Huntley Plant’s generating capacity in 2006 and 2007, there was a considerable impact on tax revenue. In 2007, NRG and the town of Tonawanda settled on a new payment in lieu of taxes (PILOT) agreement, in which NRG would pay only $6 million annually for the Huntley Plant. This resulted in a major cut to the Kenmore-Town of Tonawanda School District’s tax revenue, with the school district obtaining only approximately $3 million of NRG’s annual payments.

**The Huntley Alliance**

By 2012, the cascading effects of the reduction in the Huntley Plant’s operating capacity were felt by the town of Tonawanda. The town had to reduce employment as well as program spending, and over 100 jobs within the Kenmore-Town of Tonawanda School District were lost as multiple elementary and secondary schools were closed.

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1 (Watson, 2020)
2 (McGowan, 2017); (Watson, 2020)
3 (Cassell, 2015); (McGowan, 2017)
4 (McGowan, 2017); (Van Atten, Saha, Hellgren & Langlois, 2020)
5 (Cassell, 2015)
6 (Newberry & Lipsitz, 2016)
7 (Cassell, 2015); (Watson, 2019)
8 (Town of Tonawanda, 2017)
9 (Town of Tonawanda, 2017)
10 (Town of Tonawanda, 2017)
11 (Watson, 2019)
12 (Caruana, 2015)
13 (McGowan, 2017)
14 (Caruana, 2015)
15 (“Empire State Development,” 2016); (Watson, 2019)
middle schools were closed due to tax revenue losses\textsuperscript{16}. In response to the community impacts of the declining coal economy, Rebecca Newberry of the Clean Air Coalition of Western NY led the formation of a community coalition\textsuperscript{17}. Called the Huntley Alliance, Newberry’s coalition included representatives from local unions and community organizations\textsuperscript{18}. One key member of the Huntley Alliance was the Western NY Area Labor Federation, which consists of five Western New York Central Labor Councils including the Buffalo Labor Council, which represents Erie County and Tonawanda. Richard Lipsitz, the president of the Western NY Area Labor Federation, and leadership of the Kenmore Tonawanda Teachers Association (KTA) joined Newberry and the Huntley Alliance to address their shared concerns over the crisis that Tonawanda and the school district were facing\textsuperscript{19}.

In light of the declining prosperity the Huntley Plant, The Clean Air Coalition of Western NY commissioned an assessment of the plant’s economic future from the Institute for Energy Economics and Financial Analysis (IEEFA)\textsuperscript{20}. The IEEFA’s 2014 report projected the near-term retirement of the Huntley Plant, given the significant reduction in the plant’s pre-tax earnings between 2008 and 2012, and the declining profitability of coal in the U.S.\textsuperscript{21}. Given the high potential of the Huntley Plant becoming a stranded asset, the efforts of the Huntley Alliance began to account for the imminent closure of the plant and complete loss of this source of tax revenue.

\textbf{2016 Huntley Plant Closure}

NRG’s announcement of the retirement of the Huntley Generating Station in August 2015 did not come as a surprise to the Huntley Alliance, whose work to secure assistance from New York State was already well underway\textsuperscript{22}. The economic favorability of closing the plant was supported by a study by the New York Independent System Operator, which determined that the retirement of NRG’s Huntley and Dunkirk plants would have no effect on the electricity supply in Western New York, sanctioning the closure of both plants\textsuperscript{23}. NRG attempted to use regulatory means to keep the plant open, appealing to the Federal Energy Regulatory Commission (FERC) to assess the costs of continuing to operate the Huntley Plant beyond its March 2016 scheduled retirement\textsuperscript{24}. The Sierra Club and other environmental groups considered NRG’s actions to be motivated by the use of customer payments as bailout funds\textsuperscript{25}. However, the New York Public Utilities Commission advised the FERC that the Huntley Plant’s operation was not essential for regional electricity reliability, and NRG’s appeal should not be accepted\textsuperscript{26}.

While the March 2016 retirement came with job losses for the 75 employees of the plant, all former employees were either reemployed at other NRG facilities or offered retirement packages from union negotiations with NRG, and none of the former workers filed for unemployment\textsuperscript{27}. With secured outcomes for the affected Huntley Plant workers, the issues posed by the plant’s closure were largely rooted in the tax revenue losses and consequent community impacts. The Huntley Alliance therefore set out to acquire the support necessary to aid Tonawanda’s economic recovery from the plant closure.

\textsuperscript{16} (``Empire State Development,’’ 2016); (McGowan, 2017)
\textsuperscript{17} (McGowan, 2017)
\textsuperscript{18} (McGowan, 2017)
\textsuperscript{19} (Newberry & Lipsitz, 2016)
\textsuperscript{20} (McGowan, 2017)
\textsuperscript{21} (Kunkel, Schlissel & Sanzillo, 2014)
\textsuperscript{22} (McGowan, 2017)
\textsuperscript{23} (Trabish, 2015)
\textsuperscript{24} (Trabish, 2015)
\textsuperscript{25} (Trabish, 2015)
\textsuperscript{26} (Cassell, 2015)
\textsuperscript{27} (``Clean Air’’, n.d.)
A Just Transition for Tonawanda

New York State Assistance

Since the March 2016 retirement, NRG has paid only $515,000 annually in taxes to the town of Tonawanda, Erie County and the Kenmore-Town of Tonawanda School District for the Huntley Plant site, a fraction of their pre-retirement payments\(^28\). To compensate for the significant expected losses in tax revenue, the Huntley Alliance had begun advocating for financial assistance from New York State a few years prior to the Huntley Plant’s closure\(^29\). In 2015, due to the efforts of the Huntley Alliance, the New York State legislature approved the creation of a fund to assist the economic recovery of communities experiencing the impacts of power plant retirements\(^30\). The Electric Generation Facility Cessation Mitigation Program\(^31\) was established and given $30 million in funds in New York State’s 2016-17 budget. The funds were redistributed to the Mitigation Program from the Regional Greenhouse Gas Initiative budget, a cap-and-trade program among states in the Northeast U.S\(^32\). The Electric Generation Facility Cessation Mitigation Program is overseen by Empire State Development, New York State Energy Research and Development Authority (NYSERDA), and the Department of Public Service\(^33\).

Qualification for funding from the mitigation program for municipalities is based on demonstrated tax revenue losses from the closure of a plant\(^34\). The grants provided by the program were initially five years in term, with funding eligibility ranging from 80% of tax revenue losses in the first year of the grant to 20% of tax revenue losses in the fifth year of the grant\(^35\). In 2016, the first year of funding, the Kenmore-Town of Tonawanda Union Free School District was granted $2,230,930\(^36\). In 2017, New York State increased the Electric Generation Facility Cessation Mitigation Program fund budget from $30 million to $45 million and extended the term of the grant from 5 to 7 years\(^37\). Tonawanda’s grant from the program is currently available through 2023\(^38\).

Community-led Economic Development Planning

With financial assistance from New York State to ensure that Tonawanda’s schools and town agencies could remain open, the Huntley Alliance was able to turn their attention to envisioning the town’s economic future. The Huntley Alliance was able to secure federal assistance for economic development planning from the EDA POWER Initiative\(^39\), an initiative created by the Obama administration to support coal communities experiencing job losses and economic downturns. Facilitated by the U.S. Economic Development Administration, the EDA POWER Initiative funds local economic planning projects that aim to reemploy former coal workers and invest in the growth of new industries\(^40\). Tonawanda was granted a U.S. Economic Development Award by the EDA POWER Initiative, which

\(^{28}\) (Watson, 2020)
\(^{29}\) (McGowan, 2017)
\(^{30}\) (McGowan, 2017)
\(^{31}\) https://esd.ny.gov/electric-generation-facility-cessation-mitigation-program
\(^{32}\) (Spitzer, 2020)
\(^{33}\) (“Empire State Development,” 2016)
\(^{34}\) (“Empire State Development,” 2016)
\(^{35}\) (“Empire State Development,” 2016)
\(^{36}\) (“Empire State Development,” 2016)
\(^{37}\) (McGowan, 2017)
\(^{38}\) (Watson, 2020)
\(^{39}\) https://www.eda.gov/archives/2016/power/#contact
\(^{40}\) (“POWER Initiative,” n.d.)
provided financial resources for the town’s community engagement and economic development planning process.\textsuperscript{41} 

The Huntley Alliance and the town of Tonawanda began the economic development planning process with widespread and multidimensional stakeholder engagement efforts. Engaging over 1000 residents of Tonawanda in total, the Huntley Alliance aimed to collect a diverse set of perspectives on the challenges that the community faced, and the future that the community imagined.\textsuperscript{42} The Huntley Alliance coalesced 20 local community groups, solicited resident feedback through a survey of over 700 residents, and held four workshops with 300 community participants.\textsuperscript{43} The final product of the community engagement process was an economic transition plan entitled \textit{Tonawanda Tomorrow}, published in 2017. 

Through the feedback gleaned from community members, town organizations and local businesses, three focus areas were identified for \textit{Tonawanda Tomorrow}: Tonawanda’s economy, the community workforce, and placemaking in Tonawanda.\textsuperscript{45} Under the umbrella of these focus areas, the Huntley Alliance and town of Tonawanda distilled facets of development and specific actions that could achieve community-driven progress.\textsuperscript{46} In the economic and workforce realms, such actions included encouraging small business growth, developing training programs for existing workforce members and students entering the workforce, and growing opportunities for “high road” jobs.\textsuperscript{47} In the placemaking and environmental realms, \textit{Tonawanda Tomorrow} detailed plans for revitalizing the town’s waterfront areas, remediating brownfield sites, and increasing the town’s use of solar energy.\textsuperscript{48} The loss of an economic force in Tonawanda, the Huntley Generating Station, became the impetus for reimagining the town’s economy in a sustainable and community-centric fashion.

\textit{Tonawanda Today} 

Two years after \textit{Tonawanda Tomorrow} was published, the Clean Air Coalition of Western New York published a \textit{Status Update Report} detailing the progress made towards the steps outlined in \textit{Tonawanda Tomorrow}. Tonawanda successfully accomplished their goal of being designated a Clean Energy Community by NYSERDA in 2018, receiving a grant of $150,000.\textsuperscript{50} Additional environmental progress has been made in identifying opportunities to develop a community solar program, expanding access to transit, and increasing public access to the waterfront.\textsuperscript{51} Efforts to enhance opportunities for Tonawanda’s workforce through new training programs and small business development programs are also underway, with work being done by the United Steelworkers Union and the Western NY Area Labor Federation.

However, a significant issue remaining for Tonawanda is the remediation and repurposing of the Huntley Generating Station site. NRG has been attempting to sell the plant site since 2018, and in April 2019 had a confirmed buyer interested, yet in June 2020, NRG announced that the potential sale had been

\textsuperscript{41} (“Clean Air”, n.d.) 
\textsuperscript{42} (Town of Tonawanda, 2017) 
\textsuperscript{43} (Town of Tonawanda, 2017) 
\textsuperscript{44} http://bap-home.net/tonawanda/wp-content/uploads/sites/24/2017/08/TonawandaTomorrowPlanJune15SinglePage.pdf 
\textsuperscript{45} (Town of Tonawanda, 2017) 
\textsuperscript{46} (Town of Tonawanda, 2017) 
\textsuperscript{47} (Town of Tonawanda, 2017) 
\textsuperscript{48} (Town of Tonawanda, 2017) 
\textsuperscript{50} (Clean Air Coalition of Western New York, 2019) 
\textsuperscript{51} (Clean Air Coalition of Western New York, 2019)
cancelled. The delays in NRG securing a buyer for the site have prevented the town of Tonawanda from being able to explore reuse options for the Huntley Plant site. There are no laws requiring that NRG take financial responsibility for the environmental remediation of the plant site, meaning that the coal ash pollution and toxic chemicals present at the plant site have not been managed. In 2019, the town of Tonawanda had initiated steps to enact eminent domain and take control of the property, and now that NRG’s sale is stalled, Tonawanda Town Supervisor Joseph Emminger has stated that the town could again pursue obtaining the site through eminent domain. However, the environmental remediation of the site would impose a financial burden on the town, requiring extensive resources.

NRG’s lack of responsibility for remediating the plant site is consistent with their absence in the community transition following the Huntley Plant’s closure. NRG did not respond to the Huntley Alliance’s attempts to engage them prior to the plant closure, and there is no mention of the Huntley Plant nor of the company’s just transition policies in either NRG’s 2015 Sustainability Report or their 2016 Sustainability Report. NRG’s first documented mention of just transition policies is in their 2019 Sustainability Report, which includes a Just Transition section (pg. 33) stating their commitment to “decent work and quality jobs”. In the 2019 report, NRG states their efforts to engage with union leadership in advance of plant closures, and their efforts to offer retraining and reemployment assistance to their employees.

What implications does the case of Tonawanda have for investors advocating for the just transition?

Connecting with community stakeholders. Hearing the voices of those impacted by the transition is essential to understanding what changes need to be implemented.

Urging companies to engage workers and communities. Greater direct engagement with stakeholders is key to utility companies facilitating just transitions as they retire power plants.

Developing location-specific solutions. The just transition process must be suited to the geographical, historical, and social context in which it is occurring.

Advocating for greater company disclosure. Asking utility companies to provide greater disclosure on their plant retirement and stakeholder engagement policies can help equip community members with information.

Questioning companies about job quality standards. Many renewable energy companies do not provide “high road”, union jobs, posing challenges for workers entering the energy industry. Companies must be pushed to include prevailing wage requirements in labor contracts for renewable energy development projects.

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January 2021

52 (Watson, 2020)
53 (Watson, 2020)
Sources


