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Environmental Policy Research

The Roosevelt Project

Industrial Heartland Electric Vehicle
Case Study Working Paper Series

Transitioning Coal-fired Power Plant
Employees into the Future of Clean Energy



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**Transitioning Coal-fired
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by Christina Hajj

WP-2021-RP-IH-4

The Roosevelt Project

A New Deal for Employment, Energy and Environment

About the Roosevelt Project

The Roosevelt Project takes an interdisciplinary approach to the transitional challenges associated with progress toward a deeply decarbonized economy. The project aims to chart a path forward through the transition that minimizes worker and community dislocations and enables at-risk communities to sustain employment levels by taking advantage of the economic opportunities present for regional economic development. The first phase of the project involved an analytical assessment of cross-cutting topics related to the transition. The second phase of the project assesses the transition through the lens of four regional Case, working with local partners on the ground in the Industrial Heartland, Southwest Pennsylvania, the Gulf Coast, and New Mexico. The project was initiated by former Secretary of Energy, Ernest J. Moniz, and engages a breadth of MIT and Harvard faculty and researchers across academic domains including Economics, Engineering, Sociology, Urban Studies and Planning, and Political Science.

REPORT SPONSOR



The Roosevelt Project would like to thank the Emerson Collective for sponsoring this report, and for their continued leadership on issues at the intersection of social justice and environmental stewardship.

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White Paper #4
DTE Energy Retiring with PRIDE
Transitioning Coal-fired Power Plant Employees into the Future of Clean Energy

Background

DTE has set a course to achieve net-zero carbon emissions by 2050. A key part of DTE's clean energy generation transformation and net-zero carbon emissions goal involves the sequential retirement of coal-fired power plants.¹

In preparation for plant retirements in 2021 and 2022, DTE senior leaders, and the Fossil Generation department leaders overseeing power plant operations, established a vision to retire coal-fired power plants with PRIDE (People, Respect, Integrity, Dignity, Engagement). This is rooted in the concept that the plants, and the employees who operate them every day, have been partnering with the communities for nearly 75 years. The initiative seeks to ensure a thoughtful, dignified transition of these power plants, the employees, and their host communities.

A key commitment DTE has made in the transition of the legacy coal plants is to avoid layoffs. Through the Retire with PRIDE initiative, this would be managed through transitioning impacted employees within the Company as the coal plants retire.

Supporting DTE Employees Through the Transition

DTE, in conjunction with union leadership, developed an employee transition strategy for three coal plants closing in 2021 (River Rouge Power Plant) and 2022 (St. Clair and Trenton Channel power plants) that puts employees first. That strategy, along with the broader framework for Retiring with PRIDE, is supported by a cross-functional Transition Team made up of representatives from Operations, Human Resources, Strategy, Public Affairs, Corporate and Government Affairs, and Corporate Communications.

The Transition Team established a new framework and governance structure (see Appendix) to ensure high employee engagement, continued strong relationships within the communities, and timely execution of project deliverables. Planning efforts for the transition were focused on impacted employees, to help them stay engaged and informed throughout the retirement process and as they transitioned to different roles.

Retire with PRIDE Workshop and Visioning

The Transition Team conducted a leadership workshop to explore what "Retire with PRIDE" meant to them. This workshop served as the initial step to identify the threats/concerns that employees may experience and informed our initial stakeholder analysis. During the workshop participants identified the perceived threats that employees in the Fossil Generation business unit would be facing throughout the transition, leveraging Dr. David Rock's SCARF (Status, Certainty, Autonomy, Relatedness, Fairness) model. The SCARF model provides a framework to analyze the social needs of individuals/groups as they experience change. The workshop participants included Plant Managers, Directors, and senior staff. (see Appendix)

Key questions that guided the session included:

¹ DTE has already retired four coal facilities (Marysville, Harbor Beach, Conners Creek and River Rouge) and has plans to retire St. Clair and Trenton Channel in 2022, Belle River by 2030 and Monroe by 2040.

- How do we celebrate the legacy of the plants, and “retire the plants with PRIDE?”
- How do we keep those employees at retiring locations safe and engaged?
- What might get in the way of us being able to do that (potential threats)?
- How do we ensure that the displaced employees feel welcome at their new location?

The SCARF portion of the session also identified some key threats that were shared across the five areas (social needs) of the model: status, certainty, autonomy, relatedness, and fairness:

- Location: Where am I going?
- Pay: Will I maintain my current salary?
- Position: What job role will I have?
- Seniority: Where will I fit in the new landscape?
- Loss of status as a subject matter expert: What will it be like to go from knowing to learning?
- Requirement for recertification: What if I don’t pass?
- Career progress: What training is needed for a new job?

Growth opportunities: Will I still have career growth opportunities when there may be competition for a limited number of roles? Additionally, DTE has a history of commitment to no layoffs, which was one of the key messages relayed throughout this project’s communications.

Retire with PRIDE Workshop Outcomes and Themes

The results of the workshop allowed the Transition Team to develop a strategy for managing the transition that maintained a people-centric focus while identifying tangible actions that could be taken to support impacted employees.

This effort also informed a full stakeholder analysis and mapping of different groups that would be impacted by the retirements, bringing focus to key messages and future engagement actions that the Transition Team could prioritize.

These key messages reiterated DTE’s commitment to its employees as they transitioned from a position at a retiring plant to a new location or role within the company. Themes included:

- DTE is committed to no layoffs or forced/incentivized retirements
- Our number one goal is for all employees to remain safe and engaged throughout the plant retirement process
- We will celebrate the legacy and contributions of each retiring plant
- A positive, engaging and smooth transition will be created to ensure your successful onboarding and integration at the new site
- Employee participation and feedback throughout the process will be critical to a successful transition

Retire with PRIDE People Transition Areas of Focus

As the initiative matured, six areas of focus were identified and workstreams were developed to lead the efforts in each area:

1. **Workforce Planning:** Facilitates the employee movements required to meet the strategic projections for the future workforce.
2. **Training:** Identifies potential gaps and opportunities to prepare employees to transition to a new plant or role within DTE.
3. **Onboarding:** Provides a consistent and caring onboarding experience for all transitioning employees.

4. **Employee Transition:** Builds awareness around developmental opportunities and tools that employees can access as they prepare to transition.
5. **Communications:** Builds awareness of the team's efforts and captures the history and legacy of the retiring plants.
6. **Change Management:** Maintains a focus on the individuals that are impacted by the retirements.

These workstreams developed several initiatives that are designed to create awareness and understanding around the retirement process, maintain transparency with impacted employees, and provide the tools and resources to assist transitioning employees. Some of the key efforts have included establishing:

- **Internal Retire with PRIDE website:** A main resource for the most up to date information and resources pertaining to the plant retirements. (see Appendix)
- **Onboarding Resources and Tools:** Resources specific to building the knowledge and skills needed for a smooth transition through a consistent and comprehensive experience.
- **Organizational Ambassador Program:** A program established to connect employees interested in roles outside of their current organization with Ambassadors from other areas of the Company.

Progress to Date and Key Learnings

To date, Retire with Pride has transitioned 47 employees from the River Rouge Power Plant and is preparing to transition 167 employees from Trenton Channel and St. Clair Power Plants in 2022. Much of the current transition is focused on re-skilling and redeploying employees to other plants, with an attempt to prioritize geographic needs (e.g., redeploying South area plant employees to nearby plants rather than relocating them to plants in the North area). Overall, the feedback has been positive around the efforts of the transition team and their caring approach. The Transition Team conducted a series of after action reviews following the retirement of River Rouge and we continue to adjust and improve the process based off of our learnings.

For employees that wish to relocate to positions outside of the power plants, a skills matrix was developed to help employees match their current skills to those in other departments. The Organizational Ambassador program supports this effort.

DTE leadership and impacted employees provided feedback which included having:

- A dedicated, cross-functional team
- Lead time for planning and preparation
- Early, frequent employee communication
- Focus on retraining for retention
- Onboarding preparation for receiving plant leaders
- Executive sponsorship and support
- Understanding of and mitigating threats to impacted employees

Processes, learnings, and progress from the Retire with PRIDE initiative are well documented and will inform future plans as DTE continues to decarbonize and retire coal-fired power plants.

Looking Ahead

While utility-led internal programs are expected to continue to support coal-plant employee transitions, the scale of change needed to support decarbonization requires a larger effort. Expanding efforts to re-skill, redeploy, and transition employees will be critical, as transitioning to existing similar jobs becomes more limited over time. Additionally, continued labor union partnerships and support will be critical as the industry continues to transition.

Modeling in this study shows that overall utility jobs in the Industrial Heartland region will increase in the Heartland region as the economy transitions to higher levels of EV adoption. However, the skills needed to operate a power plant compared to those needed to support the energy sector will require re-skilling and re-training over an extended period of time. For example, transitioning from the role of a coal power plant operator to a substation operator in electric distribution operations within the same company may take three to four years of re-skilling. This re-skilling and redeployment should also be supported by a broader effort to align skilled trades hiring practices across departments.

Future policies, initiatives, and processes to support the transition of employees from coal facilities to new opportunities should be informed and guided by defining what the employee experience will be in the process. Cross-sector collaboration with both utility and non-utility partners to meet future challenges can facilitate a thoughtful and just transition for employees. This may include labor, government and regulatory bodies, training and education institutions, community partners, and the business community. Areas of policy initiatives may include:

- Build understanding of scale of transition
 - Commission a national study through the Department of Energy to analyze the impact of decarbonization on the utility workforce and identify transition and training opportunities, private-public partnerships, and policy recommendations to support the transition of the utility workforce to areas of new growth and opportunity
- Retrain to retain:
 - Develop programs for re-skilling and re-training utility employees who wish to remain within the industry. Programs may include access to financial support for the formal education and training needed to successfully transition to jobs within the industry
- Retrain to transition to a new industry:

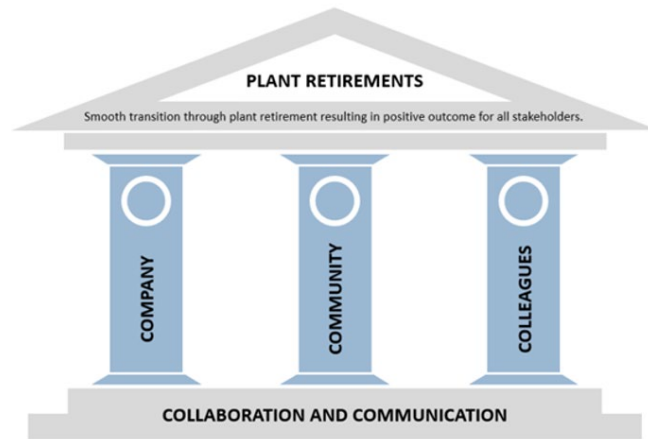
Develop federal and/or state incentive programs for cross-sector collaboration focused on transitioning retired coal facilities to new economic development sites. These incentives may be tied to cross-sector partnerships that create talent pipeline opportunities for both existing plant employees and community members to transition to permanent job opportunities created at the redeveloped site. This type of initiative would have the additional benefit of maintaining a level of property tax revenue for local communities that may otherwise be lost through the retirement of coal facilities. The Transition Team has developed and executed an extensive communication plan to reach effected stakeholders throughout this process. We have also created a feedback loop where employees can anonymously ask questions or provide feedback to the team.

APPENDIX

People | Respect | Integrity | Dignity | Engagement

- **People** - our most important resource and the reason for our past, present, and future success
- **Respect** - celebrating the legacy and contributions of Fossil Generation to DTE's success
- **Integrity** - maintaining transparency and trust with employees throughout this process

- **Dignity** - our sense of value in the organization
- **Engagement** - ensuring employee voices are heard and considered during the transition



Fossil Generation Plant Retirement Pillars

The governance structure was designed to bring cohesion, visibility, collaboration, and accountability to the work being done across approximately 27 business units. The Plant Governance Structure encompasses the Company, Community, and Colleagues pillars which are focused on employee engagement, safety, environmental compliance, decommissioning, demolishing plant sites, securing future use for sites and creating positive outcomes for the communities throughout the process. To assist and address the colleagues pillar, the Fossil Generation organization developed a cross-functional Transition Team to provide critical pathways designed to help employees impacted by the transition. This team includes representatives from both the retiring and receiving plants, Fossil Generation leadership, the Union, Human Resources, and more.

Fossil Generation Retirement Strategy: Our objective is to achieve a successful retirement and re-purposing of our coal plants, focusing on the pillars of company, community and colleagues built upon a foundation of collaboration and communication amongst all stakeholders.

| | | |
|--|--------------------------|--|
| <div> <div></div> <div>Colleagues Pillar Approach</div> </div> | Focus on People | <ul style="list-style-type: none"> • Who will be impacted? • What are their needs and concerns? • How will they be impacted? • What are the key messages? • How can we best support employees through the transition? |
| | Build the Team | <ul style="list-style-type: none"> • Develop workstreams to lead efforts in different areas • Cross-functional representation • Integrated and aligned with overall DTE effort |
| | Develop Materials | <ul style="list-style-type: none"> • Retiring with PRIDE SharePoint • Onboarding tools • Communications • Position Matrix • Organizational Ambassador Program |
| | Deliver Support | <ul style="list-style-type: none"> • Leverage DTE Service Keys (Safe, Caring, Dependable, Efficient) • Focus on first retiring plant • Pilot, learn, improve • Develop Playbook |

Power Plant Operators

| SCARF Elements | Are there anticipated needs or concerns? | What should employees know? |
|---|---|---|
| <p>Status: Loss of seniority/respect as a subject matter expert</p> <p>Certainty: Not in the decision-making loop</p> <p>Autonomy: Existing rules may limit my choices</p> <p>Relatedness: Will have to build trust and new team relationships</p> <p>Fairness: Not sure my voice is being heard</p> | <ul style="list-style-type: none"> • Timing of their transition • Geographic location • Overtime availability • Loss of seniority • New team/plant culture • Change in shift • Training path • Mentoring/Coaching | <ul style="list-style-type: none"> • Timing of their transition • Training/ certifications that can be completed prior to transition • Onboarding plan at new site • Training progression plan at new site • Union support |
| | What are employees expected to do in this transition? | How do we envision employees feel in this process? |
| | <ul style="list-style-type: none"> • Remain safe and engaged before and after move • Utilize pre-training programs • Complete onboarding and training progression on schedule • Communicate where they want to go • Participate in the process | <ul style="list-style-type: none"> • Process is fair and transparent • Their job is secure • They have opportunity to succeed at new location • Accepted at new location • Valued by DTE |
| | What does communication and engagement look like? | Based on the current knowledge and ability, what is needed? |
| | <ul style="list-style-type: none"> • Face to face communications • Town Halls • Plant website • Hands-on experience • Mentoring and coaching | <ul style="list-style-type: none"> • Will need to learn new systems • Training progression plan |

Note: Job instructional training references certification or testing required to operate each power plant; training can take three to five years for a plant operator to complete when they move from one plant to another.



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