

The Changing Energy Landscape

and its impact
on economic
development in
America



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The EDRP Program is the “think tank” component of IEDC, designed to help economic development professionals weather the challenges and grab opportunities from economic changes affecting our communities. EDRP members are leaders in the field of economic development, working through this program to improve the knowledge and practice of the profession. IEDC would like to thank the Economic Development Research Partners program for providing the impetus and resources for this project.

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I. The changing energy landscape

The story of American economic development is also the story of energy. The fortunes of communities have risen and fallen as new technology has unleashed growth and old methods have lost competitiveness. This reality continues to play out, with major implications for rural communities, regions, cities and states.

The Changing Energy Landscape and its Impact on Economic Development in America, a report from IEDC's Economic Development Research Partners, takes stock of these seismic trends and looks beyond the horizon toward America's energy future. *The Changing Energy Landscape* is divided into four chapters focused on coal, nuclear, oil and natural gas, and renewable energy.

Long the cornerstone of America's energy market, coal's gradual decline, and the fortunes of communities dependent on mining jobs, have seized national headlines and the attention of policymakers. What many perceive as a sudden downturn has in fact been a slow and steady decline for more than two decades. At least 21 states are coping with job losses and disinvestment as this once-dominant energy source falls out of favor. This includes not just rural Appalachia but places from Illinois to Wyoming. For energy-rich communities that did not need a true economic development office for decades, the foremost priority now is to diversify, and diversify fast. Retraining the displaced coal workforce remains a stubborn challenge, but many initiatives are showing promise.

More than any other factor, it's the fracking revolution that is most responsible for coal's eroding market share. What has been bad news for coal communities has been good news for shale regions, which are now in boom times. Thanks to hydraulic fracturing technology, these communities are also struggling to keep up with explosive growth and the sudden stress placed on public services. Fracking has unlocked previously unreachable oil and natural gas deposits, further solidifying the United States as a world energy power and inching it ever closer to energy independence. The paper discusses methods oil-rich states are using to create and refine trust funds that help communities weather price drops for this ever-volatile commodity.

While the decline of coal has dominated national attention, there's a quieter crisis on the horizon for another kind of energy community – those with nuclear power plants. American nuclear reactors are aging, and in addition to requiring costly renovations, many are losing ground to cheaper energy providers, namely natural gas. A nuclear plant closure presents challenges far beyond the loss of a typical primary employer. Reactors are usually located in rural areas, and account for a large share of surrounding communities' highest-paying jobs. And because the property must house radioactive waste for many years, redeveloping the site is not possible. And unlike, say, a military base closure, there's no federal agency to come in and help.

"Nobody owns this problem," said Adam Grinold, executive director of the Brattleboro Development Credit Corporation in Vermont, at IEDC's FED Forum in March. It fell on Grinold and his organization to champion diversification efforts after the closure of the Vermont Yankee Nuclear Power Plant. Luckily, his organization anticipated the closure years in advance and had a strategy in place. Grinold cautioned other nuclear communities to "plan early, plan loudly, and implement, implement, implement."