

Joint Comments on the Application of Big Bend Wind, LLC for a Certificate of Need, Site Permit, and Route Permit for an up to 308 MW Wind Farm and Associated 161 kV Transmission Line in Cottonwood, Martin, and Watonwan Counties & The Application of Red Rock Solar, LLC for a Certificate of Need and a Site Permit for an up to 60 MW Solar Facility in Cottonwood County

PUC Docket Number(s):

IP7013/CN-19-408 (certificate of need); IP7013/WS-19-619 (site permit); IP7013/TL-19-621 (route permit) & IP7014/CN-19-486 (certificate of need); IP7014/GS-19-620 (site permit)

LIUNA Minnesota & North Dakota appreciates the opportunity to offer comments on the completeness of both the Big Bend Wind, LLC, certificate of need, site permit and route permit applications and the Red Rock Solar, LLC, certificate of need and site permit applications.

LIUNA Minnesota & North Dakota represent 12,000 unionized construction workers statewide including many workers in and around Cottonwood, Martin, and Watonwan Counties. We believe that the proposed projects can benefit both our members and the public at large by creating and sustaining high-quality construction and maintenance jobs. We appreciate the commitments and efforts made by the developer of both projects, Apex Clean Energy Holdings, to maximize the projects' local benefits by ensuring that skilled local workers are hired to build them.

We are particularly excited by the developer's plan to utilize a strong preference for bids that utilize local, union labor, which will allow the project to maximize local socioeconomic benefits while meeting timeline and safety requirements. The Certificate of Need applications indicate that the company's Balance of Plant (BOP) contractor for both projects will be expected to "collaborate with organized labor unions and other stakeholders to develop a workforce and hiring plan" to maximize work with organized labor and other stakeholders to maximize the use of local labor on the projects.

A commitment to utilizing local labor is especially important in light of the widespread unemployment caused by the COVID-19 global pandemic. Minnesota construction workers are hurting and urgently need high-quality job opportunities. These benefits will also extend to local businesses and economies. Research reports published by North Star Policy Institute and the Local Jobs North campaign have documented the variable impacts of using local versus non-local labor on Minnesota clean energy projects.¹

For example, Hatt and Franco analyzed the impact of local versus non-local hiring on wind farm projects. They found that use of a largely non-local construction workforce (10-30% local) was associated with a roughly \$45 million reduction in the local economic benefit of installing 1,400 megawatts of wind energy, compared to use of a largely local workforce (50-70% local).² A local worker can be expected to contribute three-times more to local economies than non-local

¹ Franco, Lucas and Katie Hatt, *Catching the Wind: The impact of local vs. non-local hiring practices on construction of Minnesota wind farms*, The North Star Policy Institute, 2018.

² Ibid, page 2.

workers over the near term, and the four-times more over the long-term as retirement benefits generate retirement income.³

These projects and the associated local socioeconomic benefits are in line with the goals of the PUC's economic recovery docket. If approved, Big Bend Wind and Red Rock Solar will contribute to Minnesota's economic recovery by creating over 516 construction jobs and approximately 16 permanent positions, while providing affordable electricity and helping the State of Minnesota meet its ambitious decarbonization goals.

The COVID 19 global pandemic has devastated Minnesota's economy. While there is hope on the horizon for widespread distribution of a vaccine, we still have a long road ahead to fully recover from this economic crisis. The statewide unemployment rate is still nearly twice what it was in March 2020 -- 4.6% in October 2020 compared to 2.9% in March 2020. This doesn't tell the whole story, however, as much of the reduction in the unemployment rate is due to "people dropping out of the labor force rather than moving in employment."⁴

The pandemic has devastated industries in every corner of the state. Governor Walz's decision to designate construction as an essential industry allowed many construction workers to remain employed, but construction unemployment claims are nonetheless up 155% over 2019 levels.⁵ We expect to see the number of unemployed construction workers grow rapidly heading into the 2021 season, as contractors complete work on projects approved before the state was hit by the pandemic.

The construction economy was relatively stable during the early months of the pandemic, which helped in turn to stabilize the state's economy as construction workers earned and spent their paychecks, maintained their privately-funded family health coverage, and were the source for net contributions to the state's overtaxed unemployment insurance fund. Unfortunately, we now see comparatively little work in the project pipeline for coming years, especially in private building markets where dozens of projects have been put on hold or canceled entirely.

Construction workers who helped to keep the economy moving early in the pandemic alongside other frontline workers in grocery stores and hospitals are hitting unemployment rolls with no supplemental benefits to cushion the fall. And they could also be in for years of high unemployment if the last recession provides any indication.

Extended unemployment, whether in construction or other industries, can have devastating long term consequences. Economic recessions lead to socioeconomic "scarring" in a number of important ways. The longer the recession the worse the scarring. This scarring includes a reduction in future job prospects due to periods of extended unemployment⁶ and

³ Ibid.

⁴ Minnesota Department of Employment and Economic Development, "State and National Employment and Unemployment: Current Data," October 2020, available here:

<https://mn.gov/deed/data/current-econ-highlights/state-national-employment.jsp>

⁵ All data via MN DEED, available here: <https://apps.deed.state.mn.us/lmi/ui/Results.aspx>

⁶ Farber, Henry S. 2005. "What Do We Know about Job Loss in the United States? Evidence from the Displaced Workers Survey, 1984-2004." Working paper #498, *Princeton University*. Available here:

<http://www.irs.princeton.edu/pubs/pdfs/498.pdf>.

intergenerational impacts such as reduced educational achievement of the children of adults facing extended unemployment.⁷

The good news is that we have a roadmap to uplift, empower and employ construction workers. Robust economic investment in our critical infrastructure at both the state and federal level during the last recession led Minnesota to a faster and more robust recovery than Wisconsin.⁸ Swift state action paired with smart investments helped minimize the impacts of the last recession, while creating pathways of opportunity for both unemployment construction workers and for new entrants into the industry. We have the opportunity to not only recreate that success, but to fuel a faster recovery through approval of accelerated energy investment by Minnesota utilities, which is exactly the goal of the PUC utility recovery docket.

Energy investments like Big Bend Wind and Red Rock Solar are one of the most effective means of spurring job creation and economic recovery from a recessionary period. Various studies of the 2009 American Recovery and Reinvestment Act (ARRA) “found that clean energy was the most cost-effective type of spending for job creation.”⁹ For example, Pollen and Garrett-Peltier (2011) detail significant direct, indirect and induced job creation as a result of investments in clean energy infrastructure during the Great Recession.¹⁰

Big Bend Wind and Red Rock Solar could not come at a better time for Minnesota. Through a commitment to utilizing local workers, these projects will play a key role in helping Minnesota recover from the COVID induced economic crisis. We believe that the relevant certificate of need, site permit and route permit applications contain the information required under Minnesota Statute.

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Respectfully Submitted,
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⁷ E.g. Heckman 2006 and Heckman & Masterov 2007; Heckman, J. J. 2006. “Skill formation and the economics of investing in disadvantaged children.” *Science*. Vol. 312, No. 5782; Heckman, J. J. and D. V. Masterov. 2007. “The Productivity Argument for Investing in Young Children.” *National Bureau of Economic Research*, Working Paper No. W13016. Cambridge, Mass.: NBER.

⁸ Van Wychen, Jeff and Lucas Franco. 2018. “Divergent Recoveries: An Analysis of Construction Industry Employment in Minnesota and Wisconsin.” *North Star Policy Institute*. Available here: <http://northstarpolicy.org/wp-content/uploads/2018/07/Divergent-Recoveries-July-2018-Web.pdf>.

⁹ Myers, Amanda and Energy Innovation. 2020. “Utilities Are Better Suited To Handle Covid Uncertainties - Why That’s Good News For Clean Energy.” *Forbes*. Available here: <https://www.forbes.com/sites/energyinnovation/2020/07/07/utilities-are-better-suited-to-handle-covid--uncertainties--why-thats-good-news-for-clean-energy/#324430da2ce3>.

¹⁰ Pollin, Robert and Heidi Garrett-Peltier. 2011. “The U.S. Employment Effects of Military and Domestic Spending Priorities: 2011.” *Political Economy Research Institute: University of Massachusetts Amherst*. Available here: https://www.peri.umass.edu/fileadmin/pdf/published_study/PERI_military_spending_2011.pdf.