



Understanding Community Benefit Plans in the Powering Affordable Clean Energy Program

A training for awardees and interested public

Presented by
USDA Rural Development's
Rural Utilities Service
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Agenda

- Overview: Community Benefit Plans (CBPs)
- Process
- Fiscal notes
- Examples
- Q&A



Disclaimers

- Examples and case studies are meant for illustrative purposes, only. They do not infer USDA's pre-approval of any specific activity.
- Costs presented for reimbursement are considered on a case-by-case basis. We review and assess all documentation that asserts expenses are necessary, reasonable, incidental, and allowable.
- Eligible reimbursement costs must be pre-approved. All financial guidelines – including those in Rural Utilities Service (RUS) regulations and 2 CFR 200 – must be followed. Powering Affordable Clean Energy (PACE) program costs also follow Section 317 of the Rural Electrification Act.
- Notice of Funding Opportunities (NOFOs) require **ratepayer benefits** and a **Tribal Government Resolution of Consent** when projects are sited on Tribal Lands. These are separate program requirements; not elements of Community Benefit Plans (CBP).



Overview: Community Benefit Plans

Purpose of Community Benefit Plans

Ideally, CPBs:

- Outline how a project will benefit the residents in its service area
- Address the concerns of neighbors (the host community) who might experience negative impacts from the project
- Enhance community support and contribute to successful project implementation by integrating stakeholders' requests for modifications or other benefits

Public Support for CBPs

- Based on a 2023 collaborative survey by Data for Progress and World Resources Institute, more than 80 percent of Americans support using CBPs for development projects

CBPs are essential to addressing:

- Challenges in siting renewable energy projects
- Concerns related to visual impact, ecosystem preservation, farmland conversion, and misinformation
 - Even when there is broad support for an investment, local siting debates can become contentious
 - Project success hinges on local support, as communities expressing siting concerns can significantly delay or prevent projects from moving forward

Tips for Successful CBPs

Some of the driving factors for community support for clean energy siting in rural communities include:

- **Perception of a fair engagement process**
 - Was community engagement transparent and accessible?
- **Highly visible, tangible community investments**
 - While projects often deliver meaningful tax revenue to local governments, local benefits (such as the potential to lower property taxes) aren't always tangible to residents who don't track government budgets on a regular basis. Successful CBPs tend to feature more visible benefits.



Scope

- **USDA recommends community engagement** but does not demand or anticipate specific outcomes.
- **Benefits should be delivered to the communities and residents of the Eligible Service Area, with a focus on engaging the communities near the project sites.**
- **Projects that involve refinancing should have CBPs.**
- **Power Purchase Agreements (PPA) must include CBPs.** Awardees may integrate CBP roles and responsibilities within their PPA contracts. When this is not possible, being upfront with community members about the range of abilities can support transparency and trust.
- **When project-based agreements are made, they must be included within the Awardee's over-arching CBP.** Community engagement may result in project-based agreements that are legally binding between the developer and a community representative. Examples include Community Benefit Agreements, Farmer Benefit Agreements, Community Workforce Agreements, Project Labor Agreements, and Good Neighbor Agreements.

Determining Sufficiency in PACE CBP

Incorporate additional benefits beyond the project, itself:

- Be ambitious! This is an opportunity to shine with your communities.
- Your project must provide benefits beyond any already-assumed ratepayer and tax benefits.
- Expanding an existing program to reach new stakeholders is acceptable provided the CBP distinguishes past actions from proposed, additional measures.

Illustrate specific, definable commitments:

- Use the best practice of setting **Specific, Measurable, Actionable, Relevant, and Timely (SMART)** commitments.
- **Deadlines** for each benefit must be included

You are encouraged to include one or more of the following RUS CBP priorities:

- Investing in the American workforce
- Integrating agricultural and farmer benefits
- Launching consumer-based energy efficiency programs
- Supporting Diversity, Equity, Inclusion, Accessibility, and Justice⁴⁰

We will determine if your submitted CBP delivers sufficient public benefit.

- We will contact you if we need additional information or clarification.
- You will have an opportunity to refine and resubmit your CBP.

Recommended Practices for Applicants Eligible For 60 Percent Loan Forgiveness

For PACE applicants eligible for 60 percent loan forgiveness for serving substantially underserved areas, it is encouraged for the project and CBP to include the following additional information:

- **Direct benefits:** Demonstrate that at least a portion of the community benefits are targeted toward the Tribal community or Substantially Underserved Trust Area (SUTA). Also, demonstrate that at least a portion of the cost savings will flow to the Tribal community/SUTA. If this is not possible, an explanation should be provided.
- **Indirect benefits:** Indirect benefits are also expected to serve Federally-Recognized Tribes, such as:
 - Targeted outreach with on-bill financing program for Tribal members.
 - Partnering with indigenous farmers on agrivoltaics for native crops.
 - Investments in Tribal college for linemen training.
- If applicable, detail Tribal input received in the CBP and how the input was incorporated into the final CBP.
- Detail steps for continued engagement with the Tribal/SUTA community.
- Inform Tribal leadership of the CBP opportunity and ask for input early in the development process and provide some ideas/options.

Definitions for Disadvantaged Communities

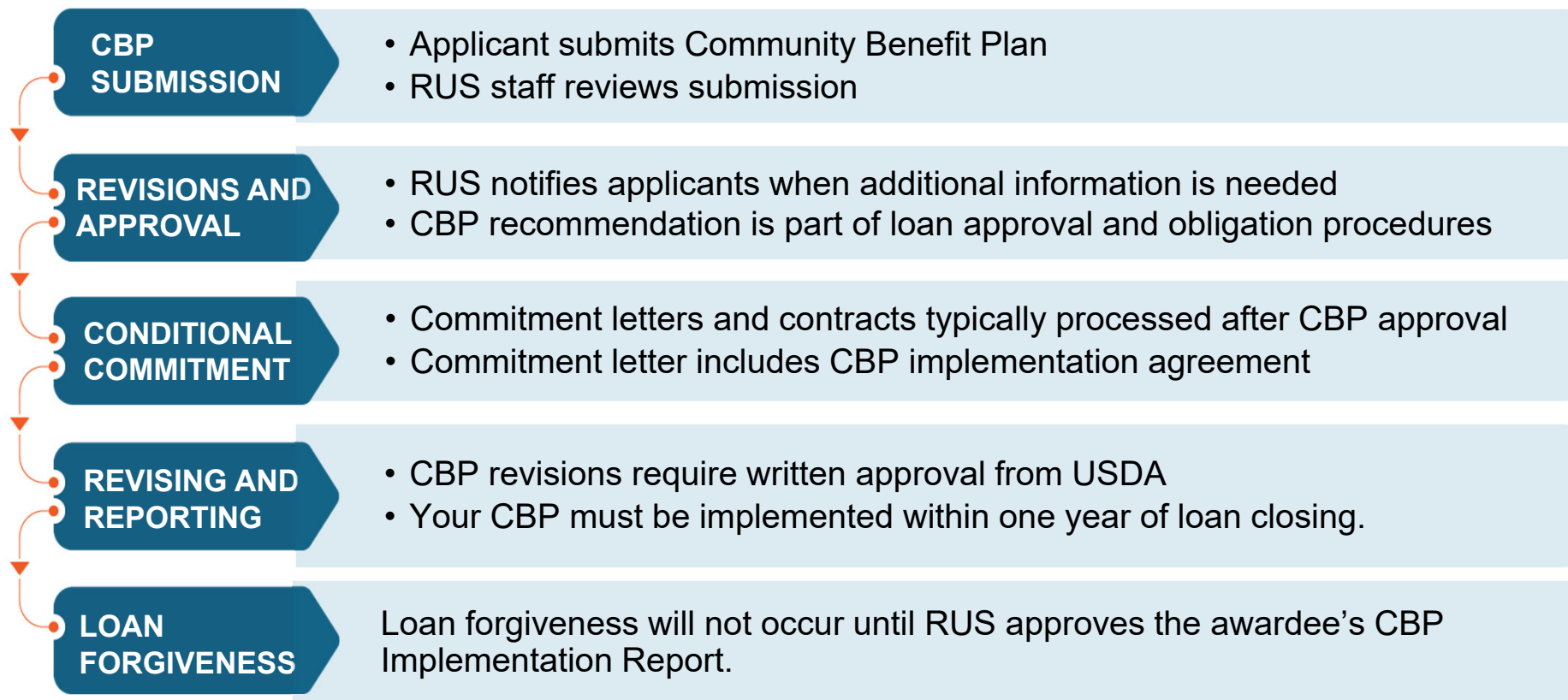
- RUS approved elements of a CBP relating to underserved communities, may be for:
 - Low-income individuals
 - Disadvantaged communities, per the geospatial mapping of the Climate and Economic Justice Screening Tool
 - Federally recognized Tribes and Tribal members



PACE CPB Process

 **Rural Development**
U.S. DEPARTMENT OF AGRICULTURE

PACE CBP Process Overview



Process: PACE Commitment Letters and Reporting

- A **CBP Approval Letter** identifying elements essential to successful implementation and reporting will be included with the Conditional Commitment Letter.
 - **Benefits must include a deadline for completion.**
- Awardees must submit an **Implementation Report** documenting how their CBP elements were fulfilled within one year of loan closing*.
 - *To help expedite loan forgiveness, awardees are encouraged to submit their Implementation Reports before the one-year reporting deadline.
- **Annual Reports** must be submitted for either the term of the award, or five years after project verification, whichever is shorter.
 - Report ongoing benefits delivery for elements identified in your CBP Approval Letter.
 - Include (pre-approved by RUS) additions or revisions made since the year prior.
 - An update on CBP implementation is required as a part of a reimbursement request.



Examples

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Investments in the American Work Force Examples

- **Following local hiring minimums**
- **Applying Just Transition measures to support workers in communities in which power plants are retiring**
- Signing a **Project Labor Agreement** with one or more trade unions
- **Using apprenticeship** and pre-apprenticeship programs
- Creating **workforce development partnerships** with trade schools, trade unions, community colleges, Tribal colleges, and historically Black colleges and universities (HBCUs)
- Supporting **workforce development priorities** such as the expansion of childcare facilities, health care, housing, grocery stores, municipal centers, and other crucial community infrastructure
- Bolstering **rural community quality of life** with investments that improve worker retention. Examples include support of public arts, parks, and community events, among others.



Consumer-Based Energy Efficiency Program Examples

- **Consumer-based energy efficiency programs**

Electric cooperatives and other utilities offer programs that help make electrification, energy efficiency, and weatherization more accessible. Consider including implementation of a new program – or expanding an existing one – as part of your CBP. Activities and models include on-bill financing, low-interest loans, and bill rebates for investing in efficiency.

- **Community Solar Programs**

- **Dual-use demand response-backup power** using back-up batteries sited at hospitals, nursing homes, municipal centers, or schools. These can be charged by renewable power from a funded clean energy project source.

Note: The RUS Rural Energy Savings Program (RESP) offers zero-interest loans for those interested in supporting consumer energy efficiency programs that require no upfront costs and are repaid through on-bill financing. IRA program applicants are encouraged leverage the RESP as part of their CBPs.



Supporting Underserved Communities Examples

- **Targeting outreach** of project-associated benefits such as job opportunities and potential subcontractor positions in disadvantaged communities.
- **Sponsoring education or job placement programs for disadvantaged communities.**
- Following **Just Transition measures** to support workers and communities where power plants are retiring such as worker retraining, economic development support, payments in lieu of taxes.



Agricultural Integration Examples

- Creating **infrastructure-related cost savings** by offering beneficial electrification through upgrades, and by encouraging distributed generation for self-sufficiency.
- Supporting **local food system and agricultural community investments** guided by engagement with farmers. Examples include investing in a grain elevator, local meat processing, food hub, or grocery store.
- **Other investments** that support farm communities, rural economies, and workforce development as identified through engagement, such as clinics, childcare, work force housing, agricultural education programs or scholarships, or apprenticeships.
- **Donations to philanthropic organizations**, scholarship funds, farm education programs, or community foundations as guided by engagement with farmers.
- **Commitment to use preferred processes for land acquisition**, such as avoiding eminent domain, having farm organization staff present at all meetings between land agents and farmers, or cooperative agreements or Good Neighbor Agreements to share payments across neighbors even if their land ultimately is not selected for siting.

Agricultural Integration Examples

- **Agrivoltaics that integrate agricultural production and solar**
 - Example: Connect a retiring farmer or landowner who wants to lease or sell land to solar development with a beginning or disadvantaged farmer. The retiring farmer provides access to land between solar panels for crops or livestock.
- **Prioritizing marginal lands or designing solar siting to enable land to return to agricultural production** after decommissioning. (In keeping with the Farmland Protection Policy Act).
- **Farmer revenue commitments**, such as minimum capacity from clean energy generated on working family farms.



Farmer Benefit Plan Example

To create the Farmer Benefit Plan for a fictitious 500-megawatt (MW) wind project in Windville, the local electric cooperative collaborated with 30 impacted farmers along with the Windville Farm Organization to respond to concerns and discuss benefits. The co-op and farmers met monthly in 2024, and commit to the following:

- **Launch a Clean Energy Cash Crop Commitment** - Committing to secure at least 5 percent of total project capacity from clean energy generated on working family farms. Projects will be sited on either marginal farmland, rooftops, or no more than ten acres of prime farmland.
- **Return all impacted farmland to agriculturally productive land** at the end of the project's lifespan, by following USDA Natural Resources Conservation Service (NRCS) guidance on conservation considerations during construction and throughout the lifespan of solar projects.
- **Support childcare.** Remit a one-time, \$200,000 payment to expand the Windville Child Care facility, supporting the local farm economy and workforce.





PACE Fiscal Notes

Potential for CBP Cost Reimbursements

- **We expect awardees to fund their CBPs.** Some costs potentially are reimbursable.
- Reimbursements are considered on a **case-by-case basis using the “necessary, incidental and reasonable expenses” principle** for the project’s successful implementation.
- Reimbursable expenses must have a connection with the project. Ineligible reimbursement expenses include such things as philanthropic investments, or construction efforts not directly connected to the project.
- Expenses not pre-approved by RUS are ineligible for reimbursement.
- PACE Program reimbursable costs must be capitalizable expenses as defined by the Rural Electrification Act (for storage, as defined by the Inflation Reduction Act).

Potentially Reimbursable Expenses

Examples in PACE

- **Construction** project costs that enhance a site's community benefits and enhance project security (e.g. fence)
- **Project-related local labor training** or apprentice costs that can be included in labor costs
- **Electricity system benefits** that yield community benefits beyond the project. Examples include:
 - **Community solar** subscriptions with no upfront costs and monthly bill credits
 - **Backup power** with energy conservation benefits by using energy storage sited at hospitals, nursing homes, farms or schools - and charged by renewable power from a funded clean energy project
- **Leasing marginal farmland** that allows farmers to use clean energy as cash crop
- **Offering community solar** or community wind subscription to farmers and ranchers
- **Practicing natural resource conservation best management practices** to protect farmland in keeping with the Farmland Protection Policy Act, which requires federal agencies to avoid unnecessary farmland loss.



Questions



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