

Understanding Community Benefit Plans

in the

Empowering Rural America (New ERA) Program

A training for awardees and interested public

Presented by
USDA Rural Development's
Rural Utilities Service
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Disclaimers



- Examples and case studies are meant for illustrative purposes, only. They do not infer USDA's 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.
- Notice of Funding Opportunities (NOFOs) require ratepayer benefits for all awards 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 (CBPs).

Agenda

- Overview: Community Benefit Plans
- Process
- Fiscal notes
- Examples
- Questions?





Overview: Community Benefit Plans

Purpose of Community Benefit Plans

Purpose of CBPs:

- 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

- More than 80% of Americans support using CBPs for development projects*

*See notes section for source

CBPs are essential to addressing:

- Challenges in siting renewable energy projects
- Economic loss to individuals and communities from fossil fuel-source retirements
- 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 requires community engagement but does not demand or anticipate specific outcomes. CBPs are intentionally flexible, allowing stakeholders to contribute to the design of a plan that aligns with the local priorities and capacities of their communities.
- Benefits must be delivered to the communities and residents of the Eligible Service Area, with a focus on engaging the communities near the project sites.
- Each project must include community benefits. These are called project-based milestones.
- Projects that involve refinancing must have CBPs in support of a Just Transition where appropriate.
- Power Purchase Agreement (PPA) Projects have CBP obligations. Awardees must define CBP roles and responsibilities between power producers and purchasers. Being upfront with community members about the range of abilities creates transparency and trust.
- When project-based agreements are made, they must be included within the awardee's over-arching CBP. Community engagement can result in project-based agreements that are legally binding between the developer and a community representative. Examples of such agreements include Community Benefit, Farmer Benefit, Community Workforce, Project Labor, and Good Neighbor agreements.



Determining Sufficiency in New ERA CBPs

- 1) Demonstrate community engagement and responsiveness to their input**
- 2) Incorporate additional benefits beyond the project, itself:**
 - Your project must provide benefits beyond the direct ratepayer and local tax benefits.
 - Expanding an existing program to reach new stakeholders is acceptable, provided the CBP distinguishes past actions from proposed, additional measures or additional impact.
- 3) Inclusion of one or more of the following USDA Rural Development CBP priorities:**
 - Investing in the American workforce
 - Integrating agricultural and farmer benefits
 - Consumer-based energy efficiency programs
 - Supporting disadvantaged communities
 - Examples of approved elements of a CBP involving underserved communities include low-income individuals, federally recognized Tribes and Tribal members, and disadvantaged communities identified using geospatial mapping available in the Climate and Economic Justice Screening Tool.



Measurable Commitments and the Revision Process



Illustrate specific, definable commitments:

- Use the best practice of setting **S**pecific, **M**easurable, **A**ctionable, **R**elevant, and **T**imely (SMART) commitments.
- Timelines for each benefit must be included. For example, donations to a farm to school program will begin in 2026 and continue through 2036.

We will review your submitted CBP for 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.



New ERA CPB Process



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New ERA CBP Process

APPLICATION

- Submit expected benefits and engagement plan. (This “**plan for a plan**” reflects **Steps 1-2.**)
- **Obligation is conditioned** on CBP to be approved within one year of obligation and implemented within one year of project completion.

ENGAGE AND SUBMIT

- Follow the New ERA **CBP Checklist** to plan community engagement.
- **Submit CBP** with **project milestones** within one year of obligation.

APPROVAL

- We will determine sufficiency, and either approve or request revisions to the CBP.
- The CBP is a **living document**. It's meant to be updated with project milestones created for projects developed in future years, approved by USDA RD.

FUNDS DISBURSMENT

Loan funds are disbursed after the CBP is approved.

Grant funds typically are disbursed after review and verification of the CBP Implementation Report.

NOTE: **Partial grant release** can be granted on a case-by-case basis for interim CBP Implementation Reports that include project milestones.

REPORTING

- **CBP Implementation Reports** must be submitted within one year of project completion.
- **Annual reporting with loan financial and operating reports must include** CBP summary and updates.

Expectations for Application “Plan for a Plan”

Your New ERA proposal must include a preliminary plan that will be updated with stakeholder input at the time of your CBP submission. Here are the plan elements:

- **Determine your CBP work group.** Rural electric co-ops must create an interdisciplinary work group with expertise in community engagement, project development, and public affairs. Be sure to note your intention to work with a trained CBP consultant.
- **Identify communities impacted by the project,** including consideration of the host community, farming communities, local government, Tribal, co-op members, and labor, among others. Plans illustrating how to identify impacted communities are acceptable at this stage of the application.
- **Draft your engagement proposal** with transparent, accessible and equitable engagement processes. Submit a draft engagement proposal following the guidance in Checklist Step 2.
- **Detail expected preliminary benefits.** Identify the types of benefits you expect to deliver and acknowledge that these benefits could expand, or change based on stakeholder input. The preliminary benefits expected must include at least one of four identified CBP priorities.

Expectations for CBP Submission

- **Describe the engagement process**, referencing the principles in this training and from the process checklist. See the appendix for details on the New ERA CBP Process Checklist.
- **Show your response to stakeholder requests** in updates to your preliminary plan.
- **Illustrate benefits planned beyond the project itself**, including benefits from at least one of these priority areas: workforce, agriculture, efficiency, or underserved communities.
- **Explain specific project milestones and the timeline** for benefits to be implemented.
- **Include at least three letters of support** representing a diverse group of organizations or communities engaged. **NOTE:** One letter should be from the local government where the project is constructed.
- **Provide a public summary** of your CBP.

Expectations for Reporting

Your CBP Implementation Report must include:

- **Benefits** delivered by the project alongside the projected milestone timeline included in your original CBP.
- **Adjustments** to the original CBP, which must be documented, explained, and reference the date of email from USDA's Rural Utilities Service with approval of such adjustments.
- **Letters** of support from the stakeholders who signed the original CBP.

Note: Interim CBP Implementation Reports that include project-specific milestones can be submitted when seeking to advance grant funds. These are available on a proportional basis until the final project's CBP is completed.

Expectations for Reporting - continued

- **Annual Reporting** – You must include a summary of CBP implementation as part of your required annual reporting of financial and operational updates. The summary can be less than one page but must cover the topics addressed in your CBP Implementation Report.
- **Update your CBP and CBP summaries as “living documents”** – When additional project benefits are identified after the submission of your initial CBP, it must be updated and approved by USDA Rural Development’s RUS. The public CBP summary also must be updated and resubmitted. Later-stage projects are expected to follow the process checklist.



Commitment Letters and Reporting



- By signing the New ERA Commitment Letter, you agree that you will develop and submit a CBP in the method outlined in the New ERA CBP Checklist.
- Once the CBP is submitted and approved one year after obligation, a **CBP Approval Letter** identifying elements essential to successful implementation and reporting will be issued. Benefits must include a timeline and deadline for completion.
- You must submit an **Implementation Report** documenting how your CBP elements were fulfilled within one year of project completion*.
 - *To expedite grant disbursement, you are encouraged to submit your Implementation Reports before the one-year reporting deadline.

Note: To advance grant funds prior to the completion of the full portfolio of actions, reimbursement requests must include an updated CBP Implementation Report demonstrating that project-specific milestones have been executed.



Commitment Letters and Reporting - continued

Examples of CBP Milestones:

- **Milestone 1:** 50 MW solar project
 - Expected project completion: January 2026
 - Benefits to be implemented January 2025
- **Milestone 2:** 200 MW wind project
 - Expected project completion: January 2028
 - Benefits to be implemented January 2027



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 being retired.
- 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 child care 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.





Advancing a Just Transition for Energy Communities

CBPs are particularly important in instances in which fossil fuel assets are being retired. They enable local communities to benefit from a Just Transition to cleaner energy while acknowledging their historic contributions to our society.

Types of activities that are helpful for a Just Transition are:

- Commitments to worker retraining and job transfers for existing employees
- Multiyear donations to impacted local governments to mitigate the loss of tax revenue.
- Skills testing and worker certification for clean energy jobs
- Severance and relocation for workers who cannot be redeployed

Some project-related labor expenses can be reimbursed. Examples include:

- Workforce training
- Skills development
- Worker safety measures

Supporting Underserved Communities

EXAMPLES:

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



Consumer-Based Energy Efficiency Program

EXAMPLES:

- 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 USDA Rural Development 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 to leverage the RESP as part of their CBPs.



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 ag producers. 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. Examples include clinics, child care centers, workforce housing, agricultural education programs or scholarships, and apprenticeships, among others.
- **Donations to philanthropic organizations**, scholarship funds, farm education programs, or community foundations, as guided by engagement with ag producers.
- **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 ag producers, or “Good Neighbor Agreements” to share payments even if their land ultimately is not selected for siting.

Additional Agricultural Integration

EXAMPLES:

- **Agrivoltaics that integrate agricultural production and solar.** For instance: Connecting 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 to grow crops or graze 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 ensuring that a minimum capacity from clean energy generated on working family farms.



Example: Farmer Benefit Plan

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

- **Launch a Clean Energy Cash Crop Commitment** - Commit to securing at least 5% 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 10 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 Childcare facility, supporting the local farm economy and workforce.





New ERA Fiscal Notes



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Additional Reminder

- 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.





Potential for CBP Cost Reimbursements



- We expect awardees to fund their CBPs. Some costs potentially are reimbursable.
- Reimbursements are considered in advance 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 donations, or construction efforts not directly connected to the project.
- Expenses not pre-approved by USDA Rural Development’s RUS are ineligible for reimbursement.
- If you demonstrate implementation of project-based CBP milestones **prior to** the implementation of the full suite of activities and **after that** project is verified, then grant funds proportional to that project can be eligible for disbursement.



Examples of Potentially Reimbursable Expenses

- Administrative expenses to implement CBPs
- Construction project costs that enhance a site's community benefits or project security (for example, a fence)
- Reasonable expenses necessary to implement the CBP priorities of workforce, efficiency, agriculture, or underserved communities. Examples include:
 - **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, such as:
 - **Community solar** subscriptions with no upfront costs and monthly bill credits
 - **Backup power** with energy conservation benefits using clean energy powered 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 a cash crop
 - **Offering community solar** or community wind subscription to farmers and ranchers
 - **Practicing natural resource conservation best management practices** to protect a site's farmland in keeping with the Farmland Protection Policy Act, which requires federal agencies to avoid unnecessary farmland loss.



Questions



Appendix A. New ERA CBP Process Checklist Summary

CBPs help ensure that federal investments create local opportunities in underinvested economies, a key goal of the Inflation Reduction Act. The plan must be deemed acceptable to the USDA Rural Development RUS Administrator and executed as promised.

Here are the steps you must take when creating the CBP:

- Step 1: Identify work group and impacted communities
- Step 2: Draft transparent, accessible, equitable engagement processes
- Step 3: Conduct initial outreach to community leaders to co-create engagement processes
- Step 4: Host community meetings to solicit initial and adjusted CBPs
- Step 5: Develop farmer benefit plan, if appropriate
- Step 6: Craft a draft CBP
- Step 7: Solicit feedback on your draft CBP and adjust accordingly
- Step 8: Finalize the initial CBP and submit your documentation
- Step 9: Submit ongoing progress reports

CBP Expectations and Checklist - <https://tinyurl.com/4rcbaa9m>

Appendix B. Anonymous Examples

Co-op A:

- 1) Commitment to ensure low-income member-owners have equitable access to the solar benefits of their Community Solar Program. Co-op A has reserved 25% of the project's output for income qualified participants.
 - a. Provides access to the renewable benefits from this program to low-income households and residential and commercial member-owners, as well as Co-op A residential and commercial customers that do not have rooftop solar arrays or that do not participate in a community solar garden.
 - b. Anticipates that low-income participants' kilowatt-per-hour cost will be reduced by 20%.
- 2) Commitment to host annual community open forums throughout the period of performance
- 3) Commitment to incorporate specific design considerations into their Solar Generation and Storage Project to support and enhance the coexistence of existing agriculture and solar energy generation.

Co-op B:

- 1) Commitment to utilize the IBEW for all work with the project. Jointly, this means they will:
 - a. Provide professional opportunities for all employees and allow them to reach their full potential through the Company's Educational Assistance Policy.
 - b. Utilize training programs and systems to provide efficiency, quality, system reliability and increased customer satisfaction.
- 2) Commitment to:
 - a. Invest more than \$200,000 annually on activities related to recruitment, retention, training, and professional development
 - b. Provide technical training, upskilling and reskilling of current employees
- 3) Commitment to convene a Resiliency Advisory Committee that will meet at least once each quarter, to allow key stakeholders in the community to provide input on matters related to grid resiliency and security, climate change adaptation, workforce development and energy equity.



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