



# COMMUNITY BENEFITS POLICY AND ENERGY JUSTICE

Community Benefits Agreements (CBAs) and Community Benefits Plans (CBPs) have become a hot topic among energy justice practitioners and policy advocates. The recent federal investments in clean energy and climate infrastructure has shifted the playing field for energy developers and affected communities. CBAs and CBPs are heralded as solutions that will ensure that underserved and overburdened communities receive benefits from these substantial federal investments.

## Community Benefits Agreements

(CBAs) are contracts negotiated by a developer and a community-based coalition that confers benefits to the people residing near a project.

## Community Benefits Plans

(CBPs) are planning tools developers are required to submit for certain federal funds that outline plans to confer benefits to affected populations.

CBAs are not a silver bullet solution to energy injustice. Institutionalizing community benefits policies for infrastructure based on fossil fuel and other extractive industries can structure the process by which these projects are developed. Community buy-in is exchanged for community benefits. With recent federal policy developments, many policymakers and advocates are engaging in community benefits policymaking processes, through negotiating CBAs at the local level for an energy generation or transmission project, considering CBA requirements in state legislation, or engaging with a developer subject to the Department of Energy's CBP requirements. These policies can create a robust platform for advancing energy justice initiatives such as labor agreements, pollution reduction, and energy democracy. However, to fully realize the distributive justice potential of these policies, further interventions are needed to increase community decision-making and governance. Without a strong commitment to community decision-making power in these policies, we risk perpetuating the same inequitable structures and distributions of benefits and harms in our current energy system.

## FINDINGS

CBAs fill a niche in energy policy: Communities in the immediate vicinity of utility-scale energy projects will generally not receive benefits from the project without an externally imposed benefits reallocation framework. CBAs can fill this niche and ensure that benefits are flowing to communities that would otherwise not benefit directly from a project.

Institutionalizing CBAs can weaken effectiveness: In creating a predictable environment for CBAs, expediting the development process tends to be prioritized over maximizing community benefits and engagement. Community benefits ordinances have generally led to non-binding agreements, excluded grassroots groups from the negotiation process, treated community benefits as a box-ticking exercise, and provided community benefits ceilings instead of starting points.

CBAs only apply to utility-scale, privately owned projects: CBAs are only a useful policy tool when the project being developed is large and/or owned by a private entity; community- or individually-owned distributed generation projects, such as rooftop or community solar, or demand reduction mechanisms, such as energy efficiency and heat pumps, do not create a need for negotiated CBAs. CBAs can be useful policy tools for non-renewable energy projects, such as oil refineries, hydrogen projects, gas-fired power plants, radioactive waste disposal sites, and nuclear plants.

## RECOMMENDATIONS

Establish transparency and accountability mechanisms in CBPs: Energy justice requires that marginalized communities participate meaningfully in the policymaking process—not only during CBA negotiations, but in the process of deciding whether the projects are funded and sited in the first place, and in developer creation of CBPs.

Center disadvantaged communities in CBAs: The public sector should recognize that host community agreements may not fulfill benefits reallocation goals for disadvantaged communities based on the characteristics of the host community, and should require additional benefits reallocation mechanisms to advance substantive, procedural, and restorative energy justice.

Create benefits reallocation mechanisms for large-scale projects: Large-scale project developers should be required to ensure that marginalized communities are benefitting from the development and operation of the projects through first-source hiring programs, revenue sharing, community program funding, community or public ownership requirements, and other state-initiated mechanisms.

Share co-benefit methodologies across states: Policymakers involved in benefits reallocation policy should look to the local, state, and federal levels for examples of how investments and co-benefits are measured and tracked across different policies. Ensuring that the investments and co-benefits in a policy or CBA are measurable and trackable increases likelihood that these policies/agreements can be enforced.