





Renewable Energy: Providing a Spectrum of Potential Community Benefits

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The following is an excerpt from a University of Michigan DOW Sustainability Fellows project, Beyond Renewable: Incorporating social sustainability & community benefits into renewable energy projects, advised by Dr. Sarah Mills and Dan Worth (Traverse City Groundwork Center).

Community benefits can be an important consideration in siting renewable energy. "Community" is defined here as all residents in a designated geography, and the term "community benefits" refers to their shared benefits. These benefits may come in the form of external funding directed at development projects and/or revenue generated by those projects.

Community benefit scenarios fall along a spectrum. At one end, a small number of residents receive large, direct dollar benefits. At the other end, a large number of residents receive enhanced services or smaller monetary benefits. In all cases, by including a community benefits component in a project plan or agreement, a community ensures that improvement in the lives of area residents will be one measurable outcome of the project.

Spectrum of Community Benefit Scenarios

These offer a traditional form of payment (rent) to landowners, as well as to those who own land in proximity to the development HIGH INDIVIDUAL BENEFIT Land Owner Lease Payments RISKS: Disapproval among neighbors; limited contribution to the broader community Municipal utilities collaborate with developers to provide discounted electricity to customers who contribute space or capital **Discounted Electricity** to energy development RISKS: No value for low-income residents Developers provide opportunities for local employment, commit to using local procurement, and may offer electricity discounts in exchange for labor **Local Employment & Procurement** RISKS: Not many jobs available; temporary benefit Community members or community organizations act as investors or own a cooperative to fund a development Individual, Org, Co-ownership RISKS: Not available to low income residents; low repayment Developer establishes a fund for community initiatives financed through donations or profits **Community Enhancement Fund** RISKS: Lack of expertise among fund managers; lack of transparency MORE BENEFICIARIES An entire community—via city or a trust—invests directly or joins a cooperative to fund a development **Community Wholly Owned** RISKS: Difficulty financing organization cost and expertise obligation on community Community receives additional tax revenue as a result of development and can spend on local priorities State/Local Taxes RISKS: Low community visibility can lead to low public support





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The Clean Energy in Michigan series provides case studies and fact sheets answering common questions about clean energy projects in Michigan.

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