Built-In Benefits

Aligning community and state needs with energy zones

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Introduction

Energy Zones (EZs) are emerging as a proactive statewide planning strategy that identifies areas well suited for future energy development. They may be used as a mechanism for improved community engagement and holistic delivery of benefits from projects to communities.

This insight brief provides a detailed look at how community engagement and benefits can be incorporated into EZ design and implementation and accompanies RMI's broader work to support EZ planning.

Today, planning for energy generation and grid build-out often happens in reaction to project-by-project proposals. This pushes community input further from early planning, and strong reactionary responses occur. This delay-and-react cycle results in piecemeal, costly, and insufficient energy infrastructure. Investing in EZ design is a way to invest the effort and resources consumed in typical adversarial processes into the opportunity to align stakeholders productively around energy infrastructure development. Public engagement in designing and designating state EZs leads to beneficial outcomes for the grid, the economy, and communities because it will:

- Surface local priorities and concerns to inform EZ implementation, particularly local land-use needs;
- Establish community benefit expectations before individual projects are proposed, including expectations of project developers;
- Create tangible local economic value from EZ development by delivering benefits that are meaningful, practical to administer, and responsive to locally identified priorities; and
- Reduce project-by-project friction and negotiation by resolving appropriate permitting, engagement, and community benefit questions up front.

We consider the following questions to be the key design considerations for incorporating community engagement into EZ planning:

1. Who should participate in EZ planning, and what roles should different stakeholders play?
2. When and how can stakeholder input influence zone designation criteria, maps, implementation, and project development?
3. How should benefits be calculated, structured, governed, and allocated?

Who Should Participate in EZ Planning, and What Roles Should Different Stakeholders Play?

States are well-positioned to enable each stakeholder's role in the design and implementation of EZ planning. Exhibit 1 defines different community stakeholders.

Exhibit 1 Entities engaged in EZ planning and implementation

Entity	Description	Summary engagement strategy
Inform and engage		
Community (i.e., residents)	People who live, work, own land, or operate businesses within or near a proposed EZ	• Provide information about what zonal designation is and how it may affect communities, including through local governments and community-based organizations. • During EZ design, provide opportunities for residents to surface local considerations that can inform zone criteria, implementation expectations, and benefit frameworks before individual projects are proposed.
Engage and partner		
Community-based and environmental justice organizations	Organizations rooted in or serving communities within a proposed zone, including civic, faith based, agricultural, economic development, workforce, conservation, and organizations specifically representing or serving disadvantaged, underrepresented populations	• During EZ design, engage relevant organizations for information about local conditions, constituencies, and priorities that may inform designation criteria, implementation approaches, and community benefit frameworks. • During project development, organizations may also participate in developing or negotiating community benefit arrangements, negotiating community benefit agreements if designated as an expectation or possible legal mechanism.
County leaders, agencies, and other local governments	Governmental entities with formal authorities that may affect EZ implementation, including land-use planning and permitting	• Support implementation by squaring EZ designation with local land-use needs and permitting processes. • Could designate formal roles in administering or directing community benefits. • Where applicable and desirable for a given community, opt into EZ designation
Tribal governments	Sovereign governments affected by EZ planning or resulting infrastructure	Engage Tribal nations bilaterally, following applicable consultation requirements and Tribal protocols. Adhere to Tribal laws and codes when designating EZs and recommending model permitting and engagement approaches.

RMI Graphic. Source: RMI research

Engagement can draw on both direct resident participation and organizations that work with particular constituencies or on local issues. Direct resident outreach can capture perspectives beyond established organizations, but repeated participation requests can also create fatigue, particularly for technical planning processes where content is challenging for lay audiences and only some decisions are open to public input.

Working with community-based organizations (CBOs) can reduce the burden of repeat participation in public processes and still reach established constituencies. Organizations focused on constituencies or local issues may provide information about community priorities, concerns, past development experiences, or other conditions that are not readily captured in statewide datasets or direct resident outreach. This approach can supplement other sources of local information while limiting repeated participation requests to individual residents. Where CBO participation is expected to be ongoing or require substantial staff time, engagement design can also account for the resources organizations may require to participate.

When and How Can Stakeholder Input Influence Zone Criteria, Maps, Implementation, and Project Development?

Engagement on EZ designation criteria *before* publishing statewide mapping creates an opportunity to surface relevant considerations before zonal designation. Beginning engagement this way shifts the conversation from asking stakeholders where zones should go to exploring whether the proposed criteria capture the range of considerations relevant to identifying viable zones. Exhibit 2 describes the engagement considerations throughout EZ development.

Exhibit 2

Critical stakeholder engagement steps

EZ development activity	Considerations for community engagement	Stakeholder group involved
Develop designation criteria	• What characteristics, in addition to technical feasibility, should the state consider in zone designation? • What local information might be missing from statewide datasets? • Which communities are interested in hosting EZs?	Community, CBOs, environmental justice organizations or coalitions, county or local governments, and tribes
Design implementation framework	How will permitting, benefits, and other requirements operate within zones?	County or local governments, tribes

RMI Graphic. Source: RMI analysis

Publishing candidate maps can make the planning process more concrete, but broad zone boundaries can be easy to misinterpret. A mapped EZ indicates an area where future energy development is anticipated and could be supported; it does not indicate that the entire area is developable or will be converted to energy infrastructure. Without that distinction, stakeholders may interpret a broad zone boundary as representing the potential physical footprint of future projects rather than the geography within which individual projects may ultimately be sited.

This creates a trade-off between specificity and timing. Maps give stakeholders something concrete to respond to and can help surface place-specific information that criteria alone may not reveal. Earlier criteria-based engagement provides more opportunity to explain how zones will be identified and what designation means before broad candidate boundaries are introduced. A staged approach can combine

both functions: engagement on designation criteria followed by candidate mapping and geographically targeted engagement as boundaries are refined.

The Illinois Renewable Energy Access Plan (REAP) offers a useful example of a broader designation framework.[1] Illinois considers wind and solar resource potential and developer interest alongside current land use and crop productivity, environmental justice communities, equity investment-eligible communities, and areas with mandated fossil-generation retirements. It demonstrates how land use, equity, and state policy considerations can sit alongside technical criteria in zonal analysis. The Illinois Commerce Commission also used stakeholder workshops, including a session specifically focused on analyzing and refining REAP zones, alongside a community engagement webinar and written comment opportunities to gather input as the REAP was developed.

States can also reinforce the value of engagement processes by tracking and documenting how feedback has been considered or incorporated into final decisions. For example, states could:

- Publish public comments or summaries of feedback received;
- Document recurring priorities and concerns;
- Identify changes to criteria, maps, or implementation approaches in response to public input; or
- Publish a formal report explaining how stakeholder input was considered.

How Should Benefits Be Calculated, Structured, Governed, and Allocated?

EZs create an opportunity to establish community benefit expectations before individual projects are proposed, streamlining project-by-project negotiations. A zone-level framework can establish baseline expectations for the level of benefits, eligible benefit structures, governance, and allocation, while leaving defined areas for project-specific variation where needed.

A community benefit, as used here, provides concrete and tangible value responsive to an identified community need or priority.[2] Those priorities may extend beyond energy-related benefits: for example, a community may prioritize childcare, housing, workforce development, or substance-use services over electricity bill assistance.

In recognizing this, one of the strongest enablers that state zoning can provide for meaningful community benefits is in establishing expectations and guidelines around the monetary boundaries. In other words, states can provide guidance on appropriate dollar values for benefits (calculations), how that money might flow to communities directly (structures and governance), and which stakeholders will receive benefits (allocation).

Calculations

An RMI analysis of more than 200 utility-scale renewable energy projects found that often the successful projects delivered value to host communities through multiple approaches beyond tax revenue alone.[3] Although tax revenue represents an important source of local economic value, EZ design creates an additional opportunity to establish norms for incremental community benefits before individual projects are proposed.

There are examples for calculating such additional benefits emerging across the United States (see Exhibit 3). Contribution formulas or minimum contribution levels have been created as ratios to project size, such as fixed dollar amounts per megawatt (MW) or annual dollar amounts per MW. A dollar-per-MW formula provides a relatively simple way to scale contributions with project size and gives developers and communities greater certainty about the minimum value associated with development. Existing programs vary substantially, however, in the size, duration, and intended use of those contributions.

Exhibit 3 **Examples of statewide community benefit contribution requirements**

Program	Contribution level	Duration/timing	Benefit delivery
Hawaiian Electric Integrated Grid Planning request for proposals	Minimum $3,000/MW-year, subject to program cap	Annual	Community benefits package addressing host community-identified needs
New York Host Community Benefit Program	$500/MW-year solar; $1,000/MW-year wind	Annually for first 10 years of operation	Bill credits distributed among residential utility customers in the host community
Michigan Public Act 233	$2,000/MW of nameplate capacity located within each affected local unit	One time, upon commencement of operation	Host community agreement payment to affected local government

RMI Graphic. Sources: Order Adopting a Host Community Benefit Program, Case 20-E-0249, New York State Public Service Commission, February 11, 2021, https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7BDFD69D2F-A16F-404F-9A7C-283F0C79D1DB%7D; "Renewable Energy and Storage Facility Siting FAQs," Michigan Public Service Commission, https://www.michigan.gov/mpsc/regulatory/facility-siting/renewable-energy-and-storage-facility-siting/faqs; Request for Proposals for Renewable Dispatchable Generation and Energy Storage: Appendix N — Community Engagement, Hawaiian Electric Company, August 26, 2024, https://www.hawaiianelectric.com/documents/clean_energy_hawaii/selling_power_to_the_utility/competitive_bidding/igp_rfp/20240826/20240826_igp_rfp_appx_n_community_engagement.pdf.

A standardized contribution level does not, on its own, indicate whether the resulting benefit will be material. The same dollar-per-MW requirement can produce substantially different outcomes depending on project size, contribution duration, the number of recipients, whether contributions are aggregated across projects, and the desired benefit. Contribution levels can therefore be pressure tested by translating the resulting benefit pool into the scale of the intended use.

Also, a standardized contribution level does not, on its own, indicate the scale of benefit that will be delivered. Contribution levels can first be translated into the **total funding generated:**

$$\text{total community benefit pool} = \sum (\$ \text{ per MW contribution} \times \text{project capacity} \times \text{duration}) - \text{administrative cost}$$

where the sum can include one project or multiple projects within an EZ.

For benefits distributed directly to individuals or households, the total benefit pool can also be translated into the value received by each eligible recipient. This calculation is useful for benefit structures such as household bill credits, direct payments, landowner or neighbor payments, or other programs where funding is divided among a defined group of recipients. It can help test whether a proposed contribution level produces a material benefit once distributed across the eligible population.

$$\text{benefit per recipient} = \frac{\text{total community benefit pool}}{\text{number of eligible recipients}}$$

This calculation is less relevant for collective benefits, such as community facilities, workforce programs, infrastructure investments, or community funds. For these uses, the more relevant comparison is between the total available benefit pool and the cost or scale of the intended investment.

Structure and governance

How benefits are structured and governed shapes how project value reaches communities, in addition to the amount of value provided. Here, structure refers to the mechanism through which value is delivered, such as a payment in lieu of taxes (PILOT), host community agreement (HCA), community benefits agreement (CBA), or direct payment. Governance refers to who has authority to determine how benefits are used, administered, or distributed.

Structure: Benefits beyond tax revenue

RMI's analysis of more than 200 utility-scale renewable energy projects found that approximately 60% of successfully built projects used combinations of financial mechanisms beyond tax revenue alone, including PILOTs, HCAs, and CBAs. In contrast, 67% of failed projects relied primarily on tax revenue, typically alongside payments to landowners.

These mechanisms vary in how explicitly their value is tied to a particular project, how visible the resulting benefit is to community members, and how decisions about the mechanism's use are governed. These differences can matter even when two benefit structures provide similar monetary value. Exhibit 4 illustrates these differences across common financial benefit structures.

Exhibit 4 How common community benefit structures differ in project connection, visibility, and control

Financial benefit structure	How the benefit is tied to the project	Visibility to community members	Who controls/ directs value?
Tax revenue	Generated by the project but incorporated into the broader tax system	Project-specific value may become less identifiable once incorporated into general revenues	Local government
PILOT	Payment established through a project-specific agreement	Payment amount is identifiable; use may be less visible if incorporated into general revenues	Local government or governmental entity
Development agreement	Commitments tied directly to project development, zoning, or approvals	Depends on whether the agreement establishes specific, publicly identifiable commitments	Typically, local government; varies by agreement
HCA	Benefits negotiated between a developer and the host government	More visible where the agreement identifies specific payments or investments	Host government; varies by agreement
CBA	Benefits connected to a project negotiated with community organizations or other parties	Specific commitments can generally be identified and tracked through the agreement	Varies by agreement; participating organizations may have a role in determining commitments
Landowner payments	Directly tied to individuals hosting infrastructure	Highly visible to recipients; generally not experienced as a broader community benefit	Individual landowners
Neighbor payments	Directly tied to proximity or defined project-related eligibility	Highly visible to recipients; broader visibility depends on program design	Individual recipients

RMI Graphic. Source: RMI research

Governance: Who directs and administers benefits

Governance determines who makes decisions about how benefit resources are used and distributed. Some structures place that authority primarily with local governments, as with tax revenues and many PILOTs. Negotiated agreements can establish roles for developers, local governments, CBOs, or other parties in determining benefit commitments or directing their use. Aggregated funds introduce another governance model, with contributions from multiple projects administered by a state, regional entity, local government, or another designated administrator.

Structure and governance are therefore closely linked: the mechanism used to deliver a benefit affects how directly it is connected to a project, how visible it is to community members, and who has authority over its use.

Governance choices are also connected to the intended recipients and geographic scale of benefits. Those considerations become particularly important when determining how benefits are allocated within or across an EZ, as discussed below.

Allocation

The appropriate scale for allocating community benefits depends in part on the purpose of the benefit. Some benefits derive their value from being closely connected to the people or jurisdiction hosting infrastructure, while others gain value when contributions are pooled across projects or jurisdictions. EZs create an opportunity to establish how these different scales fit together before individual projects are proposed.

Allocation determines not only who benefits, but also the potential materiality of the benefit. Where the total benefit pool is fixed, expanding eligibility across a larger geography or population reduces the amount available per recipient, while concentrating benefits among fewer recipients can increase the value experienced by each. EZs create opportunities to aggregate contributions across multiple projects, increasing the total resources available as the geographic scale of benefit delivery expands. The relevant consideration is therefore whether expanding the recipient pool is accompanied by additional resources or creates opportunities for investments that benefit from greater scale. As Exhibit 5 illustrates, different allocation scales offer different advantages and trade-offs, and the appropriate approach depends on the type of benefit, who is affected, and what the benefit is intended to accomplish.

Exhibit 5 **Community benefit allocation approaches and associated trade-offs**

Allocation scale	Particularly compatible with	What it enables	Trade-off
Directly affected individuals/ landowners	Lease payments; neighbor payments	Concentrates available funding among relatively few recipients, increasing the potential value per recipient and creating a direct connection between hosting infrastructure and receiving value.	Benefits may accrue narrowly to property owners or immediately adjacent residents while other people experience impacts or bear costs. Distributional implications depend on who receives payments relative to who bears project costs.
Host community	PILOTs; host community fees; locally administered funds; some HCAs, development agreements	Concentrates benefits in the place hosting infrastructure while allowing revenue to support municipal services, infrastructure, or other local priorities.	Defining the appropriate host geography can be difficult. Benefits may stop at jurisdictional boundaries even where nearby communities experience effects.
Multi-jurisdictional affected area	Shared community funds; development agreements; CBAs	Allows benefits to follow a project footprint or affected geography rather than a single municipal boundary. Can pool resources for priorities shared by neighboring jurisdictions.	Requires agreement on which places qualify and how funding is divided. Expanding the recipient pool can reduce the value available to each jurisdiction or recipient. Governance and negotiation become more complex.
Zone-wide/ aggregated	Regional workforce, infrastructure, economic development programs	Supports needs or opportunities shared across the EZ and can enable investments operating at regional scale.	Can soften the connection between individual projects and recipients and reduce local control. Requires a mechanism for governing and allocating pooled funds.

RMI Graphic. Source: RMI research

Conclusion

Community engagement and benefits are integral to how EZs translate from statewide planning into projects that work in host communities. Addressing these considerations during zone design can establish clearer local implementation and benefit expectations before projects arrive while creating pathways for host communities to realize tangible value from development.

Endnotes

1 Illinois' 2025 Draft Renewable Energy Access Plan, Illinois Commerce Commission, December 2025, **https://icc.illinois.gov/docket/P2025-1075/documents/374230/files/655926.pdf**.

2 "Community Benefits," Fair Shake Environmental Legal Services, accessed September 22, 2026, **https://www.fairshake-els.org/community-benefits**.

3 Komos, Leah, Kristine Chan-Lizardo, Erifili Draklellis, and Zach Clayton. "For Clean Energy Projects, How Community Benefits Are Delivered Matters." RMI, October 12, 2026. **https://rmi.org/resources/for-clean-energy-projects-how-community-benefits-are-delivered-matters/**.

Erifili Draklellis, Kristine Chan Lizardo, Leah Komos, *Built-In Benefits: Aligning community and state needs with energy zones,* RMI, 2026, **rmi.org/resources/built-in-benefits**.

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