



Stakeholders view maps of commercial fishing grounds



A fully operational offshore wind farm

# Community Benefit Agreements and Offshore Wind Energy



## Opportunities for Engagement

Individuals who are interested in participating will have a number of opportunities to engage both formally and informally throughout the process of potential offshore wind energy development in Maine. For specific proposed projects, there are particular times during the planning, permitting, leasing, siting and commercial development phases at which the public will be able to provide input.\* Interested coastal community members and marine users should watch for public notices and work with state officials to stay informed on these processes. In particular, Environmental Impact Assessments require consideration of the existing human activities in a proposed project area in addition to environmental factors.

The process to develop offshore wind energy is technically complicated and involves many factors. In order to effectively participate in this process, interested individuals are encouraged to make use of existing resources and learn as much as they can about recent and ongoing developments. There are many groups in Maine working to stay informed on these issues that can help provide relevant information along the way. Some of these groups include the Island Institute, Maine Sea Grant, the University of Maine, the Gulf of Maine Research Institute and the Conservation Law Foundation.

\*Opportunities to provide input are spelled out in greater detail in the fact sheet titled "Regulation of Offshore Wind Energy: Opportunities for Engagement".

Island and coastal residents of Maine have numerous questions about how potential development of ocean wind energy in state and federal waters will affect them. Many of these residents have expressed interest in participating in the planning, permitting and development phases of any proposed project. Likewise, potential developers are motivated to understand and address community concerns and ensure that projects create local benefits. These concerns and benefits are often addressed through negotiated arrangements known as Community Benefit Agreements or CBAs.

A CBA formalizes a relationship between a commercial developer and a community and specifies the monetary, material or social benefits of a proposed project. This relationship may be informal or legally determined and may establish a direct agreement between a community and developer or involve a third party or institution (governmental or not). In the case of offshore wind energy, a CBA may help guide community discussions about potential impacts of commercial offshore wind development and provide a means for local compensation and mitigation of any negative impacts.

Founded in 1983, the Island Institute is a membership-based nonprofit organization headquartered in Rockland, Maine, focused on helping to sustain the year-round island and remote coastal communities of the Gulf of Maine. As the Gulf of Maine increasingly attracts attention for its robust offshore wind resource, the Institute is working with island communities, fishermen, regulators, researchers, developers, manufacturers and others to enable them to effectively share information on ocean energy development with each other.

For more information on the Island Institute's ocean renewable energy efforts, please contact Heather Deese, vice president of programs, at [hdeese@islandinstitute.org](mailto:hdeese@islandinstitute.org), (207) 594-9209 x 112 or Suzanne MacDonald, community energy director, at [smacdonald@islandinstitute.org](mailto:smacdonald@islandinstitute.org), (207) 594-9209 x 144.

The following web resources are also available:

<http://www.islandinstitute.org/oceanrenewableenergy.php> • <http://www.islandinstitute.org/mappingworkingwaters.php>

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**Fishermen, island community members and other coastal residents have raised a number of questions related to offshore wind energy development in the Gulf of Maine, including:**

- Will offshore wind energy projects benefit Maine people? If so, how?
- How much will the energy from an offshore wind farm cost?
- How will offshore wind energy development impact current marine users?
- Will I still be able to fish around the turbines in an offshore wind farm?
- How will I or my community be compensated for potential negative impacts of offshore wind farm development?
- How will ocean energy development impact marine species, birds, and bats?
- What job opportunities will offshore wind energy projects create?
- How will power get to shore?

## What does offshore wind energy mean for Maine and my community?

Developers proposing ocean renewable energy projects in federal waters off of Maine's coast are required to pay rent for use of the submerged lands in project areas. The federal Bureau of Ocean Energy Management (BOEM) will manage these lease fees. In the case of projects located either "wholly or partially within the area extending three nautical miles seaward of [Maine's] submerged lands," or three to six miles from the mainland shore or the shores of inhabited and uninhabited islands, BOEM is required to deposit 27 percent of the lease revenue into Maine's Renewable Ocean Energy Trust (specified in section 388 of the Energy Policy Act of 2005). Currently, developers have been asked to submit proposals to the Maine Public Utilities Commission (MPUC) for projects 10 nautical miles and farther

from Maine's mainland coast and inhabited islands. As such, the State of Maine will likely not receive any lease fee revenue from projects that meet the guidelines of the Request for Proposals (RFP) that was issued in September 2010.

According to Maine law, offshore wind energy developers will not be required to provide payment to communities in addition to leasing fees. However, experience with offshore wind energy along the East Coast and in Europe, and with terrestrial wind projects in Maine, shows that early and frequent communication between developers and communities can lead to unique and flexible agreements that address local needs and expectations.

**A Community Benefit Agreement (CBA) often involves a funding arrangement between a project developer and a community. This arrangement can provide for direct monetary benefits or human and material resources and acknowledges the potential for local impacts of the project. Payments may be made directly to towns or community groups, or they may go to and be managed by the state or other organizations.**

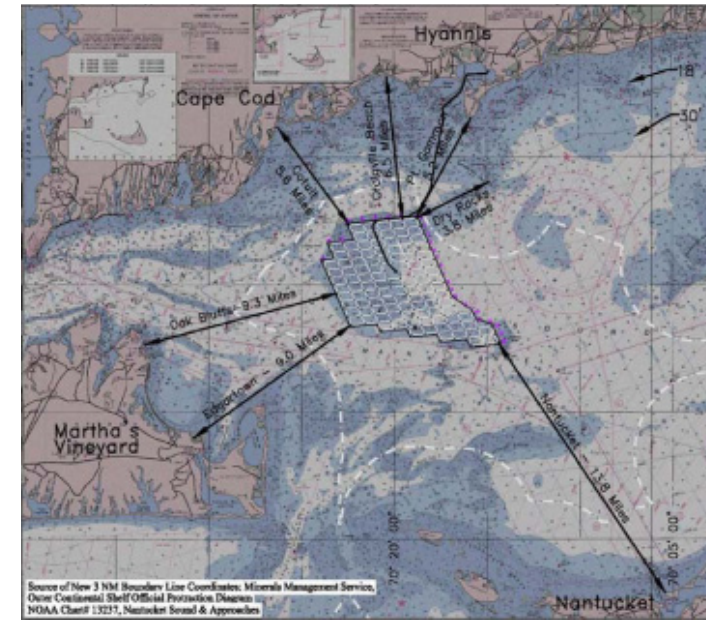
### Case Studies

#### **Block Island Wind Farm Block Island, Rhode Island**

As of November 2010, Deepwater Wind (project developer) has reimbursed approximately \$60,000 to the town of New Shoreham (on Block Island) as compensation for expenses incurred by the town to review project development plans. An agreement was made at the beginning of the process in the form of a Letter of Understanding, specifying that the Town Council would invoice Deepwater Wind for third party expert time and costs not normally covered by council members' duties.



Block Island, Rhode Island



Map of proposed Cape Wind development area

#### **Sheringham Shoal Community Fund North Norfolk, England**

Scira Offshore Energy (project developer, owned equally by Statoil and Statkraft companies) has set up a fund to compensate communities impacted by the Sheringham Shoal Offshore Wind Farm in England. Community groups may apply for grants from the fund for assistance with local projects. For example, one grant provided money for the upgrade of a local village pond and its adjoining land (pictured at right) as a way to offset potential disruptions caused by the wind farm's onshore cable running directly through that particular community.

#### **Cape Wind Cape Cod and Islands, Massachusetts**

Energy Management, Inc. (project developer) will provide over \$10 million to compensate for "unavoidable impacts" of its 468 MW offshore wind farm development off of Cape Cod, which will involve the installation of 130 wind turbines. Compensation includes \$780,000 for restoration of Bird Island and \$4.2 million in annual payments over the life of the project for natural resource preservation, marine habitat restoration and coastal recreation enhancement projects on Cape Cod, Nantucket and Martha's Vineyard. Massachusetts will also receive 27 percent of the project's lease payments, as the project is located within three nautical miles of state waters. All funds will be managed and dispersed by the Commonwealth of Massachusetts.



Pond in North Norfolk, England

### Local Ownership: Individual and Community Investment

In addition to funding agreements to provide local benefit and compensate for potential impacts, developers and communities may arrange opportunities for local investment in offshore wind energy projects.

Individuals (i.e., fishermen) and community groups may decide to make substantial monetary investments in a commercial offshore wind energy development project. As in the case of Fishermen's Energy, a commercial wind-energy development company based in New Jersey, interested parties in the fishing industry may work with a developer to create an equity-based

arrangement in which they invest directly into a project or a series of projects. These same industry representatives act as advisors to the development company.

Some local groups are taking significant steps toward owning all or a piece of a specific offshore wind project in order to benefit their community. Opportunities for local ownership are based upon direct partnerships between communities and developers (i.e., the Vineyard Power model in Massachusetts), and also give communities an active role in project design, siting, permitting and operation.