RE ALLIANCE

BUILDING STRONGER COMMUNITIES

How community benefit funds from renewable energy projects support local outcomes

About RE-Alliance

RE-Alliance is working to secure an energy transformation that delivers long-term benefits and prosperity for regional Australia. We do this by listening to the needs of communities involved in the transition, working to achieve best practice across the renewables industry to deliver social outcomes and advocating for policy that delivers a swift transition and provides meaningful benefits for regional Australia.

Acknowledgment of Country

This report has been prepared predominantly on the lands of the Ngunnawal and Ngambri people. RE-Alliance wishes to acknowledge them as the Traditional Custodians and pay our respects to their Elders, past and present. We acknowledge that the energy switch will take place on indigenous land across the country. We commit to working alongside First Nations peoples to achieve a just energy transformation.

Contributors

This report would not have been possible without conversations with people in the Australian renewable energy landscape – industry proponents, community members and community development experts. We are grateful for their participation and the generosity with which they shared their experience and knowledge. Special thanks to our allies, Community Power Agency (CPA), for their involvement in this project; their expertise and detailed comments, especially during the review of this report has been invaluable.

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Executive summary

The renewable energy landscape in Australia is evolving rapidly, with more and newer generation types, transmission and storage technologies.

This development is taking place in regional and rural Australia where the landscape and communities are largely agricultural. Benefit sharing arrangements have been created as a mechanism to enable communities to share in the energy transition. They are established based on the recognition of the role of local communities as hosts of new energy infrastructure and the understanding that they deserve to benefit from developments in their region. Such arrangements can demonstrate that the proponents are good neighbours and show that they are investing in the communities they operate in. For local communities, benefit sharing can introduce a new source of funding to direct towards their long term aspirations and addressing their persistent needs.

This report investigates community benefit funds (CBFs) – funds made in the form of voluntary payments by renewable energy companies to communities. CBFs are one type of benefit sharing arrangement, and the most common one. This report aims to create a better understanding of how renewable energy is contributing to regional Australia through CBFs.

Based on the research for this report, currently $5.35 million annually is dedicated to community projects through community benefit funds.

How are these funds designed? Are they aligned to the interests of the community? How do communities see these funds? What legacy will be created? We have sought to answer these questions through interviews with community leaders, development experts and industry proponents, and through examining a range of case studies from proponents in different contexts. By examining the practice of the development, governance and management of CBFs, this report summarises best practice principles for how these funds can best serve their communities for the long term.

CBFs are tools that can create shared value for communities and proponents. Done well and combined with excellent community engagement, CBFs establish the renewable energy development as a contributor to the community, supporting local needs and aspirations. Because each community is unique, good CBFs are context-specific, created with the community, reflecting the community's changing needs in the long-term.

This report also presents a catalogue of CBFs across the nation in wind and solar developments. Based on the research for this report It is important to note that CBFs are one among a range of mechanisms that are available to share benefits with the local community. This includes community co-ownership and co-investment models; local employment and procurement commitments; and neighbourhood improvement schemes.

As Australia moves towards a grid powered predominantly by renewable energy, it is important to ensure that the energy transition is a just one that addresses impacts thoroughly and ensures that communities most impacted by change also serve to benefit most. CBFs are one tool to make this happen.

Summary of recommendations: Principles for best practice community benefit funds

1. Deliver social value

As renewable energy developments are long-term infrastructure, it is important to ensure that local communities are upheld as key stakeholders in the development. This means that proponents work to build trust-based relationships with local communities and operate based on fairness. With shared stakes, albeit of different nature for the development and the community, CBFs can become a means to deliver social value in the form of meaningful partnership and benefits to the host community.

Social value projects can be created using social innovation, providing opportunities to directly link business benefits to societal outcomes. This can come in the form of providing energy-related initiatives such as conducting energy audits to improve energy efficiency in homes and businesses in the community, installing solar panels to help improve energy security in areas with supply issues and energy bill subsidies. Communities can directly benefit from these initiatives especially in times like the present cost of living crisis. Social value projects can also come in the form of creating opportunities through local employment, local procurement and projects to improve long-term resilience of the local community.

2. Deliver in the long-term

The lifecycle of renewable energy developments covers two to three decades. CBFs should continue to create beneficial outcomes for the community for this length of time. Keeping this longevity central to planning CBFs asks that they:

- Build flexibility in the arrangement so that the structure can review, respond to the local context and pivot the form the CBF takes.
- Create resilient systems and structures that withstand people turnover
- Ensure CBFs remain accessible by building local skillsets needed to make grant applications.

3. Build context-specific solutions

Every development context and local community is unique - with unique strengths and needs. CBFs are most beneficial when the funds go towards programs that are rooted in the local context – either answering unmet local needs or bringing an opportunity that the local community is able to use. CBFs created based on understanding the unique circumstances of the specific community are best placed to create long-term value and the benefit born out of its projects have the greatest positive impact – for both the proponent and the local community.

4. Give agency to communities to co-design programs

It is impossible to develop an understanding of the local context without the knowledge of, and relationships built on trust with, community members. Similarly, it would be hard to fairly judge the value of a program and its long-term impact without community involvement.

Creating context-specific solutions also means ensuring greater agency to communities in setting the direction of CBF projects. It is important that proponents move their interactions with communities further along the spectrum of public participation – from being informed and consulted about projects that can be supported by CBFs to becoming partners and key stakeholders in determining such projects.

Community engagement programs can amplify certain voices in the community while leaving others silent. Groups that are well connected or established may find it easier to make their needs known whereas historically disadvantaged or marginalised groups can be entirely left out. Such engagement will reinforce the norms that create socio-economic disadvantages.

One step to create CBFs that deliver long-term benefits for the community as a whole is to ensure engagement programs create equal opportunities for all members of the community to participate. This may mean choosing accessible venues, scheduling programs at a time when people can easily participate and providing multiple platforms and opportunities for participation.

5. Be transparent and accountable

Transparency in commitments, making them publicly available, allows all stakeholders to understand and develop clear expectations for the proponent's CBF programs. Transparency helps build trust, credibility, and raises the bar. This ensures the whole renewable energy industry can be held to standards and there is wider knowledge of tangible benefits to local communities. With transparency, the free rider problem, in this case, the problem of reversing good will for renewable energy by some proponents not contributing enough or at all to CBFs is mitigated.

Transparency ensures that proponents are publicly accountable for their commitments. One simple step to build transparency is ensuring all agreement and governance documents about CBF programs and the actual sum spent every year, is publicly available on project websites.

6. Measure impact

In order to ensure that the CBF becomes an evolving and constantly improving initiative, periodic reviews should be conducted as part of programs. CBFs are community investments and like all investments, they should be monitored and evaluated. Programs must be evaluated for their social impact and so that lessons can be learned to create better programs in the future. While such reviews are critical, it is important to note that they are time and resource intensive – a factor to be considered in the design stage. Monitoring and evaluation efforts, while key to ensuring the continuing impact of the fund, should also be appropriate for the size of the program and not place undue additional administrative burden on small grant recipients.

7. Create a culture of collaboration

Many communities host multiple proponents' renewable energy development projects, across both generation and transmission. There is an increasing understanding of the cumulative impact of this on communities and an expectation of benefits to unlock the opportunities presented by many projects in the form of cumulative benefits. Doing this is only possible when the various proponents present in the community cooperate with each other and all other community stakeholders to create a strategic approach to benefits. Such cooperation would reduce duplication of effort, community over-consultation and siloed approaches to benefits.

Introduction

Background to the third edition

RE-Alliance released the second edition of our report - Building Stronger Communities in 2019. In just four years since our last report, the renewable energy landscape has transformed. Spurred by more ambitious emissions reductions targets, renewable energy now accounts for 39% of Australian energy generation; a number of large scale projects are being built, with 2022 seeing the highest ever number of commitments for renewable energy projects till then.[1] Many of these developments are located within Renewable Energy Zones (REZs) - areas identified as having high value wind, solar and pumped hydro resource potential.

The growth in renewables is being supported by additional firming capacity in the form of batteries and pumped hydro. Alongside an established wind and solar industry, offshore wind projects are now also beginning to be developed. This overall increase in renewable energy generation is creating the need for new, suitable and well-placed high capacity transmission links. The Integrated System Plan (ISP) released in June 2022 identifies that 10,000km of new transmission lines need to be built to maintain an efficient and reliable National Electricity Market (NEM) as our grid makes the switch to renewable energy. Developing an appropriate transmission network has been recognised as a crucial part of connecting consumers to clean, economic and reliable renewable energy.

New renewable energy projects and new transmission projects are coming into regional and rural communities with varying local experience and expectations. In most communities, large scale transmission developments have not been experienced by the current generation. The wind energy sector, as early renewable energy developers, have developed and evolved engagement practices; communities hosting wind energy developments have experienced and expect, rightfully, a certain level of engagement. It is important to learn from current benefit sharing practices and determine how these will apply to the changes in scale, location and technology underway in the energy system.

This report is created for this new landscape. It seeks to understand how regional communities that host renewable energy infrastructure can gain long-term, strategic benefits that address their specific needs and aspirations. There are many answers to this question. This report explores, in detail, one particular arrangement: community benefit funds.

RE-Alliance has sought to answer questions about the current practice of CBFs and chart a path to improve CBFs in the future - identifying best practice principles to create shared value in delivering long-term, strategic benefits suited to the specific needs of local communities. We have shaped our inquiries through conversations with industry, communities and experts in community development. From January to May 2023, RE-Alliance conducted eighteen interviews with stakeholders and reviewed ten CBF strategies to develop the findings presented in this report.

Why is this important?

Renewable energy developments are long-term pieces of infrastructure, so it is important to ensure that local communities are stakeholders in the design and development process. This means that proponents work to build trust-based relationships with local communities and operate based on fairness; fairness in this context is both throughout the development process and in creating benefit sharing arrangements. Fairness includes taking full responsibility for all impacts of the project, such as noise created during construction, wear and tear on local roads, and impacts of new water flows from landscaping. Proponents must work with communities to understand and mitigate all impacts where possible, and ensure no one is left worse off as a result of the project. **Benefit sharing programs can go a long way to earning trust, but only if proponents also demonstrate responsibility by addressing project impacts.** It is only by approaching the development with fairness and developing trust in the local community that proponents can create a pathway to be good neighbours and earn a social licence to operate. CBFs are one tool proponents commonly use to ensure their project delivers benefits to local communities, demonstrating their commitment to sharing the project's value beyond direct landholders and local government infrastructure contributions.

What is social licence to operate?

Social licence to operate is the ongoing community acceptance for a proponent's operations. Social licence to operate is created by "prioritising trust, delivering overall positive impact and is granted and denied by the community in line with their social, political and economic conditions".[2] It can change with time as the community responds to the processes and the outcome of the project; this means that rather than being a one-time process, social licence to operate needs to be managed and maintained on an ongoing basis.[3]

While the term is often used by professionals across the energy industry, it's important to understand the challenges from a community's perspective. The energy transition carries a whole host of challenges and concerns for regional communities, including, but not limited to: impacts to agricultural productivity, environmental impacts, strains on local housing, and workforce impacts. This is all taking place in context with limited access to good information, and lots of misinformation. Unfortunately, the transactional term 'social licence' can have the effect of obscuring the numerous streams of work required to meaningfully address all of these important social and economic issues.

The role of benefit sharing arrangements

Benefit sharing involves sharing the positive outcomes of renewable energy developments with regional communities that host the development. "It aims to integrate a development in the local community by contributing to the future vitality and success of the region".[4] It's about broadening the beneficiaries of a project.

Benefit sharing arrangements can come in the form of direct economic benefits such as co-ownership and co-investment, neighbour payments, payments to councils, regionwide funds and other bespoke contributions. Community benefit funds or Community Enhancement Funds (CEFs) are the most widely used means of sharing economic benefits of the development with the wider community in the region. The term 'community benefit funds' refers to money allocated to support community programs and can come in the form of grants or community-specific programs developed to answer the unique needs of a specific community. Done well, benefit sharing arrangements establish the renewable energy project as a contributor to the community, supporting local needs and aspirations.

In this report, we look at community benefit funds in detail. The report will focus on the role of CBFs, the current approach to their development and governance, the evolution of CBFs in the changing renewable energy landscape and principles to develop good CBFs that can deliver strategic and long-term outcomes for communities. The full scope of benefit sharing arrangements is evolving with the changing energy landscape and increased public engagement undertaken by renewable energy proponents. The last section of this report looks at other benefit sharing arrangements, beyond CBFs.

What are community benefit funds?

Starting out as best practice in the Australian wind industry a decade ago, CBFs are now the most common form of benefit sharing in renewable energy developments. They are funds made in the form of voluntary payments by renewable energy companies to local communities. As they are voluntary by nature, not all renewable energy developments have committed to CBFs, however the practice is on the rise. Currently, approx. 63% of operating wind farms have CBFs. It is now standard practice for new wind farm projects to offer a CBF to their community.

There are two main forms of CBFs in renewable energy. These are grant funds and community-specific funded projects. Grants relate to funding that supports local community organisations in need of funding. Community-specific funded projects are unique CBF projects developed to respond to the specific needs of the local community.

During our research, we found there is no set standard for the amount of funds committed by project proponents. In practice, there is a high level of variability. This is the result of multiple factors such as the financial realities of proponents and the number of proximal residents.

We also found that the quantum of funds is not always disclosed by project proponents. Some guidelines estimate the overall range of contributions are from $800 - $1800 per MW per year for wind farms and $150 - $800 per MW for solar farms.[4] The research for this report, based on publicly disclosed amounts, found the median range to be $500 - $800 per MW per year for wind and $500 - 1000 for solar. We note that the number of solar projects is small and such statistical analysis is more useful to understand CBFs in wind projects.

Our research found that the following are the total funds under various CBF programs in 2022, committed by various proponents for wind and solar projects in each state:

	Vic	NSW	SA	QLD	WA	Tas
Wind	$ 1,924,000	$ 1,687,000	$ 391,000	$ 210,000	$ 201,000	$ 140,000
Solar	$35,000	$385,000		$380,000		

This table does not include contributions committed to projects prior to operation.

The following figures show the distribution of per MW contributions in wind and solar farms respectively.

Figure 1: Distribution of per MW contributions in wind farms

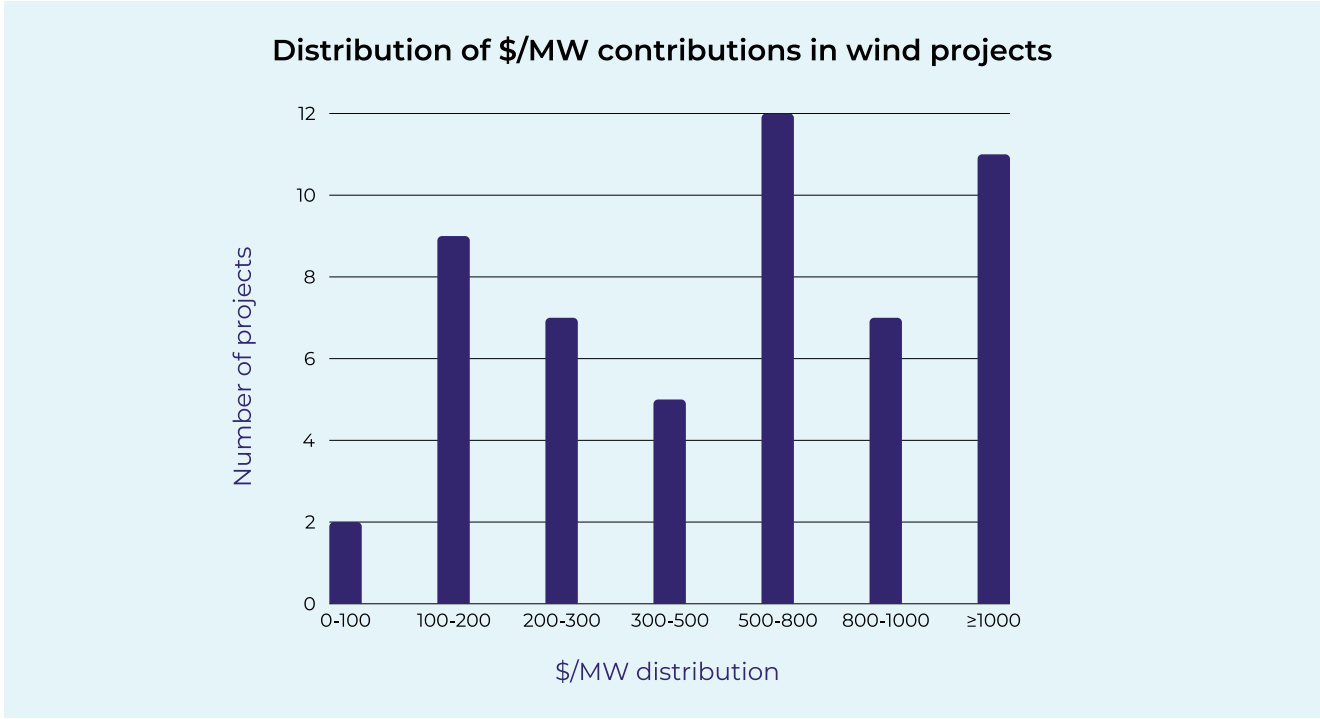
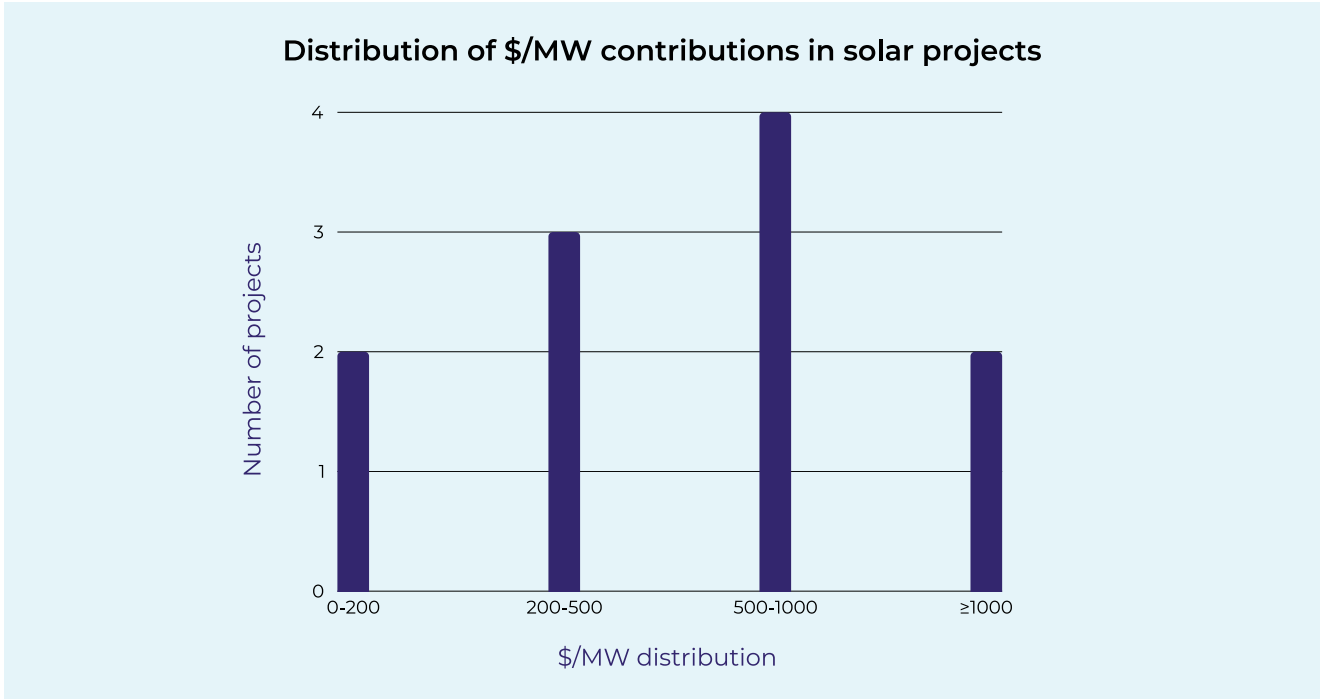


Figure 2: Distribution of per MW contributions in solar farms



How 'community' is defined

Community in the context of the community benefit funds for renewable energy projects refers to geographic proximity – those that live close to a project. This is important because benefits are a means to develop and maintain a positive relationship with the communities hosting projects.

Setting a geographical boundary is essential for efficient and equitable fund allocation. It can be done using local and geographic input, an example of which was demonstrated in Ireland where boundaries for funds were set by taking into account both the objective boundary (e.g. local government area) and a subjective understanding of local knowledge and interests. The resulting boundary was imperfect, yet seen to be legitimate and fair.[5]

A particularly east-coast Australian aspect of defining boundaries is Renewable Energy Zones (REZs).

In REZs, the tight definition of community is shifting – from local-geography-based to one that denotes the wider region. Shifting to a broader definition of the 'affected' community can cause conflict, especially about how funds directed to the region should be governed. Research shows that re-calibrating community benefits from a local scale to a regional scale is better achieved in communities with a history of successful community benefit funds and where the growing income stream allows multiple beneficiaries.[6] As Australia moves to REZ based arrangements, delivering economies of scale and a more streamlined energy system, it is important to ensure that community benefit funds deliver benefits rather than become the cause for conflicts.

Communities are diverse and always changing, with people simultaneously belonging to multiple communities. Based on this understanding, it is important to create a 'nested' approach to any benefit sharing arrangement that is developed – prioritising communities based on proximity to a project, while also delivering benefits to the broader geographic region.

What is a REZ?

Renewable Energy Zones will be the power stations of the future.

Distributed over a region (which is the REZ), solar, wind, pumped hydro and battery projects will collectively provide a steady supply of clean power that can be delivered to the national grid via transmission lines.

Each state's energy department looks after REZs. Exactly what a REZ entails will be different between states. Even within a state, each REZ will look very different to the next depending on local geography, existing industry and demographics.

Community perceptions of community benefit funds

Even though community benefit funds are a common practice for renewable energy projects, our conversations with community members drew out questions about the purposes of such funds, their potential impact and their actual beneficiaries. The nine community members who participated in interviews for this report were people who have first-hand knowledge of the workings of CBFs by being part of community consultative committees or grant committees.

How are CBFs received?

They are seen variously, from a means of sharing benefits to, at worst, a negotiation tactic to elicit support. This speaks to the crucial nature of building and nurturing relationships to best inform a CBF design that responds to local perspectives. The risk of not doing this work is that communities may view CBFs as a form of "buying" acceptance.

What can CBFs deliver to communities?

Community leaders believe community benefit funds can deliver things that the community wants. During interviews, community leaders emphasised the importance of building trust-based relationships and fair processes to understand the needs of the community and create CBFs that can deliver real benefits.

Are community members aware of the amount of funding they receive?

Among community members, there is a high level of awareness of the quantum of funds, especially for established grant programs. However, there is lower awareness of how much money is actually deployed each year. One feature of CBFs is the high level of variability – there is no standard amount or practise for the creation and management of CBFs. While such variety is natural owing to the different community contexts, it also underlines the power dynamic between the proponent and community.[7]

How do communities experience CBFs?

When communities experience good engagement and fair processes from the proponent, the community experience of the CBF is a favourable one. In stark contrast, communities that have experienced divisions as a result of renewable energy developments may see community benefit funds as a way of "bribing" or buying off those who oppose the project. This potentially furthered community divisions, splitting communities into haves and have-nots.

What drives community perceptions of CBFs?

Perceptions of community benefit funds arise directly from the community's lived experience with funds in their region – from the initial set up through to the management of the funds and the perceived fairness of the process. Similar to the findings of the research we undertook for this report, earlier research in a rural community in New South Wales hosting a wind farm found that perceptions of fairness in all project processes influence community perception of the legitimacy of the outcome.[8] A fairer process will increase acceptance of the outcome, in this case, for the project in the long-term.

Community participation in community benefit funds

The potential to build community participation occurs in two stages – the first stage is the design of the funding program and the second stage is the on-going governance of the funding program.

When we consider the two most common forms of CBFs in Australia, grants and community-specific projects, it can be seen that these CBFs inhabit a spectrum of community participation. Grants don't see much involvement of community members in the design stage, but the governance mechanisms involve community members. Whereas, community-specific projects involve community members right from the outset. To realise the potential of CBFs to deliver strategic, long-term benefits it is important to ensure community participation in the program design. Community participation in the design stage can be visualised in the spectrum below:

Figure 3: Community participation in the design of CBFs

There have been discussions about the advantages of community co-design in the creation of CBFs. This report showcases two practical examples of using intentional community co-design to create a CBF that invests in community-identified, long-term, strategic projects: on the North West Transmission Developments and New England Solar Farm projects.

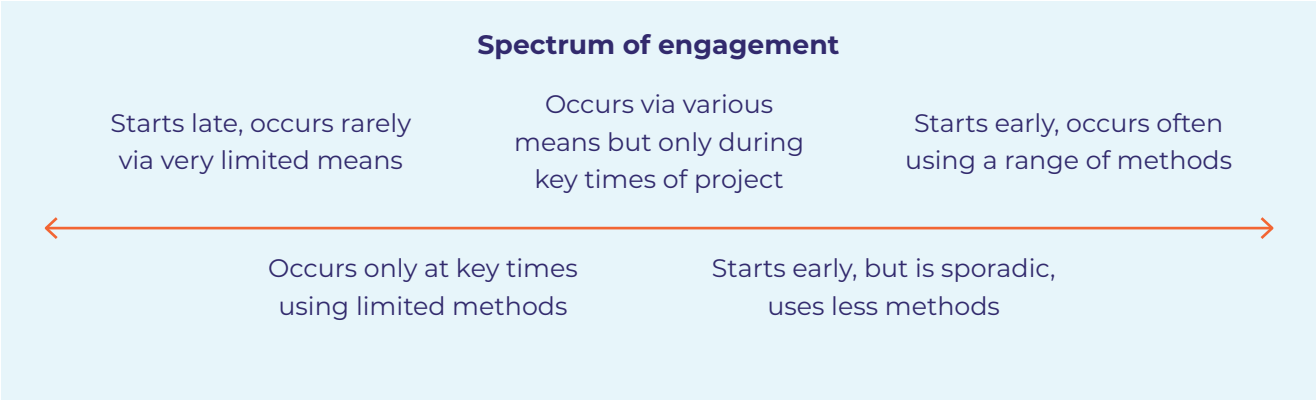
This is an emerging approach and RE-Alliance is confident that this will become the norm in the future, helping secure community-oriented projects that deliver long-term impacts. However, it needs to be coupled with greater investment, capacity building and an understanding of the genuine community engagement required for success.

The emerging practice of community participation in CBFs can be visualised as follows:

Figure 4: Continuum of community participation in CBF design

Research on international Community Renewable Energy projects has identified a continuum of engagement in such projects – representing the "the range and regularity of engagement."[24] Figure 3 represents the spectrum of community engagement identified in this study. The authors note that early, regular engagement using a broad range of tools leads to renewable energy projects that can respond to "social motivations such as 'empowerment and skills development' and 'community building'".[24]

Figure 5: Spectrum of engagement in international community renewable energy[24]



A youth-driven co-design process in Tasmania[19]

In April 2022, TasNetworks delivered a unique co-design process to develop a Community Benefit Sharing (CBS) program. At the centre of this co-design process was a Youth Panel tasked with drafting the framework of the CBS program to ensure the values, concerns and priorities of the local community were reflected.

The Youth Panel consisted of young people aged 18-24 from the six local government areas impacted by the North West Transmission Developments (NWTD), including Burnie, Central Coast, Kentish, Meander, Northern Midlands and Waratah/Wynyard. Across a series of in-person workshops, and online facilitated sessions and site visits to impacted areas, the panel worked together to co-design a draft framework for the NWTD Community Benefit Sharing CBS.

Following the development of the draft framework, focus group and stakeholder group discussions, community events and online surveys were conducted with the broader community to seek feedback on the youth panel's draft recommendations. At the end of the co-design process a report was provided to the TasNetworks Board which detailed recommended CBS program eligibility requirements and governance arrangements, which was subsequently approved by the Board.

This approach of co-design and engagement led to the creation of a framework that considers long-term interests of the community by incorporating a youth voice and the wider region into consideration while encouraging innovation and fostering a sense of community.

In the co-designed framework, eligibility requirements for the program include initiatives that:

- Support emotional, mental, and/or physical health
- Preserve, benefit and/or enhance the environment
- Provide community infrastructure, and/or accessibility to community services, including transport
- Deliver community arts initiatives, including events
- Provide skills, training, and/or education
- Encourage a sense of community.

This holistic, community-centric and strategic framework is a direct result of the co-design process, involving youth – the generation who will live the longest with the renewable energy infrastructure being built today.

Image: TasNetworks' 2022 youth panel.

Community Benefit Sharing Co-Design Process for the New England Solar Farm[20]

Uralla is a town of 2,400 people in the New England region of NSW. It has excellent solar resources and is now part of one of the State's Renewable Energy Zones. In 2018, New England Solar Farm (by ACEN, previously UPC Renewables) is a 720 Megawatt (MW) project with 400 MW hours of battery storage. The project is committed to being part of the Uralla and the New England communities and contributing to the future vitality and success of the region. The Community Benefit Sharing Initiative is one way that the project works to establish positive long-term connections to the area and be a good neighbour.

During the planning phase (2018) the New England Solar Farm worked with Community Power Agency to prepare and run a co-design process with the local community to determine how the benefit funds should be shared to deliver strategic and lasting impact. New England Solar Farm committed to contribute $250 per year for every MW of solar power installed. For the 720 MW solar farm, this equated to $180,000 per year for 25 years, starting from a baseline of $50,000 during construction and increasing as the solar farm is installed and becomes operational.

Instead of making the decision themselves remotely, the Solar Farm wanted to empower the community to guide decisions about how the funding was spent. New England Solar Farm commissioned Community Power Agency (an independent, not-for-profit organisation) to run a co-design process with the local community to gather input and guidance about how the benefit sharing funds could be used to create a positive, lasting and meaningful impact for the local community. In this way, benefit sharing funds can be allocated in line with the communities own understanding of their needs and their priorities for their future.

Image: Uralla grant recipients in December 2022 © ACEN Australia

The co-design process involved a variety of methods to create opportunities for community members to contribute their ideas and considerations. These included:

- One-on-one meetings with key local organisations (e.g. business Chamber, Rotary, sustainability groups, Neighbourhood Centre, social services) Uralla Shire Council and local business owners;
- A public community workshop;
- Feedback on benefit sharing options via two drop-in information sessions with the Development team and via an online feedback form;
- A public nomination process to form the Community Reference Group.
- A Community Reference Group, made up of eight members representing a range of interests and demographics, which met four times over three months to consider options, to discuss community ideas and feedback, and to make the final recommendations about the form the Community Benefit Sharing Initiative should take.

In addition, existing strategies and plans were reviewed and fed into the design process, to capture community planning work that had been done before. These included plans by the local Council, Regional Development Australia's local branch, local sustainability groups and more. This research helped the Community Reference Group frame conversations in relation to other existing priorities based on previous community consultation processes.

The final Community Benefit Sharing Initiative was a plan that had broad and deep community involvement in its design. The recommendations included community priorities for initiatives to fund, as well as recommendations for ongoing governance and evaluation over time.

The Solar Farm is currently in the construction phase and has begun to implement the community recommendations and is working towards establishing the broader program, with ongoing input and guidance from the reference group.

Community benefit funds in practice – What do they look like?

In this section, we look at the two most common forms of CBFs in Australia – grants and community-specific funds (see figure 3). These initiatives are also referred to as Community Enhancement Funds (CEFs). The terms are interchangeable, but neither of them (generally) include sponsorships of local community events or clubs by proponents. Such sponsorships are based on the opportunity to drive the proponent's brand visibility through an event or club, are sporadic and happen on an as needed basis.

Grants

Over the years, hundreds of community applications have been made and granted. Local not-for-profits, Country Women's Associations, climate action groups, Landcare groups, golf and bowling clubs, local schools, theatres, men's sheds and progress associations are just some of the many organisations that have replaced equipment, run projects, built community infrastructure and supported their communities through Community Enhancement Funds (CEFs) grants. Overwhelmingly, CBFs have supported the volunteer-led organisations that underpin country towns.

CBF grants can play a vital role in a small community; they provide funding for local projects created by local communities. Such local projects fulfil the immediate needs of the recipient community organisations and help in strengthening the local community. The below case study showcases the Bodangora Wind Farm CBF – a grant program that is helping answer the needs of the host community.

"Grants are a vital part of every community and support applications where funding is hard to come by. They are really important for the general well-being of the community."

- Community member

The practice of creating CBFs, either through grants or other programs during the construction phase is emerging. A project's construction phase is the time of maximum change and disruption for the community and delivering benefits in this stage is a way to demonstrate the proponent's intent to be a good neighbour.

Flexibility over the long-term: Bodangora Wind Farm

Bodangora Wind Farm is located approximately 15 km east of Wellington, near Dubbo in New South Wales. The 113.2 MW wind farm has been operating since 2019. Bodangora Wind Farm was developed, constructed and continues to be operated by Iberdrola Australia.

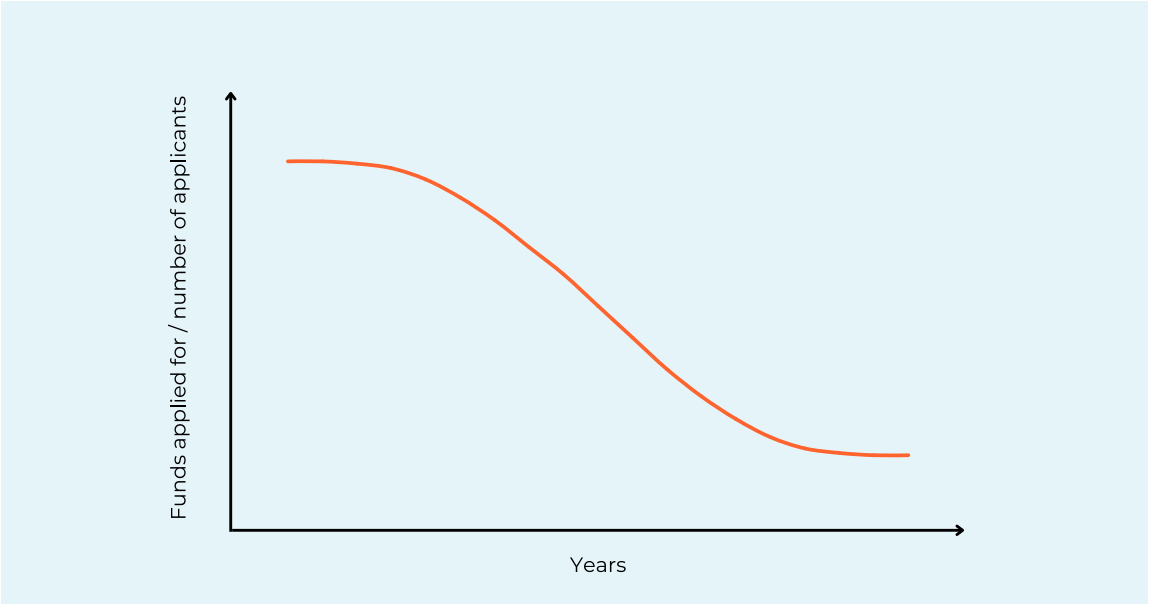
The Bodangora Wind Farm Community Fund allocates a minimum of $50,000 of community funding each year. This arrangement is in place for at least the first 25 years of the operation of the wind farm, until 2044. The Bodangora Wind Farm Community Fund is administered by Dubbo Regional Council.

Like similar arrangements across the industry, the fund provides grants for local community groups including environment groups, sports clubs and schools. In the four years since it has become available to the community, the fund has been fully subscribed in every round.

However, the community will soon reach a point where the immediate needs of community organisations have been met. Understanding the need to evolve, Iberdrola has changed the guidelines for the fund so that joint applications can be made by organisations to access a larger sum of money. The community has identified its first bigger project – an electronic scoreboard in Rygate Park, the sporting complex in Wellington.

“The local football, Rugby League Junior, Rugby Union Junior, Tennis and Athletics clubs are coming together to create a joint application to put up the scoreboard,” says Richard Ivey, member of the CBF committee and Deputy Mayor of Dubbo.

The lifecycle of grants



It is evident that grants have a lifecycle. In communities where CBF grants have been available for a considerable period of time (more than 5 to 8 years), community members report a gradual decrease in the number of applicants. In some cases, a sameness in terms of projects seeking funding becomes evident. This is mainly because grants focus on short-term projects that require small investments rather than projects that require larger and long-term investments.

"I think initially the grants got a lot of applications. But it has eased off because for a lot of the small organisations, the small tasks and little projects funded by the grants are all done now."

- Community member

For this reason, members of communities where a grant fund has been in place for over five years cite form flexibility as a key change they would like to see in future CBFs. With form flexibility, when the community has moved beyond small grants projects, they can pivot to larger or more substantial projects that may need greater funding. A review of past practices and impact can assist with this reflective process, when combined with future-focused community engagement. Hepburn Energy (formerly Hepburn Wind) shows a case study of such a flexible fund that has pivoted from grants to larger and more strategic long-term projects.

Hepburn Energy Impact Fund[21]

Hepburn Energy is Australia's first community-owned wind farm, now working towards battery storage and solar. Community members invested close to $10 million to establish this 4.1MW wind farm, which is now recognised internationally for its community benefit approach (Hepburn Energy 2022).

The community benefit fund

Over the first 7 years of operation Hepburn Energy deployed a ***community grants program*** that provided small grants to community groups supporting environmental, social and recreational projects, an ***energy fund*** that supported renewable energy projects, as well as a ***neighbourhood benefits scheme*** and ***event sponsorship***. While Hepburn Energy had been a forerunner in community benefit sharing, they found similar programs emerged in the region, particularly funds offering micro-grants for community initiatives.

Development of a new model

In 2019 Hepburn Energy surveyed members and completed a thorough review of their Community Fund. They found that members were most interested in supporting climate projects, particularly in alignment with the community-wide target of reaching zero-net emissions by 2030 (Hepburn Z-NET).

The Impact Fund

Hepburn Energy now has an Impact Fund that delivers long-term legacy projects in collaboration with local stakeholders and partners. Instead of providing several small grants to different initiatives, Impact Fund contributions are typically between $10,000 – $50,000 dollar initiatives and have shown a leverage of up to $440,000 on these contributions. Other fund components still exist, including the neighbourhood benefits scheme and sponsorship streams.

The Impact Fund has supported several initiatives to date, including:

- **A Circular Economy mapping project** for Hepburn Shire
- **A climate education program** for local schools to learn about science concepts and climate change.
- **A local carbon forestry initiative** engaging community members in Trentham with the opportunities and importance of conserving trees for carbon.

In addition, the co-operative can lead on strategic projects and use co-funding from the Impact Fund to deliver these. Current examples of this are:

- **EV charging Network** – delivering 4 new charging stations across the Shire to the value of $210,000. Co-operative is project lead and contributed $50,000 with additional funding coming via the State Government, Hepburn Shire Council, Central Highlands Water and Chargefox.
- **Community energy and bulk buy opportunities** – delivered $460,000 of community-based solar, battery and energy efficiency projects in FY2022 including a heat pump hot water bulk buy. Utilising only $20,000 of Impact Fund contribution but undertaking the project development and grant applications for project partners. Partnering with Hepburn Shire Council, Sustainability Victoria, community facilities and local installers to deliver.

Governance of grants

Governance mechanisms for community benefit grants are varied, driven by the priorities of all the stakeholders: community, council and project proponent. There are many examples of grants being managed by each and there are many advantages and disadvantages to each. Below is an examination of one specific governance mechanism, the Section 355 committee in NSW.

Governance through a Section 355 (s355) committee has emerged to be the most common governance mechanism for grants in NSW. Under the NSW Local Government Act 1993 Section 355, Councils can delegate some of their functions (e.g. to manage facilities or functions) to a committee, consisting of community members10. Community involvement in managing issues of local significance provides better outcomes for locals.

S355 committees that manage CBFs have representatives from the local community, the council and the proponent. Interviewees in our research cited the following as major advantages of an s355 committee:

1. Draws on the expertise of stakeholders: E.g. councils have expertise administering grants. By being a part of the committee council's expertise in administration is harnessed
2. Decision making by all stakeholders: Because all the stakeholders are present in the committee, they have a say in the decisions being made.
3. Transparency: The structure of the s355 committee ensures all stakeholders are aware of the decision making process and the specific contexts or reasons why decisions are being made.
4. Flexibility to draw on external expertise: Some s355 committees have independent chairs or members who are there to provide expertise in an area that the community or committee does not have. Such independence provides the committee with invaluable advice from a neutral expert.

Like s355 committees in NSW, renewable energy projects in other states have committees that manage the grant process. In such committees, which have the same constituent representatives, there are examples where community members are the sole decision makers. In such cases, proponents or council members play a supporting role, providing administrative or communication support.

While governance mechanisms are context-specific, it is important to note that when communities are engaged, have access to capacity and expertise to manage grants, the outcomes reflect community interest. Governance by the local community can be "facilitated through Local Government, but ideally decisions would be made by a community committee... Some grant funds are run in such a way that all local people living within a certain radius get to vote on grant applications".[23]

Best practice grant making

Community members and development experts discuss grants that deliver best outcomes for communities and which align with local aspirations for the future. The characteristics relate to areas of the purpose of the grant, the grant making process including application and decision making and the context of the grant.

The purpose of a grant:

Grants have the potential to be a sustainable input into long-term community development and align with community needs and interests. In order for this to happen, grants must be implemented with the focus on **achieving outcomes and benefits that have been identified by the community.**[13] It is important to consider both the short term needs and long term interests of the community in grant making.

The grant-making process, structure and operational format:

Good grants are efficient and effective. They have an accessible, technology-agnostic application process, a transparent selection process and provide learning opportunities to grant applicants. Such learning opportunities could be in the form of training on writing grant applications, the development of theories of change, project budgets, or feedback on applications that have been submitted.

While some grant values have a specified monetary range, such caps are seen to set an artificial limit on meeting a community's needs or vision. Community development experts we interviewed as part of our research agree that there are benefits to be had by removing caps or setting a maximum amount for applications.

Another important point of consideration in grant making is the administration process. Experts agree that administration for grants must be commensurate with grant amount. Grantmakers should match their grant processes and grant criteria to the particular needs of each grant scheme. **'Right-sizing'** means that smaller grants will involve less work for the applicant than major grants.[13]

Community needs change with time. To remain relevant over time and to have the ability to answer a community's changing needs, It is important for grants to have form flexibility.

The context of grant-making:

Grants are a tool to enable community needs to be met. Grants can also provide proponents an avenue to build a long-term presence in and demonstrate their commitment to the local community. To do this well requires the right type of support and an approach to the local community that embeds them as a true partner. A tangible way of doing this could include funding additional support that the community may need – "mentoring, advice, training, assistance with networking – that is necessary for grantees to fulfill their roles adequately. The role of the grantmaker does not end when the money changes hands".[13]

Another way this could be demonstrated is through compensating community members who play larger roles in the grant process.

There is growing awareness of the varying nature of community contexts that exist around different projects. This is reflected through the approach to community benefit funds starting to change. CBFs are starting to more holistically consider and respond to the context of development and a deeper understanding of each host community's needs, impacts and capacity – as they exist presently, but also importantly, considering future requirements.

Image below: © TasNetworks

Community-specific funded programs

To do as much good as possible with the funds available and create long-term social and economic benefits, a growing number of projects are shifting away from grants as the sole form of CBFs. Proponents are creating novel CBF programs that answer unmet community needs. By engaging and empowering the community in the creation of these projects, community capacity can be supported to move from solving short-term needs to envisioning the community's long-term future in a strategic manner, seeking to leave a long-term legacy.

Neighbour benefit sharing is increasingly becoming standard practice for wind farms. The community-specific aspect of these programs in this report deals with the form this benefit takes in the host community, not whether or not it occurs.

This report showcases three examples of such community-specific projects. Each of these projects has been borne out of a deeper understanding of community needs – either those that are currently unmet or those identified as impacts of the renewable energy development.

In the current approach to community-specific funded programs, initiatives are selected based on community needs that fall outside the responsibility of the council or other government entities. There are sensitivities around what private companies can do and what governments should do. Proponents are aware of these sensitivities and respect them when they decide on the needs that will be met through their programs. It is important to note that in the context of REZs, communities experience the impact of multiple projects at once, exacerbating existing social and economic issues. Collaboration with proponents, transmission companies, state and local government agencies is crucial for impact mitigation in this context.

Mortlake South Wind Farm Neighbourhood Benefits Program[22]

In 2019 ACCIONA launched the Neighbourhood Benefit Program for the community surrounding the Mortlake South Wind Farm to strengthen the positive benefits of the Project.

The program is open to eligible households located within 4km of a wind turbine. Households receive a preloaded EFTPOS card (between the value of $500-$2000, proximity dependent) which can be used to purchase goods and services at local participating businesses within Mortlake, Noorat and Terang – the towns closest to the wind farm. The objectives of the program are to encourage spending within the local community, as the cards can only be redeemed at the participating local businesses.

ACCIONA developed the Neighbourhood Benefit Program as a bespoke initiative for the Mortlake South Wind Farm, to meet the needs of the local community. The program is the first of its kind in the industry and offers a unique method to distribute the economic benefits of the wind farm as broadly as possible.

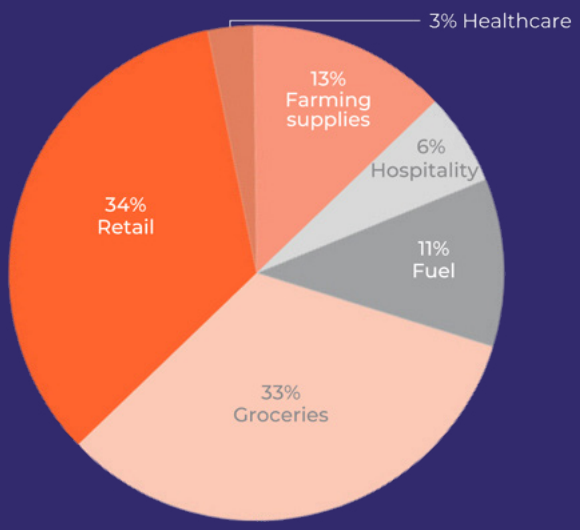
This program is one initiative in the Mortlake South Wind Farm Shared Benefits Program, which also includes a Small Grants/Sponsorship Program and Scholarship Program.

Local grocery stores and food shops have collectively made $62,037 since mid-2019.

16% of spending was on tools, timber, hardware and farming supplies.

More than 40 participating businesses are involved in the program.

Percentage of money spent across participating businesses



Rye Park Wind Farm pilots early childhood psychological assessment program in response to community needs

Instead of waiting to start operations before starting a community benefit program, to answer an urgent community need Tilt Renewables has started a pilot program for children with learning disabilities, as part of community benefit sharing for its under-construction Rye Park Wind Farm.

In conversations with local parents and the principal of the primary school in Boorowa, an urgent community need often came up. Children with learning disabilities need to undergo psychological assessment in order to identify and access the allied health services they need – speech therapy, occupational therapy, paediatrician, etc. Accessing this crucial psychological assessment is tough for families living in regional communities, especially families experiencing economic hardship. Such psychological assessments are not a responsibility of NDIS. Gaps like this one can leave children behind.

To answer this need, Tilt has commissioned a pilot program funding 25 psychological assessments every year for the next three years. The psychological assessments are being conducted by a regional mental health consultant. "Getting a program like this running is tricky, especially considering confidentiality. Tilt was committed to creating this and was patient throughout the process," says Angela Webb, the principal psychologist of AWI Consulting, the organisation conducting the assessments. The pilot program includes funding for a 10-week school program teaching children emotional literacy and equipping them with tools and resources to develop emotional resilience.

Spark Renewables & Westpac Support Mount Austin High School[23]

Spark Renewables' Bomen Solar Farm, in partnership with Westpac, have commenced a long-term partnership with Mount Austin High School (MAHS) in Wagga Wagga with grant funding of $500,000 to support two important programs at the school over a decade. The funding is underpinned by a power purchase agreement with Westpac.

The **'Transition Program'** and **'Girls @ the Centre'** program, both run from the school, support students' engagement with school, not only encouraging them to remain in and complete high school, but also equipping them with the skills they need to successfully embark on their chosen endeavours after finishing school. In 2022, 41 final year students (boys and girls) were involved in the Transition Program.

The 'Girls @ the Centre' program, which receives a $25,000 annual donation, committed for 10 years, supports female students to stay in school and complete Year 12, and provides opportunities to enhance students' career options. The 75 spots offered in the 'Girls at the Centre' program were all taken up this year.

The 'Transition Program' similarly receives a $25,000 annual donation committed for 10 years. This Program was conceptualised by Mount Austin High School, which identified that the best way to assist students graduating was not by supporting one or two students to go to university, but rather by supporting as many students as possible to transition from school into the wider society.

The School found that for many of its students, making the transition into tertiary education or employment is not straightforward, and students benefited from ongoing support. The donation by Bomen Solar Farm, which is matched by funds from the School, allows important resources to be devoted to helping students to achieve success in their post-school lives.

Principal of Mount Austin High School, Michelle Waugh, explained: "Graduating Year 12 is an accomplishment and is significant for students and families. It is the culmination of years of schooling. At MAHS we want to ensure that each student has a known destination and is supported to achieve beyond the school. The Transition Program will ensure that each student has a transition plan for after school and is supported to reach their goals beyond school. With this funding and support, MAHS will be able to undertake intensive transition planning based on individual need – for some students this may be guidance in the development of necessary documents for enrolment in university, for others it may be employment certificates and skills such as White Card training, for others still it may be support for licences."

Image top: 'Girls @ the Centre' program winners Term 1, 2022. © Spark Renewables

Image bottom: Spark Renewables visit Mount Austin High School, March 2023. © Spark Renewables

Delivering benefits to First Nations communities

We have the opportunity to create an energy switch where First Nations people play a key role and are in a position to make the most of the economic and social opportunities of renewable energy development. Long-term, meaningful engagement, built on trust and respect for Traditional Owner cultures, values and practice and an understanding of the local context are key pillars for an energy switch that delivers to First Nations communities.[4, 17] Developers should uphold the principles of First Nations self-determination and Free, Prior and Informed Consent. There should be focus on building long-term, trust-based relationships with Traditional Owners and First Nations communities, in addition to ongoing engagement with the wider community in the region.

Community benefit funds can be a source of independent, long-term income. This income can be invested in community-determined projects that address specific local concerns such as capacity building initiatives such as "health, education, employment, livelihoods and justice, cultural outcomes, and digital inclusion for those communities".[17] CBFs can also be used to fund programs that invest in capacity building for First Nations Communities; this includes training and skill development, developing local infrastructure and community activities. While developing and operating the funds program, there needs to be a nuanced approach that takes into account the varying levels of power imbalances between different interest groups within the community that would want to use the process to drive an outcome they are aligned to. Steps must be taken to ensure that pathways are created for the participation of Aboriginal people in all stages of funding programs – from design to governance. "Projects need to ensure there is Aboriginal representation within fund governance and/or that Aboriginal communities are supported to enable them to apply for funding rounds".[17]

Ensuring participation of Aboriginal people and communities throughout the process also ensures that the fund does not deliver negative, unintended consequences for Aboriginal communities.

A number of developers have Reconciliation Action Plans – plans that "have enabled organisations to sustainably and strategically take meaningful action to advance reconciliation".[18] Rather than a siloed approach, it is important to consider how CBFs can be structured in a way that advances reconciliation.

In Australia, First Nations-led organisations such as First Nations Clean Energy Network are working to develop approaches for better community engagement with First Nations people.

Currently, the following resources outline good practice for engaging with First Nations communities:

1. Best Practice Principles for Clean Energy Projects by First Nations Clean Energy Network.
2. Lane T. and Hicks, J. (2019) *A Guide to Benefit Sharing Options for Renewable Energy Projects*. Clean Energy Council, Melbourne.
3. Lane, T. and J. Hicks (2017) *Community Engagement and Benefit Sharing in Renewable Energy Development: A Guide for Applicants to the Victorian Renewable Energy Target Auction*. Department of Environment, Land, Water and Planning, Victorian Government, Melbourne.
4. Frangos. M, Bassani. T, Hollingsworth. J, Briggs. C, (2021), *'First Nations Guidelines: Case Studies on First Nations community engagement for renewable energy projects.'* Sydney: NSW Department of Planning, Industry and Environment.

Best practice for building community-specific programs

While the context of each renewable energy project development is different and it is hard to outline an approach for community-specific projects that can be applied in all contexts, the case study examples demonstrate key building blocks that can be applied to different contexts.

1. Shift from organisational expense to community outcome

Community benefit funds may be seen as a certain sum of money committed by the organisation for the life of the project. It may be seen as the 'cost' of creating social licence and being a long-term member of the local community. However, if this narrative of CBFs is shifted to the community 's view of the money committed, the likely result is a considerable movement towards bringing long-term benefits to the community. When communities are involved in decision making about where the money will be spent, there is a likely shift to those with outcomes that are most important to the local community.

2. Examine fund timelines

Is the community benefit fund an annual commitment for the next twenty years? Or is it possible to shift this time frame from yearly to a longer period? Extending the time frame this way, allows both the community and the proponent to understand the potential benefits that can be created with a bigger pool of money. When this happens, bigger, bolder projects can get funded.

3. Benefits through additionality

Through community-specific programs, proponents aim to address an unmet gap not covered by the responsibilities of the council or other government entities. In other words, the benefit was not available to the community before the proponent's presence in the region. This approach ensures duplication of efforts is minimised and the investment in the community is structured to provide additional benefits, directly linked to the renewable energy developments taking place.

4. Iteration

Community development is both an art and a science. Things change and plans need to be adjusted over time to incorporate new contexts and prior learning. However, traditional CBS programs do not incorporate mechanisms to monitor, evaluate and adjust programs to match the dynamic nature of community needs and aspirations. Emerging practice, especially for larger programs should incorporate learning cycles to see continuous iteration and improvement.

5. Creativity

Community benefit funds present an opportunity to support local communities in a sustained manner. They can help communities mitigate the impacts of the transition and go further to community development.

A framework to set the direction for community investments: Powerlink

Renewable energy developments are a long-term presence in the host community. The longevity of developments and projects is an opportunity to create sustainable benefits for communities and the region, according to Powerlink, Queensland's state-owned transmission company. Powerlink has engaged in an eighteen month-long process to create a strategic approach to its community benefit funds.

Starting with the objective to build long-term trust and acceptance for its transmission projects, Powerlink worked with data from sentiment surveys and commissioned research to create a robust framework of focus areas and tools for investment. The resulting approach aligns with both Powerlink's and the Queensland government's desired community outcomes including enhancing community and social capacity, building resilience, supporting communities facing vulnerable circumstances and creating a positive legacy.

The approach takes into account the cumulative impact of multiple projects and integrates impact management through a collective response. The fund mechanisms outlined in this approach acknowledge the entire spectrum of benefit sharing programs – from grants and sponsorships to long-term community investment programs that improve community resilience. The approach also operates at different geographic contexts of impact, from local communities to cumulative regional ones.

The programs resulting from the approach will have a continuous improvement process built in to ensure that lessons learned can be applied to projects in the future.

View Powerlink's 'Community Investment Table: the three pillars'.

© Powerlink

For communities to benefit in the best possible way, it is evident that CBFs need to shift away from the standard grant approach. They should become more contextual and based on a deeper understanding of the community's needs, and then programs should be co-designed to address these needs.

Benefit sharing arrangements beyond funds

CBFs are just one well-established form of benefit sharing. Many renewable energy proponents establish benefit sharing arrangements that go beyond grants and funds. These include scholarships or programs at local schools, scholarships in universities, supporting local procurement, employee volunteerism and programs to create energy security.

Some examples of benefit sharing arrangements which go beyond CBFs include:[3,4]

- Supporting energy security for the local region through the creation of a community energy project, e.g. microgrid or work with a local partner to roll out a solar PV / hot water heat pump bulk-buy program for the local area
- Supporting the local economy by hiring people from the local community
- Providing adequate training and skill development opportunities for young people considering a career in renewable energy
- Create employment pathways for people facing barriers to employment
- Working with local landcare groups on environmental management and biodiversity protection projects
- Employee volunteerism
- Co-ownership and co-investment programs
- Electricity rebates.

In the future, the build up of large-scale infrastructure creates opportunities to provide amenities such as high-speed internet to regional communities.

To facilitate significant long-term investments, communities may seek to establish local investment vehicles, such as Community Foundations, to steward impact over the long term. For more information on community foundations, please visit https://www.cfaustralia.org.au/

By going beyond CBFs, it is possible for proponents to create programs that decarbonise the regional community and provide pathways for climate adaptation and building resilient regional communities.

The future of community benefit funds

With renewable energy zones being officially established in rural, regional and offshore areas of QLD, NSW, Victoria, Tasmania and South Australia, the development context is changing. The creation of REZs, and the new renewable energy generation from them requires the strengthening of transmission networks across the east-coast grid.

As the hosts of this rewiring and repowering program, regions largely agricul – tural regions – and communities are facing layers of fast-paced change. Large scale renewable energy developments in regional communities bring with them a range of impacts. Increasing demand for infrastructure such as roads, labour supply and housing demand for construction workers are some of the challenges faced by local communities. Such challenges are compounded in REZs that host many developments across generation, storage and transmission.

While the challenge of cumulative impacts in REZs is being understood, the opportunities of compounding benefits – benefits gained by hosting a larger number of renewable development projects in close proximity – has not entered practice. Regional benefit programs underpinned by collaboration between various proponents in the region is one way to create cumulative benefits. This approach of cumulative benefits could aid communities to undertake large, strategic projects that one proponent's CBF commitment alone cannot support. RE-Alliance strongly believes there is the need to build coordination between different proponents and local councils. Such collaboration will also assist communities to build awareness of options and how they might be stewards of significant community funds into the future.

"With so many developments happening here, in my community we might be talking about $1,000,000 a year in aggregate in five years' time. When that happens, there is a real argument to say that those funds should at least be coordinated if not pulled together."

- Community member

With our partner Community Power Agency, we outlined the following key principles that can be used to build and govern a community-centred benefit sharing arrangement that has the potential to deliver strategic, long-term benefits to local communities.

Principles for Regional Benefit Sharing	
Due process	The process of designing and implementing the program should be transparent and just in the eyes of the REZ-wide community.
Agency	Each REZ-wide community should have deep involvement in the design and establishment of the benefit sharing program, as well ongoing decision making power in its delivery. This is perhaps the single most important factor to ensure the CBS fund achieves and maintains the social licence it sets out to gain.
Trust	Building relationships of trust between Government/ proponents and the community is both a key prerequisite to, and a product of, best practice CBS programs.
Longevity	Since the REZ will continue to deliver energy for decades to come, the CBS governance model should be strong enough to outlast changes in project ownership and changes in government policy priorities.
Leverage	A REZ-wide CBS program should have the ability to leverage greater impact via "stacking" funding with individual project CBS programs and other matched-funding grant opportunities.
Flexibility	Needs and priorities of each REZ-wide community will necessarily change over time and the CBS model developed should be able to adapt to these changes.

There is a need to invest in capacity building – to increase the community's power to understand what's happening and take up agency in the process by influencing decision makers and negotiating for best community outcomes, engaging their skills, knowledge and interests.[16] This can add structural support for communities to undertake or engage in a process of independent, community-determined impact assessment studies and future visioning exercises. Such studies are crucial inputs to help draw out communities' needs and dreams to the table. The other advantage of community-determined studies is that they can become a key tool in consultation activities, reducing the burden of over-consultation and risk of fatigue in the community.

"To deliver good projects, you've really got to make sure that you have all the background stuff to check on, like your theory of change, social impact assessment model, frameworks for assessing programs and skilled people who can support the community."

- Community development expert

There are ambitious targets to transition to renewable energy, backed by both state and federal governments to accelerate the build of renewable energy infrastructure and decarbonise the grid. To meet these targets a massive transformation is underway. Community engagement to inform and direct this transformation is critical. With good community engagement, there is a higher potential for community acceptance which is a far more desirable outcome than the alternative. Research done internationally shows that community acceptance improves through measures such as co-investing or co-ownership.[14] Research in Australia on community owned wind farms shows similar results.[15] This can be done through offering the community opportunities to invest in the project, offering a gift of equity or partnering with a local group such as a co-operative to facilitate co-ownership.[11] This practice of community investment in renewable energy developments is relatively uncommon in Australia but there are some. Co-investment or co-ownership may become more relevant with the need for greater economic benefits to local communities.

To address issues such as housing shortages in regional communities that may be exacerbated by renewable energy developments, proponents can identify and support long-term solutions that can be utilised by the local communities long after the project construction phase has ended.

Additional resources

This report builds upon other recent guides on community engagement and renewable energy; together these outline best practice principles and case studies to help create good community benefit sharing programs for renewable energy developers.

Community Power Agency, 2023. Regional Benefit Sharing Discussion Paper.

Lane, T., & Hicks, J. (2019). A Guide To Benefit Sharing Options for Renewable Energy Projects. Clean Energy Council.

ReCFIT, 2023. Renewable Energy Development in Tasmania – A Guideline for Community Engagement, Benefit Sharing and Local Procurement.

The Energy Charter, 2023. Better Practice Social Licence Guideline Co-existence and shared value opportunities for transmission + agricultural landholders.

Appendix 1

Quantum of CBFs

CBFs in wind farms

New South Wales

Project	Operational since	CBF. per annum
Gunning	2011	$33,000
Silverton	2018	$15,000
Crudine Ridge	2022	$160,000
Sapphire	2018	$183,000
Bango	2023	$130,000
Boco Rock I	2014	$167,000
Cullerin Range	2009	$25,000
Crookwell 2	2019	$70,000
White Rock	2017	$180,000
Gullen Range	2014	$140,000
Bodangora	2018	$50,000
Capital & Woodlawn	2011	$42,000
Biala	2020	$92,000
Taralga	2015	$130,000
Collector	2021	$270,000

Queensland

Project	Operational since	CBF. per annum
Coopers Gap	2019	$ 10,000
Mt Emerald	2018	$ 200,000

Victoria

Project	Operational since	CBF. per annum
Waubra	2009	$ 110,000
Mount Gellibrand	2018	$ 100,000
Oaklands Hill	2012	$ 53,000
Macarthur	2012	$ 64,000
Berrybank	2015	$ 195,000
Moorabool	2022	$ 120,000
Stockyard Hill	2021	$ 300,000
Cherry Tree	2020	$ 25,000
Bulgana Green Power Hub	2021	$ 120,000
Portland + Yambuk + Codrington	2010, 2015, 2009	$ 186,000
Yaloak South Wind Farm	2018	$ 31,000
Crowlands and Ararat and Challicum Hills	2018, 2007 and 2014 resp	$ 120,000
Murra Warra I and II	2002 and 2019	$ 96,000
Dundonnell	2020	$ 50,000
Salt Creek	2019	$10,000
Lal Lal Wind/Yendon	2017	$ 100,000
Bald Hills	2015	$ 25,000
Coonooer Bridge	2018	$ 25,000
Mt Gellibrand	2019	$74,000
Mortlake South Wind Farm	2023	$120,000

South Australia

Project	Operational since	CBF. per annum
Wattle Point	2010	$ 20,000
Lake Bonney	2010	$ 45,000
Waterloo	2010	$ 30,000
Hornsdale 1,2&3	2016	$ 120,000
Hallett	2009	$ 25,500
Lincoln Gap	2019	$ 50,000
Clements Gap	2009	$ 55,000
Snowtown I & II	2008, 2013	$ 45,000

Tasmania

Project	Operational since	CBF. per annum
Cattle Hill	2020	$ 120,000
Granville Harbour	2019	$ 20,000

Western Australia

Project	Operational since	CBF. per annum
Yandin	2020	$ 51,000
Walkaway	2006	$ 15,000
Collgar	2011	$ 100,000
Warradarge	2020	$ 20,000
Mumbida	2013	$15,000

CBFs In Solar Farms

New South Wales

Project	Operational since	CBF. per annum
Jemalong Solar Project	2020	$ 40,000
Moree Solar Farm	2016	$ 25,000
Bomen Solar Farm	2020	$ 100,000
Limondale Solar Farm 1	2022	$ 40,000
New England Solar Farm	2023	$180,000

Queensland

Project	Operational since	CBF. per annum
Blue Grass Solar Farm	2022	$ 40,000
Darling Downs Solar Farm	2023	$ 100,000
Haughton Solar Farm Stage 1	2019	$ 80,000

Victoria

Project	Operational since	CBF. per annum
Winton Solar Farm	2021	$ 35,000

Appendix 2

Methodology

The report was created using a combination of primary research and secondary, desktop research as follows:

1. Primary research: To support better outcomes from CBFs, it is important to hear the voices of those who are involved in the management of these funds – all key stakeholders in charge of funding and governing these funds. No study about the potential uses of CBFs would be complete without the perspective of local communities.

   Primary research was conducted through hour-long interviews with nine industry proponents (renewable energy developers), seven community members and two community development experts. For industry proponents who do not have CBFs in place, we explored their thinking and future approach. The interviews focused on how projects were funded through CBFs and whether community needs and priorities were reflected in this process. Interviews with community members were designed to understand their experience of CBFs and what the real challenges and opportunities were, in the scope and management of the funds as experienced by communities who are the primary beneficiaries.

   Interviews were also conducted with community development experts to develop thinking on the governance of funds to improve their accessibility and impact.

2. Secondary research: Updated figures of state-specific, developer-specific CBFs have been gathered through secondary, desktop research. Secondary research has also been used to examine the current policy and regulation environment that affects CBFs in each state.

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Appendix 4

Glossary

AEMO: Australian Energy Market Operator responsible for operating Australia's largest gas and electricity markets and power systems.

Capacity building: According to the United Nations, Capacity building refers to the process of developing and strengthening the skills, processes and resources that communities need to survive, adapt, and thrive in a fast-changing world.

CBF: Community Benefit Funds

CEF: Community Enhancement Funds, same as CBF

Cumulative Benefits: The interaction or cooperation of two or more organisations, entities or other agents to produce a combined effect greater than the sum of their separate effects.

Energy storage: Energy storage enables energy from renewables, like solar and wind, to be stored and then released when the power is needed most.

NEM: The National Electricity Market is a wholesale market through which generators and retailers trade electricity in Australia. It interconnects the six eastern and southern states and territories and delivers around 80% of all electricity consumption in Australia. Western Australia and the Northern Territory are not connected to the NEM.

Proponent / project proponent: A project proponent is the entity that is responsible for carrying out a project and has the legal right to do so.

Renewable energy: Renewable energy is energy derived from natural sources that are replenished at a higher rate than they are consumed. Sunlight and wind, for example, are such sources that are constantly being replenished.

Renewable energy developer: The person or entity engaged in the design, construction and/or operation of renewable energy projects.

Renewable energy development/project: The construction, installation, operation, changing or retiring of a renewable energy generation facility

REZ: Renewable Energy Zones combine new renewable energy infrastructure, including generators (such as solar and wind farms), storage (such as batteries and pumped hydro) and high-voltage transmission infrastructure. By connecting multiple renewable energy projects and electricity storage, these REZs capitalise on economies of scale to deliver cheap, reliable, and clean electricity for homes and businesses.

Social licence: Social licence reflects community acceptance of a project. It comes from building trust, delivering overall positive impact and is granted and denied by the community in line with their social, political and economic conditions.

SWIS: The South West Interconnected System (SWIS) is an electricity grid in the southwestern part of Western Australia. It extends to the coast in the south and west, to Kalbarri in the north and Kalgoorlie in the east. It is not connected to the other large Australian grids.

VPA: A Voluntary Planning Agreement is an agreement entered into by a planning authority and a developer – under an agreement a developer agrees to provide or fund public amenities and public services.[12]

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