Department of Planning, Housing and Infrastructure

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# Benefit-Sharing Guideline

November 2024

## Guidance for large-scale renewable energy projects

# Acknowledgement of Country

The Department of Planning, Housing and Infrastructure acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land, and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

Published by NSW Department of Planning, Housing and Infrastructure

dphi.nsw.gov.au

First published: November 2024

Current version: 1.0

Department reference number: DOC24/867334

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# Glossary of terms

| Term | Explanation |
|---|---|
| **Applicant** | The applicant of a large-scale renewable energy project application or modification |
| **Battery energy storage systems** | Grid-scale rechargeable batteries that can store energy from different sources and discharge it into the electricity grid when needed |
| **Benefit-sharing** | Benefit-sharing aims to distribute benefits generated by a project between the applicant and the community through mutually agreed opportunities such as funding or sponsoring local community initiatives, programs or projects |
| **Large-scale renewable energy project** | Development of solar energy, wind energy, and/or a battery energy storage system that is State significant development (SSD) or critical State significant infrastructure (CSSI) |
| **Local community benefits** | Benefits provided to communities at a local government area scale, including nearby hubs for employment, accommodation, and social infrastructure and services |
| **Neighbourhood benefits** | Benefits provided to individual landholders, businesses or townships and villages in the immediate vicinity of a project |
| **Planning agreement** | Planning agreements are voluntary agreements between one or more planning authorities (such as a council) and an applicant |
| **Regional benefits** | Benefits provided to communities across multiple local government areas that are coordinated by EnergyCo as part of the REZ Community and Employment Benefit Program |
| **Secretary's environmental assessment requirements** | The Planning Secretary's environmental assessment requirements, that set out the matters that must be addressed in an environmental impact statement |

# 1 Introduction

Three of the remaining 4 coal-fired power stations in NSW will come to the end of their scheduled lives by 2035. We need to increase renewable energy generation, storage and transmission infrastructure to transition the electricity sector and meet the state's renewable energy targets. Most of this infrastructure will be in regional NSW as that is where our best solar and wind resources are located.

Transitioning to renewable energy sources will help us meet our legislated targets to achieve net zero greenhouse gas emissions by 2050. It will also create new jobs, reduce energy costs for households and attract investment to NSW.

The NSW Government's Electricity Infrastructure Roadmap (the Roadmap) sets out a 20-year plan to deliver the infrastructure required to ensure NSW has continued access to cheap, clean and reliable energy.

As part of the Roadmap, the NSW Government will deliver at least 5 renewable energy zones (REZs). These will be in the Central-West Orana, New England, South-West, Hunter Central Coast and Illawarra regions of NSW. REZs are modern-day power stations. They combine renewable energy generation such as wind and solar, storage such as batteries and network infrastructure such as high-voltage poles and wires in dedicated areas in NSW.

Transitioning to renewable energy will also provide a range of direct and indirect benefits for host communities including:

- construction jobs (around 6,300) and ongoing operational jobs (around 2,800)[1]
- lease payments to landholders and farmers to help diversify their income streams and protect against the financial impacts of drought and natural hazards
- payments to neighbours on land adjoining renewable energy infrastructure
- boosts to services and hospitality industries that service the new workforce
- upgrades to local infrastructure
- business for local companies and contractors

While the communities that host these developments benefit from employment and investment, they also experience the most pressure from the changes. This includes direct impacts from individual projects, as well as broader changes to the local landscape and community that may be difficult to foresee and plan for.

The process for assessing and approving large-scale energy projects under the NSW *Environmental Planning and Assessment Act 1979* (EP&A Act) ensures that impacts are minimised and appropriately managed. Whole-of-government strategic planning in REZs also

[1] Estimated employment figures from *NSW Electricity Infrastructure Roadmap Detailed Report* (Department of Planning, Industry and Environment, 2020)

helps manage the roll-out of energy generation, storage and transmission infrastructure. Even with these measures in place, the on-ground effects of the state's energy transition will be predominantly felt in regional areas.

The wider benefits of renewable energy projects are often strategic in nature. Broader benefits (such as decarbonisation) are shared across the state, not just with the communities where the development is undertaken. Local revenue mechanisms, such as Section 7.11 and 7.12 contributions under the EP&A Act, are not usually suitable to address this issue as they have limited application to renewable energy projects.

This means that host communities, which bear the brunt of the changes, may not necessarily experience a proportionate level of benefits from the uptake of renewable energy. We need to make specific efforts to fairly share the proceeds from the transition within the areas in which it is focused.

This guideline provides advice on how benefit-sharing can be incorporated into the consideration and delivery of large-scale renewable energy development and outlines:

- a benefit-sharing policy approach, objectives and implementation strategy
- benefit-sharing mechanisms that operate at neighbourhood, local and regional levels
- a proposed model, including guidance on the expected value of benefit-sharing for individual projects.

This approach encourages applicants to include benefit-sharing when preparing and delivering large-scale renewable energy projects. It will help local communities be more resilient to change and will deliver estimated benefits of up to $414 million to host communities over a 25-year period (in present value terms)[2] in REZs alone (see Figure 1). This will supplement hundreds of millions of dollars in funding which will be made available to REZ communities under the REZ Community and Employment Benefit Program.

The policy will ensure that communities in and outside REZs benefit from renewable energy development in their regions and that the benefits will be proportionate to the amount and scale of development. For instance, a typical 700 MW wind energy project will provide benefits of around $18 million to communities from rates prescribed in this guideline alone.

[2] Based on known or declared capacities for each REZ and assuming 25 years of energy generation. It does not include the benefits that will be generated by renewable energy projects outside REZs or battery energy storage systems.

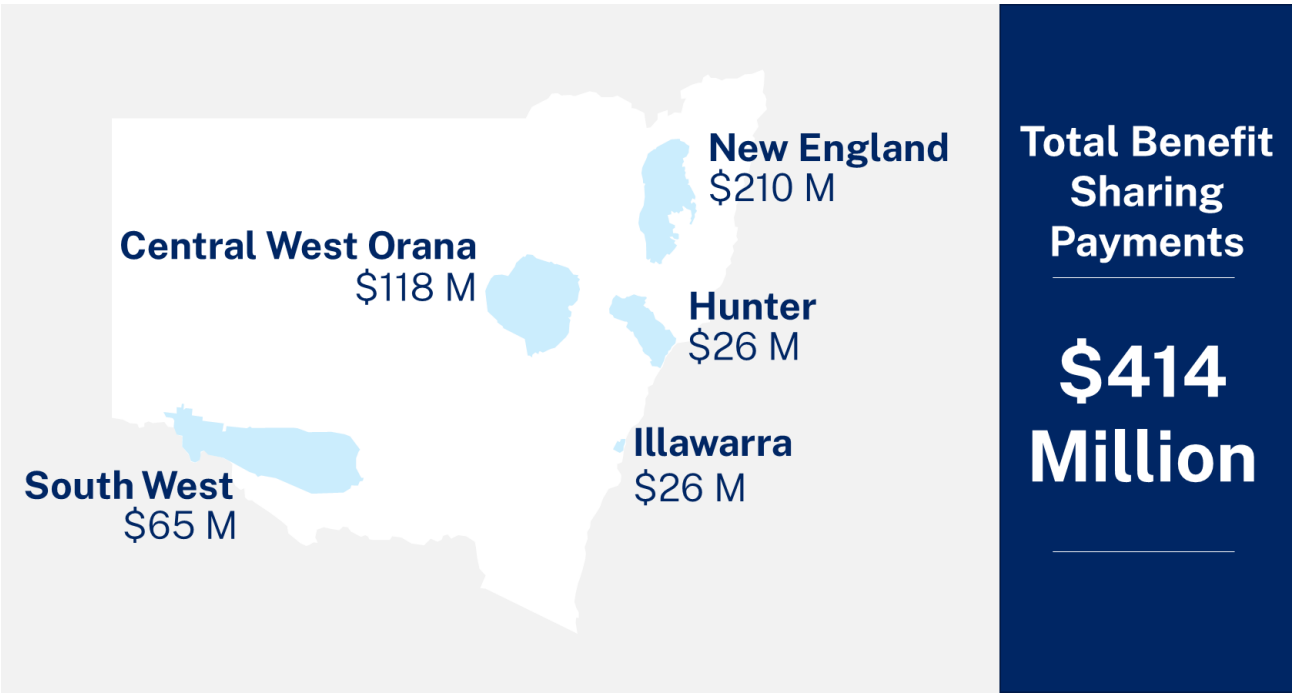



Figure 1. Estimated benefits in renewable energy zones from this guideline[2]

## 1.1 Purpose of the guideline

The purpose of this guideline is to:

- provide information to applicants, councils and the public about the importance of benefit-sharing for large-scale renewable energy generation and storage in NSW
- outline how benefit-sharing should be incorporated into State significant development (SSD) and critical State significant infrastructure (CSSI) applications for solar, wind and battery energy storage systems (BESS)
- encourage coordination of benefit-sharing programs
- support the rapid roll-out of solar and wind energy generation and storage in NSW, including in REZs, while ensuring that host communities experience tangible, long-term benefits from the transition to renewable energy.

## 1.2 Application of the guideline

This guideline applies to solar, wind and BESS projects (where BESS projects are proposed on rural zoned land only) that are declared to be SSD or CSSI (large-scale renewable energy projects), whether they are located within or outside a REZ. The guideline does not apply to:

- hydrogen projects
- pumped hydroelectric projects,

- BESS on non-rural zoned land
- electricity transmission infrastructure.

In contrast to solar and wind energy, hydrogen generation and some BESS are more likely to be co-located with other energy and industrial developments (typically in industrial areas or brownfield sites). These projects would be subject to standard council rates and contributions based on their land use zoning and any relevant impacts on local infrastructure and services. On rural zoned land, existing contributions arrangements for BESS may not be appropriate.

The guideline does not prescribe benefit-sharing rates for pumped hydro projects; however, benefit-sharing is strongly encouraged and should be evaluated on a project-by-project basis. In determining an appropriate rate, applicants and planning authorities should consider the nature and magnitude of change likely to be experienced by communities relative to the other infrastructure types prescribed in this guideline.

Transmission projects are subject to a range of existing benefit-sharing arrangements, including landowner payments under the NSW Strategic Benefits Payments Scheme. While this guideline does not apply, benefit-sharing is strongly encouraged, and this should be developed in recognition of these arrangements. Additional guidance can be found in The National Guidelines for Community Engagement and Benefits for Electricity Transmission Projects.

Applicants for large-scale renewable energy projects will need to consider this guideline where it is referenced in the Planning Secretary's environmental assessment requirements and prepare the project's environmental impact statement (EIS) according to the requirements set out in the guideline.

This guideline should also be considered when preparing and assessing applications to modify a consent or approval in instances where it would increase the generating or storage capacity of the project. In these cases, the guideline and the prescribed benefit-sharing rates only apply to the increase in capacity and not the existing, approved capacity of the project.

## 1.3 Relationship to other guidelines

This guideline is part of the NSW Government's Renewable Energy Planning Framework and should be read in conjunction with the other documents making up this framework (where relevant), including the *Large-scale Solar Energy Guideline* and *Wind Energy Guideline*.

# 2 Benefit-sharing for renewable energy

## 2.1 Overview of benefit-sharing

Benefit-sharing is a general term used to describe different approaches and mechanisms that aim to distribute the financial and other benefits of a project between the applicant and the host community through mutually agreed opportunities.

In the context of large-scale renewable energy projects, arrangements with landholders, councils and local communities (including local Indigenous communities) provide opportunities for community members to directly share in the benefits of projects and for the applicant to enhance their social licence to build and operate the project.

Specific benefit-sharing programs can enhance the benefits for the people in the vicinity of, and most affected by, renewable energy development. This includes neighbours that may be affected by projects nearby, as well as members of the broader community that hosts the development.

Benefit-sharing programs can also help to mitigate the wider intangible impacts of projects that may be otherwise difficult to avoid or minimise. It does this by delivering positive social and economic outcomes for affected communities. However, benefit-sharing is not intended as a means to manage or mitigate the impacts of a project on individual properties or landholders.

If a consent authority finds that a project would have significant negative impacts on the environment or the community, it will ensure appropriate action is taken, such as requiring amendments to the project design or including mitigation measures in consent conditions.

While private agreements between applicants and landholders to host project infrastructure or to manage and mitigate impacts from projects may provide benefits to individual landowners (see the *Private Agreements Guideline*), they are not considered to be forms of benefit-sharing.

Section 3 of this guideline outlines different benefit-sharing arrangements (including examples of programs or schemes) that can operate at different levels or spatial scales, from neighbourhoods to local communities to the broader regional area.

## 2.2 The importance of benefit-sharing

Benefit-sharing programs can offer a clear and transparent way to demonstrate how renewable energy development contributes to and benefits host communities and can help build community support. The following sections outline the 3 key reasons that make benefit-sharing particularly relevant to the consideration and assessment of large-scale renewable energy proposals and why it warrants a unique approach.

### Impacts and benefits are not always proportional

Our society benefits from the growth of the renewable energy sector. However, the impacts of renewable projects are not evenly distributed. Regional communities experience the most pressure and changes, including impacts from individual projects, as well as broader changes to the landscape and community that may be difficult to foresee and plan for in advance.

### Standard contribution methods are not always the best fit

Other forms of development are commonly accompanied by financial contributions to local government. However, the standard methods of collecting revenue are not always suitable for large-scale renewable energy projects, or they have limited application.

Individual renewable energy projects generally have limited impacts on local infrastructure and services, which limits the scope to collect local infrastructure contributions under section 7.11 or 7.12 of the EP&A Act. Where there are such impacts, they are addressed through the assessment process and conditions of consent (for example, requiring the applicant to upgrade roads before beginning construction).

The NSW Government is also undertaking separate work to understand and respond to any cumulative impacts that might be caused from multiple and concurrent projects within renewable energy zones. This will consider impacts on social infrastructure and services including waste management, health care and education.

### Renewable energy generates relatively less employment

In contrast to other types of industrial development, large-scale renewable energy projects often generate lower levels of ongoing employment. As a result, regional communities may experience significant changes without the long-term benefits of increased local economic activity and improved public and commercial services that often accompany high employment-generating development and related urbanisation.

Benefit-sharing for large-scale renewable energy projects provide a practical and transparent method of addressing these concerns. They can ensure that affected local communities receive direct social, environmental and economic benefits from projects in their area.

# 3 Policy for benefit-sharing

This section sets out the policy that should be used when developing, assessing, and managing benefit-sharing programs for large-scale renewable energy projects.

## 3.1 Policy principles

### 1. Benefit-sharing is standard practice

Benefit-sharing should be incorporated as standard practice. Applicants should offer a reasonable rate consistent with the value prescribed in this guideline.

### 2. Benefit-sharing is collaborative

Benefit-sharing programs should be designed in partnership with councils. Opportunities to centralise administration should be prioritised to help leverage funds to further enhance community benefits.

### 3. Benefit-sharing is transparent

Information on benefit-sharing arrangements should be publicly available, including clear details on the administration and distribution of proceeds.

### 4. Benefit-sharing is community focused

Benefit-sharing should be informed by consultation with the community or community representatives, tailored to the local context and the community's needs and produce outcomes that align with the priorities of the public.

### 5. Benefit-sharing is proportionate

The distribution of community benefits should reflect the scale of the project and the level of change experienced by the community.

### 6. Benefit-sharing delivers a positive outcome

Benefit-sharing should have a positive, lasting, and meaningful impact on the community and provide tangible social, environmental, and economic outcomes.

## 3.2 Benefit-sharing arrangements

The following sections provides advice on how different benefit-sharing arrangements can be used to distribute the proceeds of renewable energy projects to neighbours, local communities and regional communities around a proposed development. The benefit-sharing mechanisms generally differ in the:

- proximity of beneficiaries to the proposed development and its effects
- scale of benefits distributed (i.e. financial value and number of recipients/benefactors)
- administrative mechanisms used to distribute the proceeds of a project (i.e. who receives or administers the funding and how program funds are managed and expended).

These components can be arranged in different ways to ensure that benefit-sharing meets the needs of the affected communities (see the examples in section 5 of this guideline).

### 3.2.1 Neighbourhood benefits

The first level of benefit-sharing is identified at the 'neighbourhood' level, which includes individual landowners, businesses and small neighbourhoods and villages in the direct vicinity of a proposed development.

Due to their proximity to the development site, neighbours are more likely to be aware of and experience the effects of nearby renewable energy development more acutely.

We encourage renewable energy applicants to explore options for benefit-sharing with the immediately affected community.

Examples of neighbourhood benefits may include:

- minor capital works and improvements such as providing rooftop solar to residences
- funding or constructing neighbourhood community facilities
- sponsorship of local community events, groups or clubs
- offering neighbours subsidies (such as energy discounts or free connections) or investment/co-ownership opportunities.

Benefit-sharing is not intended as a means to manage or mitigate the impacts on individual landowners. For example, the applicant can negotiate private agreements with individual landowners to provide vegetation screening, or monetary compensation to mitigate high visual impacts from a project. This is not considered to be a form of benefit-sharing.

Depending on the benefits to be provided, neighbourhood benefit-sharing programs may form part of a broader local community benefit program that is centrally administered and distributed (see below) or may be negotiated directly between the applicant and individuals

(such as through a contract or other agreement specifically related to the benefit-sharing program).

Applicants should outline the details of any proposed neighbourhood benefit-sharing arrangements in the EIS for the project.

### Case Study 1 – Neighbour benefit program

The Bowmans Creek Wind Farm involves the development of up to 56 turbines and associated infrastructure, including a new 330 kilovolt (kV) transmission line. The applicant (Ark Energy) has established a program to share benefits with neighbouring landowners.

Property owners with a dwelling within 3.3 km of a turbine are eligible for an annual payment based on the number of wind turbines within a 3.3 km radius of their dwelling.

Those with a dwelling between 3.3 km and 5 km of a turbine (where no other agreement exists) are invited to participate in the project's Neighbour Benefit Program, which offers annual rebates on electricity charges as follows:

- residents between 3.3 - 4 km from a wind turbine will be eligible for an annual rebate of $1,000 on their household electricity costs
- residents between 4 - 5 km from a wind turbine will be eligible for an annual rebate of $500 on their household electricity costs.

Participation in the program does not prevent residents from expressing their views on the project, privately or publicly, at any time.

## 3.2.2 Local community benefits

Benefit-sharing at the local community level applies more broadly and should be targeted at a local government area scale, including any nearby hubs for employment, accommodation, and social infrastructure and services.

The scale of local community benefits will generally be greater in both financial value and the number of potential recipients or benefactors.

Given the broader application of local community benefit programs, we recommend they be primarily administered and distributed through the councils of the relevant local government areas. Alternatively, these programs could be administered by the applicant in partnership with a community, community organisation or institution (if appropriate and relevant to the type of program on offer) or other applicants in the local government area.

Irrespective of how the programs are administered, the benefit-sharing program must be designed in line with the policy principles set out in section 3.1 of this guideline.

Given the diverse composition of our communities, benefit-sharing at the local community level should consider opportunities for different community groups, particularly local Aboriginal communities. This should always be informed by meaningful and culturally appropriate, place-based engagement that is respectful and authentic.

Examples of local Aboriginal community-specific benefit-sharing programs include:

- capability and/or capacity support for economic participation, including direct or indirect employment
- scholarship programs with partnering education institutions to enable local Aboriginal students to complete courses in specific fields
- sponsorship of Aboriginal community and cultural events such as fundraising events, local markets, cultural sites, community clean up events and garden days
- additional or improved community facilities.

The most appropriate administrators will vary depending on the type of program and may include the NSW Aboriginal Land Council, the relevant local Aboriginal land council, native title groups and local councils.

### Council-managed programs

Council-managed benefit arrangements can provide opportunities to consolidate funds from multiple renewable energy projects. This gives councils the ability to deliver bigger community projects or services than would otherwise be possible if funds were directly managed by individual applicants.

The community must be at the forefront of decision-making for any council-managed programs. Committees should be established to decide how money should be spent and should include representation from different community groups.

Benefit-sharing funds must not be used to fund works or services of any kind that should be delivered by a council in the ordinary course of business.

For council-managed programs, we recommend using a planning agreement to establish a community benefit fund. The policy principles should be applied to the establishment and administration of the fund and when distributing proceeds within the fund.

Planning agreements are subject to various requirements under section 7.4 of the EP&A Act. Council must consider these requirements and the guidance set out in *Planning agreements – Practice note – February 2021* (or latest version) if entering into a planning agreement.

Planning agreements should include a review mechanism that allows the terms of the agreement to be renegotiated in the event of any material changes to this guideline.

Examples of expenditure that might be suitable under a council-managed community benefit fund include:

- recurrent costs of infrastructure, services or facilities
- additional or improved open spaces, public facilities or infrastructure such as upgrades to local parks, libraries, community centres, showgrounds, museums and transport infrastructure
- providing funding or works for neighbourhood community facilities (e.g. solar panels)
- initiatives delivered in partnership with other local organisations including scholarship programs to enable local students to complete courses in specific fields (e.g. engineering and project management)
- sponsorship of community events such as fundraising events, local produce markets, nature walks, community clean-up events and gardening days
- sponsorship of local groups such as sporting clubs, biodiversity volunteering groups and community gardens.

### Case Study 2 – Planning agreement

Squadron Energy entered into a planning agreement with Inverell Shire Council to support the development of the Sapphire Wind Farm. The agreement provides $187,500 per annum, shared between Glen Innes and Inverell Shire council based on the number of turbines within the LGA.

Using these funds, Inverell Council formed the Sapphire Wind Farm Community Fund Committee under Section 355 of the NSW Local Government Act 1993. The committee is administered by Council and is responsible for assessing funding applications for groups, projects or programs within the Inverell local government area.

## Community-led programs

The types of community benefit programs listed above could also be established directly in partnership with the applicant and community organisations or institutions (also see section 5). For instance, initiatives such as scholarship programs and training courses could be offered by the applicant and managed by a relevant educational establishment or other organisation. Similarly, the applicant could offer sponsorships, capital works and other benefits directly to a recipient organisation or community group.

Applicants are also free to directly manage their own community benefit programs and invite the broader community to participate. We encourage applicants to explore different options and offer local communities a range of opportunities to benefit from the project's proceeds.

### Case Study 3 – Community reference group

The New England Solar Social Investment Program is managed by a Community Reference Group comprised of five local community members and overseen by ACEN Australia.

The reference group is responsible for assessing two rounds of grant funding each year and has provided over $200,000 to the local community since its inception. The program has funded local sporting groups, community events, health and fitness groups, historical projects, schools and sustainability projects.

Members of the group meet at least four times annually and are reimbursed for expenses in carrying out their roles.

Neighbourhood benefits could equally operate at a broader community level. For instance, applicants could consider providing direct community support through capital works, sponsorships, in-kind assistance, energy subsidies or investment/co-ownership opportunities. However, any capital works that would become the responsibility of council (or incur ongoing maintenance costs for councils) must delivered as a council-led program.

Further examples of benefit-sharing programs and ways to design these programs are outlined in the Clean Energy Council's A Guide to Benefit Sharing Options for Renewable Energy Projects.

## 3.2.3 Regional benefits (REZ benefit programs)

Generation and storage projects in REZs pay access fees if they connect to new network infrastructure projects. These access fees help pay for the new network and contribute to dedicated funds for community and employment-related initiatives in each region. EnergyCo is coordinating this funding under a Community and Employment Benefit Program, which will invest millions of dollars into regional communities.

Unlike the neighbour and local community benefits described above, these programs can deliver regional-scale benefits across multiple local government areas. The funding will be spent in consultation with communities but could include things like upgrades to telecommunications and internet infrastructure across a region.

Whether or not REZ access fees apply to a large-scale renewable energy project depends on the type of project, whether it is in a REZ, and whether it successfully tenders for access to REZ network infrastructure.

While these regional initiatives are an important component of benefit-sharing, the principles in this guideline do not apply to them. Their consideration and accounting will be managed separately from the planning assessment process for individual projects.

## 3.3 Distributing benefits

Benefit-sharing funds should be targeted towards the people and communities that are most likely to experience the effects of the proposed development. The amount of funding provided should be distributed based on a balanced consideration of:

- the impacts experienced – funding should be targeted at communities likely to experience the more localised effects of development and not minor ancillary aspects such as long-haul transportation on state roads
- the presence and size of different population centres and communities – larger communities may be eligible for a higher portion of benefits compared to smaller affected communities.

For instance, a wind farm project with many neighbours or a distinct neighbourhood–scale community may apportion a significant share of its total benefit-sharing value to this group through a specific community enhancement fund or via direct negotiation.

On the other hand, a BESS project may have minimal or no neighbourhood-scale community with which to share the benefits. In this case, all the benefits could be shared with the local community through a planning agreement with the local council.

There may be instances where the effects of the development would be experienced outside the local government area (LGA) hosting the development, or the effects could be felt across multiple LGAs. In these instances, the benefits should continue to be distributed towards the communities that are most likely to experience the effects of the development. That means, there may be circumstances in which a project is located wholly in one LGA, but most of the benefits are shared with the neighbouring LGA.

As a general guide, councils should administer no less than 85% of the relevant portion of the total benefit-sharing value. This will help ensure funds are consolidated from multiple renewable energy projects, allowing councils to deliver more valuable community projects or services.

See section 5 for examples on how benefits could be distributed.

## 3.4 Reporting

The details of any benefit-sharing arrangements are to be made publicly available to ensure transparency and a clear connection between the benefits delivered and individual projects. Councils are responsible for reporting any arrangements that they manage, including programs undertaken through a planning agreement. Applicants are responsible for publicly reporting on any other programs.

This reporting should include a public register that identifies:

- governance arrangements implemented to administer the benefit-sharing arrangements (e.g. representative community board appointment for grant funding)
- the amount of funding provided
- the source of funding including the renewable energy applicant and related renewable energy project (if it is being managed by the council)
- each program funded and how it meets or contributes to the policy principles
- the consultation that was undertaken to identify and develop each program.

Registration, notification and public access requirements may also apply where programs are established through a planning agreement (see our *Planning agreements – Practice note – February 2021* (or latest version). The general planning agreement requirements can be used to satisfy some of the requirements of this policy.

## 3.5 Implementing the guideline

The Benefit-Sharing Guideline will be implemented through the assessment process under the EP&A Act for large-scale renewable energy projects.

The following sections outline what applicants of large-scale renewable energy projects should do when preparing EISs and what the consent authority will consider when assessing those applications.

### 3.5.1 Applicant considerations

In developing benefit-sharing models, applicants are required to:

- engage with the relevant council, local communities (including aboriginal communities), and neighbours in the vicinity of the proposed project to consider options for distributing and sharing the benefits of projects at different levels

- develop a proposed model for community benefit-sharing (including neighbourhood and local community benefits where applicable) that is consistent with the policy principles set out in section 3.1 of this guideline
- outline the expected total value (financial amount or equivalent) of community benefits (calculated in accordance with section 4 of this guideline) in the EIS for the project
- implement or otherwise give effect to any benefit-sharing arrangement or requirements specified in any conditions of consent.

### 3.5.2 Consent authority considerations

When assessing the merits of projects, the consent authority should:

- consider the relative benefits of the project, including the applicant's proposed benefit-sharing model
- determine whether any conditions of consent may be appropriate to ensure the applicant's proposed benefit-sharing model will be implemented
- not impose any additional conditions requiring other contributions under section 7.11 or section 7.12 of the EP&A Act unless they are specifically required to address direct impacts on services and infrastructure.

## 3.6 Review of benefit-sharing approach

The benefit-sharing approach outlined in this guideline has been developed in recognition of current planning and land use revenue settings, including infrastructure contributions and the local government land rating system.

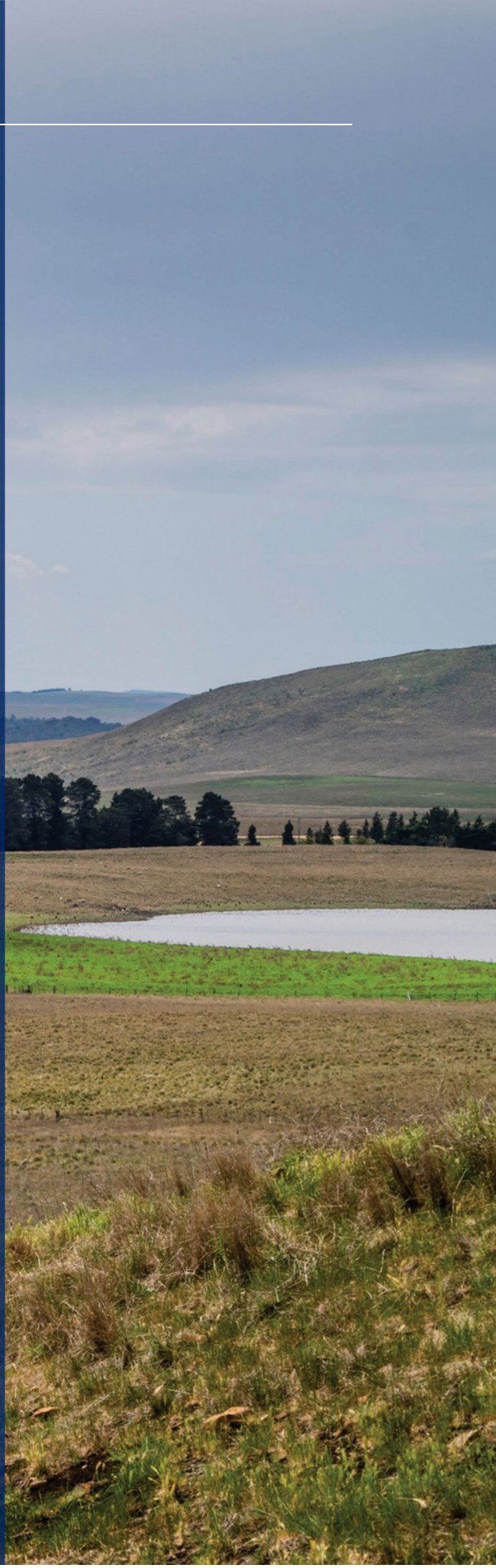
We will review the policy approach (including the benefit-sharing rates outlined in section 4 of this guideline) if changes are made to the infrastructure contributions or the local government land rating systems that materially affect large-scale renewable energy projects (for example, the introduction of a new land category rating or a new contributions framework that explicitly apply to these projects).

Planning agreements should include review mechanisms that allow the terms of the agreement to be renegotiated:

- if there are any material changes to this guideline
- where the final installed capacity of a large-scale renewable energy project is materially different to that included in any initial agreement.

# 4

# Model and value of benefit-sharing



Applicants for large-scale renewable energy projects are required to outline their proposed model for community benefit-sharing in the EIS. The applicant's proposed model must include:

- an indication of the types and scale of benefit-sharing (including neighbourhood and local community benefits) that will be offered by the applicant and used to distribute and share the proceeds of the project with neighbours and the broader community
- the estimated total value (financial amount or equivalent) of community benefits (both neighbourhood and local community benefits) that will be provided as part of the renewable energy proposal, including any funding to be included in a planning agreement and the financial value of any other programs
- details of specific benefit-sharing programs if known at the time.

## 4.1 Value of benefit-sharing

We expect applicants to use the following benefit-sharing rates when determining the total funding value for community benefits for a given renewable energy project.

### Benefit-sharing rate

Total funding for benefit-sharing should be:

- $850 per megawatt per annum for solar energy development, or
- $1,050 per megawatt per annum for wind energy development, or
- $150 per megawatt hour per annum for stand-alone battery energy storage systems located in a rural zone (i.e. RU1 Primary Production, RU2 Rural Landscape, RU3 Forestry, RU4 Primary Production Small Lots),

based on installed capacity and paid over the life of the development and indexed to the Consumer Price Index[3].

The total value of benefit-sharing, calculated by adding together the proposed funding amounts for any neighbourhood and local community benefit programs (whether council-managed or otherwise), should not exceed the rates outlined above. An example for a wind energy development within 2 local government areas is shown in Figure 2.

[3] As an example, the dollar rate would be $850 per megawatt for a solar energy project for the 2024–25 financial year. The dollar rate would then be adjusted for CPI in each subsequent financial year

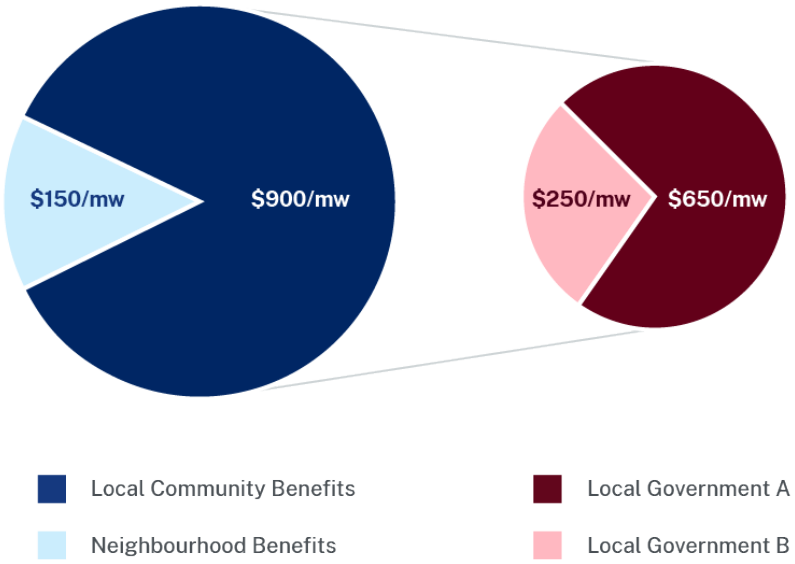



Figure 2. Potential composition of benefit-sharing for wind energy (per annum)

If the proposed development includes both wind and solar generation, the total amount of benefit-sharing should be calculated by:

- separately determining the amounts of wind and solar based on their respective generation capacities and the rates outlined above, and
- adding these amounts together.

The BESS benefit-sharing rate only applies to stand-alone systems and must not be applied to a battery that is developed alongside solar and wind energy generation. An example of how to determine the benefit-sharing amount for mixed infrastructure types is provided below.

### Mixed generation and storage example

The proposed development includes:

- 300 MW of wind generation capacity
- 200 MW of solar generation capacity
- a 200 MWh battery.

Benefit-sharing values for each development type are:

- Wind – $315,000 per annum
- Solar – $170,000 per annum
- Battery – $0 per annum.

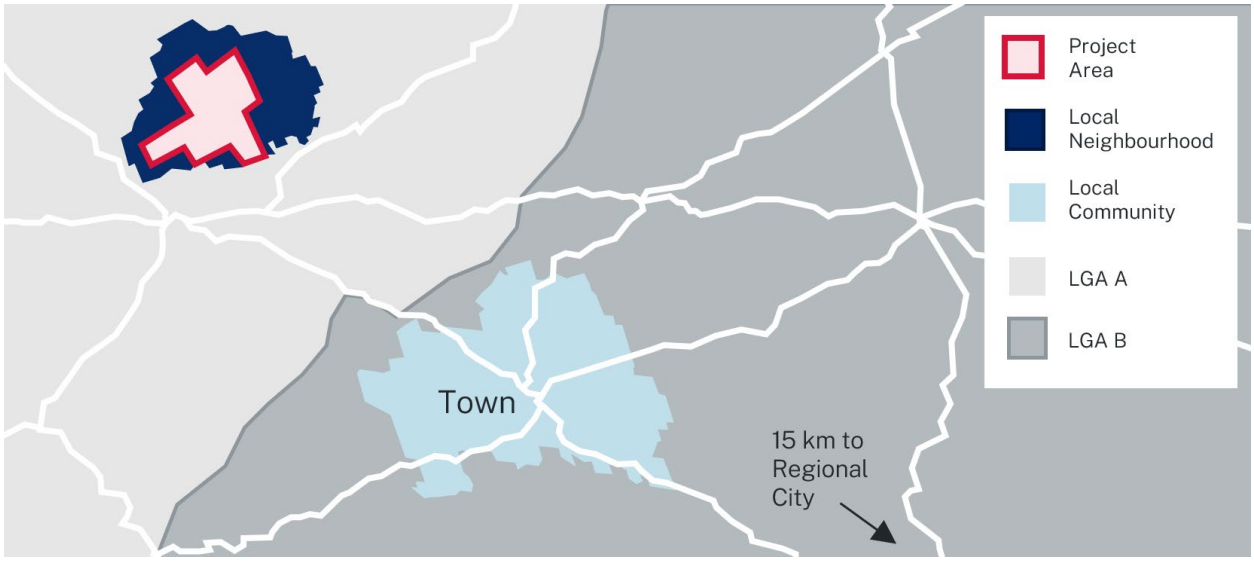
**Total benefit-sharing value = $485,000 per annum**

# 5 Examples

The following examples illustrate the application of the principles and guidance in a variety of scenarios.

## Example 1 – 600 MW solar energy development

The proposed development is wholly located within LGA A. However, the effects of the development are more likely to be experienced by the 'local community' in the nearest town (3,000 population), which is in neighbouring LGA B. Almost all the workers are expected to reside in a nearby regional city located in LGA B.




### Neighbourhood – 20 nearby properties

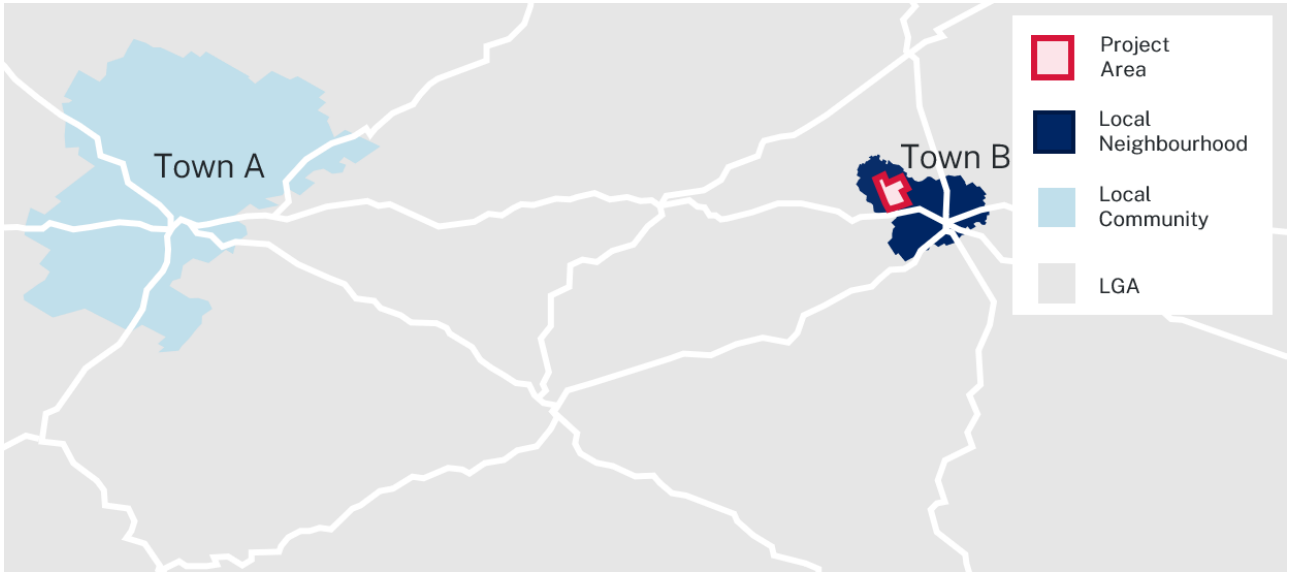
| | |
|---|---|
| **$20,000/year**<br>**Neighbourhood enhancement fund** | **$1,000** - annual residential energy rebate |

### Local community

| | |
|---|---|
| **$55,000/year**<br>**Community enhancement fund** | **$35,000** – TAFE/Traineeship grants<br>**$20,000** – Men's Shed sponsorship |
| **$125,000/year**<br>**Planning agreement**<br>**Local government A** | **$70,000** - LGA local grants fund<br>**$35,000** – Main street beautification<br>**$20,000** – Cycleway upgrades |
| **$310,000/year**<br>**Planning agreement**<br>**Local government B** | **$140,000** - LGA local grants fund<br>**$90,000** – Waste management upgrades<br>**$80,000** – Swim centre upgrades |

## Example 2 – 1,000 MWh battery energy storage system

The proposed development is wholly within a single LGA. The effects of the development will be experienced by a small number of landholders located near the development and the nearest town (Town B). A slightly larger town (Town A) is located 7 km away.




### Neighbourhood and local community – 10 nearby properties

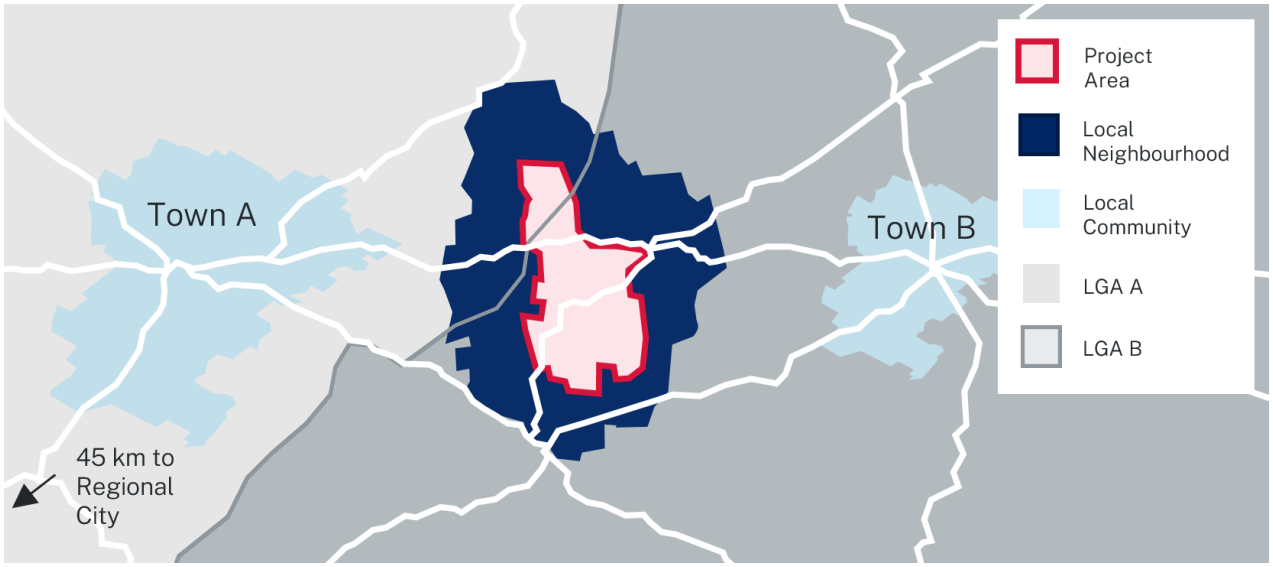
| | |
|---|---|
| **$10,000/year**<br>**Neighbourhood enhancement fund for Town B** | **$6,000 – Local community hall upgrade**<br>**$4,000 – Local RFS equipment** |

### Local community

| | |
|---|---|
| **$3,000/year**<br>**Community enhancement fund** | **$3,000 –Traineeship grants** |
| **$137,000/year**<br>**Planning agreement**<br>**Local government** | **$65,000** - LGA local grants fund<br>**$27,000** – Community hall upgrades<br>**$25,000** – Cycleway upgrades<br>**$20,000** – Cultural events fund |

## Example 3 – 400 MW wind energy development

The proposed development is located across LGA A and LGA B. While most of the footprint is within LGA B, the effects will be predominately experienced in LGA A, which is a more established urban area (population of 5,000) and is likely to host more of the workforce. However, LGA B has a larger network of neighbouring landowners and contains a small town (population of 1,500) that will see the project.




### Neighbourhood – 50 nearby properties

| | |
|---|---|
| **$25,000/year**<br>**Neighbourhood enhancement fund** | **$15,000** - annual residential energy rebate<br>**$10,000** – local neighbourhood grants |

### Local community

| | |
|---|---|
| **$38,000/year**<br>**Community enhancement fund** | **$10,000** – Country Women's Association funding<br>**$8,000** – Community garden fund<br>**$15,000** – Indigenous vocational training grants |
| **$195,000/year**<br>**Planning agreement**<br>**Local government A** | **$110,000** - LGA local grants fund<br>**$60,000** – High streets activation<br>**$35,000** – Community hall upgrades |
| **$162,000/year**<br>**Planning agreement**<br>**Local government B** | **$75,000** - LGA local grants fund<br>**$47,000** – Heritage trail development fund<br>**$40,000** – Sports field upgrades |