

RENEWABLE ENERGY DEVELOPMENT IN TASMANIA

A guideline for community engagement,
benefit sharing and local procurement

TECHNICAL SUPPLEMENT 3

Deliver benefit sharing



200%





3. a) Who should benefit?

Benefit sharing is about ensuring the outcomes and impacts of a project feel fair for the community that host a renewable energy project. This requires that benefits be shared in a way that considers both the immediate neighbourhood adjacent to the project, as well as the broader local community. As such, a portion of the benefit sharing budget will likely go to project neighbours and a portion will go to benefit sharing methods that target the broader community or region. How broad these benefits extend will depend on the nature of the project and the social context. How funds are allocated is ultimately a decision that should be made with input from the local community and tailored to the local context.

Options for calculating neighbourhood benefits

The type of technology, scale, site layout, and the population density in the neighbourhood will all affect what is appropriate and possible when calculating the value of neighbourhood benefit sharing.

Methods for calculating neighbour benefits are generally based on the proximity of residences to the technology locations. In the case of wind farms, it is becoming common to offer payments to all households or landholders within 2-3km of a turbine. This is similar to the lease payments made to host landholders, in recognition that the amenity impacts to neighbours may be significant, and in some cases neighbouring homes may be closer to the technology than the host's home.

For solar farms, it is more common to offer energy efficiency measures, household solar, additional vegetations screening (beyond compliance level) or a contribution to energy bills instead of payments.

For a detailed description of proximity payment calculations see Section 3 of the Ernst & Young (2015) [Strategic options for delivering ownership and benefit sharing models for wind farms in NSW](#), written for the NSW Government.

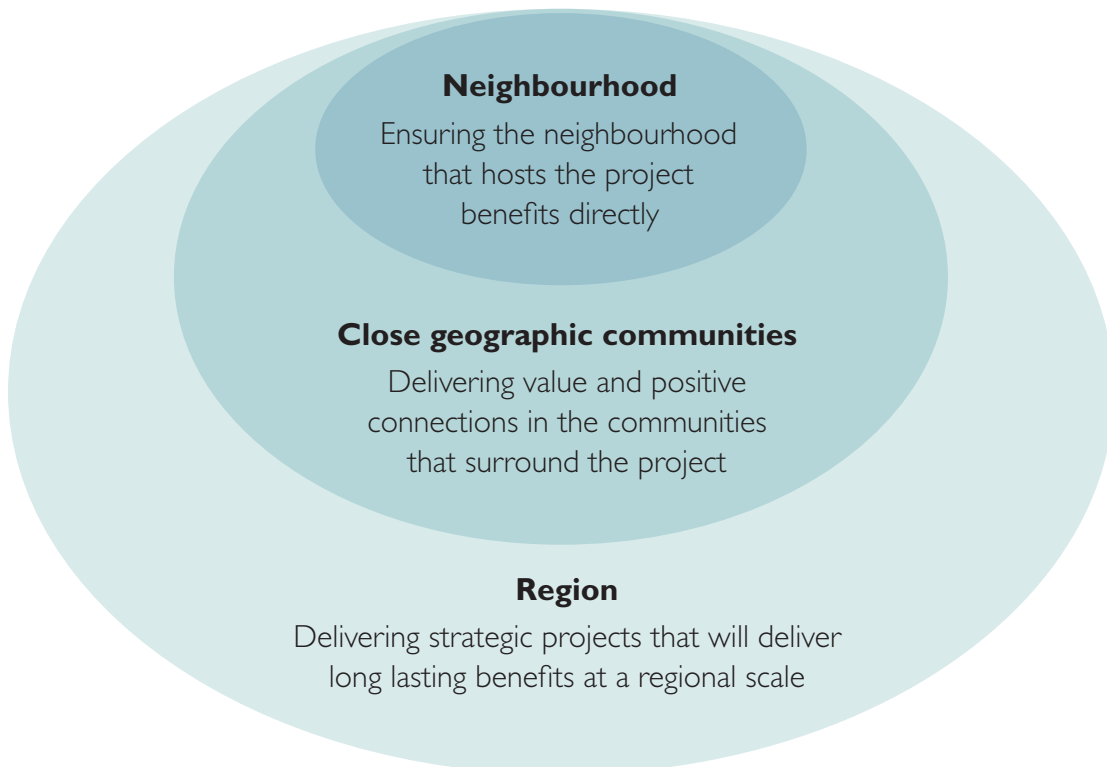


Figure 3.1: Scales of benefit sharing

Options for defining the benefit boundaries in the broader community

This boundary relates to who is eligible to participate in the benefit sharing methods that are NOT the neighbourhood benefit sharing methods. For example, it will be necessary to define the boundaries for who can apply to a community grant fund or who can apply to access an in-kind contribution.

Some projects choose to distribute benefits to all those located within the same geographic area as the local government area that the project is hosted within (or

multiple local government areas if the project spans more than one). Others choose to define it by geographic radius from the project, eg all those located within 20km of the project. Others choose to allocate it to all those living in the nearby settlements adjacent to the project site, such as the coastal towns and villages closest to an offshore wind project. For a remote project with few neighbours, the benefit sharing funds may be distributed at a broader regional scale.

BOX 3.1: COMMUNITY BENEFIT SHARING FOR HYDROPOWER

Hydropower projects are primarily designed for electricity supply and storage but can also function for multiple uses such as water storage and flood mitigation. Hydropower projects are often in remote mountainous areas home to rural communities. The remoteness of these places can mean that people are already experiencing more social disadvantage and less access to services than other communities. Designing a benefit sharing strategy with project affected people will be important in this context as they may not be able to simply take up benefit initiatives offered to them. In areas of very low population a secondary target group of beneficiaries may need to be identified which might be the regional community surrounding the project site.

Hydropower projects can vary significantly in their geographic footprint and distance to the project may be a poor predictor of impacts. In some cases other characteristics (such as gender, ethnicity, or vulnerability) should be taken into account in the definition of beneficiaries. Where project impacts – for example, along the downstream river – range over large distances, at the very least benefits should be distributed over equally large areas (IHA, 2019).

To determine who the beneficiaries should be and how the benefits should be distributed the conversation needs to start early. Leaving discussions with the community about benefit sharing until after all the siting, design and operational decisions are made is not the most efficient or effective approach. By engaging early on the topic, adjustments can be made throughout the design process which may have negligible cost impact to the project yet reap significant benefits to the community. Types of benefit sharing strategies that can be included into the design phase are kayak launch points, boat ramps, recreational fishing habitat, public access points, walking/cycling trails and recreational infrastructure. Additionally, the potential to build social licence to operate through this process of co-design has the potential for significant cost and timing savings further along the project timeline.

Building social licence through good benefit sharing strategy in Tasmania is not only about the human experience of a place it is also about the connection to, and value of, the natural environment. Tasmanians are deeply connected to the ecological value of their landscapes and so building in beyond compliance level positive biodiversity outcomes is important in the planning and design phase of a project.

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DELIVER BENEFIT SHARING



3. b) Community development for benefit sharing

Some Tasmanian communities will already have undertaken community development activities that have gathered community leaders to strategically assess and map the needs of their community. Where this is already occurring, developers can get involved and add value to existing networks and projects. For example, if a local community has identified low-income housing as an issue, it may be possible to contribute to their work to find partners to build new housing which may include leveraging State Government programs. There are several areas in Tasmania where this is not the case and community development work will need to occur before or in parallel to enable

a conversation to be had with the community that fosters strategic thinking for the betterment of the whole community. Communities such as this should have been identified in the social context analysis as outlined in section 1b, Technical Supplement 1.

Fostering and building capacity in a community to be able to deliberate on strategic planning may require additional practical support such as providing transport, childcare, internet connectivity or audio recordings of written materials (see section 1b, Support communities to engage in Technical Supplement 1).

3. c) What is included as ‘benefit sharing’?

There are many benefits from a project that are not covered under the term ‘benefit sharing’. For example, the local jobs created and the local economic benefits that come from using local goods and services can be significant – but these are not included as ‘benefit sharing’ because these form part of the essential spending required to deliver the project. While it is useful to understand these

benefits, the money spent on these things do not come out of the benefit sharing budget.

It is important that the full benefit sharing budget is directed toward costs that deliver a direct benefit to the community, rather than being taken up by administrative overheads.

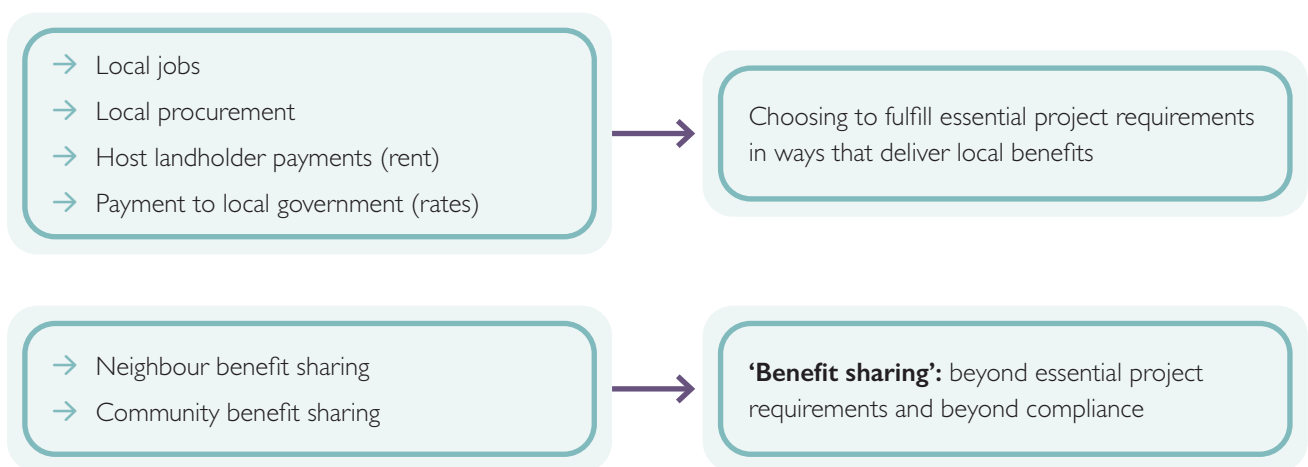


Figure 3.2: Understanding what is included in a ‘benefit sharing’ program or budget.



The following can be included as benefit sharing costs:

1. The value of any in-kind stream: staff or contractor time/contribution; and,
2. The value of any cash contribution stream, that goes towards:
 - a. Community grant funds, including scholarships;
 - b. Payments to neighbours (but not host);
 - c. The cost of providing neighbourhood programs such as solar or energy efficiency programs;
 - d. The cost of developing and delivering innovative electricity products;
 - e. The cost of additional upgrades to phone towers or other infrastructure that is specifically for community benefit;
 - f. The cost of undertaking beyond compliance activities, eg
 - g. flora and fauna protection; and,
 - h. The cost of establishing a co-investment or co-ownership opportunity.

The following should not be included as part of the benefit sharing spend, as they are either compliance related costs or necessary project spending or flow-on benefits:

1. The costs of administering the various benefit sharing arrangements;
2. Lease payments to landholders that host project components;
3. Council rates (or Payments in Lieu of Rates as wind farms on leased land are not currently rateable as structures);
4. The costs of complying with planning permit requirements eg to minimise noise or visual impacts;
5. The value of expected future returns on investment (in the case of co-ownership or co-investment);
6. The value of the local spend on jobs and contracting;
7. The value of savings generated from innovative products or neighbourhood programs; and
8. Other commercial costs.

For example, the vegetation planted to screen a solar farm and reduce visual impacts for a neighbouring household is not considered benefit sharing if it comes under compliance requirements. However, plantings that go beyond compliance (more vegetation than required, for additional households) can be included.

It is recommended that money spent on sponsorship is considered separate to benefit sharing, as this is a branding and marketing benefit for the project.

3. d) Benefit sharing methods

There are many ways that a renewable energy project can share benefits with the community that hosts it. Not all benefit sharing types are financial in nature, some of the most valuable benefits to an individual can be about the opportunity that is shared. In this section seven broad types of benefit sharing will be described as a starting point for the conversation that developers can have with the community plus special mention is made here on sponsorship programs that sit alongside community benefit sharing.

1. Neighbourhood benefit programs;
2. Community grant funds;
3. Partnerships and legacy initiatives;
4. Employee volunteerism;
5. Innovative electricity products; and
6. Innovative financing and co-ownership.

In developing a benefit sharing program, a project developer should work with the local community to determine which methods or combination of methods are going to be appropriate in the local context. It might also be that the methods change over time, as the benefit sharing program matures or as local needs change.

Neighbourhood benefit programs

Neighbourhood benefit programs are developed to address concerns about fairness that can arise when neighbours receive no direct benefits from a development that alters their experience of their place and community. Host landowners have always received lease payments for hosting energy infrastructure such as wind turbines and transmission lines on their land but traditionally neighbours have not, even if their amenity and sense of place has been equally or even more greatly impacted. This has been a historic source of conflict and division in communities.

Increasingly it is common for developers to implement neighbourhood programs to improve the equity for those living closest to the project. This helps to maintain social cohesion and build social licence.

Neighbour contributions are based on proximity to the infrastructure (eg within 2-5km) and can be an annual payment, contribution to electricity bills, installation of solar PV per household or other benefit. It can also involve making the near neighbourhood a priority area for the community grant funds. Some projects gift shares in the project to all near neighbours, and they receive annual returns and can participate in annual general meetings. Regardless of the method, it is essential that neighbour benefits are offered as goodwill payments, and do not involve any attempt to silence criticisms or negative feedback that neighbours might have.

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DELIVER BENEFIT SHARING



Case Study 3.1: Neighbourhood benefit sharing

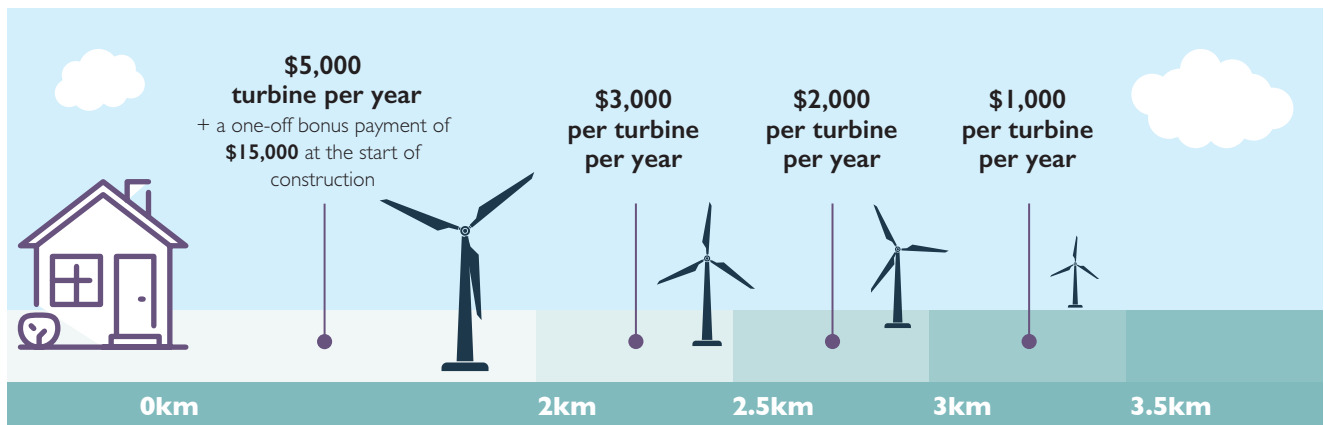
Neoen is developing a wind farm project in the New England region of NSW, called the Thunderbolt Energy Hub. Stage 1 of the project includes 32 wind turbine generators with a capacity of approximately 192MW.

Recognising the valuable role that neighbours play in hosting wind farms, Neoen has developed a clear,

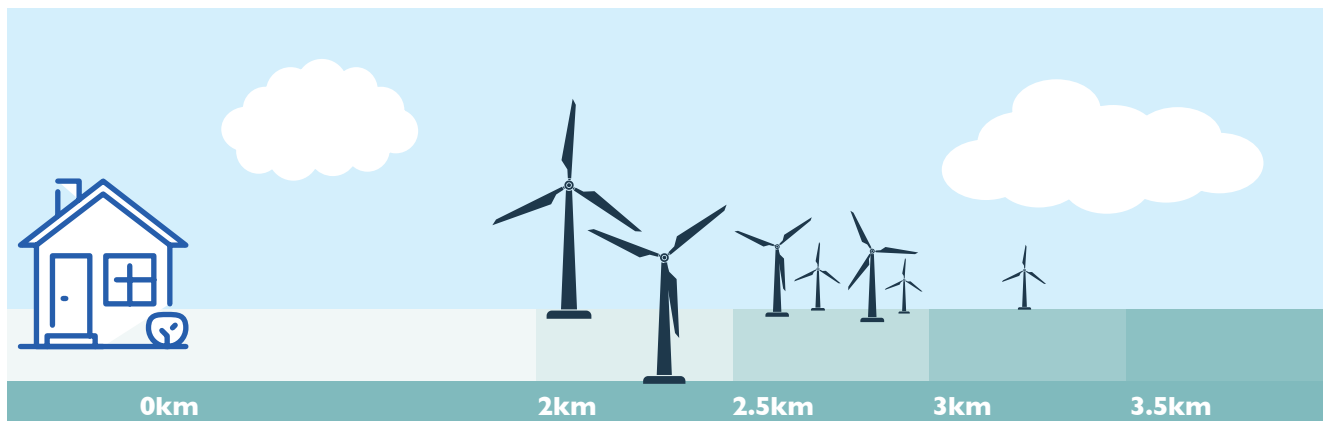
transparent and simple way to offer neighbours a direct share of the benefits from the project. This Neighbour Benefit Sharing Program is part of their benefit sharing strategy, which also includes a community benefit fund of \$100,000 per year throughout the operations phase of the project for Stage 1.

Our neighbour benefit sharing program provides neighbours with an annual payment throughout the operations phase of the project (25–30 years).

It is based on the number of turbines within certain distances of your house. The nearer the turbines, the higher the amount.



In this example, there are 2 wind turbines proposed within 2–2.5km from a neighbour’s dwelling, 4 turbines between 2.5–3km and 1 turbine within 3–3.5km.



Their annual neighbour benefits payment would be: **\$15,000 each year = (\$3,000 x2) + (\$2,000 x4) + (\$1,000 x1)**

The final amount will depend on the wind turbine layout, which will be determined following the approval of the Development Application and in the construction period. The annual payments will begin once the project starts operating.

Please note that the program does not prevent neighbours from expressing their views for or against the project, either privately or publicly at any time.

Community grant funds

Community grant funds are a common method of benefit sharing, often chosen for their ability to be flexible and fund initiatives put forward by local people. In establishing a community grant fund, the following are important:

- Establish a transparent remit and granting criteria in collaboration with the community, including grant streams to meet desired local objectives;
- Regularly review the fund's guiding objectives so that the changing needs and values of the community can be addressed over the life of the project;
- Have a simple application and reporting process;
- Have someone available to mentor people through developing an application that meets the criteria;
- Be governed by (or at least with strong input from) the local community. This can be facilitated through Local Government, but ideally decisions would be made by a community committee, or the Community Advisory Committee if it is well-governed. Some grant funds are run in such a way that all local people living within a certain radius get to vote on grant applications;
- Consider allocating an amount of the grant fund towards a zero-interest loan fund. Micro loans for energy efficiency or micro business start-up costs can be delivered to create ongoing benefit to the recipient beyond the life of the loan and as the capital is returned the fund can keep on giving;
- Consider allocating an amount of the grant funds for scholarships. These can be for TAFE or university level qualifications or for smaller training/learning opportunities such as summer camps, interstate excursions or short courses. Scholarships provide a valuable opportunity to those who would otherwise not be able to gain skills/experiences due to economic circumstances;
- Report on where grants are given and celebrate their achievements with the local community; and
- Design a periodic grant program evaluation to ensure constant improvement and that the needs of the community are being met effectively.

Partnerships and legacy initiatives

Long lasting positive impacts emerge when a benefit sharing strategy addresses root causes of social disadvantage. For example, where a project supports people experiencing intergenerational unemployment to be job-ready or hires a suicide prevention officer over a decade it can help to break cycles of disadvantage and trauma in a community. Determining what is important and needed in a community to create long lasting positive change may take time and practice but should be designed into the decision-making process so that it can remain a priority objective. Working together in partnership with local not-for-profit organisations, social service providers and Local Government will be critical to understanding what is needed.

Another method of creating long lasting positive impact is through the creation of a perpetual fund. Each year a portion of the benefit sharing budget is invested in a community fund where the capital is never drawn down. The perpetual fund grows over the life of the project so that when the project ceases to operate, the interest from the perpetual fund can be used to deliver community grants or other benefits into the future for generations to come.



Case Study 3.2: Legacy health initiative by Woolnorth Renewables

Woolnorth Renewables operates three wind farms in Northern Tasmania: Musselroe, Bluff Point and Studland Bay.

Woolnorth have partnered with the Royal Flying Doctor Service to develop a Mobile Dental Program. Woolnorth funded the purchase of a purpose-built vehicle that enables mobile dental care throughout regional and remote areas of Tasmania. The \$350,000 truck is the first of its kind in Tasmania.

Regional Tasmanian communities often face barriers in managing their oral health because they can't afford to travel to city-based services or fund treatment, because many do not have access to transport or are managing

family and work commitments. School children, aged care residents and families in rural and remote communities throughout Tasmania are able to access free dental care, delivered in the truck by the Royal Flying Doctor Service dental team.

By going mobile, the Woolnorth Renewables dental truck will ensure that even more rural areas can be reached state-wide with considerably less lost time on travel, setting up and packing down for the dental teams. This is an example of an innovative solution developed through a strategic partnership to deliver a tangible benefit on an issue affecting people's daily lives.



Employee volunteerism and skills sharing¹

Employee volunteerism, which is often considered a part of corporate social responsibility, is common in many large corporations and is gaining traction in renewable energy project developments. It refers to companies providing labour, space, equipment, and other resources free of charge on an in-kind basis to assist the local community. For example, a company might choose to allocate a number of hours per staff member per month for them to contribute to local not-for-profit organisations such as Landcare, Men's Shed or Red Cross. Or it might involve a developer directly assisting the local community to build a small-scale

community energy project, energy efficiency programs, or community bulk buy initiatives by utilising their existing skills, knowledge, and networks to fast track the process.

Another approach is to allocate office space or contractor time to providing services to local organisations on an in-kind basis. This is a good way to socialise contractors more deeply with the local community and to ensure local communities' benefit during the construction phase. For example, road works contractors might upgrade the driveway to the local fire brigade while they are in the neighbourhood doing work for the project.

Case Study 3.3: Contributing in-kind to support conservation

Pacific Hydro owns and operates several wind farms in the Portland region of Victoria. As part of their benefit sharing strategy, Pacific Hydro encourages employee volunteerism as a means of contributing to and being part of the local community, and as a means of building strong relationships. For example, Pacific Hydro staff and volunteers from local groups from the Portland region collaborated to do a

weekend of bush regeneration and maintenance work at the viewing platform at the Major Mitchell Cairn at Picnic Hill (a public reserve with great views of one of Pacific Hydro's wind farms). Their employee volunteerism also responds to community needs and has provided things such as graphic design and copywriting skills.

¹ Content adapted from Lane and Hicks (2019).

Innovative products²

Benefit sharing can involve the development of innovative products that serve the local community. Some examples include:

1. Corporate or micro power purchase agreements to enable local organisations or businesses to directly purchase some of the electricity output from the project;
2. Behind the meter arrangements (where a portion of electricity is used/sold onsite rather than being exported to the grid);
3. Making a discounted electricity retail offering available for the local community or local businesses from a portion of the electricity generated from the project. This approach is possible for both vertically integrated developers (developers who own and develop projects as well as being electricity retailers) and developers with retailer partnerships);
4. Making other value chain products such as compost or high-value organic fertiliser (with bioenergy) that can be managed by a community enterprise;
5. Making carbon offsets (large-scale generation certificates) available to help 'green' local businesses;
6. Installing a microgrid or community battery projects; and
7. Allocating a portion of the project as a Solar Garden – a way of allowing communities to have access to the energy generated from a 'solar plot' in a solar farm, similar to having a plot in a community garden. The electricity generated by a person's plot is credited to their electricity bill.

BOX 3.2: MARKET INNOVATIONS TO ENABLE A RANGE OF LOCAL ELECTRICITY PRODUCTS

There are several market innovations which are enabling local electricity provision. These include:

- **Behind-the-meter:** where a large energy using business is co-located on the same property as the renewable energy project, there are opportunities to enter into a private Power Purchase Agreement. This agreement enables the business to purchase a portion of the electricity produced by the project "behind-the-meter" before the electricity is fed into the electricity grid. This option is being explored for projects that are co-located on farms with greenhouses or processing plants that have high electricity needs. This enables electricity to be bought by the business at wholesale or cost rates.
- **Infront-of-the-meter:** developers can enter into private Power Purchase Agreements with large energy users offsite through developing a partnership with a retailer. The agreement can offer competitive prices by virtue of being a wholesale contract. These agreements can enable large energy users to purchase local, renewable energy and for the project to build additional relationships with local businesses while also guaranteeing a market for their electricity.

For more information see the Business Renewables Centre Australia has developed a [Best Practice Corporate Renewable Power Purchase Agreements Guide](#) (2022).

- **Retail electricity offering for local people:** developers can enter a partnership with a retailer to deliver a local retail electricity product for electricity from the project. This might involve branding the product with the name of the project and offering access to all energy customers within the local vicinity of the project. Some projects have negotiated to be able to offer cheaper retail rates to local customers by virtue of these customers being likely to be long-term, loyal customers.
- **Solar gardens or solar banks:** This is an emerging model in Australia that enables communities to participate in a share of solar farm, and the electricity produced by that portion of the project gets credited directly onto their electricity bills. The model requires a partnership with an energy retailer. The model enables households who are currently locked out from having solar on their own roof (eg because of renting, shading, or living in apartments) to access the benefits of renewable energy.

² Content adapted from Lane and Hicks (2019).

Other innovative products include the development of tourism or recreation opportunities such as fishing, hiking and mountain biking. Energy tourism is a growing sector in Australia and is well established in some regions of Europe and Asia. Individuals and groups, such as schools, often want to visit large-scale renewable energy projects to see how technologies operate and hear the story of how they originated, the lessons learnt along the way and how they contribute to the local community.

Viewing platforms, interactive storyboards, live generation data, events, onsite cafes, and project tours are ways to develop these opportunities. They also assist to educate the broader community, promote the benefits of renewable energy, and demystify the technology. Such activities can also create additional local jobs in the operations phase.

Innovative financing and co-ownership³

There are a variety of innovative financing and ownership models that allow for greater participation from the community than the fully private or government ownership models commonly seen in Australia. In countries such as Denmark and Germany there is a strong representation of community ownership, co-ownership, and community co-investment.

Co-ownership

Co-ownership is where a community owns a portion of a project, either through purchasing shares in the company that owns the project or via a community owned legal entity (such as cooperative or company) that owns. Co-ownership means that participating community members play some role in decision-making about the project (eg voting at annual general meetings).

The community may have initiated the development and own a controlling interest in the project (i.e., more than 50 per cent) or it may have a smaller role. Typically, the community entity carries risk and responsibilities for the life of the project and is responsible for the aspects of development that capitalise on the community's strengths, such as delivering community engagement, relationship building and communications.

Community co-ownership occurs most commonly with joint venture projects with a community and developer (community-developer partnerships). This is where the community or a developer initiates a renewable energy project and both parties agree to deliver it in partnership. This structure is used typically for large-scale renewable energy projects where a community investment vehicle is part owner, along with the developer and possibly other entities. The community vehicle often leads community engagement and consultation activities, while the developer leads the technical studies. In many cases, the developer owns a majority of shares and holds most of the decision-making power.

Co-investment

Community co-investment is where a community investment vehicle invests in a project and in return acquires rights to a portion of the earnings of the project but has no decision-making power or control over the operation of the project. The investment could be in the form of debt, royalty rights or equity. Community co-investment can be facilitated in two main ways: via a purpose-built community investment vehicle or a third-party investment platform. The community investment vehicle could be a company, cooperative, association or trust. Third party investment platforms include management investment funds and crowdsourcing platforms. The returns on community investment are linked to the performance of the project as a whole and may be variable or fixed.

Co-investment is a common method for medium- and large-scale renewables globally. For example, in Denmark, it is legislated that every wind project must offer up 20 per cent for local community investment. This is an emerging model in Australia, with Sapphire Wind Farm in New South Wales being the first commercial project to open to public investment.

Co-investment in local renewable energy assets is a method to further enhance regional economic benefits. It can create greater community wealth via a community stake in the asset and a deeper sense of connection with the project, as people are financially and emotionally invested in it.

³ Content adapted from Lane and Hicks (2019).

Community ownership

Community ownership is where an entirely community owned vehicle such as a cooperative or company owns and operates a renewable energy project. This generally applies to mid- and small-scale projects, and there are now more than 110 community-owned renewable energy projects across Australia. The largest such projects are Hepburn

Wind, the Denmark Community Wind Farm and Solar Share's Majura Community Solar Farm.

For more information, see the Victorian Government's [A Guide to Community-Owned Renewable Energy for Victorians](#) (Lane, Hicks, Thompson and Memery, 2014).

Case study 3.4: Community co-design and co-investment

The Sapphire Wind Farm located in Northern New South Wales (a project of CWP Renewables and Partners Group) is the first large-scale wind project to allow the community to co-invest. They did this as a means of delivering strong local benefits in the community, alongside their community grant fund and neighbourhood benefits program.

CWP Renewables describe the value of benefit sharing as: "Benefit sharing is the right thing to do. It increases social licence and it enables us to develop better projects with happier communities" (Lane and Hicks 2019, p. 8).

The investment model was co-developed with the local community through a testing process which addressed details such as governance structure, investment length and rate of return. This involved a community survey (with 500 responses) and series of six workshops (with 130 participants). It was implemented through an innovative partnership with DomaCom Australia Ltd, an online fractional investment platform which is scalable and cost effective.

The co-investment offering was tailored to local community feedback to feature:

- 10-year term;
- Minimum investment of \$1,250 and maximum of \$200,000;
- Fixed, guaranteed rate of return of 6%; and,
- Preference community members from the region first, followed by the state.

DomaCom delivers all administration and governance on behalf of the community investors through all community investments being pooled into a sub-trust fund managed completely by DomaCom. The co-investment functions as an unsecured loan to CWP and is ranked below other secured creditors, but before equity shareholders.

In total, \$1.8m of community investment was received from almost 100 investors. It has been a good outcome for the community, delivering a strong return and connecting people directly with the project. For the project, it contributes to a strong social licence to operate and provides a reason to do strong engagement and ongoing communications, helping to build positive relationships and increasing its profile. For CWP, it established them as leaders in benefit sharing in the renewable energy industry.

The model was designed to be easily replicable. Building on the success of this model several other developers are planning to implement similar opportunities.

For more information see pages 30-41 of Hicks, J. & Lane, T. (2019) [A Guide to Benefit Sharing Options for Renewable Energy Projects](#), Clean Energy Council.



Other benefit sharing options

Benefit sharing may take a number of other forms, based on what is desired by local people to deliver strong local outcomes. Another option is the ability to upgrade communications towers. Renewable energy projects usually require good quality internet and phone connections, and so private communications towers are often installed on site. In some cases, projects have upgraded these towers and made them accessible to local communities to improve everyone's access to communications. This would be a beneficial model in many parts of regional Tasmania where communications connectivity is low.

A note about sponsorship programs

Sponsorship programs are directly tied to marketing and promotional opportunities for the sponsoring business and are often chosen based on the potential exposure they can bring. Whilst sponsorship has typically been part of benefit sharing strategies in Australia in the past there is a growing understanding that sponsorship needs to sit alongside but not within the benefit sharing budget. This trend has emerged from the tension point between what the community needs and the businesses marketing needs. Where good community benefit sharing practice seeks to divulge a sense of agency to the community to decide how it is delivered, it is often very difficult for a development business to relinquish this power in relation to its branding and marketing. Hence separating sponsorship from the benefit sharing budget allows the developer to maintain full control over how their marketing budget is spent.



3. e) Timing of benefit sharing

The most significant period of disturbance from a renewable energy project is the construction phase. It is important for benefit sharing to start with (or ideally before) project construction so that there are also positive impacts flowing into the community during this time. Although benefit sharing may not reach its full amount until the project is operational, it is important to release a base level of funding ahead of construction. To be ready to commence benefit sharing before (or at least with) the construction phase, adequate lead time needs to have been allowed to undertake effective community engagement processes, set up governance systems and in some cases also deliver community development processes as well.

Neighbour benefit agreements need to be introduced and negotiated in the site selection and feasibility phases, concurrently with host landowner agreements. Ideally, after one-on-one relationships have been established, this will include group-based discussion with all neighbours and hosts, to foster a sense of equity and transparency that will contribute to building trust.

Discussions about broader community benefit sharing need to be introduced as an in-principle commitment in all early conversations with hosts, neighbours and other community members during the feasibility and design phase. At this point, a benefit sharing budget will likely not be set, as not enough is known about the project and its financial viability. However, it is still helpful to start having conversations about benefit early and to begin getting a sense for what types of benefit sharing local people would value and getting input into what an appropriate co-design process will look like.

Running a co-design with the community to determine the specific methods of benefit sharing and their governance will need to take place during the design and planning phase, to be ready to for inclusion in the project planning application.

The governance and administrative mechanisms for the chosen benefit sharing methods will need to be established in the financial close phase, to be ready to begin distribution ahead of construction.

A benefit sharing strategy needs to deliver positive impacts for at least the life of the project and efforts made to implement strategies that continue to deliver benefit long after the project concludes.



3. f) Designing benefit sharing in a Renewable Energy Zone

As the Tasmanian Renewable Energy Zones are implemented some communities will likely experience a number of projects within the same geographical area and within a similar timeframe. This can create both opportunity and risk.

The benefit of aggregating projects emerges when project developers collaborate and the Government supports them to do so. This can be done in a number of ways such as jointly funding community development initiatives, running joint community engagement sessions or even setting up a shared Community Advisory Committee for distributing the benefit sharing funds where projects are closely located.

The risks associated with aggregating renewable energy developments can emerge through the cumulative impacts of subsequent developments. This can be back-to-back construction periods, engagement fatigue of the community as they try to participate in multiple rounds of community engagement with multiple developers or the cumulative

change to the landscape from multiple projects. Once projects are established, the community can also experience governance fatigue in trying to run multiple Community Advisory Committees, deliver multiple community grants programs and community members can get grant writing fatigue from applying for numerous small grant rounds from multiple project funds. Being mindful of the existing and emerging benefit sharing governance workload in a community will be an important design consideration.

One unique opportunity that developing in a Renewable Energy Zone offers is the potential to establish regional benefit funds that pool a percentage of benefit sharing funds from each project. A regional fund has the ability to activate larger initiatives that can leave a greater lasting legacy (for example adding to public housing stock/ funding, or local health facilities). A regional approach to grants can also help to coordinate and reduce some of the governance burden for the community.

For more information on benefit sharing see:

- Hicks, J. & Lane, T. (2019) [A Guide to Benefit Sharing Options for Renewable Energy Projects](#), Clean Energy Council.
- Enst & Young (2014) [Strategic Options for delivering ownership and benefit models for wind farms in NSW](#).
- RE Alliance (2019) [Building Stronger Communities Wind's Growing Role in Regional Australia](#) (Report, 2nd Edition).
- RE Alliance (2021) [Community Benefits Handbook: How regional Australia can benefit from the clean energy boom](#).
- Arsenova, M. & Wlokas, H. (2019) [Local Benefit Sharing in Large-Scale Wind and Solar Projects](#) (international), International Finance Corporation, World Bank Group.
- Healy, K. (2021) [Building Trust for Transmission Earning the social licence needed to plug in Australia's Renewable Energy Zones](#), RE-Alliance.
- Lane, T., Hicks, J., Thompson, B. and Memery, C. (2014) [A Guide to Community-Owned Renewable Energy for Victorians](#). Victorian Government, Melbourne.