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Draft Guideline on Community Benefits for Renewable Energy Projects

The Australian Energy Council (the “**AEC**”) welcomes the opportunity to make a submission on the *Draft Guideline on Community Benefits for Renewable Energy Projects* (“**Draft Guideline**”).¹

The AEC is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. Our members collectively generate the overwhelming majority of electricity in Australia, sell gas and electricity to millions of homes and businesses, and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 percent emissions reduction target by 2035, and is part of the Australian Climate Roundtable promoting climate ambition.

The AEC broadly supports the Draft Guideline

The transition towards more renewable energy in the South West Interconnected System will benefit landowners, communities, local businesses, project proponents and end users. However, new infrastructure projects inevitably cause disruption, particularly during the construction period, and create some challenges for local communities. Reputable project proponents already acknowledge the importance of community engagement and establishing long-lasting community benefit packages. This has been done in the absence of any direction so this Draft Guideline is a welcome contribution to fill this void. The Draft Guideline will create consistency and a useful guardrail as developers and communities negotiate community benefit funds.

In particular, the AEC supports the Draft Guideline’s:

Flexible community-led approach – The Draft Guideline notes that there are various structures to administer community benefit funds, including Local Government governance, Community Trust Funds and a Local Government-led Community Trust Fund. This flexible approach is important because every region hosting renewable projects is unique: Local Governments have different levels of resourcing, some communities have more capacity to administer a community benefit fund, and there are varying degrees of trust in Local Governments across the State. The AEC encourages Powering WA to maintain this flexibility in the final guideline and allow the project proponent and community to jointly determine the most appropriate governance arrangements.

¹ See [Draft Guideline on Community Benefits for Renewable Energy Projects](#)

Recognition of the value of financial and non-financial contributions – The AEC supports the Draft Guideline putting value on both financial and non-financial contributions. Some project proponents have delivered innovative non-financial benefits for local communities that provide real value as part of an overall community benefit fund. Some of these non-financial benefits have included keeping accommodation in the area after the construction period, developing residential land, providing ongoing job opportunities, and upgrading phone/internet and road infrastructure. The AEC encourages Powering WA to continue to acknowledge the value of financial and non-financial contributions in the final guideline.

The importance of tailoring a solution that is specific to each project – the Draft Guideline notes that there are numerous factors to consider when developers and communities negotiate a community benefit fund, including the population of the area, the scale of the projects, resources in the community, and other fees and charges incurred by the developer. Because every community is unique and each project will have a different impact on the surrounding area, it would be inappropriate to apply a 'one size fits all' approach to community benefit funds. The AEC welcomes the approach adopted in the Draft Guideline where the project proponent and community negotiate a suitable outcome that suits the project and the area.

Suggestions for the final guideline

While the Draft Guideline is welcomed, the AEC also makes the following comments:

1. Local Government rates may reduce the community benefit package

The Draft Guideline states:

“Most Local Governments are not currently collecting rates revenue from renewable energy projects but at the same time are incurring costs from these projects. Unless otherwise agreed, community benefits should be viewed as separate to any cost recovery undertaken by Councils, including rates specific to renewable energy projects. Nevertheless, communities and Local Governments should consider the cumulative impact of any change in ratings approach along with any independently negotiated community benefits program.”²

The AEC notes that an increasing number of Local Governments have, or are considering, collecting rates from renewable energy projects.³ Any rate increases will likely be passed through to project proponents. In many cases, these rate costs will be significant and may result in either the project becoming uneconomic or the overall package available for community benefits and neighbour benefits having to reduce. It is important that Local Governments weigh up where funds are best directed, and the impact on their constituents in the community, when considering whether to implement rates for renewable projects.

The AEC suggests that:

- a. The final guideline clarifies that the \$ per MW per annum amount assumes that Local Governments are not collecting rates from renewable energy projects, and should any rates be collected from Local Governments then this will come from the \$ per MW per annum amount; and
- b. The State Government sets clear guidelines for Local Governments on rate-setting for renewable projects.

² See page 14, [Draft Guideline on Community Benefits for Renewable Energy Projects](#)

³ See for example [Wagin minutes from 24 June 2025 meeting](#)

2. The role of Local Governments should be clarified

The AEC asks Powering WA to clarify in the final guideline that community benefit packages are to be negotiated between project proponents and the communities, in consultation with other stakeholders. Some Local Governments have anecdotally commented since the release of the Draft Guideline that they will be negotiating the \$ per MW per annum amount directly with proponents and bypass the community. This would be a concerning development especially because it will diminish the role of the community and could cause the same proponent to negotiate with multiple Local Governments. It would be a helpful clarification if the final guideline highlights that community benefits funds are an agreement between project proponents and the community, and administered in a way that best suits them.

3. The guideline should nominate minimum project sizes

The Draft Guideline does not include a project size threshold at which point a community benefit fund is required. This means that all renewable projects, including commercial solar and battery installations, could unintentionally be covered under the guideline. The AEC suggests that the final guideline should nominate a minimum project size threshold and recommends using 30MW to match the minimum requirements in the Capacity Investment Scheme guidelines.⁴

4. The guideline should include rates for community benefit funds associated with new Western Power transmission infrastructure

With many of the existing transmission lines across the South West Interconnected System already approaching full capacity, the only way to unlock new renewable projects and assist the State Government to meet its decarbonisation targets is for Western Power to install a vast amount of new transmission. Project proponents will support the community through benefit arrangements as outline in the Draft Guideline, but transmission lines arguably have a greater impact on communities than renewable projects and it is crucial that Western Power earn social licence and also contribute benefits to nearby regions. The AEC encourages Powering WA to consult with stakeholders and set community benefit rates for new Western Power transmission infrastructure in the final guideline.

5. The guideline needs more guidance on how developers can collaborate

The Draft Guideline states that:

“Often, multiple projects will fall in one area due to the renewable resource availability and/or grid connections. Where there are multiple projects in one area, developers are encouraged to collaborate on a benefit sharing arrangement where possible. Governance through a community trust fund is well suited to this.”⁵

The AEC is concerned that such an approach might have the potential to breach the *Competition and Consumer Act 2010* (“CCA”). The CCA prohibits anti-competitive conduct, including collective boycotts, cartel conduct and concerted practices between competitors to fix prices or lessen competition. It also prohibits the sharing of Competitively Sensitive Information with competitors such as pricing intentions. A contravention of the CCA could result in significant penalties and may also result in criminal sanctions.

The AEC encourages Powering WA to provide further detailed guidance as to how developers can collaborate on a benefit sharing arrangement without breaching the CCA.

⁴ See [Capacity Investment Scheme Tender 2: Wholesale Electricity Market - Dispatchable Capacity Tender Guidelines](#)

⁵ See p12 [Draft Guideline on Community Benefits for Renewable Energy Projects](#)

6. The guideline needs to further consider values for hybrid facilities

The Draft Guideline says that “where projects have multiple elements, benefits should be paid for each.” This suggests that a proponent with a hybrid facility (such as wind and battery, or solar and battery) would have to contribute benefits for both aspects of the facility. The problem with this proposal is that it ignores the make-up of hybrid facilities and their total generation capacity. For example, a project could comprise a 200MW wind farm and 100MW battery storage with a Declared Sent Out Capacity (“**DSOC**”) of 200MW. In this instance, the community benefit payments for the additional 100MW are disproportionate and could impact the viability of the project. The AEC does not support this proposal and suggests that Powering WA should give this further consideration. An option may be to amend the guideline so that the community benefit is based on the DSOC.

7. The guideline should address ways to reassess community benefit funds

The Draft Guideline says that “Community Benefits arrangements are suggested to take place throughout the life of the project”.⁶ It also goes on to acknowledge that renewable energy projects have a long lifespan of up to 30 years for a wind project.⁷

It is challenging for proponents to lock-in 30-year community benefit arrangement without any opportunity to reassess the fund. Proponents need to have the flexibility to negotiate arrangements that enable effective management of long-term risks associated with financial uncertainty (unsustainable benefit payments if revenues decline), regulatory and policy shifts, changes to community expectations and needs, and broader market and operational risks.

To help manage community expectations, the final guideline should acknowledge risks to generators and the need for built-in mitigation strategies. Clarification should also be provided on the types of acceptable strategies such as periodic reassessments, payments renegotiation, and diversified models that promote resilience and adaptability.

Conclusion

The AEC appreciates this opportunity to provide feedback on the Draft Guideline.

Please do not hesitate to contact Graham Pearson, Western Australia Policy Manager by email on graham.pearson@energycouncil.com.au or by telephone on 0455 233 346 should you wish to discuss this further.

Yours sincerely,

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⁶ See p13 [Draft Guideline on Community Benefits for Renewable Energy Projects](#)

⁷ See p13 [Draft Guideline on Community Benefits for Renewable Energy Projects](#)