

BRIEFING NOTE

Community benefits for transmission infrastructure

Insights for local authorities and community organisations:
how to respond to the current consultation on community
benefits for onshore transmission infrastructure



May 2023

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As part of National Grid Electricity Distribution's programme of support for local and community energy groups in its licence area, it is supporting Regen to provide briefings on key developments that these groups may wish to have a say in. National Grid does not endorse any of the views or policy proposals set out in this briefing.



About National Grid

National Grid is the largest electricity transmission and distribution business in the UK, delivering electricity safely, reliably and efficiently to the customers and communities they serve, while working towards a cleaner, greener energy future.

About Regen

Regen is an independent centre of energy expertise with a mission to accelerate the transition to a zero carbon energy system. We have nearly 20 years' experience in transforming the energy system for net zero and delivering expert advice and market insight on the systemic challenges of decarbonising power, heat and transport.

Regen is also a membership organisation and manages the Electricity Storage Network (ESN) – the voice of the UK storage industry. We have over 150 members who share our mission, including clean energy developers, businesses, local authorities, community energy groups, academic institutions and research organisations across the energy sector.

"Upgrading transmission infrastructure will be essential if we are to meet our target of a net zero electricity system by 2035. However, we are currently not building the infrastructure at the pace and scale needed for net zero.

These large infrastructure projects will require working with many communities across the country. We need to focus on making sure no one is left behind and communities are able to meaningfully engage, participate and benefit from the energy system.

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Section 1:

Introduction

1.1 The open consultation

On what has been termed 'energy security day', the government launched an open consultation on their recommended approach to community benefits for electricity transmission network infrastructure, led by the Department for Energy Security and Net Zero. Government guidance to set expectations for industry and communities to take a fair and consistent approach to the development of community benefits is to be published later this year, with the intention to incorporate feedback from this consultation.

The consultation defines transmission network infrastructure as "the long-distance transfer of electricity at voltages above 132 kV (usually 400 kV and 275 kV lines in England and Wales), which can either be carried overhead on towers or undergrounded, as well as associated infrastructure, such as substations and converter stations". In other words, it connects national scale generation and transports this electricity across the length of the country at very high voltages¹. It is not the infrastructure that brings electricity to your homes and businesses – these are the distribution networks that operate at a more local level, and at lower voltages bring electricity to your homes and businesses.

The consultation acknowledges the critical role electricity networks play in connecting cheap, green energy from where it is generated to where it is needed. It states "communities that host this network infrastructure play a vital role in supporting the delivery of cheaper, secure and low carbon energy and it is only right that they can benefit from developments in their area". Regen welcomes this consultation and the opportunity to feed into the proposed guidance around providing community benefits for transmission infrastructure.

The open consultation process is a chance to give feedback before the proposals are enacted. Anyone can submit a response to the consultation online before **11.45pm on 25 May 2023**.

¹ Western Power Distribution, 2021, [A beginner's guide to the electricity network](#).

1.2 The purpose of this briefing note

This briefing note aims to support local authorities and community organisations to submit their own response to the consultation. It outlines what the consultation process involves, the key issues raised and Regen's views on how to respond to the consultation most effectively.

We see responding to this consultation as a vital route to ensuring that local communities and the principles of a just transition are considered in the transition to net zero. We encourage local authorities and communities to respond directly, using the consultation as an opportunity to provide government with examples of successful community benefit schemes in your area, or what you would like to see from community benefit schemes.

We are also interested in hearing your views and using these as examples to bolster the response that we are writing from Regen's perspective. Please share your views with Prina Sumaria at psumaria@regen.co.uk and Rebecca Windemer at rwindemer@regen.co.uk.

We recommend that you have the [consultation document](#) open alongside reading this briefing note.

2.1.3 Regen's view: An introduction to community benefits and transmission network infrastructure

Community benefit funds, which allocate a proportion of revenues from renewable developments to local communities, have been a key feature of renewable generation projects for decades.. This has provided new funds for communities to spend on local social, environmental and economic initiatives, including addressing fuel poverty and supporting green jobs. Decades of experience have shown that communities can benefit from, or in some cases directly own a part of new renewable developments, supporting local areas and a wider just transition.

We see the core principles around community benefits including:

- Building a positive relationship between people and the energy transition
- High-quality public engagement
- Equally distributed benefit that enables the most marginalised in society to benefit
- The amount of benefit funding given by developers is fair for communities
- Ensuring that the benefits provided are useful to communities.

Alongside supporting the community energy sector, Regen has been at the forefront of understanding the role of electricity networks in our transition to a decarbonised energy system. In our upcoming paper, “Building an electricity [network for net zero](#)” our analysis shows that investment in GB network capacity has fallen behind generation deployment. One of the key recommendations of this paper is to ensure the planning and consenting process is fit for purpose. As part of this, we believe it is important to consider the communities hosting this infrastructure and provide community benefits schemes where appropriate.

We support the principle that there should be community benefits linked with transmission network infrastructure.

Section 2:

What the consultation means for community benefits

Currently, there is no guidance in the UK for community benefits from onshore transmission infrastructure. However, there has been recent guidance relating to community benefits for onshore wind in England, local and shared ownership of energy projects in Wales and offshore renewable energy developments in Scotland.

2.1 Introduction and purpose

2.1.1 What does the consultation say?

This consultation sets out plans for community benefits from electricity transmission infrastructure. This includes community benefits from “the long-distance transfer of electricity at voltages above 132 kV (usually 400 kV and 275 kV lines in England and Wales), which can either be carried overhead on towers or undergrounded, as well as associated infrastructure, such as substations and converter stations”. This consultation outlines the government’s preference for a voluntary approach to community benefits underpinned by the development of guidance.

The stated objective of the community benefits proposal is “to ensure communities feel that they are positively benefitting from hosting electricity transmission network infrastructure, increasing acceptability for local projects”.

The consultation recognises the importance of communities being able to have a say in what an effective community benefit scheme could look like, so that it provides the types of benefits that the community want. The consultation confirms that any community benefit scheme will remain separate from the planning process.

Q1. What are your views on how community support for electricity transmission network can be improved? This includes any electricity transmission network infrastructure developed by Transmission Operators and developers within scope of these proposals. We would welcome supporting evidence if available.

2.1.3 Regen's view:

We agree that the provision of community benefits could potentially help to increase community support for the development of electricity transmission network infrastructure; however, we would add that high quality public engagement is equally as important. It is important that communities are informed about the purpose of a project and are fully engaged from the very early stages of the development process. We agree that any community benefits scheme should be an additional tool that is separate from the planning process. Our response to the subsequent consultation questions includes specific comments on how the provision of community benefits could be achieved in a way that reduces potential disagreement and injustice.

The proposed guidance is expected to cover consultation and engagement. We suggest that this aspect is covered in detail, providing recommendations on methods of best-practice in community engagement. High quality engagement should involve two-way knowledge sharing and collaboration between a developer and the local community.

In the case of electricity transmission infrastructure, explaining the purpose of the infrastructure to people and why the infrastructure is needed in that particular location will be important. Recommendations for engagement within the guidance should at a minimum cover the following aspects:

- Starting the engagement with the community as early as possible in the process
- The need for two-way dialogue with the community
- The need to consider the timing and location of events to enable a wide audience to attend
 - This could include online methods of engagement and also different routes to raising awareness such as the use of social media as well as print media
- Ongoing engagement throughout the development process
- Case studies of best practice in community engagement.

It will also be important that developers explain to the community what the community benefit fund is, the types of projects that it can be used to support and to ensure that they know how to use it. This could involve including examples of projects that could be undertaken, for example community energy projects. Communities that have not previously received a community benefit fund may be unsure of how the process works, how to make best use of the benefit fund or what type of projects the money can be spent on. Research on experiences of community benefits from onshore wind has identified challenges where communities were not

aware of a community benefit fund or how to spend it². We would, therefore, suggest that additional support is provided to those communities who are unfamiliar with how to use a community benefit fund, to enable support for them in project development.

Summary of our response:

- Community benefits are important, but high-quality public engagement is also needed.
- We agree that any community benefit scheme should be separate from the planning process.
- There is a need for direct support for communities to be able to access and make best use of a community benefit fund.

2.1.4 Useful evidence communities and local authorities could supply in their responses:

- Experiences of community benefits for electricity transmission infrastructure or for other forms of infrastructure in your local area:
 - Did this lead to increased support?
 - Have there been any challenges associated with this?

2.1 Projects in scope to receive community benefits

2.1.1 What does the consultation say?

The projects in scope to receive community benefits include:

Onshore electricity transmission network infrastructure

This is broadly defined as the long-distance transfer of electricity at voltages above 132 kV, which can either be carried overhead, on towers or underground, as well as associated infrastructure, such as substations and converter stations.

² Windemer, R., 2023. Acceptance should not be assumed. How the dynamics of social acceptance changes over time, impacting onshore wind repowering. *Energy Policy*, 173, p.113363.

Onshore electricity transmission network infrastructure associated with offshore wind and interconnectors.

This comprises any onshore infrastructure associated with offshore wind or interconnectors, including substations, converter stations and cabling from the foreshore.

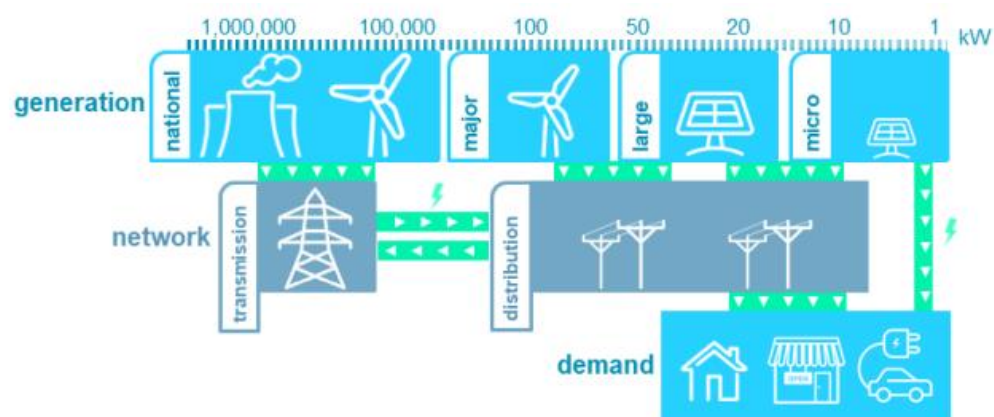


Figure 1: Diagram from Western Power Distribution’s 2021 paper “A beginner’s guide to the electricity network”

The consultation asks the following question:

Q2. Do you agree with the proposed types of infrastructure and projects we would include in these proposals?

2.1.3 Regen’s view:

We support the need for guidance on community benefits for network infrastructure, and in particular the electricity transmission network.

However, we think it is equally important to have guidance and the opportunity to respond to a consultation around the need for community benefits and local ownership options for generation technologies such as solar, onshore wind and offshore renewables.

Without a consistent and aligned approach for both network infrastructure and generation, there is a risk that whilst infrastructure is enabling net zero and supporting communities, generation technologies are not. We therefore reiterate the need for a consistent and joined up approach across government departments to make sure that community benefits are distributed fairly across all relevant communities. For example, where there is a small community impacted by both generation and transmission infrastructure being built, it would not make sense for both funds to be directed at the same community.

We would propose updating the Shared Ownership framework published in 2014 and publish further government guidance on community benefits for all energy technologies. It would be helpful to both industry and communities if guidance documents for both devolved and national governments aligned.

Summary of our response:

- We support the need for guidance on community benefits for network infrastructure, but also suggest the need for guidance on community benefits and local ownership options for generation technologies.
- We propose updating the Shared Ownership framework (2014).

2.2 Benefit schemes: voluntary vs mandatory

2.2.1 What does the consultation say?

The consultation explains that currently some Transmission Operators and developers provide a form of community benefits on a voluntary basis. The government's preferred approach is to continue a voluntary approach to community benefits and introduce guidance setting out key principles and expectations for both industry and communities. The stated reason for this preferred approach is to ensure flexibility.

Q3: What are your views on government's preferred approach of a voluntary benefit scheme underpinned by government guidance (covering both wider and direct community benefits)? Please explain why and provide any supporting evidence if available.

2.2.2 Regen's view:

We agree that a voluntary approach underpinned by government guidance is a suitable approach to take **initially** in order to enable progress to be made as soon as possible and for the sector to adjust. However, we would suggest that a voluntary approach is only taken initially, while the framework is put in place to make some form of community benefits (and engagement) mandatory.

The consultation states that currently, with a voluntary approach, the use of community benefits has been inconsistent and thus the level of funding and how it has been allocated has varied. A risk of keeping a voluntary approach is that this inconsistency will continue. A particular risk of an inconsistent approach is that it will be lower income communities without access to relevant skills within the community, the knowledge of the option for community benefits, or the value that they could be receiving, that will lose out.

We agree that flexibility in the delivery of community benefits is important: community benefits need to be meaningful and suited to that local community. However, a mandatory approach can still enable flexibility. For example, a mandatory approach could require the offer of community benefits and a certain level of community engagement without specific requirements on the type or detail of the benefits.

Alternatively, if the decision is made to keep the voluntary process for now with a review scheduled to reassess the approach, as suggested in the consultation, then the proposed timeline for the review and the criteria for the review should be set out clearly and published.

Later In the consultation, it suggests that developers building onshore transmission network infrastructure associated with offshore wind could reflect the costs of community benefits within their Contracts for Difference (CfD) bids. The CfD auction is a competitive process, with contracts awarded based on lowest cost. If there is no standard for community benefits or a minimum mandated amount, there is a risk that either developers do not include community benefits within their models, or that the community benefits are kept low as to retain a competitive advantage.

Summary of our response:

- A voluntary approach is appropriate to initially start the process; however, a mandatory approach should be pursued as soon as possible.

2.2.3 Useful evidence communities and local authorities could supply in their responses:

- Do you have experience of developers in your local area providing community benefits voluntarily?
- Do you have any experience of developers in your local area not providing community benefits, even with community appetite for funding?

2.3 Benefit schemes: views on government guidance

2.3.1 What does the consultation say?

The consultation suggests that the government guidance could include the following:

- Key principles that industry and communities are encouraged to follow
- Roles and responsibilities
- Minimum recommended benchmarks that all benefit schemes should meet
- Examples of best practice that should be aspired to.

Q4. What are your views on the information we have proposed to include within government guidance? This includes identifying eligible communities, consultation and engagement, governance and delivery and funding.

2.3.2 Regen's view:

Overall, there is a need for more clarity and detail on the content that will be included in the guidance document. The content listed in Q4 (identifying eligible communities, consultation and engagement, governance and delivery and funding) covers what we would expect to see in the document. Please see our response to Q1 of this consultation for details on what we would expect to see regarding engagement. Part of this engagement process should involve ensuring that communities are aware of how to access the community benefit fund and the types of projects it can be used for.

We support the recognition that there is no one size fits all approach and it would be useful for the document to provide examples of the different types of benefits that have been used so far in the UK and elsewhere. The guide could also provide recommendations of best practice.

The guidance document should recommend the use of advisory boards or panels to oversee community benefit payments. Additionally, we are strong advocates for working with communities to come up with project ideas in order to make the best use of community benefit funds. In typical grant-giving schemes, it is easy for those with the time, capacity and knowledge to be able to apply for grants, leaving those who are unable to access this process left behind. Therefore, we support the creation of a system whereby a representative cross section of society is brought together (through being paid for their time), alongside experts to co-create ideas and projects that would suit their local area. This could be achieved through dedicated resource in this area.

Summary of our response:

- There is a need for more clarity and detail on the content of the guidance document.
- The engagement process must ensure communities are aware of how to access community fund.
- We support the recognition of the need for a flexible approach.
- We recommend the provision of a dedicated resource to work with communities in developing projects that use the community benefit fund.

2.3.4 Useful evidence communities and local authorities could supply in their responses:

- Details of what you would find useful in this guidance and why.
- If you are a community group, any experiences of guidance for delivering or receiving grant funding that you've found useful.

2.4 Benefit schemes: direct and wider community benefits

2.4.1 What does the consultation say?

The consultation proposes the use of direct and wider community benefits. These are defined as:

Direct community benefits: would allow eligible people (usually based on distance from network infrastructure) to receive a direct payment, paid either as a lump-sum or on a regular (e.g., annual) basis for a period of time.

Wider community benefits: would provide finance for local projects or investment to enhance the economy, society and/or environment in a local area. Community benefit schemes can offer the opportunity for local communities to access funding.

The consultation suggests that options such as community ownership and electricity bill discounts would not be feasible due to the complexity of implementation and financing required and due to a likely need for changes to the regulatory framework.

Q5. Do you agree with the government's proposals to focus on direct and wider community benefits, choosing not to pursue options such as community ownership and electricity bill discounts?

2.4.2 Regen's view:

We disagree with the use of individual payments and expect that this would create a number of challenges. Individual payments are not currently used for other forms of development. The introduction in this context could create a precedent that puts pressure on their use for other forms of development, particularly renewable energy projects. This could make

renewable energy projects less viable, more contested and ultimately have a detrimental impact on the renewable energy sector and the UK's legally binding net zero targets.

When considering the use of individual payments, it is also worth considering the example of housing developments. People may object to a large housing development being built next to their home, but the developer would not give those neighbouring properties a direct payment. The development of electricity infrastructure is arguably a lot less disruptive than a new housing development.

There is also a concern that direct payments could be viewed as a bribe, leading to increased opposition to the transmission infrastructure developments. Further challenges could also arise as a result of disputes from those properties that feel that they should be eligible for the payment but aren't. While the planning process can create some division within communities, a direct payment system would be likely to significantly increase those divisions. Similar issues may be raised by properties who already live close to existing transmission infrastructure who have not been receiving payments. Additionally, the consultation states that "developers and communities will need to determine how this should then be allocated between direct and wider community benefits" – this would likely cause a lot of challenges and disputes in terms of allocation. Ultimately these direct payments would not be a good use of billpayers money and are highly likely to cause a lot of challenges.

We would support a proposal that solely focuses on the use of wider community benefits.

We agree that changing regulatory requirements to enable community ownership of most transmission projects would be too complicated. However, where these are associated with generation projects such as offshore wind, we believe community ownership options should be considered and encouraged. Our full position is outlined in our recent paper, "[Delivering local benefits from offshore renewables.](#)"

Summary of our response:

- We are opposed to the use of direct payments as a form of community benefits.
- We broadly agree that community ownership and direct costs of energy bills should be discounted for transmission infrastructure except where these are associated with generation projects such as offshore wind

2.3.5 Useful evidence communities and local authorities could supply in their responses:

- Any experience with direct payments or wider community benefit payment and how that has affected communities.

2.5 Benefit schemes: developing the guidance

2.3.1 What does the consultation say?

The consultation proposes undertaking a collective process to developing any guidance with the input of community and industry representatives. It notes that they will be conducting social research in order to gain more detailed views from communities on community benefits, but there is an absence of detail on how this process will be undertaken.

The consultation identifies that any guidance would need to be reviewed and updated as appropriate to reflect the evolving development of network infrastructure, and breadth of projects within scope.

Q6. How do you think guidance could be developed most effectively?
How should different stakeholders be involved?

Q7. How do you think the effectiveness of this approach should be evaluated? Please explain why and provide any supporting evidence.

2.5.2 Regen's view:

The development of the guidance should involve detailed input from community representatives. This should involve speaking with those communities who have been recipients of community benefits from this infrastructure to understand what has worked well and how improvements could be made. There should also be an input from community representatives from those communities that have no experience of receiving a community benefit fund in order to understand what guidance they feel they would need. This process should include the chance to review draft guidance.

Summary of our response:

- There should be detailed input from communities that have experienced community benefits as well as those who have not.
- There should be an opportunity to review the draft guidance.

2.3.6 Useful evidence communities and local authorities could supply in their responses:

- Provide details on how you as a local authority or community group would like to be involved in the development of the guidance.
- You could add details of any useful evidence that you could provide.

2.6 Funding

The consultation identifies that as community benefits have previously been allocated on a voluntary basis, the level of funding and how it is allocated has varied. Transmission Operator spending is funded through electricity consumer bills. As such, there should be a proposed level, or range of funding for community benefits, that is fair to both communities and electricity bill payers. Any level of funding for community benefits will need to be agreed with Ofgem. It is suggested in the consultation that the level of funding should increase from that seen in existing examples of community benefits for electricity transmission network infrastructure.

The consultation also suggests that developers building onshore transmission network infrastructure associated with offshore wind could reflect the costs of community benefits within their CfD bids and that funding for developers building onshore transmission network infrastructure associated with interconnectors would be reflected as necessary through the interconnector cap and floor regime.

In terms of how the level of funding should be calculated there are two suggestions:

Percentage of project cost

This option determines the level of funding based on a percentage of the overall project cost, for example, a percentage of capital expenditure, as different onshore and offshore electricity

transmission network projects will have different levels of expenditure. This would mean that communities would receive varying amounts of community benefits based on the overall capital expenditure of the project.

Set level based on selected parameters for the infrastructure

This option would offer a pre-agreed, minimum recommended level of funding that is dependent on the specific parameters or type of the infrastructure being built, such as length (km) of the infrastructure, voltage level and the type of the asset (such as a substation or converter station).

Q8: Do you have a preferred approach to how the level of funding should be calculated? Why is this your preferred approach?

Q9: What level of funding do you believe is appropriate? Why do you believe this? Could you please provide any evidence or data as to how you have come to this calculation.

2.6.2 Regen's view:

We believe analysis must be done to obtain the answer to these questions. As a principle, the amount of funding available to communities should be high enough to have significant positive impact within target communities, without creating a considerable impact on consumer bills. As discussed above, we advocate for a strong minimum mandated level of community benefits, with the opportunity for developers to go above and beyond.

2.7 Analytical annex questions

The analytical annex provides details of the rationale for government intervention and the potential impacts of the intervention. While we have not responded to all of the questions about

the analytical annex we feel that Q16, about groups that could be uniquely impacted by these proposals, is important to consider.

Q16: Are there any groups you expect would be uniquely impacted by these proposals, such as small and micro businesses or people from protected characteristics? If yes, which groups do you expect would be uniquely impacted? Please provide supporting evidence.

2.7.2 Regen's view:

There is a potential that those people living in lower income areas or areas that have not yet experienced developments that provide community benefit funding may not be aware of the opportunities for community benefits, particularly if they are voluntary. A mandatory payment reduces the likelihood of communities having to have the knowledge of how to negotiate for a community benefit payment. There is also a potential that certain minority groups will be negatively impacted if high quality engagement is not ensured – this links to the timing and methods of engagement that are used (see response to Q1).

2.3.7 Useful evidence communities and local authorities could supply in their responses:

- Any evidence on the types of groups that are accessing community benefits for any forms of renewable development in your area e.g., are there any groups that are underrepresented?

Section 3:

Conclusions

This consultation shows the intention from government to support the rapid upgrading of network infrastructure and ensuring that local communities are able to benefit from these upgrades. We are supportive of the overall ambition of these goals.

The following points are where Regen's view differs from the content of the consultation document. We believe:

- Community benefits should be mandatory
- There should be a process in place to ensure that community benefits are being delivered by developers and used by communities
- There is a need for more detail on the scope of the guidance document
- There is a need to ensure high-quality public engagement as well as community benefits
- There should be a commitment to ensure the marginalised in society are able to access community benefits through providing advice and support to eligible communities
- There should be further guidance and consultations regarding community benefits for other parts of the net zero system such as low carbon generation technologies.

We also refer back to [our paper](#) published last year which poses some questions around how to ensure local people benefit from large scale offshore renewables. In this paper, we advocate for the fair distribution of the financial benefits from the country's natural resources via community benefits and local ownership options. Potential models in the way this could be done are explored in more detail.

Lastly, we want to emphasise that the focus cannot be only on transmission and large-scale infrastructure. There is also a need to take the necessary steps to enable the development of community-scale renewables, acknowledging and understanding the added socio-economic benefits that come with community ownership³.

³ CAG consultants, 2021, Devon Community Energy: Socio Economic Impact Assessment

We welcome further conversations with government, industry and communities on these issues and support any progress towards more rapid energy infrastructure development.

Section 4:

Next steps and how to respond

4.1 Having your say

The consultation sets out proposals for a recommended approach to community benefits for electricity transmission network infrastructure.

You can respond directly online via the online consultation portal Citizen Space [here](#), or by emailing a response to cbnetworks@beis.gov.uk.

We strongly encourage local authorities and community energy groups to have their say in the consultation by submitting a response.

We see responding to this consultation as a vital process in ensuring that the views of local communities are at the focus of this transition.

4.2 Next steps

Regen's response to the consultation will be based on this briefing paper and further discussions. If you have views that Regen could include in our response, please share these with Rebecca Windemer rwindermer@regen.co.uk and Prina Sumaria psumaria@regen.co.uk. We will share our response online.

To keep up to date with Regen's work on this consultation and other relevant work in the future, sign up to our community energy or local authority newsletters via the [form](#) on our website.



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