

CONSULTATION RESPONSE

# Community benefits for electricity transmission infrastructure: Regen's response

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For the Department for Energy Security and Net Zero: Open consultation on community benefits for electricity transmission network infrastructure



May 2023

# About Regen

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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.

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# Recommendations

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Ensuring that communities are able to meaningfully participate and benefit from the transition to net zero and wider energy system is essential for a fair and just transition, and also needed to secure community support for infrastructure investment. Ensuring that communities can benefit from the development of new electricity transmission infrastructure projects is an important element of this. We therefore welcome the suggestion to provide community benefit schemes for these developments. While we support the consultation, we have several recommendations regarding the detail of the current suggestions. Our detailed consultation response is set out in this document; however, our main recommendations include the following:

- There is a need to ensure that high-quality engagement is provided alongside community benefits. There will also be a need to provide additional support to communities who may be unfamiliar with how to use community benefit funds.
- While we support the decision to develop a guide, there is a need for more detail regarding what this will include. We suggest that there needs to be an opportunity to review and provide feedback on the draft guide.
- We do not support the idea of direct payments as we expect this will create many challenges and delays. Direct payments are also not conducive to a fair distribution of community benefits.
- While we support a swift transition to providing community benefits, which a voluntary approach enables, we suggest that this should become mandatory and standardised (while enabling flexibility in the form and scale of community benefits).
- We suggest that there is a need for more joined-up thinking across government departments so that this aligns with community benefit funds for generation infrastructure.

# Context

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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 that “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.

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 electricity 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 to transmission network infrastructure.

# Responses to consultation questions

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Q 1. 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.

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 important. If communities are informed about the purpose and reason for a project and feel that they have been fully engaged from the start, then they will be less likely to object. It has been widely acknowledged that involving communities in the planning process can lead to positive outcomes<sup>1</sup>. We agree that any community benefits approach 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. A wealth of international peer-reviewed academic evidence has shown that high-quality public engagement can increase local support for renewable energy projects<sup>2</sup>. High-quality engagement should fundamentally involve two-way knowledge sharing and collaboration between a developer and the local community<sup>3</sup>.

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<sup>1</sup> Breukers, S. and Wolsink, M., 2007. Wind power implementation in changing institutional landscapes: An international comparison. *Energy policy*, 35(5), pp.2737-2750.

<sup>2</sup> Firestone, J. et al. 2018. Reconsidering barriers to wind power projects: community engagement, developer transparency and place. *Journal of environmental policy & planning* 20(3), pp. 370–386. Gross, C., 2007. Community perspectives of wind energy in Australia: The application of a justice and community fairness framework to increase social acceptance. *Energy policy*, 35(5), pp.2727-2736. Hindmarsh, R. and Matthews, C., 2008. Deliberative speak at the turbine face: community engagement, wind farms, and renewable energy transitions, in Australia. *Journal of environmental policy & planning*, 10(3), pp.217-232.

<sup>3</sup> Devine-Wright, P., 2011. Public engagement with large-scale renewable energy technologies: breaking the cycle of NIMBYism. *Wiley Interdisciplinary Reviews: Climate Change*, 2(1), pp.19-26.

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 inclusion of a representative cross-section of society (including those who are not usually able to participate in these processes) to co-create project ideas
- 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 ensure that they know how to use it. This could involve examples of projects that could be undertaken, such as 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 projects has identified challenges where communities were unaware of a community benefit fund or how to spend it<sup>4</sup>. We would, therefore, suggest that additional support is provided to those communities who are unfamiliar with how to use a community benefit fund, to support them in project development.

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<sup>4</sup> 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.

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

We support the need for guidance on community benefits for network infrastructure. Research has highlighted public opposition to transmission infrastructure<sup>5</sup> and the importance of ensuring that communities are involved as stakeholders early in the planning process<sup>6</sup>.

However, the consultation is not clear about the types of transmission infrastructure that are in or out of scope. There is a need for clarity on this matter. For example, are grid-connected non-generation assets such as Greener Grid Parks in or out of scope?

Additionally, 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. There is a 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 community impacted by both generation and transmission infrastructure being built, it would make sense for funds to be aligned with the needs of the impacted community.

We would propose updating the Shared Ownership framework published in 2014 and publishing 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 were aligned.

**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.**

We agree that a voluntary approach underpinned by government guidance is initially a suitable approach to take in order to enable progress to be made as soon as possible and for the sector

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<sup>5</sup> Cain, N.L. and Nelson, H.T., 2013. What drives opposition to high-voltage transmission lines?. Land use policy, 33, pp.204-213.

<sup>6</sup> Späth, L. and Scolobig, A., 2017. Stakeholder empowerment through participatory planning practices: The case of electricity transmission lines in France and Norway. Energy research & social science, 23, pp.189-198.

to adjust. However, we strongly recommend 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 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 and that community benefits need to be meaningful and suited to that local community. Research has shown the importance of communities feeling that a benefit fund has supported projects that clearly benefitted the local community<sup>7</sup>. Research has also identified that explaining to communities that a community benefit provides a ‘good deal’ to the community can provide a more viable way to increase support than focusing on individual benefits<sup>8</sup>.

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.

If the decision is made to keep the voluntary process with a review scheduled to reassess the approach, as suggested in the consultation, then the proposed timeline for the review (in terms of the period of time after the guidance document is introduced) 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 price-only process, where developers of low carbon power projects submit bids and the lowest priced win contracts.

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<sup>7</sup> 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

<sup>8</sup> Walker, B.J., Wiersma, B. and Bailey, E., 2014. Community benefits, framing and the social acceptance of offshore wind farms: an experimental study in England. *Energy Research & Social Science*, 3, pp.46-54.



As we discussed in our recent insight paper<sup>9</sup>, while this has been successful in driving down deployment costs, it has pushed projects towards the limit of viability. 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 to retain a competitive advantage. The possibility of reforming the CfD mechanism to value non-price factors has recently been introduced by government through a Call for Evidence<sup>10</sup>, although this did not explore community benefit as one of the proposed non-price factors to be included. In our response<sup>11</sup> we highlighted that there is room for more clarity around the provision of community benefit, which could come as part of both leasing round and the pre-qualification process of the CfD.

**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.**

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. This is particularly important for ensuring that the most marginalised communities and those without the knowledge of community benefit funds are able to participate.

As the contents of the proposed guidance document are currently very vague, we would like to see a consultation on the draft guidance. We also suggest that this document aligns with the

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<sup>9</sup>Regen, 2023

<https://www.regen.co.uk/insight-paper-could-the-government-be-about-to-gamble-away-the-uks-leadership-in-offshore-wind/>

<sup>10</sup> GOV, 2023

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1150493/cfd-non-price-factors-call-for-evidence.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1150493/cfd-non-price-factors-call-for-evidence.pdf)

<sup>11</sup>Regen, 2023

<https://www.regen.co.uk/regen-responds-to-the-governments-call-for-evidence-on-the-introduction-of-non-price-factors-into-the-contracts-for-difference-scheme/>

recommendations in the 'Community Engagement and Benefits from Onshore Wind Developments Good Practice Guidance for England'.

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 compensated 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.

**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? Please explain why.**

We agree with the focus on wider community benefits rather than ownership and bill discounts.

However, we disagree with the use of individual direct 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 are not. 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.

Direct payments are unlikely to support just transition outcomes. Wider community benefits give the opportunity to support the community collectively through shared projects that benefit many people or support the most marginalised. On the other hand, direct payments only support individuals, with no sight of whether that is the best use of resources for the whole community.

We would support a proposal that solely focuses on producing 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'](#).

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

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

There should be a consultation on the draft guidance to ensure that it meets the needs of communities.

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

There is a need for transparency regarding how the guidance has been developed and who has been involved/consulted in the process. A consultation on the draft guidance would increase the effectiveness of this approach.

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

We agree with the need for a proposed level of funding that is fair to both communities and electricity bill payers. We do not have a specific preferred approach but recognise that a fixed percentage of project cost or similar would not be appropriate. This is because some projects may be more expensive but have a much lesser impact on the local communities, such as underground cabling. On the other hand, potentially less costly projects may have a larger impact on local communities and should therefore result in greater community benefit.

**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.**

We believe analysis must be done to obtain the answer to this question. As a principle, the amount of funding available to communities should be high enough to have a significant positive impact on 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.

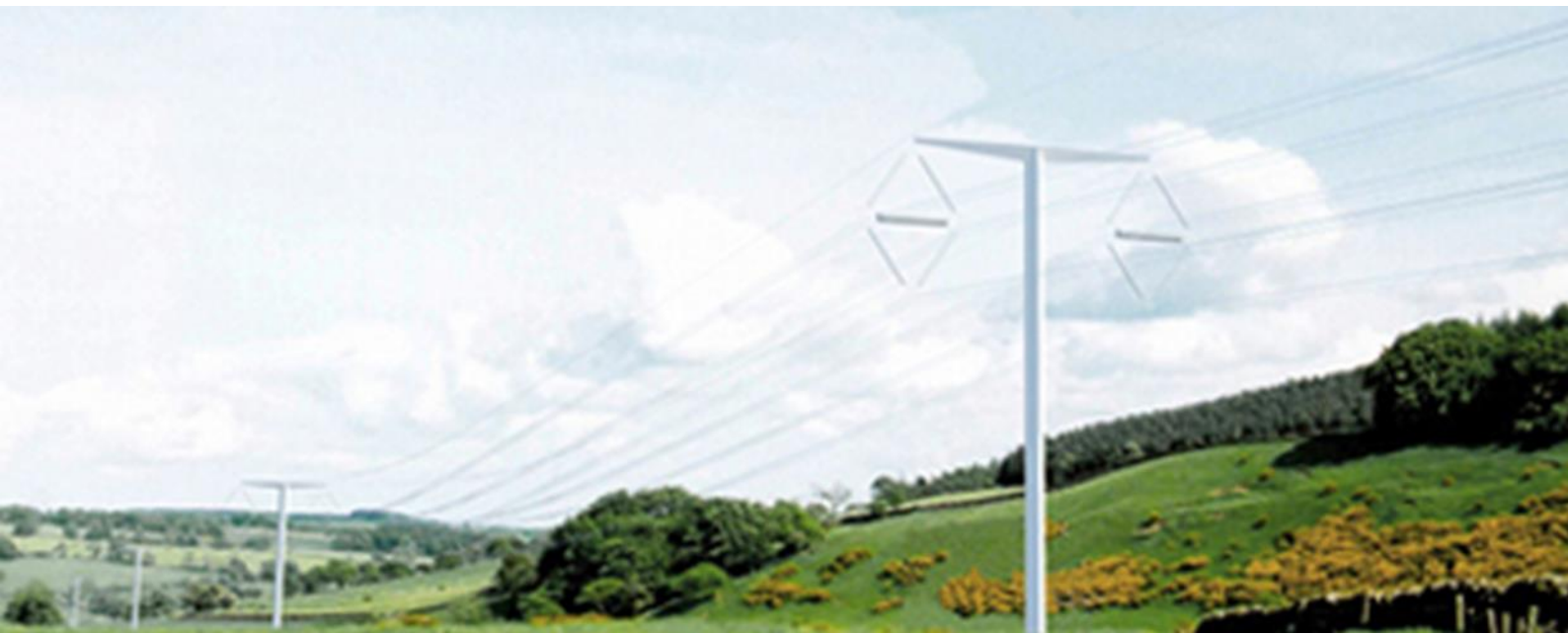
Q10. Is there anything further we should consider as part of next steps?

As noted above, a greater focus on community engagement will be important, in particular, support for communities that may not have any experience of community benefits.

Any next steps should include joined-up thinking across government to ensure community benefits and local ownership options are considered for all forms of net zero infrastructure and are costed out effectively.

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.

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 know how to negotiate for a community benefit payment. There is also potential for 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 our response to Q1).



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