

Joint Local Government Submission

On behalf of
Country Local Governments
Renewables Alliance

*PoweringWA – Draft Guideline on Community
Benefits for Renewable Energy Projects
(Consultation Paper)*

Final Version - 7 August 2025

Overview

Western Australia has an opportunity to set a nation leading standard for community benefits arrangements that benefits local communities, industry and all Western Australians.

Developing a robust, WA oriented framework that benefits from the experiences of more advanced jurisdictions is essential to provide industry and local communities with the certainty and confidence necessary to navigate the renewable energy transition.

Local Government Authorities (LGAs) that have contributed to this submission are supportive of the need for a Community Benefits Guideline that recognises the diverse characteristics and needs of Western Australia's LGAs. The PoweringWA Draft *Guideline* is a welcome start that requires some targeted improvements and a clear regulatory or state policy standing.

This submission by the undersigned LGAs identifies a series of opportunities to improve the clarity and effectiveness of the Guideline prior to finalisation. These include:

- **A single recommended contribution value**

A single contribution value benchmark (based on the NSW Guidelines) instead of the wide ranges in the Draft Guideline is recommended. This fixed contribution value in the Guide should be indexed to CPI on 30 June each year. This approach will provide better basis for agreement of mutually acceptable terms between LGAs and industry. It will also improve the transparency of the process and reduce the risks to LGAs involved in negotiations on behalf of the community.
- **Allocation of benefits according to the location of nameplate capacity**

Many projects are located in multiple LGAs. The Guideline should include a recommendation that benefits are allocated according to the nameplate capacity located in each LGA. This will provide a simple and transparent basis for allocating benefit contributions between communities.
- **Neighbour payments schemes separate and additional to community benefit contributions.**

The Guidelines should make clear that the value or extent of any Neighbour Benefit Scheme (NBS) implemented by a proponent *shall not be* deducted from or used to offset the agreed Community Benefits Fund (CBF) contribution.
- **Including Security of benefits arrangements as a key element in the Guideline**

Ensuring the security of benefits arrangements is essential for both communities and industry to have certainty over the operating life of these projects. The addition of a Secure principle in the Guideline and an explicit expectation that community benefit contributions will be secured by LGA-developer agreements (and/or network access and planning conditions if future policies allow this to occur).

The future security of contributions is essential for communities who need to make long term planning, financial and other decisions. It also reduces sovereign risk for industry.

LGAs are also engaging with Planning Minister and WPCEO to seek practical changes to planning and network access arrangements that can improve security. We request PoweringWA support in achieving these outcomes.

- **Focussing on the opportunities community benefits provide**

Community benefit arrangements should not be identified as a driver of power prices or project viability by the Guideline and these inferences should be removed. Drawing these links is unnecessarily divisive and not supported by the evidence.

The Guideline should focus on the opportunities community benefit arrangements provide for communities, industry and government which far outweigh the minor additional costs.

- **Removing inconsistencies in the discussion of local rates**

Community benefit arrangements should be consistently recognised as additional and separate from rates within the final Guideline.

- **Investing in LGA capability**

A request for PoweringWA to convene workshops to build LGA negotiating capabilities alongside finalisation of the Guideline.

- **Providing advice on existing projects**

Including clear trigger points for existing renewable energy project community benefit arrangements to be brought in line with the Guideline in the future. This will avoid confusion about whether there needs to be changes to arrangements for projects that are built, in construction or have approvals.

These recommended improvements reflect the deep, direct and ongoing experience of LGA leaders in negotiating with renewable developers on behalf of their communities. These negotiations have been undertaken without the support of PoweringWA's guidance. The proposed changes will benefit all parties – communities, State and LGAs and industry - if they are incorporated by PoweringWA into the final guideline.

Local Governments supporting this Submission

This submission has been prepared on behalf and is supported by the following **forty (40)** Local Governments:

- Shire of Beverley
- Shire of Boddington
- Shire of Bruce Rock
- Shire of Brookton
- Shire of Carnamah
- Shire of Chapman Valley
- Shire of Chittering
- Shire of Coorow
- Shire of Corrigin
- Shire of Cunderdin
- Shire of Cuballing
- Shire of Dandaragan
- Shire of Gingin
- Shire of Goomalling
- Shire of Kellerberrin
- Shire of Katanning
- Shire of Kondinin
- Shire of Kulin
- Shire Mingenew
- Shire of Moora
- Shire of Mount Marshall
- Shire of Mukinbudin
- Shire of Nannup
- Shire of Narrogin
- Shire of Northam
- Shire of Northampton
- Shire of Nungarin
- Shire of Pingelly
- Shire of Toodyay
- Shire of Trayning
- Shire of Victoria Plains
- Shire of Wandering
- Shire of West Arthur
- Shire of Westonia
- Shire of Williams
- Shire of Wongan-Ballidu
- Shire of Woodanilling
- Shire of Wyalkatchem
- Shire of Yilgarn
- Shire of York

Key Points of Feedback

1. Replace the Benefit Contribution Ranges with a single recommended contribution and include contribution guidance for BESS projects

The signatories strongly advocate for the adoption of a uniform, fixed-contribution per megawatt (\$/MW) formula for determining community benefit contributions associated with wind energy, solar array, and battery energy storage system (BESS) developments across Western Australia.

In contrast to a variable or range-based contribution model—where proponents negotiate individual outcomes with host local governments—the fixed-contribution model provides clarity, fairness, transparency, and consistency. A **mandated** contribution value would significantly reduce the uncertainty and risks inherent in the approach proposed by the State’s draft Guideline.

The proposed range-based model creates a situation where local governments and their representatives are placed under unreasonable and unsustainable sovereign and political risk. This risk arises from the perception—often shaped during local election cycles or executive reviews—that a council’s mayor, president, CEO, or negotiating officers have either failed to secure a ‘sufficient’ contribution or have been outperformed by other jurisdictions. This dynamic fosters:

- Public mistrust, especially in communities that may compare outcomes across local governments;
- Accusations of incompetence or, worse, corruption, where negotiations fall short of the upper end of the State’s recommended range;
- Undue pressure on elected members and executives, which can erode public confidence and destabilise local governance;
- Political weaponisation of contribution outcomes during biennial local government elections, CEO contract renewals, or changes in council leadership.

This is particularly fraught given that local governments are often negotiating with multinational corporations possessing vastly greater resources, legal capacity, and experience. The expectation that volunteer elected members or even seasoned CEOs can reliably negotiate top-tier contributions within a range framework is not only unrealistic—it is systemically inequitable and unsustainable.

In contrast, a statewide fixed-contribution approach, as already implemented successfully in jurisdictions such as New South Wales, provides a level playing field. It ensures:

- Predictability for proponents, streamlining project feasibility and budgeting;
- Certainty and consistency for local governments, avoiding reputational damage from perceived negotiation shortcomings;
- Transparency and fairness for communities, who are assured of equitable treatment regardless of where they live;

- Reduced risk of conflict or regulatory scrutiny, as contribution expectations are clearly established in policy and uniformly applied.

Unless there are extraordinary or site-specific extenuating circumstances, the use of a fixed contribution value per MW is a superior model—one that mitigates sovereign and political risk, fosters public trust, and enhances the integrity of renewable energy planning and delivery in WA.

Accordingly, we strongly recommend that the WA State Government adopt a consistent, mandated community benefits contribution value, aligned with the proven New South Wales model, and resist the implementation of loosely defined or negotiable contribution ranges. The single recommended contribution value aligned to the NSW Guideline¹ and including a contribution for stand-alone Battery Energy Storage Systems (BESS) would be:

- \$1,050 per megawatt per annum indexed to the Consumer Price Index (CPI) for wind energy development
- \$850 per megawatt per annum indexed to CPI for solar energy development
- \$150 per megawatt hour per annum indexed to CPI for stand-alone battery energy storage systems²

The Guideline should also specify that these values are indexed to CPI on 30 June each year following publication of the Guideline.

Setting clear contribution value guidance empowers local communities and industry, creating a firm foundation for agreements that can demonstrate the maturity of interactions between the parties and create mutually beneficial outcomes reflecting the local community and project context.

2. Benefit contribution allocations should align to nameplate capacity location for projects that span multiple LGAs

Community benefits should flow to impacted communities. Many renewable energy projects are located within more than one LGA and it is important that there is clarity on how community benefits should be allocated between communities.

The Guideline should include clear guidance that allocation of community benefit contributions should be made on the basis of the proportion of nameplate capacity located in each LGA. For example, if a 10MW project had 4MW in one LGA and 6MW in another then a 40/60 split would be made in the contribution arrangements.

There may be exceptions to this approach for a small number of projects. For example, where significant population areas are located in close proximity to a project but the majority of the

¹ NSW Department of Planning, Housing and Infrastructure 2024, Benefit-Sharing Guideline: Guidance for large scale energy projects <https://www.planning.nsw.gov.au/sites/default/files/2024-11/benefit-sharing-guideline.pdf>

² The consultation paper argues that there is no industry benchmark for BESS projects. In our view, the NSW Guideline has established an industry benchmark for BESS agreements, and this should be included in the Guideline. Not including a contribution for BESS projects will unnecessarily complicate negotiations, creating risks for both parties.

project is an adjoining LGA with no nearby towns or more densely settled areas. These exceptions can be resolved by discussion and agreement.

However, for vast majority of arrangements this simple approach to apportioning benefits funds will provide a clear basis for agreement. Inclusion of this expectation in the Guideline will help to avoid unnecessary conflict, competing expectations or time-consuming negotiations between LGAs.

3. Neighbour Payment Schemes are not Community Benefit Contributions

Neighbour Benefit Schemes (NBS) or *Near Neighbour Payments* should **not** be considered part of the *Community Benefits Funds* (CBFs). The value or extent of any Neighbour Benefit Scheme (NBS) implemented by a proponent *shall not be* deducted from or used to offset the agreed Community Benefits Fund (CBF) contribution.

Proponents are encouraged to implement both NBS and the CBF as **complementary but separate** streams of community engagement and investment — each serving distinct purposes.

The draft Guideline infers that these kinds of neighbour-specific payments fall under the broader “community benefits” category. These payments are made to address specific impacts experienced by individual landholders within the community, rather than being for broader community benefits purposes. As such, they are distinct — and must not be construed as offsetting or reducing the CBF contribution.

This approach has been accepted by project proponents in recent negotiations undertaken by Alliance members and should be reflected in the final Guideline.

4. The Guideline should include a focus on ensuring the security of benefits arrangements for communities and industry

The Guideline should include a focus on ensuring the security of community benefit arrangements to increase certainty for both industry and communities.

Security is essential as LGAs, and communities must have confidence that benefit arrangements (and other commitments to supporting local communities) will actually be enforceable and delivered by industry once approvals are in place. This is essential for long-term statutory management, financial and strategic planning.

Without proper security from the outset, these arrangements could be the subject of renegotiation or change at the discretion of the project owner or LGAs. A lack of security therefore introduces risk for both communities and project owners. In our view:

- Relying on the on-going goodwill of industry over 30-year project lifespans and potentially repeated changes in ownership is an excessive and unreasonable risk to communities. If a project ceases payments, there is no way for this to be addressed unless these arrangements are secure.
- There are also sovereign risks for industry without proper security. New Councils or leaders in LGAs could seek to renegotiate for higher benefit arrangements at their

discretion unless arrangements are appropriately secure. Renegotiation may also become a local political issue during election campaigns, leading to local division and uncertainty.

The fundamental insecurity of benefit arrangements has been emphasised in recent project approvals. Currently, community benefit arrangements are only recognised within the advice notes of statutory body assessments. The advice notes are not binding which provides very limited to no security for the future.

We note that community benefit agreements are better secured in other jurisdictions. For example, Voluntary Planning Agreements are utilised in NSW, supported by planning conditions. Community Benefit Agreements have also recently been introduced in Queensland as part of legislative changes.

To address this issue in the Guideline it is recommended that **Secure** be added as an additional principle in the guideline in *Principles for community benefit arrangements* section. This could be drafted as:

- **Secure:** the arrangements for community benefits should be appropriately secured via enforceable agreements between LGAs and project owners to provide certainty for communities and industry over the life of the project. These agreements should wherever possible be integrated within planning approvals and network access arrangements where policies provide the basis for these links to be made.

Whilst security can be supported via community benefits being captured in dedicated legal agreements between LGAs and project owners, this approach brings additional costs. Establishing a requirement within network access arrangements with Western Power is a preferred pathway and consistent with approaches in other jurisdictions.

Specifically, agreement of a community benefits contribution consistent with the Guideline should be made a condition for granting and maintaining a network access licence with Western Power. This would also require the granting of any future network access licenses / agreements to be conditional on the new operator committing to the community benefit arrangement.

We note that *State Planning Policy 3.6 Infrastructure Contributions*³ could also provide a pathway for creating a nexus within the existing planning framework. However, the requirements for these processes are onerous and SPP3.6 is not commonly utilised by smaller rural local governments, creating a significant burden on LGAs.

The focus on achieving greater security through network access arrangements mirrors arrangements in NSW such as the Renewable Energy Zone Access Scheme and complements existing considerations in the Commonwealth Capacity Investment scheme. By linking appropriate community benefit arrangements to network access and government support, community benefits are placed at the heart of project arrangements and developers have a significant incentive to agree to proper arrangements with communities.

³ https://www.wa.gov.au/system/files/2021-09/SPP_3.6_Infrastructure%20Contributions_Guidelines%20april2021_0.pdf

Whilst we recognise that implementing these changes is beyond the scope of the Guideline and PoweringWA's mandate, PoweringWA can play an important role in realising this security through its advocacy for change within government and we request your support.

The Guideline can also support this by recognising the potential for these future security pathways and creating an expectation that - in the absence of the changes recommended above - developers should enter into binding agreements with Local Governments to provide life-of-project security and certainty for host communities.

5. Remove elements of the Guideline that link community benefit contributions to power prices, project viability and sovereign risk

Community benefit arrangements are an insignificant factor in future power prices, are not a material factor impacting project viability and communities are not creating sovereign risk by seeking reasonable benefit arrangements.

It is also unnecessarily divisive to include these inferences within the Guideline. To do so implies that host communities seeking reasonable community benefits are imposing significant costs and risks for industry and the rest of the Western Australian community. In an environment where renewable energy is already very divisive within communities, it is important the WA Government seeks to foster unity and maximise benefits for all Western Australians from the energy transition.

Tables 2 and 3 provide a simple evidence-based review of the significance of community benefit contributions to power prices and project viability, supporting the removal of any negative links to power prices, sovereign risk and project viability in the final Guideline.

This simple indicative analysis is based on industry benchmarks. It identifies community benefit contributions as comprising less than half a percent of potential generation revenue and around 0.1% of retail power prices in 2024. They represent a small, fixed additional cost and will only be incurred once projects are operational and generating revenue.

Compared to major cost factors such as project capital expenditure, financing costs, and supporting transmission capital investment, community benefit contributions cannot reasonably be identified as a significant factor impacting either project viability or future power prices.

More importantly, communities hosting renewable energy are making a significant contribution to the future of the energy system, bearing the direct impacts of this change which is industrialising rural landscapes, and they should be justly recognised for that contribution.

Rather than framing these contributions as a cost, community benefits should be framed in the Guideline as an opportunity to contribute to the future development of regional communities and create a genuine social licence for the energy transition.

The development of a robust and secure basis for negotiating community benefits is also an opportunity to reduce sovereign risk for developers. If this approach also helps to achieve earlier approvals the reductions in capital costs, smoothing of the energy transition and other benefits has the potential to increase project viability and contribute to lower power prices. These positive impacts could well outweigh the modest additional costs imposed on projects.

Table 2: Comparative Factors

Project Type	Indicative annual MWh generation per MW ⁴	2024 average SWIS wholesale price/MWh ⁵	2024 retail electricity charge (\$/MWh) ⁶	Community Benefit Contribution
Onshore wind	3504	\$79.93	\$315.82	\$1,050
Solar	2190	\$79.93	\$315.82	\$850

Table 3: Community Benefit Significance Assessment

Project Type	Indicative Annual Generation Revenue/MW	Community Benefit: cost to project owner (\$/MWh)	Community Benefit: % of annual facility revenue	Community Benefit: % of average annual wholesale price	Community Benefit: % of retail energy price
Onshore wind	\$280,075	0.30	0.37%	0.37%	0.09%
Solar	\$175,047	0.38	0.49%	0.47%	0.12%

6. Clarify that community benefit arrangements are additional and are separate to local rates

Community benefit arrangements are necessitated by the limited long-term positive impact the renewable industry will leave for host communities. Unlike other key regional industries such as agriculture, tourism and resources, renewables provide very limited direct economic benefits over their operating life but have on-going material impacts.

Like other State fees, taxes and charges, local rates should be immutably independent of community benefit arrangements. Local rates represent a baseline contribution by all landowners to support community infrastructure and services.

The draft Guideline is inconsistent on this separation and needs clarification.

The statements in the first paragraph of the Community Benefits section and Role of Rates sections appropriately identify that community benefit payments are additional and separate to any rate obligations. These statements should be retained.

However, the following paragraph in the Role of Rates section should be removed:

⁴ Derived based on the midpoint of the relevant capacity factor ranges in the CSIRO GenCost report - https://www.csiro.au/-/media/Energy/GenCost/GenCost2024-25ConsultDraft_20241205.pdf

⁵ Sourced from the AEMO WEM data dashboard <https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/data-wem/data-dashboard>

⁶ Based on 2024 residential electricity tariff, excluding supply charges <https://www.wa.gov.au/organisation/energy-policy-wa/household-electricity-pricing>

“Nevertheless, communities and Local Governments should consider the cumulative impact of any change in ratings approach along with any independently negotiated community benefits program. This will ensure commerciality is maintained, sovereign risk is reduced, and that additional revenue is split fairly between hosting councils seeking to recover their costs, and communities seeking benefits for hosting new renewable energy projects.”

This paragraph undermines the clarity of earlier statements and introduces inappropriate and inaccurate statements. In particular, conflating the payment of rates with the commerciality of projects is inappropriate. There is no evidence to suggest that these relatively minor fixed costs are a material commercial consideration for developers and they are a cost that any land use in the State must pay.

The charging of rates based on State Government statutes by LGAs does not constitute a sovereign risk issue and this reference is similarly inappropriate.

Finally, this paragraph also infers that community benefit funds are a cost recovery mechanism for LGAs. This is completely at odds with the way in which community benefit funds are defined in the Guideline (see for example the *Communities and The Energy Transition* section). The intent of these funds to provide additional benefits to host communities beyond what local resources – including rates – can provide.

The reference to rates within the criteria for negotiating benefit contributions should be also removed.

7. Invest in LGA strategy and negotiation capability

The objective of community benefit contributions is to improve the long-term position of LGAs and their communities. This means, the LGAs involved need to produce a clearly thought through strategy to preserve their infrastructure and facilities for the next 20-30 years. Once this wave of development passes, the communities are unlikely to be supported at anything but the most basic level.

The Guideline should encourage long-term LGA strategic thinking, formulation of legacy projects and outcomes, and consideration of how community benefits funds can be applied and maximised to enable communities to position themselves for the future. A strategic view of how the community will absorb and manage both the immediate development pressure and the future beyond the construction period when new economic activity dissipates, and communities are left to reassemble themselves.

The Western Australian Local Government Association (WALGA) has recently developed a Renewable Energy Community Benefits and Community Engagement Guide⁷. The Guide provides LGAs with a baseline of practical information and processes to consider their local strategy and priorities, engagement with developers and the community, and development of community benefit schemes that work locally.

⁷ https://walga.asn.au/getmedia/ea947a1a-fc88-460f-966b-7e55f511d3a2/WALGA_Renewable-Energy-Community-Benefits-and-Engagement-Guide.pdf

PoweringWA should build on this initiative and the Guideline by funding negotiation workshops for LGAs. These workshops would assist local leaders in preparing and presenting their expectations/ask to developers, improving face-to-face meeting conduct, issues management, knowledge, and the overall capacity of LGAs to negotiate successfully with developers. With much of the development occurring in small, under resourced rural LGAs, this capability building approach would greatly assist in lifting skills, avoiding delays and improving community and industry outcomes.

8. Emphasise the importance of early engagement and genuine consultation

The Guideline should emphasise the importance of early engagement with LGAs by developers and genuine engagement with communities as a foundation for agreeing strong community benefits arrangements. This will allow the communication of key issues between both sides and the identification and understanding of how communities can best utilise contributions and create a foundation for future prosperity as energy generating regions. This is currently mentioned in the Guideline but could be more clearly identified as an expectation of the Government and important pathway to success.

9. Provide clearer guidance on community benefit arrangements for existing projects

The Guideline will provide a framework for improved benefits for new projects. However, we note that there are many existing projects (completed, under construction or approved) that have community benefit arrangements that do not align to the guidance provided.

It is not reasonable or feasible that these pre-Guideline community benefit arrangements be renegotiated to align to the new standard.

However, the Guide should note clear triggers for project arrangements to be improved to align to the Guideline. These triggers should include:

- if a project is rescoped and an approval significantly modified
- if turbines, panels or batteries are progressively upgraded to higher capacity (name plate),
- project life extensions (repowering),
- changes to operating approvals.

Conclusion

The transition to renewable energy presents a once-in-a-generation opportunity to deliver long-term social, economic and environmental benefits to Western Australia's regions. The Draft Guideline represents a strong starting point, but it must be refined to ensure **fair, consistent and secure outcomes** for host communities.

As the tier of government closest to the communities impacted by these projects, Local Governments are uniquely placed to facilitate, administer and advocate for lasting community benefit outcomes. However, this role must be supported by a clear, enforceable policy framework that empowers LGAs and sets a minimum benchmark for industry to meet.

The signatory Local Governments call on PoweringWA to incorporate the recommended improvements outlined in this submission, including adopting a fixed-contribution model, embedding benefit security mechanisms, clarifying and distinguishing the independence of community contributions from rates, and supporting LGA capability building.

These changes will foster trust, reduce risk, and enhance the social licence of renewable energy projects across Western Australia. With the right framework in place, community benefits can become a catalyst for strengthening regional communities and ensuring the energy transition delivers for all.