



Department of
**Energy and Economic
Diversification**

Community Benefits Guideline for Large-scale Renewable Energy Projects in the South West Interconnected System

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Glossary

Term	Definition
Battery Energy Storage System (BESS)	A battery storage device that converts electricity into stored energy, releases stored energy as electricity and includes any equipment necessary for the operation of the facility.
Community Benefits Plan	A document developed with the host community to outline how the energy transition will deliver long-term, meaningful benefits to the hosting community.
Development Approval	A formal legal authorisation/document that permits a specific use or development to occur on a particular parcel of land. This approval is granted after a development application is submitted and assessed through the relevant State or Local Government authority's approval process.
Department of Energy and Economic Diversification (DEED)	The State Department that leads Western Australia's energy transition and economic development, facilitates international trade and investment, and promotes the international education, science and innovation sectors.
Fund Custodian	The administrator of the community benefits contributions provided by the developers of large-scale renewable energy projects.
Gigawatt/GW	A unit of power. One gigawatt is equal to 1,000 megawatts.
Large-scale Renewable Energy Project	For the purpose of this Guideline, a large-scale renewable energy project is defined as a solar, wind or battery project with a nameplate generation or storage capacity over 10 megawatts.
Local Government Authority (LGA)	The authority/body responsible for regulating the amenity of a city, town, or shire, and a key decision-maker in Western Australia's development planning process.
Megawatt/MW	A unit of power. One megawatt is equal to 1,000 kilowatts, or 1 million watts.
Microgrid	A small-scale, self-contained electricity system that can run independently or can be connected to a main electricity network, supplying local communities directly with power from a mix of generation sources, such as solar, wind, batteries and backup diesel.
Nameplate Capacity	The maximum possible output of a renewable energy generation facility. This is measured in MW or GW.

Term	Definition
North West Interconnected System (NWIS)	An electricity network located in the Pilbara region in north Western Australia. The NWIS connects major towns and industrial areas, including Port Hedland, Karratha, and Newman. It supplies electricity to key mining, processing, and export operations, as well as some local communities.
Off-grid	Electricity users or systems that are not connected to the main electricity grid. They are usually located in regional or remote areas.
Regional Development Commission (RDC)	A commission established by the <i>Regional Development Commissions Act 1993</i> for the purpose of coordinating economic development in Western Australia's regions.
Renewable Energy	These are sources of energy that are replaced rapidly by natural processes, including sunlight, wind, biomass, water in motion and geothermal activity.
South West Interconnected System (SWIS)	Western Australia's main electricity network that runs from Kalbarri in the north, to Albany in the south, and Kalgoorlie in the east. It also covers the whole of metropolitan Perth, servicing over 1.1 million customers. The SWIS is one of the most isolated large electricity grids in the world.
Solar Project	A renewable energy facility that uses solar energy to generate electricity and includes ground-mounted photovoltaic and thermal technology and any associated infrastructure.
Wind Farm Project	A renewable energy facility that uses wind energy to generate electricity and includes wind turbines and any associated infrastructure.

1. Introduction

As our population grows, extreme weather events become more frequent, and we retire our ageing State-owned coal-fired power plants, demand for electricity continues to rise right across our State. By 2050, electricity demand in the South West Interconnected System (SWIS) could be as much as five times higher than it is today¹. Demand is also rising in the North West Interconnected System (NWIS) in the Pilbara, and in the Goldfields.

To meet this need, Western Australia (WA) is undergoing an energy transition to ensure electricity remains affordable and reliable – while also being environmentally sustainable. This modernisation is essential to supporting our local communities, businesses, and industries. The most effective way to meet growing demand is through a combination of wind and solar, supported by energy storage and flexible gas generation.

1.1. Communities and the Energy Transition

New large-scale renewable energy projects are helping reduce emissions while ensuring energy remains affordable and reliable—today, and for generations to come. Regional communities with strong renewable resources and an abundance of pre-cleared land will be central to WA’s energy transition, hosting the new wind, solar and energy storage projects required to power our State’s future.

The wider benefits of renewable energy projects are often strategic and shared across the whole State—for example, affordable, reliable, environmentally sustainable energy and economic diversification. At the same time, it is important to ensure the host communities and regions directly affected by large-scale renewable energy projects receive direct benefits from the energy transition.

Community benefits sharing involves sharing the revenue from large-scale renewable energy development with local communities. Effective community benefits arrangements are essential for smoothing project delivery and ensuring host communities can share in the benefits and opportunities created by the energy transition.

1.2. Purpose of the Guideline

This document establishes guidance for new community benefits arrangements associated with large-scale renewable energy generation (wind and solar) and battery energy storage system (BESS) projects. Renewable energy developers, Local Government Authorities (LGAs), community members and other groups can use the Community Benefits Guideline

¹ Energy Policy WA 2023, SWIS Demand Assessment 2023-2042: A future ready grid, Government of Western Australia, https://www.wa.gov.au/system/files/2023-05/swisda_report.pdf

for Large-scale Renewable Energy Projects in the South West Interconnected System (the Guideline) to ensure benefits are fair, transparent and consistent—helping host communities share in the economic benefits associated with the energy transition. This in turn aims to protect communities, support developers and strengthen social licence.

1.3. Principles for Community Benefits Arrangements

The following principles underpin the guidance outlined in this document and should be considered by stakeholders when developing community benefits arrangements:

- **Fair:** The arrangements should deliver benefits that are fair and appropriate given the specific circumstances of the project.
- **Equitable and inclusive:** The arrangements should include affected communities as much as practicable and distribute benefits equitably.
- **Place-based:** The arrangements should be created with local input to address specific needs and concerns in the area.
- **Transparent:** The arrangements should be clearly communicated, with local involvement and collaboration whenever possible.
- **Efficiency and simplicity:** Arrangements should be simple, efficient and effective to reduce potential friction points.

2. Community Benefits for Large-scale Renewable Energy Projects

2.1. Application and Eligibility

Compliance will be encouraged through existing mechanisms such as eligibility for the Commonwealth Government's Capacity Investment Scheme. The State Government may consider mandating the standards outlined in this Guideline in the future if required.

The State Government recognises the importance of ensuring communities across the State share in the benefits from the energy transition. While this initial Guideline applies to large-scale renewable energy generation and standalone BESS projects (>10 MW) connected to the SWIS, a subsequent Guideline will be released for the NWIS and off-grid locations to ensure it is appropriate for the specific regional circumstances of those areas.

This Guideline does not apply to:

- Projects below 10 MW;
- Projects not connected to the SWIS;
- Projects that are already operational at the time of the Guideline’s release;
- BESS on non-rural zoned land;
- BESS assets that are part of hybrid projects;
- Transmission infrastructure; and
- Generation projects that provide direct energy benefits to the impacted communities (for example, a solar farm servicing a town or community as part of a microgrid).

2.1.1 Timing and Agreements

Developers should make an in-principle commitment to community benefits contributions for their large-scale renewable energy projects before applying for Development Approval wherever possible. This should be done via a Memorandum of Understanding (MOU) between the developer and the Regional Development Commission (RDC), committing to align with State Government expectations. Contributions will ultimately be based on the final nameplate capacity built and the recommended rates in the Guideline. This provides certainty to impacted communities, while still allowing for flexibility for the project size to change between the various phases of project development.

2.1.2 Payment Lifecycle and Duration

Payments should begin once the project is operational. However, developers may, with the agreement of a group that represents the local community, choose to begin contributions during construction.

The duration of community benefits arrangements should be directly tied to the operational life of the project. Payments are expected to continue for as long as the asset is generating power. Developers should ensure continuity of benefits through any change of ownership or if repowering or recommissioning, with benefit arrangements embedded contractually so that obligations can transfer seamlessly as needed.

2.2. Types of Community Benefits for Large-scale Renewable Energy Projects

Community benefits for large-scale renewable energy projects should deliver lasting and meaningful economic and social improvements for host communities. To ensure this happens, community benefits should support initiatives or projects identified by a group or

body that genuinely represents the broader community. This approach ensures the selected benefits reflect local priorities and values.

Section 3.2 outlines who is responsible for administering community benefits expenditure. The overarching principle is that decision-making should be representative of the widest possible cross-section of the community (or communities) affected by the project. Community benefits must be considered additional to, and separate from, all other obligations project developers must meet.

Community benefits cannot:

- replace commitments related to local content, council rates, decommissioning plans, heritage agreements, or neighbour agreements;
- be used to offset or substitute for conditions imposed through environmental or planning approval processes. These obligations must be met independently of any community benefits arrangements;
- replace matters relating to the *Native Title Act 1993*, the *Aboriginal Heritage Act 1972* or other relevant legislation.

Community benefits should not be used to cover regular LGA expenses and activities such as maintenance or staffing costs. Similarly, they should not be used to address impacts caused by the project's construction, such as road damage, dust, or vegetation disturbance, as these matters fall within standard development requirements and must be resolved by the developer.

Examples of community benefits could include, but are not limited to:

- **Community infrastructure:** Infrastructure for community use. The developer may donate the asset to the community or provide direct financial support for its construction. In all cases, the organisation responsible for maintaining the asset must make an informed decision about whether it supports the proposed benefit.
- **Environmental enhancements:** Funding may be directed to support natural resource management to improve an area's natural capital. This can include creating habitats, enhancing biodiversity, and improving ecotourism opportunities in the region.
- **Sponsorship:** Sponsorship—including funded scholarships, financial support for local community groups, or event sponsorship—can support local groups and activities while strengthening the project's reputation in the community. It often works well alongside longer-term funding or support arrangements.

To ensure that community benefits funding translates into meaningful, place-based outcomes, community benefits should be distributed in accordance with a Community

Benefits Plan. These Plans act as localised strategic roadmaps, ensuring that funding is directed towards initiatives that reflect community priorities and create lasting and place-based social, economic, and cultural benefits. They will be developed by representatives from a cross-section of the affected community or communities, including LGAs, developers, relevant union bodies, key community groups, community members, Traditional Owners and local Aboriginal groups.

For more information please see:

Attachment 1 - Community Benefits Guideline for Large-scale Renewable Energy Projects: Community Benefits Plans

Attachment 2 - Community Benefits Guideline for Large-scale Renewable Energy Projects: Community Benefits Plans Pilot

2.3. Benefit Values Guidelines

The State Government is committed to ensuring that host communities share in the benefits of WA's energy transition. This section outlines a transparent framework for community benefits contributions, providing developers with certainty while also ensuring projects make a meaningful contribution to affected communities.

Contributions are calculated based on a project's nameplate capacity – the best measure of the scale and impact of a project – and contributions should be indexed to Consumer Price Index (CPI) to ensure their value is maintained over time. This aligns with the approach of other Australian jurisdictions.

By utilising a tiered approach for wind and specific rates for solar and energy storage, the Guideline ensures that contributions deliver meaningful benefits to community while remaining commercially sustainable for the industry.

The values for wind generation projects are as follows:

Project Scale	\$ per Megawatt (MW) per annum
10 MW to 50 MW	\$1,500
51 MW to 1,000 MW	\$1,000
Above 1 Gigawatt (GW)	\$1,000 for the first 1 GW, then \$750 above the first 1 GW

Annual community benefits funds based on the above values would be as follows:

Wind Project Scale	\$ per annum
10 MW	\$15,000
50 MW	\$75,000
100 MW	\$100,000
200 MW	\$200,000
500 MW	\$500,000
1 GW	\$1,000,000
1.5 GW	\$1,375,000
2 GW	\$1,750,000

A set value is recommended for solar projects:

Solar Project Scale	\$ per MW per annum
Over 10 MW	\$750

If the development includes both solar and wind projects, the community benefits contribution should be additive based on the combination of the solar and wind nameplate generation capacity.

A set value is recommended for BESS projects:

BESS Project Scale	\$ per MW per annum
Over 10 MW	\$125

It is recommended that the benefits value for BESS projects only apply for standalone BESS projects (not co-located with a wind or solar generation project) located on rural or agriculturally zoned land. To avoid disincentivising long-duration storage projects, the benefits value figure should be applied to the MW rating for BESS projects – not the megawatt-hour value.

3. Arrangements in WA

3.1. Community Benefits Plans

Community Benefits Plans are strategic roadmaps for benefits expenditure, designed collaboratively by representatives from the affected community, including LGAs, developers, relevant union bodies, key community groups, community members, Traditional Owners and local Aboriginal groups.

To support communities directly impacted by renewable energy development in achieving the Guideline's objectives, PoweringWA will engage an independent organisation to facilitate the delivery of a Community Benefits Plan Pilot and establish Community Benefits Advisory Groups. Areas of investigation were selected based on factors including project progress, size, scale and proximity, ensuring a representative mix of development conditions. This approach provides an opportunity to test a range of scenarios and generate insights that will inform future guidance for communities across the SWIS.

The State Government remains committed to supporting all communities and will continue to explore opportunities for broader engagement as projects progress

For more information please see:

Attachment 1 - Community Benefits Guideline for Large-scale Renewable Energy Projects: Community Benefits Plans

Attachment 2 - Community Benefits Guideline for Large-scale Renewable Energy Projects: Community Benefits Plans Pilots

3.1.1 Community Benefits for Traditional Owners and Local Aboriginal Peoples

In cases where a project impacts Traditional Owner and/or local Aboriginal groups, it is vital that they are empowered and supported to actively participate in the development of the Community Benefits Plan. The Community Benefits Plan should be designed to deliver against the community-identified priorities, values and objectives of affected Traditional Owners and/or local Aboriginal groups. To ensure this is the case, relevant Prescribed Bodies Corporate, local Aboriginal groups (including Aboriginal community-controlled organisations), or individual or groups of Traditional Owners should be proactively engaged and empowered to participate in the development of the Community Benefits Plan.

Developers should ensure their engagement with Traditional Owners and local Aboriginal groups is aligned to best practice and local cultural protocols. To ensure this is the case,

developers should consider consulting with Aboriginal community-controlled organisations, Regional Corporations, and Native Title Representative Bodies. Furthermore, developers should align their engagement to established best-practice approaches, including:

- [Leading Practice Principles: First Nations and Renewable Energy Projects - Clean Energy Council](#)²
- [Engaging with Traditional Owners - Australian Institute of Aboriginal and Torres Strait Islander Studies](#)³

3.2. Community Benefits Fund Custodians

RDCs are best placed to function as fund custodians, providing a single, region-wide point of administration for reporting, auditing, monitoring, and compliance, reducing duplication of effort across multiple LGAs and projects. This approach reduces administrative complexity and streamlines governance, significantly easing the resourcing burden on LGAs when developing and delivering Community Benefits Plans. The nature and function of the RDCs – as existing statutory bodies operating under a strong and established financial oversight model – will help ensure that community benefits expenditure is transparent and efficient.

² Clean Energy Council 2024, Leading Practice Principles: First Nations and Renewable Energy Projects, Clean Energy Council, <https://cleanenergycouncil.org.au/cec/media/background/resources/leading-practice-principles-first-nations-and-renewable-energy-projects.pdf>

³ Australian Institute of Aboriginal and Torres Strait Islander Studies 2020, Engaging with Traditional Owners, Policy Paper, AIATSIS, Canberra, <https://aiatsis.gov.au/publication/94688>

Model	Rationale	Application
Community Benefits Fund, managed through one of the nine RDCs.	The fund structure can effectively administer funding from multiple projects in their region. Requires representatives from local Community Benefits Advisory Group to maintain oversight on funding decisions. RDC staff will manage governance obligations and administer expenditure and distribution, based on place-based Community Benefits Plans. Allows consistency and reduced overall cost and resources, while still being flexible enough to adjust for regional variability.	Pooling the funds year-on-year allows a broader range of benefits to be delivered. It is recommended that the allocation of funds from a project is aligned with the lifecycle of the Community Benefits Plan (2-3 years), meaning funds should not be pooled longer than this time. RDC representatives can collaborate during the development of the Community Benefits Plan – but are not the overarching decision-maker on how the funds are spent (this is decided through the Community Benefits Plan development process).

It will be important for any RDC serving as a fund custodian to proactively communicate funding outcomes and shared community achievements to demonstrate that it is delivering against community priorities. Developers and LGAs may also choose to communicate the achievements of any community benefits fund in which their organisations are active participants. To assist with transparency around the implementation of Community Benefits Plans, PoweringWA will host a register of Community Benefits Plans on its website.

3.2.1 Community Benefits Plan Case Study

A Regional Approach to Community Benefits Planning in Wimmera Southern Mallee

This case study highlights a collaborative approach to renewable energy development in western Victoria, demonstrating how local communities, industry stakeholders, and Government can work together to maximise social and economic benefits. It showcases

practical steps taken to ensure community voices are central to planning and implementation, while fostering regional resilience and long-term prosperity. To address challenges associated with renewable energy development, and ad hoc approaches to benefits arrangements, the Wimmera Southern Mallee Development partnered with The Energy Charter and ten renewable energy and transmission developers to establish the Wimmera Southern Mallee Renewable Energy Collaboration. This three-year partnership focuses on pooling resources and expertise to ensure funds from renewable energy projects deliver collective, meaningful, and enduring outcomes. This regional model has demonstrated several distinct advantages for community benefits sharing:

- Build trust and transparency between stakeholders.
- Support local economic development and job creation.
- Ensure community input shapes project outcomes.

Through structured engagement, the collaboration developed a shared vision for renewable energy in the region. Advisory groups and Community Benefits Agreements / Plans were introduced to guide investment in local priorities, such as skills training, infrastructure upgrades, and social programmes. This collaboration has ultimately resulted in stronger community participation, improved regional planning, and a clear framework for delivering benefits aligned with community needs.

The information in this section was taken from the Wimmera Southern Mallee Renewable Energy Collaboration case study page on the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts website. The full case study can be accessed here: www.infrastructure.gov.au/territories-regions/regional-australia/regional-renewables-community-showcase/wimmera-southern-mallee-renewable-energy-collaboration

4. Supplemental Benefits and Funding Flexibility

Developers are welcome to offer bespoke benefits beyond those outlined in this Guideline, or coupled with other benefits, at their own discretion. Any such arrangement should be approved by the groups involved in developing the Community Benefits Plan associated with the project in question. However, as part of this consensus, the relevant LGA must give explicit approval for any benefit that may require ongoing maintenance expenditure as part of its budget.

Flexibility may be appropriate for developers to reduce annual community benefits payments based on pre-spending on infrastructure projects (for example, permanent

workers' accommodation) where this addresses an identified need from the community and is specified in the relevant Community Benefits Plan document.

Performance-linked contributions are not recommended as commercial transparency concerns and a lack of certainty over funding may disappoint community members. Transparency is a key interest in a community benefits arrangement, and performance linked contributions are the least transparent option available.

5. Conclusion

WA's energy transition is an exciting opportunity to deliver real and lasting benefits to regional communities for decades to come.

The Guideline supports transparent and effective decision-making, with an emphasis on delivering meaningful place-based benefits, by outlining the State Government's expectations for when and how community benefits arrangements should be agreed, how funds are administered, and how priorities are identified.

By embedding these arrangements, WA can develop resilient low emissions energy systems, while also ensuring impacted regional communities see meaningful benefits from our State's energy transition. This Guideline will be periodically updated to reflect lessons learned and progress in the transition across the State. Developers, community members, and other stakeholders are encouraged to review the [DEED website](#) for additional guidance, including updated and current information.

6. Support and Additional Resources

If you have questions, queries or require additional support in understanding or implementing the Guideline, please contact PoweringWA@deed.wa.gov.au.

Clean Energy Council best practice charter for developers: This charter outlines a commitment by signatories to engage respectfully with the communities in which they plan and operate projects, to be sensitive to environmental and cultural values, and to make a positive contribution to the regions in which they operate.

Australian Energy Infrastructure Commissioner's Observations and Recommendations: This includes several observations and recommendations for consideration in relation to the governance, development and operation of wind farms, solar farms, and energy storage facilities.

Community Engagement Review - Report to the Minister for Climate Change and Energy (the Dyer Review): This includes a snapshot of issues identified with poor

community engagement effectiveness in Australia in 2023, and practical recommendations to improve outcomes. Theme 6 discusses community benefits arrangements.

National guidelines for community engagement and benefits for electricity

transmission projects: These guidelines were developed following extensive consultation. While they are specific to transmission infrastructure, the principles are also relevant for generation projects in WA.

First Nations Clean Energy Strategy: This is a useful resource for the inclusion of Aboriginal Peoples in a community benefits arrangement. The Strategy is a national framework to guide investment, influence policy, and support First Nations people to self-determine how they participate in, and benefit from, Australia's clean energy transition.

CEC/KPMG Leading Practice Principles: First Nations and Renewable Energy

Projects: Detailed guidance on Aboriginal engagement, participation and benefit sharing for renewable energy projects.

Fundamental Principles for Successful Renewable Development in Hay LGA: This document, drafted by community leaders in the Shire of Hay, serves as an example of guidance that can be drafted by an affected community before or during major energy generation investment in the region.

WALGA Renewable Energy Community Benefits and Engagement Guide: WALGA's resources are a valuable overarching view of the considerations for LGA staff as they manage the energy transition. It includes practical advice for negotiating and questioning energy developers about a prospective project.

South West Interconnected System Transmission Plan: This plan outlines a blueprint for the expansion of the transmission network in Western Australia's main electricity system. This resource outlines the future of transmission, and by extension, energy generation in the South West.