

Community benefit arrangements and the energy transition

May 2025



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Many Victorian councils are grappling with the role they can play in brokering community benefit sharing arrangements in the transition to renewable energy, particularly ahead of the release of the draft Victorian Transmission Plan and Renewable Energy Zones. The MAV has produced this guidance to assist councils to understand the role they can play in negotiating community benefits and inform future advocacy positions.

What role does the MAV play?

As the peak body for Victorian councils, the MAV engages closely with councils and regional alliances, including the Victorian Greenhouse Alliances, to ensure common challenges are reflected in our advocacy. We meet regularly with key state government agencies to support sector advocacy. As part of the [2025 federal election advocacy campaign](#), the MAV sought \$5 million in funding to develop our 'Powering Communities' initiative to distribute knowledge and tools needed to bring innovative community benefit-sharing arrangements to life.

What is community benefit sharing?

Community benefit sharing involves the sharing of benefits with communities that host energy generation, transmission and storage projects. Ideally, benefit sharing should go beyond compensation and support projects that are integrated into the community. It is an important part of gaining a community's social license to operate energy projects.

Renewable energy developers can choose to consult with the local community and councils to determine the best avenues of support before deciding on community benefits. Developers may deliver these programs themselves or work with the community and other organisations to do so.

Benefits can be aimed at the local level and scale all the way up to the broader region. This could include:

- Electricity bill subsidies (Golden Plains Wind Farm's [Community Energy Program](#))
- Community grants (Bald Hills Wind Farm [Community Fund](#))
- Scholarship programs (ACCIONA's [university scholarship program](#))
- Capital works (Dubbo Regional Council and Squadron Energy working to build a new [wastewater treatment facility](#))
- Facilities and services such as specialised health care providers

In Victoria, electricity generators are required to make contributions, known as Payment in Lieu of Rates (PiLoR), to the relevant council for the ongoing maintenance of council managed infrastructure. PiLoR is considered to be a compliance level action and therefore separate to community benefit calculations undertaken by developers. However, councils may choose to direct money collected via PiLoR towards items that will ultimately benefit their communities.

What role can council play?

The MAV acknowledges that councils can play a number of roles in brokering community benefits. This can depend on the community's needs and the developer's appetite. Some examples include:

- Undertaking studies to identify economic impacts and opportunities from the energy transition (Wellington Shire Council's [Renewable Energy Impact and Readiness Study](#))
- Advising developers and advocating to government on opportunities to meet community needs (Yarriambiack Shire Council's [Position on Mining, Renewables and Transmission Lines](#))
- Administering or distributing funds solely or in collaboration with community and developers (Northern Grampians Shire Council awarding grants on behalf of the [Bulgana Green Power Hub](#))
- Setting expectations for developers regarding the value of community benefit contributions and negotiating these rates (Armidale Regional Council developing a [Community Benefit Framework](#))
- Partnering on key worker housing development to accommodate temporary labour force needs.

What are the barriers to council involvement?

In the rapid acceleration of the transition to renewables, councils face a number of barriers to meaningful involvement including:

- **There are no legislated requirements:** In Victoria, there are no legislated requirements or government-endorsed guidelines for council consultation regarding renewable energy developments. There are also no requirements or guidance for a recommended financial value of community benefit contributions. This can result in inconsistent and inequitable outcomes for communities.
- **Consultation is fatiguing and confusing:** In areas with high rates of development, communities can become overwhelmed with the amount of consultation and become disengaged.
- **Information is not readily available:** Information can be provided in a piecemeal way making it difficult for councils to support their communities and plan strategically.
- **Limited technical expertise:** Renewable energy and benefit sharing requires technical knowledge – many councils do not have access to in-house support nor the resources to engage consultants.
- **Funding is not readily available:** There is no dedicated funding stream to support councils to hire additional staff to manage increasing workloads.
- **The policy landscape is confusing, complex and constantly changing:** There are multiple actors at all levels of government with different remits and roles, alongside multiple pieces of legislation.

What are the opportunities for councils?

Historically, communities have relied more on developers to govern and deliver these community benefits. As experts on the needs of their communities, Victorian councils are increasingly interested in driving community benefit arrangements alongside developers and the State Government.

Many Victorian councils are interested in facilitating inter-generational legacy benefits for their communities. Exploring ways to pool funding from multiple projects will be key to unlocking intergenerational benefits.

Regional collaboration models are also front of mind for councils. This type of approach can be invaluable for knowledge and resource sharing in response to projects. It can also lead to innovative community benefit sharing approaches.