16 July 2025

To: DESNZ Community Benefits Team
energy.infrastructure.benefits@energysecurity.gov.uk

Dear DESNZ Policy Team,

Sustainability First response to the working paper on Community Benefits and Shared Ownership for Low-Carbon Energy Infrastructure

Sustainability First is a UK-based charity and think tank focused on fairness, governance, and social and environmental resilience in the energy sector. We have extensive experience on public interest outcomes and have contributed to related workstreams with Ofgem, UKRN, DESNZ, and civil society.

We welcome this consultation and offer comments on key issues in line with our expertise.

The case for a mandatory framework

Sustainability First supports the introduction of a mandatory framework for community benefit provision attached to new low-carbon energy infrastructure developments.

In our view, a voluntary-only system has delivered inconsistent results and is likely to be insufficient as the scale of infrastructure deployment increases. A mandatory baseline provides Equity and transparency across geographies and technologies; Greater certainty for communities and developers alike; and a platform for improved public trust in the net zero transition.

Our work on rebuilding trust and confidence as part of our *Fair for the Future* project, highlighted the need for clear public benefit from major infrastructure projects, and our work on the importance of community voice as part of our *Sustainable Futures* project set out the importance of place-based legitimacy in infrastructure development. Public engagement should not be a postcode lottery. We believe that minimum expectations must be guaranteed if fairness is to underpin the net zero transition.

Proportionality and flexibility in regulatory design

We agree that any new framework must be designed to be proportionate, flexible, and capable of evolving. We recognise concerns raised by some stakeholders (e.g. Glenkens & District Trust) about the potential for over-compliance to crowd out effective community-developer relationships.

However, in designing public interest-led regulation, a well-constructed, outcomes-based framework should focus on minimum standards and transparency, rather than top-down prescription. This approach can and should accommodate community-led arrangements that are working well and should also use regulatory mechanisms such as licence conditions

where appropriate to embed obligations without creating unnecessary institutional complexity.

We support exploring a Generation Licence condition, under Ofgem oversight, as a pragmatic enforcement route.

Fund administration and community governance.

In areas with well-established governance local arrangements should be respected and enabled to continue. However, this is not universally the case across Great Britain.

We therefore support the inclusion of Fund Administrators, particularly:

1. Where communities lack legal or administrative capacity.
2. Where benefits need to be pooled across multiple developments or geographies.
3. Where continuity of governance is a concern over the lifetime of assets.

The role of the administrator should be clearly circumscribed. In particular, communities must retain control over decisions on benefit use, governance structures, and priorities.

We believe a menu of governance models, with accompanying templates and peer support, could assist in achieving consistency without stifling local agency.

Use of funds and alignment with wider priorities

We agree that community benefit funds must remain locally determined. However, we believe there is value in encouraging alignment where appropriate with Net zero goals; Local resilience and inclusion; and regional development priorities (e.g. skills, retrofit, or transport).

We support DESNZ's decision not to prescribe uses of funds. However, caution is needed in how any 'illustrative examples' are presented. We endorse the idea that benefit funds should be able to fund core costs for community anchor organisations - this funding is essential for these organisations and can be hard to secure but gives them peace of mind for long-term sustainability of their organisations. These benefit funds should be able to be used for both capital and revenue purposes, and they should support strategic investment in long-term community resilience.

These recommendations align with our work on place-based resilience and feedback we have received through engagement with communities and developers alike. We are currently hosting a public sounding board comprising people from communities directly affected by the Great Grid Upgrade ('host communities' for these major infrastructure projects) focussed on Community Benefit and the Community Benefit fund. We will be publishing our findings from engagement with members of the public through this project, in the autumn and would be happy to share these findings with this policy team.

Shared ownership as a complementary mechanism

We strongly support shared ownership where it can be made accessible and genuinely empowering. Shared ownership offers longer-term revenue streams and community stake-holding. It can be complementary to benefit payments rather than displacing them. And it

requires tailored support to manage financial and legal risks, particularly for lower-income or resource-constrained communities.

Government could play a stronger enabling role through the production of Model legal agreements, Risk-sharing instruments, and independent technical advice to communities.

Regional approaches and the role of local authorities

We see value in regional approaches in some contexts, particularly where developments span multiple communities or there is scope for strategic investment. We see the role of the RESPs – currently being established by the NESO – as a key step in collaborative development of whole-system plans at the regional level - informed by local-authorities, energy networks and key stakeholders. Local authority involvement should be supportive, not directive, where governance and spending decisions remain community led. Also, at the regional level, regional arrangements should evolve through engagement, not via imposition. These points resonate with examples we have seen of successful partnerships between anchor institutions and local communities.

Capacity building and sustained engagement

We agree that capacity-building is essential. In line with our experience, we suggest that a focus on confidence and ambition, not just on skills or process would be welcome. We contend that using trusted third-party administrators is a strength and not a failure. Also, capacity building needs to be through a long-term support lens, not as one-off interventions. We would also stress the importance of ongoing developer engagement throughout the asset lifecycle. Early engagement is not sufficient. Relationships must be maintained over time.

As a case study to help illustrate this point, we refer to East Lammermuir Community Council. Here, an engaged and properly resourced community council has the capacity to properly get the 'best deal' for its residents, and a mandate to effectively engage everyone. The East Lammermuir Community Council area includes Torness, where a nuclear power station has been operating since 1988, and where new cables are proposed to bring power from offshore wind farms onto the national grid. The Berwick Bank wind farm is awaiting ministerial approval from Scottish Government.

15 years ago, the area had just one local scheme, the Crystal Rig I wind farm, before recent government guidance was in place, and the community received a small amount. Now, as the number of wind farms go up, this community council gives out around £200,000 a year from renewables. Community leaders called for investment in long-term improvements like energy efficiency for all homes, not just ‘quick fixes’ like money off bills or ‘free electricity.’ However, not all communities have this capacity to champion long-term engagement and long-term investments.

Enforcement and accountability

We support proportionate enforcement mechanisms, underpinned by transparency and a focus on outcomes. We would encourage the use of publication and benchmarking to drive reputational accountability; Light-touch enforcement through Ofgem or an existing body to

avoid unnecessary duplication; and retention of contractual enforceability at the local level, where community bodies have standing.

Conclusion

We welcome DESNZ's leadership in seeking to put communities at the heart of the transition to a low carbon economy. The proposals in this consultation go a long way towards that aim. We believe that with careful design, the Government now has an opportunity to secure fair and consistent access to benefits across all communities, in turn building long-term trust and local legitimacy, and ultimately enabling a more just and inclusive net zero transition in the UK.

We would welcome the opportunity to support any future stages of policy development in this area, including feeding in our latest findings on community benefit later this year.

Yours sincerely,



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