Large-Scale Renewable Energy Community Benefit Policy

Adopted July 2026

Version 1.0

Purpose

1. This policy is intended to assist West Lindsey District Council in negotiating Community Benefit Agreements (CBAs) related to large-scale renewable energy developments. The policy includes provisions for community benefit from solar energy generation, on-site and off-site battery energy storage systems (BESS), and new grid connection infrastructure.
2. For the purposes of this policy, a large-scale renewable energy development is defined as one with an installed capacity of at least 5MW. This threshold aligns with the proposed minimum threshold in the Department for Energy Security and Net Zero (DESNZ) working paper on mandatory community benefits (May 2025).
3. A CBA under this policy will be relevant to both applications made for planning permission where the electricity generation capacity is under 50MW and for Nationally Significant Infrastructure Projects (NSIPs) that seek a Development Consent Order for electricity generation at 50MW or over.
4. The policy will be used to illustrate to Town and Parish Councils the scale of funding that might be secured within their area. The District Council will work with local councils to identify projects for investment. The policy clarifies that the Council is mindful of the potential receipts and the wider impacts of large-scale renewable energy development across the district and, as such, a proportion of the funds secured will be made available for projects across the wider administrative area.
5. Since the funds for CBAs would be derived from renewable energy and given the Council's commitment to climate change and delivering net zero through the Environment and Sustainability Strategy, the funds will support both local communities and the delivery of the Council's wider environmental objectives across the district.
6. For the avoidance of doubt, negotiation and the decision to enter a CBA is not indicative of any support for a project. Rather, it is a means to secure benefits if the project receives permission or consent. A CBA will be supplemental to any s106 agreement required to mitigate specific impacts of a proposed development.

Key Operational Principles

7. The District Council will lead on the negotiation of CBAs and will seek to engage with the relevant local Parish or Town council(s) for the location of the proposed development. Engagement will be with those local councils where part or all the proposed site is within their boundary.
8. Where a site boundary corresponds to a local council area boundary, but no part of the proposed development is within their area, the Council will not be required to engage with that local council. However, good practice should encourage wider engagement where cumulative impacts are experienced.
9. Where a CBA relates to a planning application to be determined by the Council as Local Planning Authority, the Development Management team shall play no part in negotiations. The lead role will be taken by the Council's Policy and Strategy / Economic Development team, or such other officers as may be nominated. The presence and/or prospect for a CBA will not be a matter for the Planning Committee.
10. In the case of NSIP proposals, since the Council is a host authority and consultee and is not responsible for determination, there is greater freedom for the Council to nominate lead officers for negotiation.

However, the presence and/or prospect for a CBA will not be a matter for the Council's Local Impact Report (LIR), relevant and written representations, or the Planning Committee in the case of the LIR.

11. For NSIP developments, engagement with co-host authorities will be undertaken. The County Council and, where order limits extend beyond the district, neighbouring county and/or district councils will have host status.

12. Prospective developers and promoters of large-scale renewable energy developments are expected to engage with the District Council at an early point in the process, not just to seek a view on planning merits but also to begin discussions on the CBA with appropriate officers.

13. Initial discussions on a CBA will need to account for the core requirements below, depending on the nature of the proposals, and seek to agree heads of terms and relevant timescales for delivering community benefits.

14. The Council has identified four development typologies for CBAs relevant to both planning applications and NSIPs. These are to be read in combination; more than one may be engaged by a single proposal. The Council reserves the right to add to or revise the development typologies.

Core Requirements

15. The base rate to be applied to all individual CBAs for large-scale solar energy projects will be £500 per MW per year. Solar energy developers are expected to fund this figure, or greater if proposed, unless there are compelling reasons why a lower amount should be applied. This will be negotiated on a case-by-case basis. This rate aligns with the adopted North Kesteven District Council policy and the established English practice. The rate will be reviewed when the Government publishes its response to the DESNZ consultation and confirms the mandatory rate structure.

16. Each CBA will include appropriate provisions to protect the investment against inflation (index-linked). No provisions will be agreed to repay any unspent funds; such funds will remain available for use by the Council in support of the local community and/or projects across the wider district and will be rolled over to subsequent financial years.

Development Typologies

17. The four development typologies for funding will be based on the rate above, unless otherwise stated:

- **i. Energy generation per MW direct to the grid**
- **ii. Energy generation per MW for storage on site for later export to the grid**
- **iii. Proposals for standalone Battery Energy Storage Systems**
- **iv. Proposals for developing new standalone substations on the national grid**

Development Typology 1 – Energy generation per MW direct to the grid

18. This applies to all qualifying large-scale solar energy developments and is based on the declared and actual power generation exported immediately to the grid, with the rate in paragraph 15 applied. This reflects a payment per MW of energy exported.

Development Typology 2 – Energy generation for on-site storage for later export

19. NSIP solar energy developments increasingly include Battery Energy Storage Systems (BESS) within the order limits. A BESS is treated as associated development and forms a significant part of the overall scheme.

20. Where a BESS is deployed, it can store additional energy generated on site for later release to the grid. In some cases, BESS can also import energy from elsewhere for storage and later release at times of peak demand.

21. A BESS resolves the intermittency of solar generation and should be welcomed as a means of meeting energy demands around the clock.

22. A BESS, whether within an NSIP or a planning application scheme, has an impact in terms of development and enables solar developments to generate additional energy output beyond the contracted grid connection. This additional on-site generation will be subject to a financial contribution via the CBA at a rate of 50% of the base rate (£250/MW/year), in addition to any sums levied through other typologies.

Development Typology 3 – Standalone Battery Energy Storage Systems

23. Freestanding BESS or equivalent facilities enable the National Grid to manage surplus renewable power and release it at times of high demand. A BESS performs an important national function in power supply.

24. A standalone BESS is a large-scale piece of infrastructure that, by its nature, has an urbanising and industrial character in a rural setting. Since it serves the needs of the national grid, it places an imposition upon the local host community. A CBA is warranted to compensate and/or mitigate this impact.

25. The rate for standalone BESS will be 50% of the base rate (£250/MW/year) applied to installed storage capacity for the operational lifetime.

Development Typology 4 – New standalone substations on the national grid

26. To meet the challenges of decarbonising power generation nationally, new substations are needed to enlarge and support the transmission network. Some new substation development falls under local authority jurisdiction.

27. New substations present an urban and industrial form of development, creating tensions with host localities particularly in rural settings. A CBA is merited to compensate and mitigate the host community for accommodating development of more than local importance.

28. The Council will seek a flat rate contribution of not less than £35,000 per year per substation over a 40-year operational lifetime. The Planning and Infrastructure Act 2025 provides for transmission infrastructure community benefits including lump-sum payments of £530,000 per substation. Where the statutory scheme applies to a particular substation, the Council's policy will be reviewed for consistency with the statutory provisions.

Use of the Funding

29. Given the sums involved are considerable and some schemes have a cumulative and wider than local impact, not all funding could or should be spent in immediate localities. Funds will be managed in the interest of directly affected communities and the wider district.

30. The Council will explore appropriate fund governance arrangements. It is anticipated that a Special Purpose Vehicle, Community Investment Company, or an existing community organisation would be the appropriate means to manage funds. This approach is consistent with the DESNZ proposal for community-led Fund Administrators with governance established at least one year before first payment.

31. Developers making funds available are expected to remain engaged in programming and distribution of funds, consistent with the DESNZ proposal that developers retain ultimate compliance responsibility.

32. Investment principles include two threads:

- A local community share for the immediate area of the development, within 5km of the site boundary, supporting projects of all types judged on a criteria-based system with low-carbon outcomes and community health, wellbeing and vitality prioritised
- A wider district share addressing cumulative impact, focused on projects that deliver or contribute to low or net zero carbon outcomes, supporting the Council's Environment and Sustainability Strategy

33. Eligible projects include, but are not limited to:

- Community renewable energy schemes and Local Power Plan projects
- Grant funding for households moving off fossil fuels, alongside Government retrofit programmes
- SME support for greener solutions, clean productivity, and the circular economy
- Decarbonisation and energy efficiency in commercial premises
- Apprenticeships and green energy skills development
- Active travel schemes and sustainable transport
- Local biodiversity initiatives and nature recovery
- Schools engagement and education on net zero
- Sensitive energy efficiency measures in historic buildings
- The district's low carbon economy and associated supply chains, helping to ensure West Lindsey and Greater Lincolnshire are able to maximise the benefits of the Trent Valley Clean Energy Supercluster.
- Agrivoltaics and agricultural co-benefits
- Fuel poverty alleviation and community energy resilience
- Providing opportunities for community investment in off-site renewable energy infrastructure (linked to the Central Lincolnshire Local Plan net-zero aims)

Shared Ownership

34. The Government is consulting on the introduction of mandatory shared ownership for new renewable electricity generation projects of 5MW or more. Shared ownership includes any structure involving a community group as a financial partner for the lifetime of the project.

35. The Council supports the principle of shared ownership and will encourage developers to explore community investment and shared ownership opportunities alongside the CBA. Detailed shared ownership provisions will be incorporated into this policy once the Government confirms the mandatory framework.

Local Government Reorganisation

36. West Lindsey is undergoing Local Government Reorganisation as part of Greater Lincolnshire devolution, with shadow authorities anticipated around 2027 and vesting in 2028. All CBAs entered into under this policy will include provisions for the transfer of rights and obligations to any successor authority.

37. Fund governance arrangements will be established to operate independently of any single authority, ensuring continuity of fund management through the LGR transition period and beyond.

Review

38. This policy shall be kept under review and updated as required as a result of practice and use, legislative change, or the introduction of the anticipated mandatory community benefit scheme. The policy will be reviewed within six months of the Government publishing its response to the DESNZ working paper, and at least every three years from first adoption. Minor amendments may be approved by the Director for Planning, Regeneration and Communities in consultation with the Chair of the Thriving Places Committee.