REGEN

Working Paper response

Community Benefits and Shared Ownership for Low Carbon Energy Infrastructure

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About Regen

Regen provides independent, evidence-led insight and advice in support of our mission to transform the UK's energy system for a net zero future. We focus on analysing the systemic challenges of decarbonising power, heat and transport. We know that a transformation of this scale will require engaging the whole of society in a just transition.

Regen is a membership organisation with over 200 members who share our mission, including clean energy developers, businesses, local authorities, community energy groups and research organisations across the energy sector. We manage the Electricity Storage Network (ESN) – the industry group and voice of the grid-scale electricity storage industry in GB.

We would like to offer our help and insight as DESNZ continues to explore this topic. As a centre of expertise and a membership organisation representing leading companies and organisations across the energy sector, we are well-positioned to support the continued work of this inquiry.

Contents

Summary of recommendations

We welcome this working paper and the opportunity to contribute to the development of community benefits and shared ownership. As the transition to net zero accelerates, it is more important than ever that communities are at the heart of decision-making, are fully involved and genuinely benefit from low-carbon energy infrastructure. We want communities to feel first-hand the significant social and economic value this transition offers to the UK's growth and prosperity. Community benefits and shared ownership must be designed not only to maintain public trust, but to be delivered fairly to diverse groups, ensuring that the economic opportunities created by the energy transition are experienced directly and locally.

The proposals outlined in this working paper represent a significant step forward in creating a more equitable and participatory approach to energy infrastructure. The success of these initiatives will depend on getting the implementation right, with well-designed support mechanisms, clear governance frameworks and community engagement that ensures both community benefits and shared ownership opportunities maintain public trust and deliver meaningful local outcomes. Below we summarise our key recommendations.

For community benefits:

- **Recommendation 1:** Community benefits should be mandated in a way that enables flexibility in how they are delivered to ensure that benefits are meaningful, aligned with local priorities and respond to local needs
- **Recommendation 2:** We support the use of the 5 MW threshold as a pragmatic and proportionate baseline, with the understanding that many smaller projects, particularly community energy schemes, will continue to deliver meaningful benefits voluntarily.
- **Recommendation 3:** We recommend keeping shared ownership and community benefit funds separate to ensure communities receive both direct investment opportunities and guaranteed financial support. However, we acknowledge that some adjustments may be necessary depending on the level of community benefit contributions, provided that shared ownership does not replace or reduce overall community benefits.
- **Recommendation 4:** To ensure that funding for community-led projects delivers meaningful and lasting benefits, it is vital to invest in capacity building, ensure transparent and inclusive processes, and maintain ongoing engagement with a broad cross-section of the community.
- **Recommendation 5:** UK government should produce guidance on governance structures and support for establishing these for larger community benefit funds, while ensuring that the ultimate decision rests with communities themselves.
- **Recommendation 6**: We suggest calculating community benefit contributions based on installed capacity in order to provide certainty for communities and developers.

- **Recommendation 7:** We support the introduction of non-prescriptive guidance that can be applied across technology, highlighting best practice and supporting communities to understand the process. This should sit alongside the publicly available register of community benefits.
- **Recommendation 8: I**nitiate community representative identification and governance setup during initial project consultations, with all structures fully operational and tested by the one-year payment deadline.
- **Recommendation 9:** DESNZ should establish a central capacity support programme that provides the core guidance, methodologies and funding for communities to hire staff or intermediaries to upskill and engage with community benefit or shared ownership processes.

For shared ownership:

- **Recommendation 10:** GB Energy should establish a capacity assessment methodology to identify areas where low-income communities may have viable shared ownership opportunities near them and to identify key stakeholders, community capacity challenges and support needs.
- **Recommendation 11:** GB Energy should enable funding for inexperienced organisations to work with more experienced partners on the delivery of shared ownership projects.
- **Recommendation 12:** GB Energy should explore the opportunity to effectively adopt and 'steward' a shared ownership stake in new developments where a community has expressed interest in shared ownership but requires time to develop capacity and finance.
- **Recommendation 13:** The UK government should implement strong commercial incentives immediately, while mandating shared ownership for post-2030 projects.
- **Recommendation 14:** The UK government and devolved administrations should make community ownership (or shared ownership) a material consideration within the planning system, with clear definitions and safeguards to ensure transparency, timing and genuine community ownership.
- **Recommendation 15:** The UK government should include shared ownership as a specific question in bids to the Contracts for Difference scheme, with projects which demonstrate an offer of shared ownership and a forward plan for its delivery given additional weight in the allocation process.
- **Recommendation 16:** The UK government should work with NESO to explore prioritising community and shared ownership projects in the grid connection queue.
- **Recommendation 17:** GB Energy should establish a comprehensive capacity-building support scheme for England (building on CARES) that includes expert guidance, technical support and standardised templates and frameworks to streamline shared ownership processes.

- **Recommendation 18:** GB Energy should establish comprehensive financing support, including no/low-cost finance, loan guarantees and bridge financing for community shared ownership.
- **Recommendation 19:** The UK government should remove the cap on maximum stakes and set a minimum "first offer" stake to ensure meaningful returns and community influence.
- **Recommendation 20:** The UK government should expand the definition of eligible ownership types to include joint ventures, split ownership and shared revenue models, as already referenced in official guidance.
- **Recommendation 21:** GB Energy should coordinate independent verification of developer offers via trusted intermediaries (e.g. Local Energy Scotland, CfR, Energy4All) to ensure offers meet regulatory standards before requiring community response.
- **Recommendation 22:** GB Energy should oversee a formal community opt-out process, requiring developers to demonstrate efforts to engage multiple community organisations and ensuring proper documentation and transparency.
- **Recommendation 23:** GB Energy should explore alternative ownership arrangements where local communities opt out, such as temporarily holding stakes, transferring opportunities to other groups or using regional or national investment funds as a last resort.
- **Recommendation 24:** The UK government should create transparent, enforceable implementation frameworks covering timelines for offers, definitions of bona fide offers and post-planning monitoring, to ensure timely, genuine and accountable shared ownership.
- **Recommendation 25:** GB Energy should establish a shared ownership matchmaker tool to match developers with appropriate community partners, facilitating effective partnerships and maximising benefits for both sides.
- **Recommendation 26:** The UK government, in partnership with GB Energy, should implement robust community protection measures, including formal opt-out provisions with clear documentation and capacity-building to support informed community decisions.
- **Recommendation 27:** GB Energy should develop practical tools and templates to reduce administrative burden, (e.g. MOUs and NDAs) and clear asset valuation guidance.
- **Recommendation 28:** GB Energy should develop a staged engagement model aligned with key project milestones, providing communities with increasing clarity and commitment throughout the development process. This model must be integrated with a robust tracking system to ensure offers are delivered as promised and maintain accountability at every stage.

1. Part one: responses to working paper questions on community benefits

1.1 General question

Question 1: Do you agree with the principle that developers must provide community benefit funds? Please explain why/why not.

Yes, we support the principle that developers must provide community benefit funds. This shouldn't be retrospective and should only apply to projects applying for consent after the date it is implemented. Mandating would help ensure a consistent and equitable approach across all projects, providing clarity and certainty for communities. It will help to ensure the delivery of tangible local benefits, thereby enhancing public trust and demonstrating the positive contributions that renewable energy developments can make to communities across the UK.

When renewable energy infrastructure is located in or near a community, that community bears real and ongoing impacts, particularly visual impacts, while often seeing the financial returns flow elsewhere. Community benefits, in their various forms, provide a fair and tangible way to ensure that local people share in the value created by hosting low carbon infrastructure.

While many developers already provide high-quality community benefits on a voluntary basis, this has not been consistent across the sector, particularly when we look beyond onshore wind. Mandating community benefits is therefore the right step, provided that the framework allows flexibility in how benefits are designed and delivered, enabling developers and communities to tailor approaches to local contexts.

Importantly, community benefits must be meaningful, aligned with local needs and locally shaped. Well-designed benefit schemes (those that are co-developed with communities, aligned with local priorities, and backed by support for local delivery) can increase trust and long-term support for renewable energy projects. However, research has shown that this will not automatically happen; poor engagement, ad hoc community benefits, or generic approaches may result in limited local impact and missed opportunities for building lasting community capacity.[1]

Best practice involves actively engaging residents and stakeholders to shape benefits that support long-term community development. High quality engagement, as set out in our recent

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[1] Windemer, R. (2022). Acceptance should not be assumed. How the dynamics of social acceptance changes over time, impacted onshore wind repowering. Energy Policy, 173, 113363. https://doi.org/10.1016/j.enpol.2022.113363

guide, forms a key part of this.[2] We also strongly support the creation of a publicly available register of community benefits, which would bring greater transparency and accountability to the system.

Recommendation 1: Community benefits should be mandated in a way that enables flexibility in how they are delivered to ensure that benefits are meaningful, aligned with local priorities and respond to local needs. This shouldn't be retrospective.

1.2 Scope Policy Questions

Question 2: Considering the policy parameters for the scope proposed above, what types of low carbon energy infrastructure should be included within the scope of the policy? Please provide your reasoning.

We agree that community benefits should be provided across the range of low carbon energy technologies, recognising that all such infrastructure has an impact on host communities. However, we also believe that the level and structure of community benefits must reflect the financial characteristics and scale of each technology.

A one-size-fits-all approach would not be appropriate, and we therefore support the idea of differentiated ‘financial threshold amounts’ by technology type. These thresholds should be set in collaboration with industry.

We agree that community benefits should be provided for the following technologies:

- Offshore wind
- Onshore wind
- Solar
- Marine – tidal stream and hydro
- Nuclear
- Power CCUS
- Hydrogen to Power
- Battery energy storage systems
- Long Duration Energy Storage

Each of these technologies represents a vital part of the UK’s decarbonisation strategy, but they vary significantly in capital intensity, revenue models, and spatial impact.

[2] Windemer, R., Hayes, R.(2025). Best practise guide for community engagement aims to help foster trust and transparency. https://www.regen.co.uk/insights/best-practice-guide-for-community-engagement-aims-to-help-foster-trust-and-transparency

Question 4: Do you agree that there needs to be provision for amending the scope of the policy in future to ensure that it can be adapted to fit future technological changes, and remains in line with the criteria set out above? Please provide your reasoning.

Yes, we strongly support the proposal to retain flexibility within the policy to amend or expand the categories of in-scope infrastructure over time. The low carbon energy sector is rapidly evolving, and it is critical that this policy remains adaptable. For instance, emerging technologies like advanced geothermal may merit inclusion in the future as deployment scales up.

Question 5: Do you agree with the approach outlined for the provision of community benefits for co-located infrastructure? Please provide your reasoning.

Yes, we support the proposal that each infrastructure asset within a co-located site be treated individually for the purpose of determining whether it falls within the scope of the scheme. This provides much-needed clarity for developers and consistency for communities. However, we emphasise that the community benefit funds from co-located assets should be aggregated into a single, coordinated fund for the local area. This is crucial to avoid fragmented engagement processes and maximise the impact of funds.

1.3 Thresholds Policy Questions

Question 6: Do you agree with the proposed mandatory community benefits threshold of 5 MW for power generating and storage assets? Please provide your reasoning.

Yes, we agree with the proposed 5 MW threshold for mandatory community benefits for power generating and storage assets.

A clear, nationally defined threshold provides certainty for both developers and communities. A 5 MW threshold strikes an appropriate balance between ensuring that communities hosting infrastructure receive fair benefits, while not placing disproportionate administrative or financial burdens on smaller-scale projects that may not generate sufficient revenue to support a formal benefits scheme.

Many community energy projects fall below the 5 MW threshold and already deliver voluntary benefits by design. Their primary objective is often to generate direct local value whether through local ownership, bill savings, reinvestment of surplus into community services, or education and skills-building. Imposing a mandatory framework on these smaller initiatives risks undermining their flexibility and providing an unnecessary burden.

Recommendation 2: We support the use of the 5 MW threshold as a pragmatic and proportionate baseline, with the understanding that many smaller projects, particularly community energy schemes, will continue to deliver meaningful benefits voluntarily.

Question 7: Should the threshold vary by technology in order to accommodate nascent technology (such as floating offshore wind)? Please provide your reasoning.

While the financial thresholds i.e. the amount paid per MW should vary by technology due to the differences in generating costs, we believe that the 5 MW community benefit threshold should be the same across established technologies.

Introducing technology-specific thresholds for when community benefits will apply, risks undermining the clarity, consistency, and fairness of the policy framework. A uniform threshold ensures that the process is clear for all communities.

However, we suggest that there should be exemptions for first-of-a-kind and demonstration projects.

Question 8: How should shared ownership arrangements interact with any mandated community benefit fund contributions?

Shared ownership and community benefit funds should remain separate, but complementary mechanisms.

Shared ownership arrangements should be additional to, not a substitute for, mandated community benefit fund contributions. This principle is already reflected in good practice, such as Local Energy Scotland's shared ownership guidance, and ensures that both mechanisms can work together to maximise community benefit.

While both shared ownership and community benefit funds result in community financial benefit, they serve fundamentally different purposes:

- **Community benefit funds** are funds provided to the wider community, typically for local priorities or projects. These are predictable and straightforward mechanisms.
- **Shared ownership** involves direct community investment in the energy project. While this means they absorb some of the project risk, they also gain a greater degree of involvement, responsibility and influence in the project. They should also receive a financial return.

- As shown in our *Sharing Power* paper[3], and supported by wider academic evidence, it's the process of participation, not just the outcome, that distinguishes shared ownership from community benefit funds.[4] Through shared ownership, communities acquire valuable project management, organisational, financial, technical, and legal expertise, equipping them to lead their own projects in the future.

There may be circumstances in which it is appropriate to adjust

While shared ownership and community benefit funds should remain separate to preserve their distinct roles, some interaction or adjustment may be appropriate to ensure a viable developer business case without undermining community value. For example, if a project offers an exceptionally high shared ownership contribution, developers and communities, working closely with the community's financial advisor, might agree to adjust the scale of the community benefit fund accordingly, or vice versa. Any such adjustments should ensure the overall community benefit is not reduced and that shared ownership remains an additional, participatory mechanism.

Recommendation 3: We recommend keeping shared ownership and community benefit funds separate to ensure communities receive both direct investment opportunities and guaranteed financial support. However, we acknowledge that some adjustments may be necessary depending on the level of community benefit contributions, provided that shared ownership does not replace or reduce overall community benefits.

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[3] Hogan, J., Sumaria, P., Stewart, F., & Hyman, M. (2024). Sharing Power: unlocking shared ownership for a fast and fair net zero transition. https://www.regen.co.uk/insights/sharing-power-unlocking-shared-ownership-for-a-fast-and-fair-net-zero-transition

[4] Hogan, J. L. (2024). Why does community ownership foster greater acceptance of renewable projects? Investigating energy justice explanations. Local Environment, 29(9), 1221-1243. https://doi.org/10.1080/13549839.2024.2360716

1.4 Level of Benefit

Question 11: Recognising the need for flexibility, are there any impacts or considerations of funding community-led projects that should be taken into account?

Yes, there are several important considerations that must be taken into account when funding community-led projects through community benefit schemes. While flexibility is essential to allow communities to tailor projects to local needs, the effectiveness and inclusivity of these schemes depend on how they are designed and how well the community is supported.

Capacity building and support

Many communities, particularly those with limited experience in managing funds or delivering local projects, will need support to identify priorities, develop proposals, and manage delivery. Capacity building should therefore be a core component of any community benefit policy. Without this, there is a risk that funding may go under-utilised, benefit only a small group, or fail to deliver long-term impact.

Providing access to advice, training and support, either via developers, fund administrators, or third-party facilitators, can ensure communities are better equipped to make the most of the opportunities offered.

Clear and transparent processes

To build trust and ensure accountability, the process for accessing and using community benefit funds must be clear, transparent, and accessible to all community members. This includes clear guidance on how decisions will be made, who will manage the funds, and how projects will be monitored and reported on. Simple, jargon-free communication, and methods that include the wider community are key.

Ongoing engagement

Community benefit schemes must go beyond one-off consultations. Ongoing engagement is critical to ensure that priorities evolve with the community and that the benefits remain relevant over time. Developers should work in partnership with local stakeholders throughout the lifetime of the project, not just during the early stages, to maintain momentum and trust.

Inclusive decision-making

Efforts must be made to include the wider community, particularly those who may be underrepresented or less likely to engage. Funding decisions should be made through open, democratic, and inclusive processes, and care should be taken to avoid dominance by a small number of individuals or interests.

Recommendation 4: To ensure that funding for community-led projects delivers meaningful and lasting benefits, it is vital to invest in capacity building, ensure transparent and inclusive processes, and maintain ongoing engagement with a broad cross-section of the community.

Question 13: How can significantly larger community funds be best managed (requirements to use regional funds, introduction of a cap on funding, limit on cap duration)?

Significantly larger community funds offer a valuable opportunity to deliver long-lasting, transformative benefits, but must be managed in a way that protects community autonomy, inclusivity, and flexibility. While it is important to explore ways of using large funds strategically (such as through regional governance, skills development, or shared infrastructure), decisions about how benefits are used should ultimately rest with communities themselves. Top-down requirements or overly prescriptive conditions risk undermining trust, limiting local relevance, and reducing community ownership of outcomes.

Larger funds should not come with requirements that force communities to delay or deprioritise smaller, near-term needs, which are often essential for community cohesion, support and confidence in the benefit process. A balanced approach that allows for a mix of short-term wins and longer-term investments will help sustain public engagement and ensure funds reflect both immediate and strategic priorities.

Capacity building and guidance for governance and decision-making on larger scale funds will be a key part of this process. Communities are likely to need specialist support and capacity building to plan, manage, and deliver larger-scale or longer-term projects. This is particularly true where local groups are expected to be involved in more complex, but high value, initiatives such as community energy or housing retrofit programmes. Without dedicated assistance and governance structures, there is a risk that funds go unused or do not reach their potential.

Recommendation 5: UK government should produce guidance on governance structures and support for establishing these for larger community benefit funds, while ensuring that the ultimate decision rests with communities themselves.

Question 14: Do you have a preference for either of the proposed methods for calculating the level of contribution payable in respect of energy generating stations (i.e. by reference to either installed capacity or generation output)? Are there any further considerations relating to either option which require exploration?

Yes, calculating community benefit contributions based on installed capacity, rather than generation output. However, this must involve different £/MW rates for different technologies.

There are several key reasons for favouring this approach:

1. Clarity and certainty for communities

Using installed capacity as the basis for calculating community benefits offers a simple and transparent approach. Communities can more easily understand what level of benefit to expect at the outset of a project, supporting early engagement and informed discussions. In contrast, generation-based calculations may be more difficult to explain and predict, given the variability in output across seasons and years.

2. Ease of administration

Capacity-based contributions are simpler to administer, both for developers and for those managing community benefit funds. Installed capacity is a fixed figure, clearly recorded through the planning and consenting process, and not subject to fluctuations, unlike generation data, which would require ongoing monitoring and reporting over time.

3. Proven approach

The capacity-based model has already been successfully implemented in the onshore wind sector in the UK. This precedent gives us confidence that the same approach can be scaled or adapted for other technologies, with appropriate adjustments.

Recommendation 6: We suggest calculating community benefit contributions based on installed capacity in order to provide certainty for communities and developers. This must involve different £/MW rates for different technologies

Question 15: Do you agree with the principles of seeking to enable combining funds and utilising regional funds?

Yes, we agree with the principle of enabling the combination of community benefit funds and utilising regional funds, provided this approach is underpinned by community leadership, transparency, and flexibility.

As the sector expands, greater collaboration between projects is likely to become necessary, particularly where developments are concentrated in the same region. In some instances, smaller communities may struggle to absorb or effectively allocate large sums of money. Introducing the option of a more flexible and strategically coordinated model could help pool resources for larger, more strategic investments that benefit wider areas. This could increase the visibility, efficiency and long-term impact of community benefits while also supporting regional priorities such as low-carbon transport, skills or net zero transitions. However, this must not come at the expense of local voice or choice. Instead, it should be community-led.

A regional approach could also offer a more strategic and equitable solution to infrastructure such as offshore wind, ensuring that benefits are distributed across the broader area affected by the infrastructure. This would help address the spillover effects and avoid duplication or concentration of resources in a single locality. For example, without regional coordination, one community might receive successive funds from multiple projects while neighbouring areas, also indirectly affected, see little to no benefit.

That said, the success of a regional approach will depend heavily on its design and implementation. Crucially, any shift towards regional eligibility must be shaped through clear, meaningful engagement with local communities. An administrative body would need to first conduct deep stakeholder mapping to identify key local and community stakeholders and engage meaningfully with local communities to ensure that benefits reflect local and regional priorities.

It is likewise important to guard against unintended consequences. There is a risk that more experienced or better-resourced organisations could dominate access to pooled funds, leaving rural or less experienced communities at a disadvantage. Any regional model must therefore include safeguards to ensure equitable access and targeted support for those who may need additional capacity to engage and apply.

A good example of a community-led regional approach is the 9CC Group, which comprises nine communities in the Cumnock and Doon Valley area of Scotland. The consortium was established to be a single trust to manage, administer and distribute community benefit from any new and future wind farms in a fair and equitable way. With community benefits from five wind farms and counting, the group established 'The Local Community Fund Matrix' to distribute funds more fairly across the nine communities. While they have faced some challenges, such as reluctance from a few developers to commit to this local democratic community benefit model, collaboration across the communities and councils has led to a fairer sharing of benefits and growth in capacity to participate in negotiations with developers.

Question 16: Do you agree with the outline proposals for a) when payments apply, b) index-linking, c) changes to project lifespan/capacity/ownership, and d) suspension of payments?

Yes, we support the outlined proposals.

Question 17: Do you agree with the proposals to place the developer obligations for community benefits on the relevant licence-holder (e.g. a licence for generation of electricity under the Electricity Act 1989)? Are there any further considerations that should be taken into account regarding ownership and change of project ownership?

Yes, we agree with the proposals to place the developer obligations for community benefits on the relevant licence-holder. It is important that community benefits remain in place regardless of who owns the site. We also agree that it would be helpful for provisions for changes in ownership to be explicitly detailed within the agreement on community benefits between the developer and community groups.

We would suggest that any new owner is encouraged to engage with the community to ensure that the community are aware of any changes, particularly if this impacts the communities points of contact with the site owner.

1.5 Use of Funds

Question 19: Do you agree or disagree that we should not produce prescriptive guidance on what the fund can be used for? Are there any other factors that should be considered?

We **agree** that the government should not produce prescriptive guidance on the use of community benefit funds. Flexibility is essential to ensure that these funds can be tailored to reflect the specific priorities, needs, and ambitions of local communities, which will naturally differ across places and contexts.

However, flexibility should not mean a lack of structure or support. Many communities, particularly those with limited resources or experience, will require clear, practical guidance and tools to make the most of the opportunities available.

We therefore call for the introduction of supportive, non-prescriptive best-practice guidance across technology (recognising that current UK government guidance focuses only on onshore wind) and as an independent organisation we would be happy to help support the production of such guidance. This guidance could provide:

- Case studies of how community benefit funds have been used successfully across the UK
- Illustrative examples of potential uses (e.g. local skills programmes, energy efficiency upgrades, fuel poverty support etc)
- Best practice principles for both engagement and community benefits
- Support for communities in terms of understanding the process for engaging with developers, including expectations around transparency and timelines.

This should come alongside the provision of the publicly available register of community benefits which should include details of:

- The size and type of benefit fund
- How decisions were made
- The projects funded
- Any outcomes or impacts reported.

Such a register would support both developers and communities by highlighting best practice, preventing duplication, and building public trust in the process.

Recommendation 7: We support the introduction of non-prescriptive guidance that can be applied across technology, highlighting best practice and supporting communities to understand the process. This should sit alongside the publicly available register of community benefits.

1.6 Administration

Question 20: Do you agree with the suggested roles and responsibilities defined for the developer, fund administrator, administrative body, community representatives and community, and with the proposed governance structure? Would you suggest any amendments?

Yes, we support the suggested roles and responsibilities as set out in the consultation. However, we have two additional comments:

- While we support the central administrative body maintaining a community benefits register, this should also be overseen by DESNZ to promote accountability

- Community representatives should be fairly compensated for their time and contribution. This will help reduce barriers to participation and ensure that a wider cross-section of the community can be involved, including those who may not otherwise be able to afford to give their time voluntarily.

Question 21: Do you agree that some flexibility in the governance structure is needed? If yes, do you think that the suggested 'truncated' governance approach would adequately capture and reflect the needs of smaller funds or communities with less capacity?

Yes, we agree that some flexibility in the governance structure is needed, in particular to reflect circumstances where the community fund may be very small. We support the proposed approach that most schemes will follow the ‘standard’ governance model with a ‘truncated’ model available for select cases.

We strongly support the key principles outlined, particularly the importance of it being community led to ensure community representation in all decision-making processes. It is important that the principles of good governance still apply under a truncated model, especially around clarity, accountability, and community engagement.

Question 22: Do you agree with the proposed approach to the decision-making process?

Yes, we agree with the proposed approach to the decision-making process that enables necessary flexibility and has a focus on gathering community views.

We particularly support the intention to provide centrally developed guidance with a range of decision-making models for fund administrators to choose from and tailor in collaboration with the community. This balance between structure and flexibility is crucial, as communities vary significantly in their needs, capacities, and existing governance arrangements.

Community involvement must be central to all decision-making processes. Decision-making should not be developer- or administrator-led alone. To ensure participation is equitable and inclusive, we recommend that community members involved in fund decision-making be compensated for their time. This helps ensure that those from a range of socioeconomic backgrounds can take part.

Question 23: Do you agree with the deadline of one year before payment is due for having governance structures in place?

Yes, the one-year deadline is appropriate for having governance structures fully operational, but the timeline needs clarification on when setup must begin. Having all governance structures ready to operate one year before the first payment provides adequate buffer time and ensures smooth fund delivery from day one.

Clarification needed: The policy should specify that governance setup activities must commence earlier as:

- Identifying and selecting community representatives requires extensive stakeholder mapping and community consultation
- Representatives need time to engage with their communities and understand local priorities
- Building trust and effective working relationships takes time
- Early engagement builds on existing relationships.

Recommendation 8: Initiate community representative identification and governance setup during initial project consultations, with all structures fully operational and tested by the one-year payment deadline.

Question 24: What would be an appropriate cap on spending from the fund for administrative functions? What costs can you anticipate the fund structure would entail? What costs have you incurred in setting up voluntary schemes? Do you think we should set out a sliding scale for larger projects?

We **agree** that it is important to ensure that the majority of the fund is directed to community benefit delivery, and we strongly encourage developers and fund administrators to keep administrative costs proportionate and transparent. However, we recognise that some administrative spend is necessary to ensure that funds are well-managed, accessible, and capable of delivering long-term, locally meaningful impact.

We support the proposal to introduce a cap on administrative spending and agree that sliding scale cap, where a lower percentage is applied to larger funds, could be a practical and fair approach.

1.7 Enforcement

Question 25: Do you agree with the suggested approach to enforcement of this potential scheme? To what extent do you think the enforcement mechanism outlined above is appropriate and proportionate for this potential scheme? What other details could be considered?

Yes, we support the introduction of a tiered enforcement system, which rightly prioritises early engagement, transparency, and dispute resolution, using penalties only as a last resort.

For enforcement to be fair and accessible, it is vital that communities are supported throughout the process. This includes clear guidance on:

- What their rights are
- How to raise concerns or initiate a dispute
- What evidence or steps are required at each stage of the process.

To further support transparency, the proposed public register of community benefits could also be used to monitor and record disputes, and enforcement outcomes, helping to drive consistency and accountability across the sector.

1.8 Defining Communities

Question 29: Do you think a case-by-case approach to defining the community is appropriate? Are there any other bodies or groups not listed above that should be part of the engagement process for determining eligibility?

Yes, we support a case-by-case approach to defining the community. A rigid, one-size-fits-all model would be unlikely to reflect the diversity of geographies, demographics, and impacts across different types of low-carbon infrastructure projects. Flexibility in defining 'community' is essential to ensure that those most affected by development are fairly recognised and included.

We strongly support the government's commitment to provide comprehensive guidance and best practice examples to assist fund administrators in this process. This will be essential in ensuring consistency, fairness and credibility in how communities are identified across projects.

We also agree that: "*When defining the community, the fund administrator should consult with community members and the developer to ensure all interests are appropriately represented, not just the loudest voices*."

Engagement with the local community must be inclusive, proactive, and ongoing, reaching, beyond established groups to include often underrepresented voices, such as young people, renters, and those who may not traditionally engage in planning or renewable energy matters. As such we are supportive of the list of groups that the fund administrator would be expected to engage with but suggest the addition of a focus on reaching out to groups who are marginalised or disadvantaged socially and economically, either directly via targeted engagement or via advocacy organisations (e.g. fuel poverty charities etc).

We also support the expectation that the fund administrator will continue to review and refine the definition of community over the lifetime of the fund, ensuring it reflects any changes in population, impact, or infrastructure use over time.

1.9 Building Community Capacity and Engagement

Question 30: Do you agree that capacity building will be required in communities? What do you believe this should look like and who do you believe is best equipped to carry this out? Please provide reasons for your answers.

Yes, capacity building is essential for ensuring that communities can realistically meet, engage with and deliver community benefit funds and shared ownership arrangements. At present, unless there is already an experienced community energy organisation, development trust or similar, many communities do not have the in-house sector knowledge, financial, governance, legal or technical expertise to manage these arrangements most effectively. Many are not aware of community benefits or how they operate. This is especially true for lower income and marginalised communities who are often underrepresented in the energy and climate spaces.

As such, **a capacity support programme is required which:**

- Identifies relevant local stakeholders near renewable developments and works with them to understand current capacity, including not just community councils or energy groups but wider local organisations
- Provides detailed guidance, methodologies and best practise examples which are easy to understand
- Enables funding of local staff or organisations (i.e. a Fund Administrator) to conduct early capacity building, awareness raising and engagement activities, upskilling the wider community on renewables and community benefits.

Any capacity support programme should provide the option for flexible, multi-year funding. Lessons from the recent capacity building fund in Scotland, which is to be administered by CARES over a 12-month window, is that a single year is immensely challenging to identify people or organisations, design a delivery approach and deliver this. As such, any capacity funding should support flexible timelines, tied to the delivery of certain capacity milestones (e.g. number of organisations engaged, expressions of interest from the community, process initiated with developers, governance model established).

For communities with less capacity, particularly those in areas of deprivation, there may be a need for more proactive outreach to initiate interest. Regen has developed stakeholder mapping and capacity identification approaches based on just transition principles, which are not yet published, but we would be happy to share insights to support Fund Administrators.

Some capacity support schemes are available, although currently these are delivered ad hoc or are restrictive in the availability and timeline of funding. As such, we would argue that there is a need for a central pool of capacity support administered by DESNZ, which provides the core guidance and methodologies, and funding for communities to hire staff or intermediaries to upskill and engage with community benefit or shared ownership processes.

Recommendation 9: DESNZ should establish a central capacity support programme that provides the core guidance, methodologies and funding for communities to hire staff or intermediaries to upskill and engage with community benefit or shared ownership processes.

Question 31: Do you agree that capacity building and engagement should be funded by the community benefit fund administration budget? What do you believe should be done in cases where the administrative cost of capacity building and engagement initiatives are too costly for smaller-scale projects?

Yes, we agree that this should be part of the administrative cost, provided that a Fund Administrator/associated budget is in place ahead of the fund being finalised and established, as part of the early engagement process.

Question 32: Do you agree community engagement should be led by the fund administrator? Do you believe our proposals have any unfair impacts on those with protected characteristics? If yes, which groups do you expect would be specifically impacted? Please provide supporting evidence.

We believe that community engagement may be led by either the developer or the fund administrator, provided it is undertaken to a high standard and guided by clear principles of transparency, inclusivity, and accountability. Both parties can play a valuable role in engaging communities, depending on the project structure and local context.

Whichever party leads, it is essential that the engagement process follows established best practice. We recommend following the principles set out in our Regen best practice guide to community engagement, which sets out key principles for early, meaningful, and inclusive engagement that reflects the priorities and needs of local communities. Adopting these principles can help ensure that community benefit funds deliver genuine, lasting value.

2. Part two: responses to working paper questions on shared ownership

2.1 Opportunities and Barriers

Question 33: Are you aware of evidence which suggests that shared ownership has or has not delivered the benefits referred to above?

Yes, shared ownership has the potential to deliver on the benefits mentioned.

Accelerate Net Zero

Shared ownership increases community engagement and acceptability of new renewable energy infrastructure, which can help accelerate deployment of clean energy projects and broaden public acceptance of the Net Zero Mission.

Emerging research suggests that shared ownership models achieve higher levels of community acceptance than privately owned projects with benefit funds alone, as communities view them are fairer and more inclusive.[5-6] This stronger local backing can accelerate project delivery, mitigate resistance and foster longer-term public trust in the net-zero transition.

Enthuses communities about broader environmental issues

Local initiatives tend to have environmental goals alongside energy. For example, Wiltshire Wildlife Community Energy partnered with Wiltshire Wildlife Trust, integrating biodiversity into their energy projects by planting wildflower meadows around solar panels.[7] Point & Sandwick

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[5] Hogan, J. L., Warren, C. R., Simpson, M., & McCauley, D. (2022). What makes local energy projects acceptable? Probing the connection between ownership structures and community acceptance. Energy Policy, 171. https://doi.org/10.1016/j.enpol.2022.113257

[6] Hogan, J. L. (2024). Why does community ownership foster greater acceptance of renewable projects? Investigating energy justice explanations. Local Environment, 29(9), 1221-1243. https://doi.org/10.1080/13549839.2024.2360716

[7] Barlow, J. (2024). More than just clean energy – the many benefits of community energy organisations, Community Energy England News. https://www.communityenergyengland.org/news/more-than-just-clean energy-the-many-benefits-of-community-energy-organisations

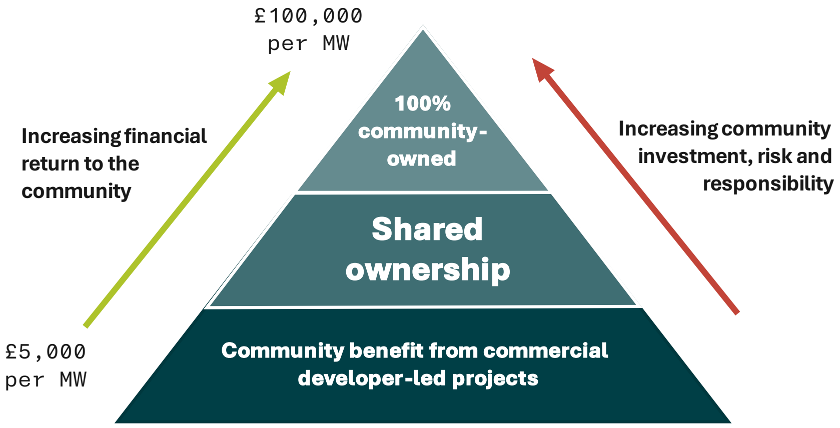
Trust is using funds from its community-owned wind farm to plant a million native trees on crofts in the Hebrides, with 211,000 already planted.[8]

Provide an avenue for community ownership and promote a just transition

A just transition ensures those already on the margins of society are not left behind or penalised, or, better still, can actively benefit as a priority from a clean energy system. Shared ownership can help deliver this, providing a viable pathway for communities lacking the capacity, resources or expertise for full project ownership to participate meaningfully in and benefit from local renewable energy developments, particularly addressing the barriers faced by lower-income areas.

Figure 1 illustrates how different ownership models balance financial returns, community investment and risk levels. Shared ownership falls between fully community-owned and commercial projects with community benefits, although larger developments, such as offshore wind farms, may require higher initial community investment. While shared ownership may not be suitable for every community, providing another option allows more communities to get more involved in and benefit directly from the energy transition.

Figure 1 Shared ownership can balance risk versus reward for community groups. Adapted from Local Energy Scotland's shared ownership module [9]



Participation in shared ownership can also support communities in developing skills in project management, organisation, engagement and relationship building. These skills can, in turn, be applied to other community initiatives.

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[8] Carrell, S. (2024). Profits from community windfarm to fund a million native trees in Hebrides. https://www.theguardian.com/environment/article/2024/aug/31/profits-from-community-windfarm-to-fund-a-million-native-trees-in-hebrides

[9] Local Energy Scotland (2023). Shared Ownership Module. Retrieved from https://localenergy.scot/resource/shared-ownership/

For example, Huntly Development Trust has leveraged its experience from onshore wind projects, including one fully community-owned project, to initiate and manage a range of local development programs, such as town centre regeneration and sustainable transport schemes.[10]

Potential for greater benefits than privately owned projects:

Research shows that community-owned wind turbines in Scotland have generated, on average, 34x more in community benefit payments than developer-led projects. [11] While requiring more involvement and risk than community benefits, shared ownership can offer greater financial returns to the community than traditional community benefit funds. This is often translated to wider benefits, as community energy groups tend to fund fuel poverty support and energy efficiency measures.

- → For example, for the Earlsburn wind farm in Fintry, the community owns 1/15 of the 37.5 MW project (equivalent of a 'virtual turbine'). During loan repayment, this generates £30,000-£50,000 annually, rising to £400,000 annually thereafter. This significantly exceeds the £35,000 annual community benefit payments shared between three nearby communities from traditional developer-led projects. Income funds local fuel poverty support, free home insulation (saving residents £90,000 in energy bills) and carbon reduction grants.[12]
- → For Crossdykes wind farm project in Dumfries and Galloway, the community received a 5% stake in the wind project, which will lead to an income stream of around £4 million over the lifetime of the windfarm.[13] The developer, Muirhall Energy, also promised £7,000 per MW annually (£322,000 per year for 23 years) in community benefits – significantly higher than typical rates of £5,000 per MW annually. Combined, the community is expected to receive over £11 million from shared ownership and community benefits, demonstrating how both mechanisms can work together to maximise community returns.

Beyond financial returns, shared ownership offers communities a unique opportunity to be part of the ownership and governance of a project, rather than solely being a recipient of benefits.

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[10] Huntly Development Trust (2024). Renewable Energy is the power behind HDT. Retrieved from https://www.huntlydt.org/what we-do/energy

[11] Aquyera. (2021). Community owned wind farms have paid their communities 34 times more than commercial counterparts. Retrieved from https://www.aquatera.co.uk/news

[12] Schiffer, A (2017). Shared Ownership in Scotland: opening up citizen participation in renewable energy. Technical Report. Friends of the Earth Scotland, Edinburgh. https://eprints.leedsbeckett.ac.uk/id/eprint/4900/1/SharedOwnershipReportWeb.pdf

[13] South of Scotland Enterprise (2021). Community involvement first in Crossdykes Wind Farm. https://www.southofscotlandenterprise.com/case-studies/crossdykes

Direct participation in energy projects, as seen in shared ownership, has been identified as one of the key factors driving the high acceptance of shared ownership.[14]

Utilise local skills and knowledge and developer's expertise

By partnering with experienced developers, communities can access crucial technical knowledge and project management skills they might lack internally, while developers benefit from local knowledge and community engagement.

→ However, communities still require access to independent technical and financial advice separate from the developer to ensure fair arrangements. This enables informed community decision-making and smoother processes for all parties.

Question 34: Are you aware of any evidence to support other benefits of shared ownership for either communities and/or developers?

Yes, there is an additional benefit of shared ownership that complements those already identified, particularly in supporting a more just net-zero transition:

- Where projects are either wholly or partly locally or community-owned, evidence suggests that outcomes tend to be aligned with just transition principles. For example, they tend to involve local people more in the decision-making process and provide more substantial financial benefits.
- Community energy organisations often leverage new energy knowledge and revenues generated to support other energy initiatives, such as tackling fuel poverty or providing energy advice and services. [15,16,17]

→ **However, shared ownership is not fair by default.** It requires inclusive accessibility regardless of financial capacity, transparent communication and decision-making throughout the project lifecycle and open, accountable

[14] Hogan, J. L. (2024). Why does community ownership foster greater acceptance of renewable projects? Investigating energy justice explanations. Local Environment, 29(9), 1221-1243. https://doi.org/10.1080/13549839.2024.2360716

[15] Stewart, F. (2021). All for sun, sun for all: Can community energy help to overcome socioeconomic inequalities in low-carbon technology subsidies? Energy Policy, 157. https://doi.org/10.1016/j.enpol.2021.112512

[16] Creamer, E., Aiken, G. T., Van Veelen, B., Walker, G., & Devine Wright, P. (2019). Community renewable energy: What does it do? Walker and Devine-Wright (2008) ten years on. Energy Research & Social Science, 57. https://doi.org/10.1016/j.erss.2019.101223

[17] Hanke, F., Guyet, R., & Feenstra, M. (2021). Do renewable energy communities deliver energy justice? Exploring insights from 71 European cases. Energy Research & Social Science. https://doi.org/10.1016/j.erss.2021.102244

governance structures. In our sharing power paper, we outline key principles for shared ownership in support of a just transition.

- **Community-led investment**: shared ownership funds provide communities with the autonomy to direct investment toward their identified priorities, enabling innovative local initiatives. In contrast, traditional community benefit schemes typically impose prescriptive conditions on fund usage, limiting communities.

Shared ownership delivers tangible just transition outcomes through enhanced local participation in decision-making, more substantial financial benefits, and community-directed investment autonomy. However, intentional design of shared ownership projects is essential to ensure they deliver just transition outcomes.

Question 35: Are you aware of any risks arising from encouraging shared ownership schemes?

Yes, there are several risks arising from encouraging shared ownership schemes, but these can be effectively mitigated through proper government support and frameworks (see question 41).

1. Financial risks: Communities face multiple financing challenges that can exclude them from shared ownership opportunities entirely. Financial institutions often favour larger investments or 'more creditworthy' organisations, making it difficult for communities to secure affordable debt finance needed to generate community surplus.

Bridge financing is also a particular challenge. Communities often face a funding gap between securing their developer share and securing long-term finance, which can stall or derail their involvement in projects altogether.

Developers may require communities to invest at the same cost basis as commercial investors, effectively pricing out communities with limited financial resources from projects that would benefit from local ownership.

2. Capacity constraints:

- Many communities lack the technical, legal and financial expertise needed to engage effectively.[18] This risk is particularly acute in lower-income and marginalised communities with limited resources. To participate effectively in shared ownership discussions, communities require seed funding for essential legal, financial and development expertise. Some may benefit from an intermediary (e.g. Communities for Renewables or Energy4All) to support their involvement.

[18] Local Energy Scotland. (2023). Shared Ownership Module. Retrieved from https://localenergy.scot/resource/shared-ownership/

3. Project development risks and timing mismatches.

- Communities may invest significant time and resources only to see projects abandoned by developers before or after planning, and the lengthy negotiation periods (2-6 years or more) can exceed community expectations, leading to frustration.

4. Inadequate returns and market failures. There is a risk that financial returns may be insufficient to attract the necessary investment from banks or community members, or that only well-resourced communities will benefit while disadvantaged areas are excluded. Larger projects typically offer better economies of scale, making it easier for communities to secure debt financing.

Although shared ownership involves risks related to financing, capacity and equitable access, these can be effectively mitigated through targeted government support and proper frameworks. See our response to question 41 and Regen's **'Sharing Power' paper** for more detailed recommendations.

Question 36: What are the barriers to shared ownership in Great Britain?

There are three main barriers to shared ownership in GB, but they can be addressed through comprehensive government support (as shown in question 41), including:

1. Lack of incentives and awareness. Developers are often unfamiliar with shared ownership processes and view them as an added risk rather than an opportunity. When subsidies were offered to developers partnering with communities (e.g. the split 'fit', see question 42), shared ownership projects increased significantly, demonstrating the power of clear policy incentives. Many communities are likewise unaware of shared ownership as a concept. In our citizen's jury on community and shared ownership, of the 22 people involved, only one was familiar with community or shared ownership. As such, there is a need for awareness raising to promote and clarify the opportunity, which developers and intermediaries can support with at the early engagement phase.

2. Limited community capacity and financing challenges. Communities, especially those that are marginalised, often lack the technical, legal and financial expertise needed to participate in projects, alongside limited time and resources. They also struggle to access appropriate finance, with institutions favouring more 'creditworthy' investments above the threshold at which communities typically seek finance. For example, the UK Infrastructure Bank (UKIB) does not offer debt for projects under £25 million, creating a gap for projects too large for share offers but below this threshold. To participate meaningfully, communities require support across the board, including, but not limited to, seed funding for legal, financial and development expertise.

3. Trust and administrative complexity. Timing mismatches can create trust issues – e.g. communities need early access to financial information to secure debt finance, but developers are reluctant to share commercially sensitive data until late in the process. Shared ownership can also add administrative complexity for both parties, with many procedures lacking standardised templates, processes or guidance.

Shared ownership faces barriers related to policy incentives, community capacity, financing, trust and administrative complexity. However, these issues can be addressed through targeted government intervention (see question 41).

Question 37: Do certain communities face barriers to shared ownership more so than others? If so, how and/or why?

Yes, certain communities face significantly greater barriers to shared ownership, particularly less affluent and marginalised communities.

Low-income communities face distinct social and economic challenges, including high levels of fuel and wider poverty and associated stressors, which can make it challenging to engage with what is a complex process that typically requires extensive volunteer time to deliver.

More practically, such communities often lack the necessary technical, financial and legal expertise to engage effectively with developers, have limited time and financial resources to participate in lengthy negotiation processes and face higher financial barriers to accessing the capital needed for investment. Without targeted support, shared ownership risks becoming another benefit that only well-resourced communities can access, potentially exacerbating existing inequalities rather than supporting a just transition.

There is some nuance, however. In Scotland, community-owned energy projects, particularly solar PV, have tended to be situated in lower-income communities as a priority to help channel profits into local social need.[19] Tackling fuel poverty and improving livelihoods is often a driving priority of community energy and shared ownership. However, the challenges highlighted above do make it difficult for these communities to lead or seize opportunities where they do not already have an experienced community energy group or development trust organisation nearby.

[19] Stewart, F. 2021. All for sun, sun for all: Can community energy help to overcome socioeconomic inequalities in low-carbon technology subsidies? Energy Policy. https://doi.org/10.1016/j.enpol.2021.112512

Question 38: How can government ensure that low-income communities, or those experiencing higher rates of fuel poverty, are able to engage with shared ownership offers?

The UK government can ensure that low-income communities and those experiencing higher rates of fuel poverty can engage with shared ownership offers through targeted support measures in five main ways:

There is a need for better methodologies to assess community capacity in low-income areas, which may have shared ownership opportunities nearby. At present, there is limited understanding of which organisations operate within different communities, the types of work they do, the people they work with and their internal resourcing or appetite to engage with shared ownership.

Yet in low-income communities, there are often established and trusted organisations working on non-energy issues, but who are open to pursuing new initiatives which can benefit local people and needs (e.g. sports clubs, faith centres, food and sustainability charities). There are also anchor institutions, such as the NHS, social services, local authorities and education, who may have established links and roots in communities and hold some capacity to engage with or advocate for shared ownership on a community's behalf.

Developing a methodology with maps of the connections/planning pipelines, local organisations and stakeholders, assessing capacity and identifying potential engagement pathways in low-income communities would help better target support and open the opportunity of shared ownership in these areas. Regen has already developed such protocols through its work with local authorities on the Net Zero Living programme and in dedicated community capacity insights for the William Grant Foundation and would be happy to share learnings for how to do this effectively.

Even where there is appetite among low-income or marginalised communities, there is typically a need for experienced partners to provide direct procedural support and expertise. Often in low-income communities, organisations lack the dedicated technical, legal or financial expertise to engage with ownership of energy assets. As such, there will almost always be a need to work with more experienced partners who can take on the administrative burden and streamline the process – such as Local Energy Scotland, Energy4All, Communities for Renewables, etc. Any capacity or project development funding support should include funding which can be used to hire experienced, expert partners, similar to the proposed Fund Administrator role for community benefits.

A community without capacity at present should not be excluded from engaging in shared ownership in the future. For many renewable projects, funding and development timelines can be too tight for new communities, especially those at a comparative disadvantage, to effectively build capacity and then secure funding and legal support. To ensure these communities are not excluded due to this, there is a potential role for GB Energy to "steward" an ownership or benefit stake on behalf of communities who have expressed interest with a plan of action clearly outlined. GB Energy can then make the offer to the community at a time when the community has developed capacity and sourced the necessary legal, financial and administrative support, ensuring that shared ownership opportunities do not simply pass communities by in the Clean Power 2030 (and beyond) acceleration.

Recommendation 10: GB Energy should establish a capacity assessment methodology to identify areas where low-income communities may have viable shared ownership opportunities near them and to identify key stakeholders, community capacity challenges and support needs.

Recommendation 11: GB Energy should enable funding for inexperienced organisations to work with more experienced partners on the delivery of shared ownership projects.

Recommendation 12: GB Energy should explore the opportunity to effectively adopt and 'steward' a shared ownership stake in new developments where a community has expressed interest in shared ownership but requires time to develop capacity and finance.

Question 40: Does a particular barrier represent more of a barrier to shared ownership than others? If so, which and how?

Yes, the two critical barriers are the lack of developer incentives to offer shared ownership and the limited financial and capacity support available to communities.

Without clear policy signals and developer incentives, shared ownership opportunities are not widely offered or publicised.

As shown in question 42, uptake to date on shared ownership has been limited. However, during periods when subsidies were available for developers partnering with community energy groups[20], the number of shared ownership projects rose significantly. This contrast highlights how policy incentives can directly unlock opportunities that would otherwise stall.

Without financial and capacity-building support, shared ownership opportunities remain out of reach for communities lacking capital and expertise.

Many communities, particularly marginalised ones, lack the technical, legal and financial expertise needed to participate in renewable energy projects. With limited time and resources, they can struggle to navigate complex development processes and to access finance, as institutions favour larger, more 'creditworthy' investments. To participate meaningfully, communities require support across the board, including, but not limited to, seed funding for

[20] Department of Energy & Climate Change (2015). Guidance on community ownership models under the Feed-in Tariffs scheme. Retrieved from https://assets.publishing.service.gov.uk/media/5a81564ae5274a2e8ab5370d/Guidance_on_community_ownership_models_under_the_FITs_scheme.pdf

legal, financial and development expertise. This also provides certainty to developers that any offer they make can be meaningfully managed and delivered.

For shared ownership to work for both developers and communities, the UK government must address the dual challenge of creating developer incentives while providing communities with finance and capacity-building support (see question 41).

Question 41: What actions can the government take to address these barriers and promote further uptake of shared ownership, particularly in England?

As we outline in question 42, the UK government can take several actions to address barriers and promote the uptake of shared ownership:

1. **Provide clear policy incentives with a phased approach to mandatory requirements:**

   The UK government should implement strong commercial incentives immediately, while mandating shared ownership for post-2030 projects. As most developments needed for 2030 already have planning permission, immediate mandatory requirements would have limited impact under existing provisions.

   To provide immediate incentives for developers, the UK government should:

   - Work with NESO to explore how to prioritise shared ownership projects in the grid connection queue for Clean Power 2030, encouraging projects in the current pipeline to contribute to the 8 GW local and community-owned energy target.
   - Make community and shared ownership projects a material consideration within the planning system, ensuring projects with community ownership elements are recognised for their added social and economic value. This requires establishing clear definitions, safeguards and processes for formalising offers with independent verification.
   - Include shared ownership as a specific question in bids to the Contracts for Difference scheme, with projects demonstrating an offer of shared ownership and forward delivery plan given additional weight in the allocation process.
2. **Comprehensive guidance and resources:**

   Standardised templates, clear frameworks and best practice guidance are essential to reduce administrative barriers and demystify the process for all parties, including:
   - Template contracts (MOUs, NDAs, Heads of Terms, grid sharing agreements)
   - Asset valuation methodologies
   - Clear timelines for financial data disclosure and community decision-making
   - Developer-community matching frameworks
   - Engagement, governance and benefit best practice.

3. **Capacity building and financing support:**
   - GB Energy should establish a capacity-building support scheme for England, building on Scotland's successful CARES programme, providing grants, low-interest loans, expert guidance and technical support. This should include grant funding and no- or low-interest loans for entering shared ownership arrangements, with priority given to underrepresented communities.
   - GB Energy should also provide government-backed guarantees to help communities access debt finance.

4. **Robust monitoring and reporting mechanisms:**
   - It is crucial that the government can effectively track the progress of shared ownership projects to understand the extent of shared ownership and identify challenges or bottlenecks as they arise. Ideally, a public-facing progress tracker would be made available, to which all projects register, outlining high-level project details and benefits created for developers and communities. This can help to both demonstrate progress and spotlight positive collaborations.

In summary, addressing these barriers requires the UK government to create strong incentives with a phased approach to mandatory requirements, alongside comprehensive capacity-building and finance support for communities and robust monitoring and reporting mechanisms (Recommendations 13-18, detailed following Question 42).

2.2 Success of Voluntary Approach and Potential Mandatory Approach

Question 42: How successful has a voluntary approach to shared ownership been? Should the government continue with a voluntary approach or consider expanding shared ownership, possibly via a requirement for developers to offer shared ownership to eligible communities?

The voluntary approach has not been successful – stronger incentives are needed now, with mandatory requirements for post-2030 projects.

The current voluntary approach has not been successful in increasing shared ownership, even when there have been supportive policy environments, such as in Scotland and Wales. Despite over a decade of encouragement from the Scottish government (e.g. through CARES, Good

Practice Principles[21], the Onshore Wind Sector Deal[22], etc.) only 0.2% of Scotland's current wind power is owned by communities through a shared ownership arrangement.[23]

Similarly, despite encouraging all new energy developments to have shared ownership from 2020[24], of the 30 projects entering the Planning Inspectorate Wales process since 2020, only three projects have signed shared ownership agreements prior to planning applications, and 10 projects did not comment on shared ownership at all.

The UK government stated in 2014 that shared ownership would be "the norm" by 2015, indicating that it would consider mandatory requirements if progress was limited.[25] Nearly a decade later, shared ownership is not the norm. Only 10% of England's 118 community energy organisations are involved in shared ownership projects.[26]

The only meaningful increase in shared ownership occurred when strong incentives were provided. The 2015 'split FiT' policy created commercial incentives for developers to transfer project portions to communities[27], resulting in at least 100 MW of solar being transferred to communities.[28] When the incentives ended, so did the progress, demonstrating that developer participation in shared ownership depends on clear commercial incentives rather than voluntary goodwill.

Given this evidence, the voluntary approach has failed. With CP2030's accelerated timelines, the 8 GW community and shared ownership target demands immediate government action. However, as most developments needed for 2030 already have planning permission,

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[21] Scottish Government (2019). Shared Ownership of Onshore Renewable Energy Developments. https://www.gov.scot/publications/scottish-government-good-practice-principles-shared-ownership-onshore-renewable-energy-developments/

[22] Scottish Government & Scottish Renewables (2023). Onshore Wind Sector Deal for Scotland. https://www.gov.scot/publications/onshore-wind-sector-deal-scotland/

[23] CEE, CES & CEW (2025). Community shared ownership: why guidance and targets are not enough. https://communityenergy.scot/briefing-note-to-uk-government-to-accelerate-community-shared-ownership/

[24] Welsh Government (2022). Local and shared ownership of energy projects in Wales. https://www.gov.wales/sites/default/files/publications/2022-06/guidance-local-and-shared-ownership-of-energy-projects-in-wales_0.pdf

[25] DECC (2014). Community Energy Strategy: Full Report. https://www.gov.uk/government/publications/community-energy-strategy

[26] CEE (2024). Community Energy State of the Sector 2024. https://www.communityenergyengland.org/files/document/960/1720710752_CommunityEnergyStateoftheSector2024U KOverview.pdf

[27] DECC (2015). Guidance on community ownership models under the Feed-in Tariffs scheme. https://assets.publishing.service.gov.uk/media/5a81564ae5274a2e8ab5370d/Guidance_on_community_ownership_models_under_the_FITs_scheme.pdf

[28] Communities for Renewables (2025). Consultation response to unlocking community energy at scale.

immediate mandatory requirements would have limited impact under the existing 'Community Electricity Right' provisions in the 2015 Act.

A phased approach is therefore more strategic. The UK government should implement strong commercial incentives immediately, while mandating shared ownership for post-2030 projects to ensure UK communities receive meaningful benefits from continued renewable expansion. Specifically, UK government should:

- Make community and shared ownership a **material consideration in the planning process**, ensuring that projects with elements of community ownership are recognised for their added social and economic value
- Explore ways to **prioritise community and shared ownership projects in the connections queue**, enabling them to connect to the grid (and deliver their unique value) more quickly
- Include shared ownership as a specific question in bids to the Contracts for Difference scheme, with projects which demonstrate an offer of shared ownership and a forward plan for its delivery given additional weight in the allocation process.

However, policy incentives alone are insufficient - communities require finance and capacity to meet shared ownership offers.

As outlined in our response to question 30, many communities lack the technical expertise, project management skills and financial resources needed for shared ownership participation. This capacity gap is particularly acute in less affluent areas. Without addressing these barriers, even well-intentioned developer offers risk creating opportunities that only well-resourced communities can accept, limiting the potential for inclusive shared ownership at scale. Developers likewise require certainty that the communities they engage with on shared ownership have the requisite due diligence and professional support in place.

Finally, a review framework is needed to monitor progress and ensure that these support mechanisms are working effectively.

The UK government should establish a formal framework to review shared ownership progress, assess the effectiveness of commercial incentives and identify additional measures needed to support communities and developers. This should include clear metrics for success, regular reporting on the 8 GW target and mechanisms to adapt policy based on emerging challenges and opportunities in the shared ownership landscape.

In summary, to address the failure of the voluntary approach, we recommend the following:

Recommendation 13: The UK government should implement strong commercial incentives immediately, while mandating shared ownership for post-2030 projects.

Recommendation 14: The UK government and devolved administrations should make community ownership (or shared ownership) a material consideration within the planning system, with clear definitions and safeguards to ensure transparency, timing and genuine community ownership.

Recommendation 15: The UK government should include shared ownership as a specific question in bids to the Contracts for Difference scheme, with projects which demonstrate an offer of shared ownership and a forward plan for its delivery given additional weight in the allocation process.

Recommendation 16: The UK government should work with NESO to explore prioritising community and shared ownership projects in the grid connection queue.

Recommendation 17: GB Energy should establish a comprehensive capacity-building support scheme for England (building on CARES) that includes expert guidance, technical support and standardised templates and frameworks to streamline shared ownership processes.

Recommendation 18: GB Energy should establish comprehensive financing support, including no/low-cost finance, loan guarantees and bridge financing for community shared ownership.

Question 43: If shared ownership is expanded, should regulations be made in accordance with the existing provisions relating to the 'Community Electricity Right' in the 2015 Act? If you consider that amendments should be made to the scope of the existing provisions, what changes should be made and why?

The existing Community Electricity Right provisions provide a good foundation but would require key amendments to deliver shared ownership at scale.

Provisions that should be retained:

- **5 MW threshold**: The existing 5 MW threshold appears to be appropriate, aligning with NESO's grid connections code modification, which raised the threshold for transmission impact assessment from 1 MW to 5 MW in England and Wales. This also aligns with the proposed community benefits threshold and so can provide consistency for all parties.

Key amendments recommended:

- **Remove the maximum stake requirement to enable meaningful community ownership**. The current provision that stakes "cannot exceed 5% of total capital costs" may be restrictive for meaningful community ownership. Research shows that setting community ownership stakes too low limits meaningful community participation and long-term benefit.[29] If applied, the regulations should establish a minimum ownership threshold that enables:

- Sufficient scale for meaningful community returns over the project lifetime
- Communities to have genuine influence in project governance and decision-making.

Instead, we would argue that a "minimum first offer" should be set. This is already well-established and demonstrated in countries such as Denmark, where 20% shared ownership is standard for the industry, even on large-scale developments. If both parties decide that a lower stake is more appropriate, for instance, if a community does not have the appetite to take on a higher share or the project is significant in size, then a lower stake can be negotiated – provided that the process is transparent and can be verified by GB Energy, Local Energy Scotland or similar.

→ **Expand types of stakes to reflect established models**

The current provision covering "shares, other interests, royalty rights, equitable interests, or loans" should be expanded to accommodate the three established shared ownership models explicitly:

- **Joint Venture:** Community groups and developers co-own through a special purpose vehicle, with proportionate profit-sharing and governance representation
- **Split ownership:** Community ownership of discrete project sections (e.g. individual turbines), providing full control over community-owned assets while sharing infrastructure costs
- **Shared Revenue:** Community purchase of rights to percentage of future revenue streams with limited operational risk.

These models offer different risk-reward profiles, enabling communities and developers to select arrangements that align with their capacity and appetite for involvement. As these models are already referenced in the UK government's 2025 Community Benefits Guidance for Onshore Wind in England[30], there is solid ground from which to implement these.

→ **Community protection and opt-out provisions**

[29] Gorroño-Albizu, L., Sperling, K., & Djørup, S. (2019). The past, present and uncertain future of community energy in Denmark: Critically reviewing and conceptualising citizen ownership. Energy Research & Social Science, 57. https://doi.org/10.1016/j.erss.2019.101231

[30] DESNZ (2025). Community Benefits Guidance for Onshore Wind in England. https://assets.publishing.service.gov.uk/media/686782a3e134dfbc2e9e6d8a/community-benefits-guidance-for-onshore-wind-in-england.pdf

Regulations should include robust safeguards to ensure communities receive genuine offers and have proper support to make informed decisions. Key protections should include:

- **Independent intermediary verification:** GB Energy should coordinate relevant intermediaries (e.g. Local Energy Scotland, Communities for Renewables, Energy4All) to verify that developers have made credible, compliant shared ownership offers before any formal response is required from community organisations.
- **Formal opt-out procedures**: Where communities choose not to proceed with shared ownership, a formal opt-out process should be required. GB Energy should coordinate this process to ensure transparency and accountability. It should include:
  - Evidence that the developer made reasonable efforts to engage multiple relevant community organisations, including inviting Local Energy Scotland (or equivalent) to deliver an impartial presentation on shared ownership
  - Written confirmation from the community organisation stating their decision where contact has been successfully made
  - Clear record-keeping for monitoring and enforcement purposes.
- **Alternative arrangements:** Where local communities decide not to pursue shared ownership offers due to capacity or financial challenges, GB Energy should explore alternative arrangements, including:
  - Temporarily holding community stakes while local capacity is developed (see our sharing power paper , p. 28, for a proposed model of GB Energy stewarding ownership).
  - Transferring opportunities to other qualifying community organisations or combining them regionally (e.g. models like 9CC, where several community councils collaborate).
  - Allocating stakes to regional or national community investment funds as a last resort.

While the 2015 Act provides necessary powers, these amendments would create a framework that delivers meaningful shared ownership at scale while respecting community choice and capacity constraints.

In summary, if UK government is to proceed with the Community Electricity Right provisions, we would recommend the following amendments:

Recommendation 19: The UK government should remove the cap on maximum stakes and set a minimum "first offer" stake to ensure meaningful returns and community influence.

Recommendation 20: The UK government should expand the definition of eligible ownership types to include joint ventures, split ownership and shared revenue models, as already referenced in official guidance.

Recommendation 21: GB Energy should coordinate independent verification of developer offers via trusted intermediaries (e.g. Local Energy Scotland, CfR, Energy4All) to ensure offers meet regulatory standards before requiring community response.

Recommendation 22: GB Energy should oversee a formal community opt-out process, requiring developers to demonstrate efforts to engage multiple community organisations and ensuring proper documentation and transparency.

Recommendation 23: GB Energy should explore alternative ownership arrangements where local communities opt out, such as temporarily holding stakes, transferring opportunities to other groups or using regional or national investment funds as a last resort.

Question 44: If shared ownership is expanded, how will communities and developers need to be supported for a mandatory shared ownership scheme to be successful?

For a mandatory shared ownership scheme to be successful, it must work for both communities and developers, delivering clear benefits and removing barriers on both sides.

Communities need comprehensive capacity-building support, including grants, no/low-interest loans, expert guidance and technical support. On top of recommendations outlined in questions 41-42, our *Sharing Power* paper recommends that GB Energy play a central role in enabling community participation by:

1. Developing protocols to assess community capacity and provide targeted support to less affluent areas
2. Funding access to experienced intermediary partners who can help communities structure and manage shared ownership arrangements
3. Offering government-backed guarantees to unlock affordable debt finance and overcome financial barriers to participation.[31]

[31] Hogan, J., Sumaria, P., Stewart, F., & Hyman, M. (2024). Sharing Power: unlocking shared ownership for a fast and fair net zero transition. https://www.regen.co.uk/insights/sharing-power-unlocking-shared-ownership-for-a-fast-and-fair-net-zero-transition

Developers require clear commercial incentives to make shared ownership more attractive, and tools and clear guidance are crucial for streamlining administration and fostering effective community partnerships.

- The policy incentives detailed in question 42, including making community and shared ownership a material consideration in the planning process, prioritising community and shared ownership projects in the connections queue, and including shared ownership as a specific question in bids to the Contracts for Difference scheme, are essential to ensure that shared ownership adds value to projects rather than creating additional costs and delays.
- As outlined in question 41, developers also need practical tools to streamline the process, including standardised template contracts (MOUs, NDAs), clear guidance on asset valuation and a register of local community partners to reduce administrative burden and facilitate connections with communities.

Transparent, enforceable processes are essential to ensure genuine and timely shared ownership.

Without clear implementation frameworks, developers face uncertainty that can delay projects, while communities risk receiving superficial, tokenistic offers. To ensure offers are genuine, the UK government, in partnership with GB Energy, should establish a coherent framework, including:

1. A robust tracking and enforcement system, including:
    - Clear criteria for compliance and appropriate penalties for non-compliance
    - Clear definition of eligible communities
    - Mechanisms to assess whether a developer has meaningfully offered shared ownership
    - Post-planning monitoring to ensure developers follow through on commitments.
2. Community protection and opt-out provisions, including (as outlined in question 43)
    - Independent intermediary verification to confirm credible offers
    - Formal opt-out procedures with clear documentation
    - Capacity-building support to ensure communities can make informed decisions.

These programmes should have built-in mechanisms to assess scheme effectiveness, identify emerging barriers and adapt support measures based on real-world implementation experience. The framework should integrate with existing programmes (such as CARES in Scotland and the Welsh Government Energy Service) to avoid duplication, ensure consistent support across Great Britain, and allow for regional variations in delivery.

We recommend that for both communities and developers:

Recommendation 24: The UK government should create transparent, enforceable implementation frameworks covering timelines for offers, definitions of bona fide offers and post-planning monitoring, to ensure timely, genuine and accountable shared ownership.

Recommendation 25: GB Energy should establish a shared ownership matchmaker tool to match developers with appropriate community partners, facilitating effective partnerships and maximising benefits for both sides.

On top of the recommendations outlined in questions 42, we recommend
For communities:

Recommendation 26: The UK government, in partnership with GB Energy, should implement robust community protection measures, including formal opt-out provisions with clear documentation and capacity-building to support informed community decisions.

For developers:

Recommendation 27: GB Energy should develop practical tools and templates to reduce administrative burden, (e.g. MOUs and NDAs) and clear asset valuation guidance.

Question 46: If shared ownership is expanded, how should developers' engagement with communities take place?

Structured, staged and trust-based engagement is essential.
To ensure shared ownership delivers real community benefit, developers must engage early, transparently and through a structured, staged process that builds trust and enables informed participation. Intermediaries should play a central role in ensuring these partnerships work effectively for both parties.

1. **Start early — and be open about potential challenges**
   Engagement should begin pre-planning and continue throughout the project lifecycle. However, early engagement doesn't mean overpromising. Developers should clearly explain what's possible at each stage, including timelines, risks and uncertainties, to avoid creating unrealistic expectations that damage trust later.

2. **Use independent intermediaries to build trust and balance**
   Communities should have access to professional, independent facilitators (e.g. CfR, Energy4All) who understand both community interests and commercial realities. This provides several benefits:
   - For communities: advocacy, technical expertise and negotiation support
   - For developers: consistent engagement with experienced representatives
   - For both: a bridge to navigate commercial sensitivities and ensure fair, realistic conversations (helping to address points made in step 1).

3. **Make engagement inclusive and accessible**
   Processes must be designed to reach all community voices, particularly marginalised or lower-income groups. Developers should use multiple channels and accessible formats to engage and incorporate feedback meaningfully (and tangibly) into project design and decisions.

To support this kind of meaningful engagement, clear national frameworks and practical support are essential. Developers and communities also need the right tools, guidance and structures to make participation a reality.

Engagement should follow a phased approach aligned with project milestones, underpinned by early binding commitments.

Local Energy Scotland's shared ownership process demonstrates how this approach can be practical, establishing formal agreements before planning consent while allowing specific terms to be refined as projects progress.[32]

Key phases should include:

- **Pre-planning:** Early binding commitment to shared ownership through MoU, even if specific terms remain to be determined
- **Post-planning:** Concrete terms development with Heads of Terms documents and detailed negotiations
- **Pre-construction:** Final agreements and completed due diligence.

This approach provides communities with early assurance that shared ownership offers will materialise, while allowing for flexibility to adapt over time. Crucially, this staged engagement must be integrated with a robust tracking and enforcement system to ensure offers are honoured and not abandoned, maintaining transparency and trust throughout the project lifecycle.

Alongside coordinating independent verification of developer offers via trusted intermediaries (Recommendation 21):

Recommendation 28: GB Energy should develop a staged engagement model aligned with key project milestones, providing communities with increasing clarity and commitment throughout the development process. This model must be integrated with a robust tracking system to ensure offers are delivered as promised and maintain accountability at every stage.

[32] Local Energy Scotland (2023). Shared Ownership Module. https://localenergy.scot/resource/shared-ownership/

Question 47: Are you aware of any risks or potential adverse impacts arising from expanding shared ownership either in line with the 2015 Act provisions or otherwise?

While shared ownership presents significant opportunities, several risks require careful consideration and proactive mitigation to ensure successful implementation that delivers mutually beneficial arrangements for developers and communities.

Shared ownership must be inclusive, otherwise, it risks leaving disadvantaged communities behind.

Expanding shared ownership without adequate support risks creating a two-tier system where only well-resourced communities with existing capacity can participate, potentially exacerbating inequalities rather than supporting a just transition.

- **Mitigation:** DESNZ and GB Energy should establish comprehensive capacity-building programmes with targeted support for less-affluent communities, provide low/no-interest loans and government-backed financing guarantees to enable broader participation and implement protocols to proactively identify and support disadvantaged areas as outlined in our responses to questions 42-44.

Administrative challenges should be addressed to ensure smooth shared ownership implementation.

Additional administrative complexity and costs could impact project viability, with smaller developers potentially more adaptable to new processes than larger developers.

→ **Mitigation:** The UK government should implement standardised processes and template contracts to reduce administrative burden, provide commercial incentives through grid connection prioritisation and planning system benefits and ensure regulatory certainty as outlined in questions 42 and 44.

Expert support is essential to help communities navigate the complexity of shared ownership.

While shared ownership offers real opportunities for community benefit, the legal, financial and technical complexity can be a significant barrier, especially for less experienced or under-resourced communities. Without access to trusted, independent advice and hands-on support, communities' risk being excluded or entering into agreements they don't fully understand.

This is also a challenge for developers, who need to know that the organisations they are engaging on shared ownership can be relied on as trusted partners.

→ **Mitigation:** GB Energy should ensure communities have funded access to independent technical experts and experienced intermediaries who can provide bespoke guidance, demystify complex processes and support communities to negotiate fair and informed agreements. As outlined in question 44, this support should be available from the earliest engagement stages and reflect the different levels of capacity across communities.

Poorly structured offers could deliver less value than existing community benefit payments.

If shared ownership offers are too small, complex or financially risky, they may end up delivering less value to communities than traditional community benefit funds, particularly if they are used as a replacement rather than a complement.

- **Mitigation:** Shared ownership should be additional to, not a substitute for, community benefit funds. GB Energy and the UK government should set clear expectations regarding the offer structure, provide communities with funding to get independent financial advice and establish monitoring mechanisms to ensure that offers deliver fair and tangible value, as outlined in questions 43–44.

While the risks above are real, they can be effectively mitigated through immediate implementation of supporting incentives, robust community protection measures and sufficient funding for capacity-building programmes. The greater risk to achieving the government's 8 GW target lies in maintaining the current approach, which has demonstrably failed to deliver shared ownership at scale despite a decade of voluntary efforts.