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# Increasing Benefit Sharing of Renewable Energy Projects

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Policy Brief
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## Introduction

The revised Renewable Energy Directive (RED III), adopted in 2023, sets a legally binding target for 2030, when at least 42.5% of the European Union's gross final energy consumption must come from renewable sources (aiming for 45%). Achieving this rapid and large-scale expansion of renewables at the speed and scale needed requires strong social and political support.

Beyond helping the EU meet its climate objectives by reducing reliance on fossil fuels, renewable energy projects can bring enduring social and economic benefits to host communities[1] and to society at large. This includes job creation and a price-dampening effect on wholesale power prices. In 2023 the EU's renewables industry employed 1.86 million people (EurObserv'ER, 2025), and the International Monetary Fund (IMF) estimates that each increase of one percent in the share of renewables in the power mix reduces prices by about 0.6% (Cevik, Ninomiya, 2022).

Even if most Europeans do support the shift towards renewable energy (Frost, 2025)[2], projects are nonetheless running into opposition from the public, mainly due to:

- Negative narratives around climate policy, stemming from diminished trust in public policies, misinformation and increasing counter-campaigning from the far right;
- A lack of perceived benefits for local communities whose day-to-day lives are affected by the projects[3].

[1] Definition ranging from citizens to businesses, local authorities and civil society organisations.

[2] Around four out of five people back wind power in public opinion polls.

[3] In Germany, for example, most people (around 55%) support expanding onshore wind, and that percentage is similar for those who already have renewable energy installations in their neighbourhoods. Among those who have not, however, support falls to 44%. See Frost, 2023 in References.

While anti-renewables sentiment can be fuelled by lobby groups with vested interests (such as the fossil industry), it can also stem from **legitimate concerns**, such as insufficient consideration of local needs and a lack of engagement with local communities during the project phases. These legitimate concerns are often taken advantage of to build up opposition.

A key strategy to earn the support of local communities is to make sure **the benefits of renewable energy projects reach those communities**. This can be done by ensuring that a share of the value generated by a project stays in the community where that project is rolled out.

# State of play

Benefit sharing of renewable energy projects can make the energy transition fairer and help win buy-in and backing from citizens affected by the projects. While ensuring a fairer distribution of economic value is a primary focus, it is also bound up with issues of climate change, the energy transition itself, as well as energy democracy and social justice, which includes combatting energy poverty. For project developers and operators, it also makes business sense, making projects more competitive and easier to realise. Projects that get the local communities behind them can cut the time it takes to get permits and lessen the financial risks by forestalling legal challenges. Additionally, giving local authorities more resources can help strengthen their roles as planners, enablers, facilitators and mediators (réseau Cler, 2024)[4], especially where public budgets are stretched.

## What is benefit sharing?

Benefit sharing can be defined as **the process of ensuring an equitable distribution of the benefits derived from a renewable energy project** between **developers and operators**, and the **local communities affected by its impacts**.

Each step, from planning the project to installing the equipment and hooking it up to the grid, generates value and affects local communities. Adequate benefit sharing measures should be part of each step. The shared benefits are often economic, such as cost savings or rebates on household energy bills, but they can also be environmental – protecting local biodiversity, for example – and even social, such as helping to reduce gender inequalities. Benefit sharing also boosts local ownership and engagement, empowering citizens to play an active role in their own energy transition, such as forming energy communities.

If benefit sharing schemes are really to convince people to accept a renewable energy project in their area, **they must meet the real needs of the local community.** No one-size-fits-all solution will work. Good benefit sharing schemes **strengthen community engagement from the very beginning of the project**.

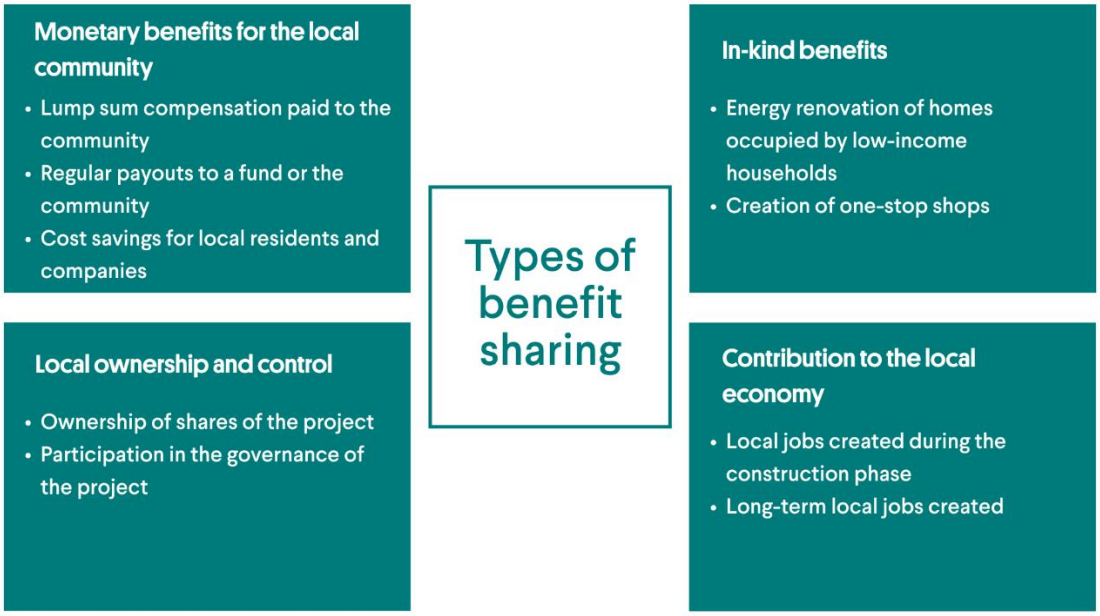
This policy brief sets out recommendations on how to widen and strengthen the practice of benefit sharing. It focuses mainly on **economic benefits,** which can be divided into four categories (Szabo, J., Valach, B., 2025)[5]:

[4] In France, local and regional administrations face staffing gaps of about 0.6 full-time equivalents (FTE) at the intermunicipal level and 5–10 FTEs at the regional level to meet renewable energy goals by 2025.

[5] Many local examples of benefit sharing measures across the EU can be found in the 2025 report by CAN Europe - see Szabo, Valach, 2025 in References.

- **Monetary benefits for the local community.** These can be lump sum compensation to the community, or regular payouts to a benefit fund or to the local community itself (Constant, O., 2024)[6], in the form of local tax revenues or energy bill rebates, for example.
- **In-kind benefits.** Energy renovation for low-income households and one-stop shops to provide technical support about climate and energy projects are examples of benefits in kind. They must meet the direct needs of local people and must match the actual impact of the project on the local communities.
- **Local ownership and control.** Giving local communities the opportunity to buy a stake in a project and to participate in the governance of the project can help build cooperation. A standout best practice is the development of energy communities, which deliver significant socio-economic benefits (Energie partagée, 2019)[7] to local communities. In Belgium, for example, the SeaCoop energy community bought a stake in Northwind offshore wind farms, securing 15 MW, which is enough to power 15,000 households (SeaCoop, 2025);
- **Contribution to the local economy.** This can include jobs created during the construction phase and long-term jobs linked to operation of the renewables project.

Figure 1: Types of benefit sharing




# What is missing?

Despite the clear potential, benefit sharing as a practice is still applied in a patchwork manner, both geographically and in the quality of agreements. To systematically share the benefits of renewable energy projects in a fair way across Europe, the following aspects must be brought into play.

[6] In France, local authorities can gain € 110,000 of local fiscal benefits per year from three onshore windmills of three megawatts each.

[7] €1 invested in a citizen renewable energy project leads to €2.5 entering the local economy through taxation, rents, salaries, benefits and investment income.

## Incentives for developers or operators to implement benefit sharing measures

While benefit sharing measures can help get local communities behind renewables projects, they might appear to bring **additional constraints on developers or operators**, who may then be reluctant to commit to implementing them. The constraints can be administrative or, often more importantly, economic, since sharing the benefits cuts into company profits. However, as mentioned earlier, these costs could be outweighed by the potential of benefit sharing to facilitate the development of projects and avoid the costs generated by strong local opposition, including time-consuming and expensive legal cases. The task is to strike a **balance between winning the support of local communities and guaranteeing economic viability for project developers,** bearing in mind the overall objective of accelerating deployment of renewables in a fair way**.**

EU corporate culture may mean that companies are more likely to willingly engage in benefit sharing measures, but voluntary adoption is by no means guaranteed. Ultimately, both incentives and requirements regarding benefit sharing should be applied. This is already the case in Ireland where onshore wind developers and operators that receive public subsidies must pay back €2 per megawatt hour (MWh) (Eurlectric, 2025) to near-neighbours and to a community benefit fund for local sustainability initiatives.

It is essential that benefit sharing not be seen as merely a set of obligations incumbent on developers and operators. Encouragingly, a cross-sector consensus has recently been reached in the EU between developers, local governments, civil society, and energy communities to set out common principles for rolling out renewable energy projects, including local value creation (Multiple signatories, 2025). This marks a positive step towards raising awareness and building a genuine commitment to benefit sharing amongst operators and developers.

## Universally-agreed core principles for benefit sharing schemes

To be effective, benefit sharing schemes must respect several principles. They should be:

- **Transparent**: this requires early engagement with local communities and consultations with developers, operators and local authorities. It is paramount to communicate with local communities about the benefits, especially citizens, as well as to ensure robust monitoring, reporting and governance processes (with as much involvement of local authorities and citizens as possible);
- **Relevant**: the measures should be **adapted to local needs**, ascertained by communicating with all stakeholders. This is essential to avoid giving the impression that local communities are being bought off.
- **Adequate**: the benefits should be **tangible**, with clear and measurable results for the citizens. They should add to any contributions already required under existing tax laws, and they should be **proportionate** to the project's impacts, such as those on land use and biodiversity.
- **Fair**: the benefits should be allocated **fairly to the local communities affected by the project**, with special priority given to vulnerable households.

Several key voices and stakeholders have issued sets of principles[8] that are broadly in line with those outlined above. But given that no universal standard yet exists, more work is needed to cement effectivity at the heart of benefit sharing schemes and stakeholders' perceptions of benefit sharing.

[8] See, for example, Eurelectric's principles: trust-building through local engagement, transparency, independence, adaptability and creating a long-term commitment.

## A legal basis and guidance to implement benefit sharing measures at the local level

A handful of stringent and enforceable benefit sharing legal frameworks, guidance and practices are already in place across the EU (Szabo, Valach, 2025)[9], mostly at the sub-national level. The uptake of benefit sharing in renewable energy projects will not be systematic as long as **a legal framework** and guidance setting out common criteria to define fair benefit sharing principles and measures **are missing at Member State-, or better, EU-level**.

**Pioneering regions have already set up policies to systematize benefit sharing**. In the German State of Mecklenburg-Western Pomerania, new wind farms must offer local residents the opportunity to buy up to 20% of project shares (Le Maitre, 2024). In another German State, Brandenburg, operators and developers have been obliged since 2019 to pay €10,000 per wind turbine each year, to be shared between municipalities within a 3 km radius (Le Maitre, 2024) – a contribution that will change to €5,000 per MW[10] from 2026 (Forum for the Franco-German Future, 2025). Nevertheless, **policies mandating benefit sharing remain the exception as opposed to the rule** in the EU.

In this context, policies and guidelines coming from EU institutions could play a key role in promoting consistent benefit sharing principles across Europe. Future EU legislation would need to take into account the diverse local contexts, including differences between national tax regimes.

## Specific guidelines tailored to certain renewable technologies

Each renewable energy technology faces its own development challenges and needs, which also vary according to the national and local contexts. However, guidelines for bringing in benefit sharing schemes tailored to technologies facing particularly strong headwinds are lacking. Such guidelines would be especially helpful for **onshore wind power**, which has sparked the greatest local opposition (Sanchez Nieminen, Laitinen, 2025)[11]. It also holds true, though to a lesser extent, for:

- **Biomass**, whose development must be sustainably managed (Friends of the Earth Europe, REScoop.eu and EnergyCities, 2020)[12].
- **Agrivoltaics**, an emerging technology already facing challenges in terms of benefit sharing between local actors (farmers, project developers, local authorities, and others).
- **Ground-mounted photovoltaic and solar thermal systems**, which face particular issues around the question of land use.

In this context, it would be helpful to develop specific benefit sharing guidelines adapted to these technologies.

# What can the EU do?

As it emerges as a practice in Europe, benefit sharing must be systematically included in every renewable energy project. To deliver on its potential, the EU can take the following concrete steps.

[9] See page 7 of Szabo, J. and Valach, B. (2025)

[10] The passive financial participation through annual payments to municipalities, however, does not necessarily entail an activating and inclusive process that builds on the specific needs of local citizens; see: "Gemeinsam gewinnen. Windenergie vor Ort", by Bundesverband Windenergie, August 2023, https://www.wind-energie.de/fileadmin/redaktion/dokumente/publikationen-oeffentlich/themen/01-mensch-und-umwelt/01-windkraft-vor-ort/20230908_BWE_Broschuere_Gemeinsam_gewinnen.pdf (link in German).

[11] For example, in the Nordic countries. See figure one from Sanchez Nieminen, G. and Laitinen, E. (2025)

[12] See page 126 of Friends of the Earth Europe, REScoop.eu and EnergyCities (2020).

## Leverage the Citizens Energy Package

The European Commission's Citizens Energy Package offers a unique opportunity to boost fair participation in the transition **by incorporating explicit measures on benefit sharing of renewable energy projects**.

The following key action points should be included in the Citizens Energy Package:

- **Introduce a mandate for Member States to implement benefit sharing schemes** in order to systematise their uptake in every renewable energy project. A part of this should be introducing **a mandate for developers to offer local communities the opportunity to buy a stake in projects**. Voluntary schemes should be avoided as much as possible. The measure could already be proposed in accompanying guidelines to the Renewable Energy Directive, and progress could be tracked **using existing tools** such as the National Energy and Climate Plans process, which would avoid the need to create another dedicated monitoring instrument.
- **Establish common EU standards by introducing a framework** of clear, practical criteria to promote consistency and maintain a level playing field across the EU. This framework should remain flexible enough to respect local contexts, including but not limited to national regulations, pre-existing community engagement, urban or rural settings, socioeconomic conditions, and specific environmental characteristics.
- **Based on the above, develop guidelines for practical implementation of the framework, and, later, implementing acts to facilitate smooth and consistent practice in Member States**.
- **Introduce non-price criteria on benefit sharing in renewable energy auctions and public procurement** by revising the 'Commission implementing regulation specifying the pre-qualification and award criteria for auctions for the deployment of energy from renewable sources' (European Commission, 2025) stemming from Article 26 of the Net-Zero Industry Act (Regulation (EU) 2024/1735). This measure should promote social benefits and direct financial benefits for local communities (for example, through dedicated funds), contributions to the local economy such as job creation, support for households in energy poverty, and direct citizen participation, which would include involving local people in project governance. In France, tender evaluations already award up to 5 points (out of 100) to projects with shared governance (Szabo, Valach, 2025).
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## Provide extra support for equitable benefit sharing principles

Alongside the above recommendation for guidelines to be included in the Citizens Energy Package, the European Commission should support an environment favouring high-quality and effective benefit sharing that respects the principles of transparency, relevancy, adequacy and fairness set out above. This could include:

- **Showcasing benefit sharing best practices** that Member States, developers, and communities can draw on. Practices that respect the principles of transparency, relevance, adequacy and fairness should be put forward, as should those promoting strong community engagement (including public consultations);
- **Prioritising projects respecting the aforementioned benefit sharing principles:**
    - **In the renewables acceleration areas** to be defined by Member States by February 2026 (as described under Article 15c of RED III (Directive (EU) 2023/2413);
    - **During permitting processes** – this recommendation could also be integrated in the upcoming Industrial Decarbonisation Accelerator Act;
    - **In the queue for grid connections**. This recommendation could also be part of the upcoming European Grids Package;

- **Providing targeted guidance for renewable energy technologies with the most specific needs**, such as onshore wind. Guidance should cover all the steps of a project from planning to equipment installation and grid connection, and specify the allocation key of benefit sharing for each technology, including redistribution conditions and types of beneficiaries, as is the case for energy sharing[13].

[13] See the other policy brief in this series, "Facilitating energy sharing" https://eu.boell.org/sites/default/files/2025-04/facilitating-energy-sharing-boosting-participation.pdf

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# About the Foundations

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GEF's Policy Hub tackles key European issues related to the intersecting domains of energy, climate, social, and economic affairs. Ultimately, we aim to set out ideas and proposals that can inform and incentivise policies for an equitable and systemic green transition.

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