# BEYOND PRICE:

## *How* **non-price criteria** *in renewable energy auctions can help deliver for climate, nature and people*

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The Nature Conservancy

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# Contents

# Executive Summary

**Renewable energy auctions play a pivotal role in accelerating Europe's shift from fossil fuels to renewable energy sources.** However, to operate at full speed, they must be designed not only to ensure cost-effectiveness but also to incentivise and reward best-value projects.

Integrating biodiversity and social non-price criteria (NPCs) into auction frameworks is a powerful tool to deliver a fast, smart, and streamlined energy transition. These criteria not only enhance environmental and social outcomes, but they also drive simplification and efficiency by design, helping to reduce project risks, improve deliverability, and build public trust.

By valuing factors beyond cost, NPCs can foster a *race to the top*, encouraging the development of high-quality, socially responsible renewable energy projects to increase social license and project deployment. This approach also boosts the competitiveness of developers with strong commitments to conservation and community engagement.

In contrast, the current business-as-usual approach - driven by lowest-price bids - often results in a *race to the bottom* in environmental and social standards. This not only delays deployment but also discourages developers from going the extra-mile, while increasing the risk of public opposition and negative impacts on biodiversity.

The implementation of the Net-Zero Industry Act (NZIA) provides a timely opportunity to shift course. From 30 December 2025, Member States must apply NPCs to at least 30% of auction volumes. The Nature Conservancy (TNC) strongly welcomes the adoption of the NZIA *Implementing Act specifying the use of non-price criteria in auctions*, which lays the foundation for a more harmonised, transparent, and effective application of NPCs across the EU. In particular, the act shifts the focus on risk avoidance and mitigation towards a more ambitious approach that includes a net-positive contribution to biodiversity. This marks a significant first step in advancing the concept of biodiversity net gain or net contribution at the EU level - though further guidance on definitions and metrics will be essential to ensure consistency and impact. However, we regret that social NPCs are not addressed in the Implementing Act – despite it being included in a previous European Commission guidance. Social NPCs are equally vital as biodiversity criteria in ensuring a just and inclusive energy transition.

This paper urges Member States to seize this opportunity by embedding robust biodiversity and social NPCs into their national auction schemes. Doing so will not only strengthen outcomes for nature and people but also accelerate renewable energy deployment by incentivising responsible, high-quality bids that enjoy stronger public backing. The paper aims to support Member States in making informed decisions by presenting key policy recommendations, drawing on emerging best practices.

Photo: Ciril Jazbec, TNC

# Key recommendations

## 1 Embed biodiversity and social NPCs into auction design, going beyond legal baselines

Develop criteria based on successful models from across the EU, through inclusive consultation with industry, scientists, and civil society.

## 2 Establish a transparent, scorable evaluation system

Use clear, objective-based scoring systems with measurable key performance indicators (KPIs). Criteria should strike the right balance - ambitious enough to drive meaningful impact, yet realistic and achievable for developers.

## 3 Ensure robust implementation and oversight

Set binding timelines, enforceable commitments, and require regular public reporting. Make data accessible and apply penalties for non-compliance to build trust and credibility.

## 4 Continuously refine biodiversity and social NPCs

Use each auction round as a learning opportunity to refine criteria, methodologies, and monitoring systems, building institutional capacity and improving outcomes over time.

# 1. Introduction

Renewable energy auctions are set to play a central role in delivering the wind and solar capacity urgently needed to meet the EU's climate and energy targets – namely, reducing net greenhouse gas emissions by at least 55% and achieving a 42.5% renewable energy share by 2030, aiming for 45%. According to the International Energy Agency (IEA), auctions will account for 70% of Europe's renewable capacity growth between 2023 and 2028. The scale of the expansion is unprecedented.

But to go fast, we must go smart. Achieving this scale requires incentivising high-value projects -those that are not only cost-effective but also socially and environmentally responsible. This means adapting auction design to reflect current economic realities and ensuring that people and nature are integral to the transition. This is where non-price criteria (NPCs) become essential.

> **Renewable energy auctions** are competitive processes used to allocate development rights (such as access to limited resources like seabed space) or public support, for example through contracts for difference or other long-term agreements. Bids are evaluated by the auction authority, which awards contracts to successful developers.
>
> **Non-price criteria** refer to all evaluation criteria other than price. These can be applied either as prequalification requirements (pass/fail) or as award criteria (scored and weighted).
>
> **Best-value bids** describe bids that meet both financial value and social/environmental value.

Traditionally, auctions have focused almost exclusively on price, aiming to deliver low-cost energy and ensure a cost-efficient transition. However, this approach often leads to a race to the bottom on environmental and social standards. It can result in underbidding, project delays, or even failures - ultimately slowing down deployment. It also discourages developers who are willing to go further in delivering positive outcomes and increases the risk of public opposition and biodiversity loss.

Several EU Member States have started to integrate NPCs into their auction schemes. While their use has so far been voluntary, this will change under the Net-Zero Industry Act (NZIA). From 30 December 2025, Member States will be required to apply NPCs to at least 30% of auction volumes (or 6 GW annually per country). The NZIA outlines key categories - such as responsible business conduct, cybersecurity, and sustainability - that must be included, either as prequalification or award criteria. The European Commission's Implementing Act, adopted in May 2025, provides further guidance on how they should be included, developed and applied.

This shift offers a vital opportunity. By redesigning auctions to align with the NZIA, Member States can move fast and smart - encouraging best-value bids by enhancing the competitiveness of developers showing greater ambition, while ensuring public trust and delivering meaningful benefits for people and nature.

While NPCs can serve a wide range of policy objectives, this paper focuses specifically on biodiversity and social criteria, two pillars essential for a just, inclusive, and nature-positive energy transition.

Biodiversity criteria help minimise ecological harm and promote restoration, while social criteria enhance public acceptance, community benefits, and local engagement. Together, they can shift the focus from a race to the bottom to a *race to the top*, driving the development of renewable energy projects that deliver lasting value beyond electricity generation.

This paper aims to support Member States in effectively integrating environmental and social NPCs into auction design. It begins by outlining the key benefits of doing so - for public authorities, industry, ecosystems, and communities - before examining current practices and offering guidance on how to apply these criteria to maximise their impact in future renewable energy auctions.

## *Understanding the new EU regulatory framework*

From 30 December 2025, EU Member States will be required to include non-price criteria (NPCs) in at least 30% of the annual auctioned renewable energy capacity, or a minimum of 6 GW per year per country, in line with the Net-Zero Industry Act (NZIA).

**To meet this obligation, Member States must include the following:**

- Prequalification (pass/fail) criteria on: Responsible Business Conduct, Cybersecurity and data security, and Ability to deliver the project fully and on time.
- A resilience criterion, applied either as a prequalification or award criterion.
- At least one additional prequalification or award criterion from the following: Environmental sustainability, Innovation and Energy system integration.

When used as award criteria, NPCs must carry a minimum individual weight of 5%, with a combined weighting between 15% and 30%.

This aligns with the 2022 Guidelines on State aid for climate, environmental protection and energy (CEEAG), which set a maximum weighting of 30% for NPCs in auctions involving state aid. However, where no state aid is involved, Member States are not bound by this upper limit.

In May 2024, the European Commission adopted an Implementing Act providing detailed guidance on how NPCs should be included, developed and applied.

**On biodiversity, the Act states that:**

- When applied as pre-qualification criteria, developers should commit to implementing mitigation measures, ensure the effectiveness of solutions to contribute positively to biodiversity (if such solutions are deployed). This should go with a monitoring system, and data sharing with scientific community and public authorities.
- When applied as award criteria, developers should be required to achieve a net-positive contribution to biodiversity, when identified as relevant by the public authority.

Social NPCs are not included in the Act - despite it being included in a previous European Commission guidance on auction design, which encouraged Member States to consider criteria related to local community benefits, such as promoting citizen participation through renewable energy communities and citizen energy initiative.

# 2. Promoting best-value bids to ensure a fast and smart energy transition

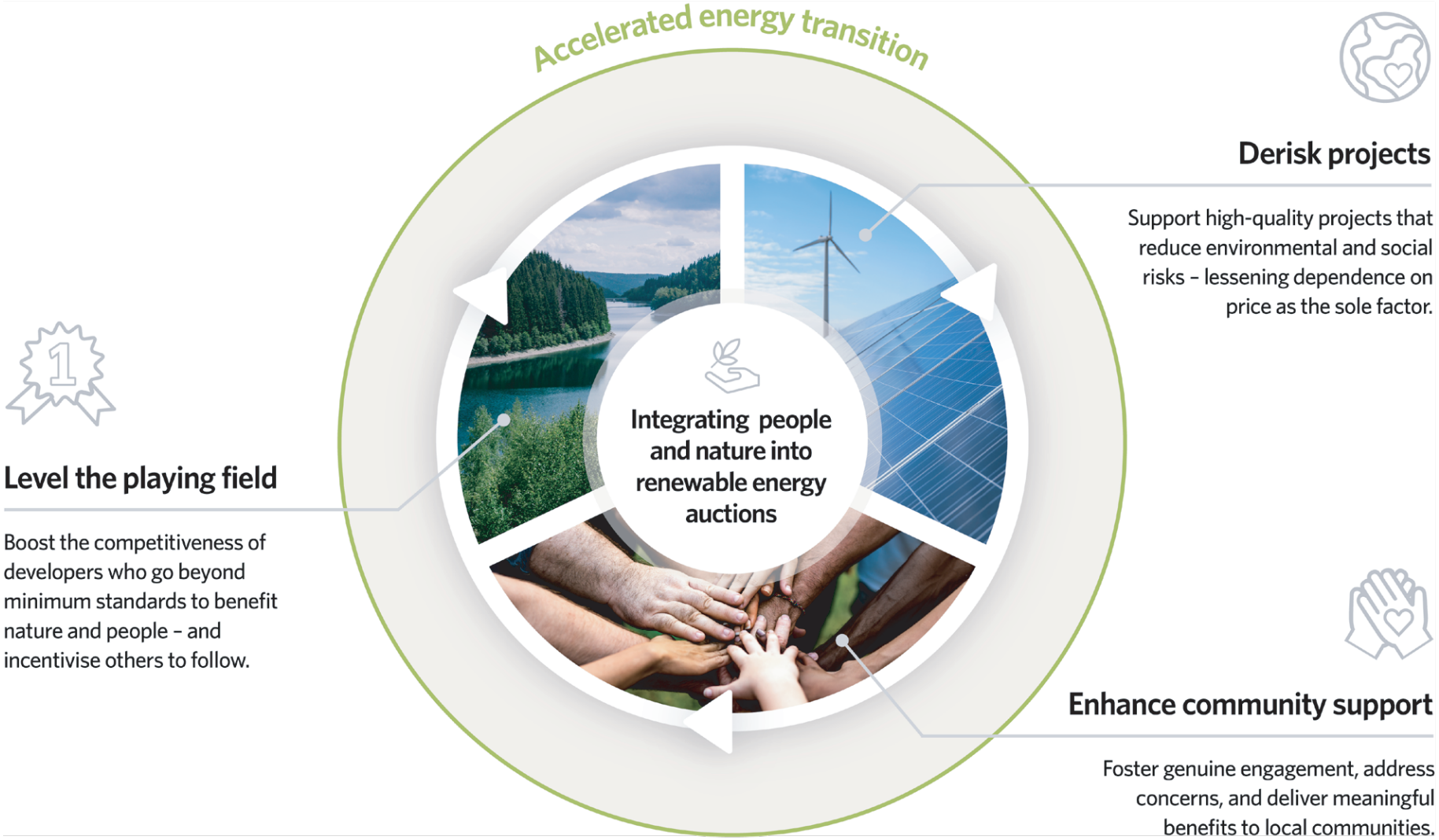
**Incorporating biodiversity and social NPCs into auction design can help deliver a fast and smart energy transition.** These criteria not only enhance environmental and social benefits but also contribute to streamlined processes that lower project risks, incentivise high-quality proposals and build public trust.

NPCs offer a range of benefits for governments, developers, communities, and nature:

- **Derisk projects by icentivising best-value bids.** While price should remain a core element of auction design to ensure affordability, awarding contracts based solely on cost can increase risks of delays, underperformance, or project cancellations. NPCs help shift the focus from the lowest-cost to the best-value bids. By reducing the pressure to submit low offers, NPCs encourage developers to factor in social and environmental risks from the outset. The result is more robust, deliverable projects and more efficient use of public and private resources.
- **Reward developers who go beyond minimum legal requirements by boosting their competitiveness.** Many developers across Europe are already taking proactive steps to improve their environmental and social performance - through biodiversity strategies, community benefit schemes, and net-positive impact commitments. NPCs recognise and reward these efforts, helping to level the playing field. This ensures that developers who invest in doing better for nature and people are not undercut by those who only meet minimum standards. Over time, this raises industry norms, encourages innovation in sustainability practices, and scales positive impacts alongside renewable energy adoption across Member States.
- **Build public support and trust.** Public acceptance remains a key bottleneck to renewable energy deployment. Concerns over land use, visual impacts, and lack of local involvement can delay or derail projects. Social NPCs (such as early consultation, co-design mechanisms, or benefit-sharing with local communities) can strengthen relationships between developers, authorities, and residents. When communities are engaged early and meaningfully, and when they see tangible benefits, trust grows. Projects are more likely to be approved, delivered on time, and supported over the long term. Biodiversity NPCs can also address concerns about environmental impacts, offering a new narrative: one where decarbonisation and conservation go hand in hand.
- **Unlock benefits for nature, by going beyond minimum requirements.** Biodiversity NPCs incentivise developers to go beyond minimum legal requirements - such as those set out in Environmental Impact Assessments (EIAs) - by applying additional mitigation measures or achieving biodiversity net gain. They can also help close critical data gaps (e.g. on marine habitats or bird migration), benefiting both public authorities and researchers. Moreover, they encourage investment in new mitigation technologies and best practices, pushing the industry standards forward.

# More than just good policy:

*The benefits of including biodiversity and social non-price criteria in renewable energy auctions*



**CASE STUDY**

# *Reviving oyster reefs through offshore wind development*

**Oyster reefs** provide a wide range of ecosystem services, including water filtration, sediment stabilisation, wave attenuation, biodiversity enhancement, and nursery habitats for fish. Despite their ecological value, they are among the most degraded marine habitats globally.

Historically, oyster beds were a prominent feature of the North Sea. However, intensive overfishing in the early 20th century led to their near-total collapse. In recent years, growing recognition of their ecological importance has sparked renewed efforts to restore these vital habitats.

Photo: Ernst Schrijver

Small-scale restoration efforts have been initiated by NGOs and the Native Oyster Restoration Alliance (NORA). Now, the expansion of offshore wind energy in the North Sea presents a unique opportunity to scale up these efforts. Why? Because many planned offshore wind zones overlap with areas that historically supported rich oyster reef ecosystems. This alignment offers a compelling opportunity to integrate oyster restoration as a **non-price biodiversity criterion** in offshore wind development. With decades of scientific research and well-established monitoring methods, the foundations for large-scale restoration are already in place.

Dr Hancock, Senior Marine Habitat Restoration Scientist at The Nature Conservancy, is leading several European initiatives to restore oyster reefs at scale. Notably, the rock used for scour protection in offshore wind installations is of the same grade as that used in oyster reef restoration worldwide (Fitzsimons et al., 2024), and often represents the most expensive component of reef construction.

Restoration projects are now trialling innovative methods to integrate oyster restoration directly into wind farm infrastructure. One promising technique is remote setting, where flat oyster larvae (spat) are settled onto rock substrates in seawater-filled shipping containers. Once colonised, these rocks are deployed around turbine foundations or cable crossings, enabling the formation of new oyster reefs.

This integrated approach offers a rare win-win: restoring a once-dominant component of the North Sea ecosystem while helping offshore wind projects meet their biodiversity commitments.

# 3. Deep dive: biodiversity and social non-price criteria

## 3.1 Biodiversity non-price criteria

Biodiversity NPCs are designed to incentivise or reward developers who go beyond legal obligations to mitigate environmental impacts and deliver biodiversity net gain. These criteria are intended to complement (not replace) mandatory requirements under the Environmental Impact Assessment Directive (2011/92/EU) and the Strategic Environmental Assessment Directive (2001/42/EC)[1].

Typically grounded in the **Mitigation Hierarchy**, biodiversity NPCs usually fall into two main categories:

- **Additional mitigation measures:** These are actions taken to further reduce negative impacts on biodiversity across the project lifecycle, beyond what is required by the Environmental Impact Assessment (EIA)[2]. For wind projects, this could involve using real-time bird detection systems for dynamic turbine curtailment, rather than relying solely on fixed shutdown periods. For solar, projects can be designed to facilitate wildlife movement and vegetation growth beneath the installation, such as through wildlife-permeable fencing, connectivity corridors, and native vegetation. This not only enhances environmental protection but also supports the testing of innovative mitigation techniques. These measures are often paired with advanced monitoring tools and commitments to share ecological data. Of course, these are just illustrative examples - additional mitigation measures should always be tailored to the specific site conditions and ecological context.
- **Net-positive measures:** Conservation or restoration efforts that go beyond offsetting, aiming to leave biodiversity in a better state than before the project. These can be implemented on-site or off-site, depending on ecological effectiveness and feasibility. For onshore wind and solar, biodiversity net-gain can be achieved by siting on previously degraded lands and utilising the project to restore the natural ecosystem in and around the project, like creating bird nesting and breeding places, planting native wildflower meadows to support pollinator biodiversity, planting native trees, etc. For offshore wind, biodiversity net-gain can be achieved by recreating reefs at the bottom of the foundation that provide shelter, food and breeding habitats to a wide range of marine species.

**A third, less visible but equally impactful approach is the use of NPCs to influence project siting for onshore renewables**[3]. Currently, no legislation mandates developers to prioritise low-conflict or degraded land, even though siting is the most effective tool to avoid and minimise biodiversity impacts. By embedding siting requirements and incentives into tender design, NPCs can steer development away from ecologically sensitive areas and reduce land-use conflicts.

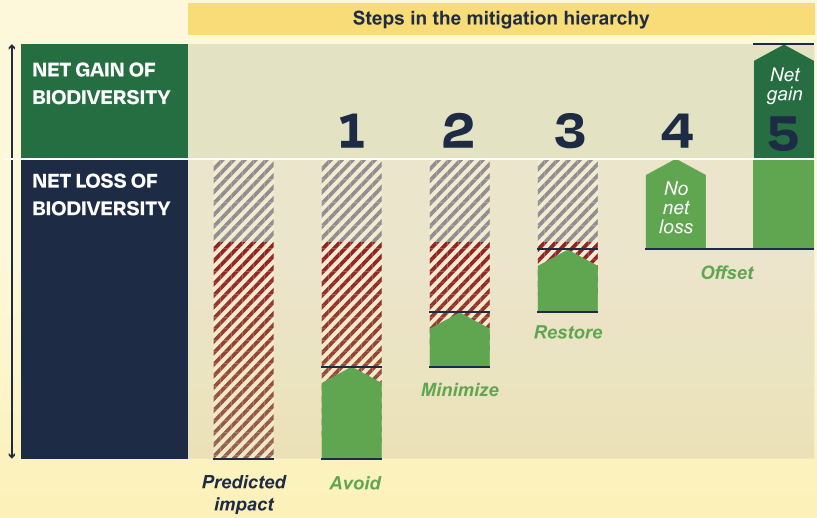
[1] *It is important to note that, in most onshore wind and solar auctions, developers must already hold a permit (or at least be in the process of obtaining one) to participate. In contrast, offshore wind auctions typically follow a different model: the winner is granted the right to develop the project and must then complete the Environmental Impact Assessment (EIA) and obtain the necessary permits. In these cases, governments usually conduct preliminary environmental studies and Strategic Environmental Assessments (SEA) in advance.*

[2] *NPCs bring added value when they introduce measures that go beyond existing legal requirements, such as those already identified through Environmental Impact Assessment (EIA). In offshore wind auctions, NPCs are commonly used, but they can sometimes duplicate EIA-mandated measures - mainly because EIAs typically occur after the project has secured the auction. To ensure NPCs are effective, special attention must be paid to the additionality of the proposed measures. For onshore wind and solar projects, this challenge is less pronounced, as environmental assessments usually take place before the auction, making it easier to ensure that NPC measures are genuinely additional rather than duplicative.*

[3] *For offshore wind, siting is usually predetermined by the government through maritime spatial planning processes.*

## *From mitigating impacts to achieving biodiversity net-gain*

1. **Avoid adverse impacts,** including the consideration of project alternatives.
2. **Reduce impacts** that cannot be avoided.
3. **Restore or rehabilitate damaged ecosystems** or species populations on the site of development.
4. **Offsets** can be used either on-site or off-site as a last resort to minimise residual impacts and achieve no net loss.
5. **Net gain in biodiversity:** offsets can also be used to achieve a net gain in biodiversity.




Source: TNC (2021), adapted from Bennet et al. (2017).

The **Mitigation Hierarchy** is a widely used framework for minimising harm to biodiversity during infrastructure development. It consists of four sequential steps:

- **Avoid** biodiversity loss and/or degradation
- **Minimise** impacts to biodiversity
- **Restore** damages resulting from the development
- **Offset** unavoidable damages through nature protection outside project boundaries.

The concept of **biodiversity net gain** builds on this framework by comparing biodiversity levels before and after development. If biodiversity is measurably improved post-project, a net gain is achieved (Baker, 2016; Solar Energy UK, 2022). This approach moves beyond "no net loss" to deliver tangible ecological benefits.

As outlined earlier in this paper, the NZIA Implementing Act states that when biodiversity NPCs are used as award criteria, Member States should require **net-positive contributions to biodiversity**. While this is a welcome step, it has raised questions around the definition of the concept and the metrics needed to assess it - both of which are essential for evaluating project proposals. Industry stakeholders and NGOs have called for further clarification on both **qualitative and quantitative methods** for implementing and measuring net-positive outcomes for biodiversity.

**CASE STUDY**

## *Prioritising degraded land to minimise impacts – France's PPE 2 Solar Tender*

Under the 2025 PPE2 Sol P8 solar tender, France introduced a dual mechanism to promote environmentally responsible siting of ground-mounted photovoltaic projects. **To qualify, developers must locate their projects on land that meets strict eligibility criteria, including urban zones, natural areas with explicit PV zoning[4], agricultural jachères, or degraded sites (e.g. former industrial, mining, or landfill areas)**. Projects not meeting these siting conditions are automatically disqualified. **In addition, projects located entirely on degraded land are awarded 9 bonus points in the tender evaluation under the "environmental relevance" criterion - representing nearly 10% of the total score**. This approach incentivises the reuse of low-value land while minimising pressure on agricultural and natural ecosystems. Eligibility must be certified by regional environmental authorities (DREAL), and only fully compliant sites receive the bonus.

To ensure that commitments related to mitigation or net-positive outcomes are translated into concrete action, authorities often require developers to:

- **Make project-specific commitments**, such as:
  - Allocating a dedicated budget for biodiversity mitigation and environmental monitoring.
  - Adapting project design, conducting pilot projects to test new mitigation techniques, and incorporating habitat features through nature-inclusive design.
- **Provide financial contributions**, for example:
  - Paying into a biodiversity fund to support conservation or restoration activities.
  - Supporting research partnerships with academic or public institutions to improve biodiversity planning and monitoring.

Photo: Ciril Jazbec, TNC

[4] *In the context of the PPE2 Sol P8 solar tender, "natural areas with explicit PV zoning" refers to land classified as natural (zone N) in local urban planning documents (PLU, PLUi, or POS), but where the regulations explicitly allow the development of photovoltaic (PV) projects.*

**CASE STUDY**

# *Contributing to the ecosystem of the Dutch North Sea - Ijmuiden Ver Wind Farm Site Alpha (Netherlands)*

In 2024, the Dutch government launched tenders for 4 GW of offshore wind across two sites: Alpha and Beta (2 GW each). Both included non-price criteria such as responsible business conduct and circularity. Site Alpha also introduced strong ecological criteria, which accounted for 45% of the bid evaluation.

**To meet these criteria, developers were required to:**

- Implement measures to reduce ecological impacts on birds and marine mammals
- Strengthen and restore underwater ecosystems and benthic biodiversity
- Contribute to knowledge development to reduce negative ecological effects and strengthen positive ecological effects
- Sharing knowledge through the publication of summaries detailing the measures taken and research conducted.

Each area was broken down into specific sub-criteria with defined goals, target species or habitats, and measurable actions.

Examples:

### Criterion 2.1 – Strengthening and restoring underwater nature

| Goal | Maximum points | Scoring | |
|---|---|---|---|
| Create habitats for cod and Ross worm using turbine foundations, scour protection, and cable crossings. | 15 | No application or <25% | 0 |
| | | 25% to <75% | 7 |
| | | ≥ 75% | 15 |

### Criterion 2.2 – Contributing to nature reinforcement inside and outside wind farms

| Goal | Maximum points | Scoring | |
|---|---|---|---|
| Make a financial contribution to the Ministry of Agriculture, Nature, and Food Quality for the 'North Sea Nature Enhancement Programme'. | 15 | < €10 million | 0 |
| | | ≥ €10 and < €20 million | 6 |
| | | ≥ €20 million | 15 |

**CASE STUDY**

## *Participating in a Biodiversity Fund - AO7 Sud Atlantique & AO8 Centre Manche 2 – France*

In 2022, France launched two offshore wind tenders totalling 2.5 GW: AO7 Sud Atlantique (off Île d'Oléron) and AO8 Centre Manche 2 (off the Cotentin Peninsula). **To qualify, developers had to contribute a minimum of €12 million (AO7) or €15 million (AO8) to a Biodiversity Fund.**

**Additional contributions could earn up to 7 points in the tender evaluation, with maximum pledges of €36 million (AO7) and €45 million (AO8).** Unused funds are redirected to the Biodiversity Fund, which is managed by a public authority in collaboration with the Conseil scientifique de façade. The fund supports the protection of nature potentially affected by the project (including birds and marine mammals), the mitigation of cumulative impacts of offshore wind development in the area, and enhances knowledge of local biodiversity.

## 3.2 Social non-price criteria

**Social NPCs[5] are essential for ensuring a just, inclusive and equitable energy transition.** They play a vital role in empowering historically marginalised communities, building public trust, and securing the social license needed for renewable energy development, particularly given the scale of land use and infrastructure transformation involved.

The shift to a decarbonised economy entails rapid changes to complex socio-technical systems. These changes will impact governance, policy, and the everyday lives of people and communities - shaping access to employment, recreational spaces, and the landscape itself. Existing social inequalities could be deepened if not thoughtfully managed. However, as highlighted in TNC's latest paper on best practices in community engagement, outcomes improve significantly when developers establish strong, transparent partnerships with local communities. Such collaboration can accelerate project delivery, lead to more context-sensitive designs, and generate long-term benefits for both people and the planet. As recent research highlights, "When managed well, clean power infrastructure development presents a considerable opportunity to create significant business value as well as wider system value for society, the economy and the environment".

Despite this growing recognition of importance, social NPCs remain underutilised in EU renewable energy auctions. This represents a significant untapped opportunity.

As with biodiversity NPCs, social criteria must be strictly additional to existing legal obligations under the EIA and SEA Directives. Their added value lies in raising industry standards for community engagement and benefit-sharing, and in rewarding developers who go beyond compliance.

[5] *In this paper, social NPCs relate to community engagement and benefit sharing-schemes.*

*Table 1: Enhancing community engagement: From informing to empowering*

| Participation Level | Inform | Consult | Involve | Collaborate | Empower |
|---|---|---|---|---|---|
| **Community Engagement Objective** | Provide balanced and objective information assist the community in understanding all aspects of the project, including possible problems/issues. | Obtain feedback from the community on plans, options and/or decisions. | Work directly with the community throughout all stages of the project ensure community concerns and aspirations are consistently understood and considered | Partner with the community in each aspect of planning, development and decision making, including the development of alternatives and the identification of the preferred solution. | Community to co-lead the development of the renewable energy project place decision making involves the community directly. |
| **Community Engagement Commitment** | Keep the community informed through all stages of development, including issues and delays. | Keep the community informed listen and acknowledge suggestions and concerns provide feedback on how input influenced the decision. | Work with the community to ensure concerns and aspirations are directly reflected in the alternatives developed. Provide feedback on how input influenced the decision. | Look to the community for direct advice and innovation in formulating solutions. Incorporate advice and recommendations into decisions to the maximum extent possible. | Community is involved in the design and no decisions are taken without community buy-in. |
| **Community Engagement Outcome** | Securing a suitable site to install the renewable energy facility.<br>Gaining planning permission.<br>Meeting compliance regulations. | Minimising objections.<br>Effectively managing complaints.<br>Good stakeholder relations .<br>A level of community awareness and trust in the project. | Long-term broad local social acceptance and knowledge of the project.<br>Strengthened local relationships and trust.<br>Local advocates for renewable energy. | Broad community participation, support and awareness.<br>Some sense of local ownership.<br>Greater community benefit.<br>Strong local relationships and trust.<br>Timely development and easier planning approval.<br>Some sharing of benefits beyond investors. | Community ownership in the project. (both literal and metaphorical).<br>Community benefits justly and equitably shared.<br>Citizen juries. |
| **Example Techniques** | Face-to-face meetings with key stakeholders (e.g. Parish councils).<br>Door-knocking in the closest or most affected neighbourhoods.<br>Press release to local media and advert in local paper.<br>Setting up a website with clear contact information, including an opportunity to subscribe to updates or request a phone call or meeting with a representative from the developer.<br>Posters on noticeboards, village halls, community venues, post offices, pubs. | In-person exhibitions and online public briefing events with meeting spaces for private discussions to address individuals' concerns.<br>Attendance at community meetings and events to follow-up on key topics.<br>Local polls and surveys to give people the chance to express opinions rapidly.<br>The developer should make it as easy as possible for people to contact them by establishing a range of different communication channels: phone, email, social media, call-me function on website etc."<br>Keep website updated with presentations, recordings, and videos from engagement events. | Using traditional methods of engagement, such as surveys, telephone polls, door knocking, and in-person events.<br>Using digital methods, such as maintaining a project website, using 3D visualisations and multimedia, hosting webinars, and accessing social media.<br>Using community outreach techniques and utilising established channels of communication to engage the community e.g., through local newspapers, magazines, and radio, identifying existing events and groups.<br>Providing safe spaces for individuals to discuss and feedback, such as arranging ways for issues to be discussed on a one-to-one basis or establishing anonymous voting arrangements at key meetings; and<br>Using independent experts to discuss specific concerns. | Identifying local community representatives and working through them, and with them. For example, employing local people to gather community views.<br>Local upskilling programme.<br>Youth awareness and training programmes (such as partnering with schools). | Citizen oversight committees.<br>Regular Ballots.<br>Meeting between decision makers, stakeholders and local community members.<br>Participatory mapping or public geographic information system (PPGIS). |

## *The Community Engagement Spectrum*

Adapted from the International Association for Public Participation (IAP2, 2014), Hindmarsh (2020), Lane and Hicks (2017), JISEA (2022), and the UK Department for Business, Energy & Industrial Strategy (2021), and refined in The Nature Conservancy's study Enabling a Community-Powered Energy Transition.

This framework illustrates a continuum of community involvement - from one-way information sharing to active collaboration and empowerment in decision-making.

The **Community Engagement Spectrum** offers a useful framework for understanding the different levels of social NPCs and how they can exceed minimum legal requirements:

- **Inform and Consult:** These represent the baseline legal obligations under the EIA and SEA directives.
- **Involve and Collaborate:** Developers go further by incorporating community feedback into project decisions and working directly with local stakeholders to explore alternatives.
- **Empower:** This represents the highest level of community engagement, where local populations are not only consulted but actively involved in the project's benefits. Empowerment can take the form of financial participation, either directly (through equity stakes in the project) or indirectly via mechanisms such as crowdfunding, community bonds, or cooperative investment schemes. Additionally, empowerment may include benefit-sharing schemes, such as community funds. These funds are typically financial contributions made by developers to support neighboring communities. They are used to finance local initiatives ranging from small-scale projects (e.g., school gardens or youth programs) to larger infrastructure or cultural investments (e.g., restoration of heritage sites or community centers). Community funds are generally managed by an independent body under local stakeholder governance, who help define priorities and guide the fund's strategic direction, ensuring that the benefits are aligned with community needs and aspirations.

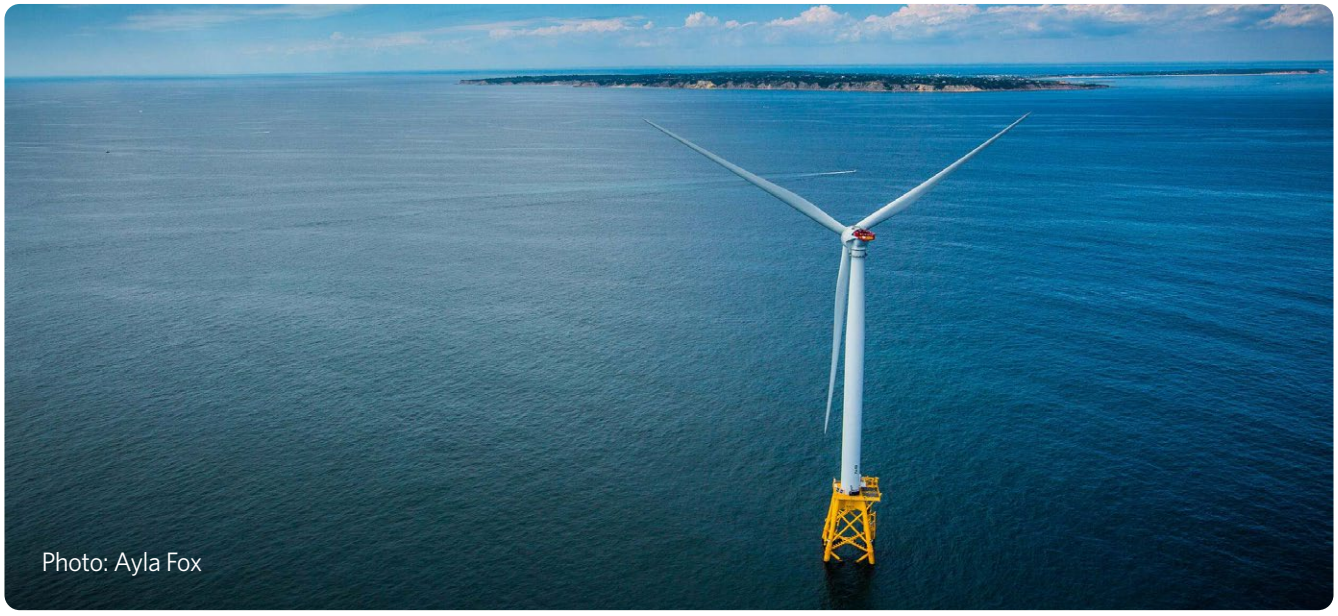


Photo: Ayla Fox

**CASE STUDY**

# *Empowering communities through ownership – Princess Elizabeth Zone (Belgium) and France's PPE2 framework*

In Belgium, the competitive auction for the Princess Elizabeth Zone incorporated citizen participation as both a prequalification requirement and an award criterion. To qualify, developers were required to open at least **1% of the project's total investment costs** to **direct or indirect citizen participation** and submit a **detailed implementation plan**. This plan had to outline the participation mechanism (whether through direct equity stakes or indirect means such as financial participation, crowdfunding, loans, or bonds) and include a communication strategy to ensure transparent, honest information about both benefits and risks. It also needed to provide a complaints mechanism for citizens to express concerns and describe how these would be addressed.

If deemed eligible, tenderers could earn **up to 10 bonus points** based on the quality and ambition of their citizen participation approach:

| Approach | Maximum points | Scoring |
|---|---|---|
| Percentage of indirect or direct citizen participation above the required 1% | **3** | **< 2%** → **1**<br>**≥ 2% and < 3%** → **2**<br>**≥ 3%** → **3** |
| Percentage of direct citizen participation | **4** | **≥ 0.5% and < 1%** → **1**<br>**≥ 1% and < 2%** → **3**<br>**≥ 2%** → **4** |
| Degree of transparency, accessibility and level of participation | **3** | Awarded based on the inclusion of public consultations, workshops, and other participatory tools, supported by quantitative data (e.g., number of participants) and qualitative data (e.g., impact of feedback on decision-making). |
| Total | **Up to 10 bonus points** | |

A similar approach is reflected in France's PPE2 Framework for onshore wind and solar, where developers can earn additional points by incorporating crowdfunding initiatives or shared governance models into their projects.

Under the PPE2 tender framework, developers may voluntarily commit to allocating at least **10% of project financing** to local stakeholders - either through contributions from a minimum of 20 local residents or from local authorities or their groupings. This commitment, known as *financement collectif,* must be maintained for at least three years following project completion and is rewarded with up to 2 points in the tender evaluation.

Alternatively, developers can opt for a **shared governance model** (*gouvernance partagée*), which involves granting local citizens and/or authorities a defined share of equity and voting rights (ranging from 33% to over 50%) along with statutory safeguards to ensure meaningful influence over strategic decisions. Projects meeting these criteria can receive up to 5 points. Both options are subject to auditor verification and carry financial penalties if the commitments are not upheld throughout the required period.

**CASE STUDY**

## *Delivering local value through community benefit funds - Tonn Nua (Ireland)*

In Ireland's second offshore wind auction (scheduled for 2025), the winning bidder will be required to contribute approximately €7 million annually over 20 years (totalling €140 million) to support communities along the south coast. This initiative is part of the Tonn Nua project under the Offshore Renewable Electricity Support Scheme (ORESS 2), and it builds on the framework established in the first auction (ORESS 1).

The community benefit fund will promote environmental, economic, social, and cultural well-being, with grants distributed to local organisations and initiatives. The fund will be managed in accordance with the **Community Benefit Fund Rulebook for Generators and Fund Administrators**, which mandates that each project developer appoint a **professional fund administrator**. This administrator will oversee the day-to-day operations of the fund, ensuring transparency, compliance, and alignment with community priorities.

Key features of the fund's management include:

- **Early engagement:** Developers must begin contributing to the fund before the wind farm becomes operational, ensuring early community engagement and support.
- **Local decision-making:** While the fund administrator manages operations, decision-making authority rests with the local community, facilitated through the establishment of a Community Benefit Fund Committee.
- **Oversight:** The Sustainable Energy Authority of Ireland (SEAI) plays a critical role in monitoring and ensuring compliance with fund guidelines.

# 4. Policy recommendations

Revising auction design to comply with the NZIA and integrating NPCs presents a significant opportunity for EU Member States to accelerate the energy transition while maximising its social and environmental benefits.

Whether or not State aid rules apply, Member States should assign meaningful weight to environmental and social NPCs. France and the Netherlands offer strong examples: France operates within the 30% weighting threshold under State aid guidelines, while the Netherlands has demonstrated what is possible when this limit does not apply. Both approaches are recognised as good practice.

We encourage Member States to:

## 4.1 Embed biodiversity and social NPCs into auction design, going beyond legal baselines

**To support a fast and smart energy transition, Member States should embed biodiversity and social NPCs into auction frameworks in a way that clearly exceeds existing legal requirements.** This ensures that NPCs act as genuine incentives for developers to exceed minimum standards, rather than simply complying with what is already required.

In terms of biodiversity, developers should, at a minimum, commit to additional mitigation actions[6], implement innovative biodiversity monitoring, and ensure transparent data sharing. Projects should then be assessed based on the extent to which they deliver measurable biodiversity net gains. For offshore wind projects, particular attention must be paid to the additionality of proposed measures, especially since EIAs typically occur after project awards. Member States shall use maritime spatial planning and Strategic Environmental Assessments (SEAs) to inform and guide the development of additional mitigation measures.

For onshore renewables, incorporating NPCs related to siting can play a critical role in directing projects toward low-conflict areas. Member States should require developers to prioritise low-conflict land and provide incentives for projects located on degraded land. This approach not only minimises environmental impact but also accelerates project acceptance and implementation.

The principle of additionality is equally important for social NPCs. While current EIA and SEA directives require developers to inform and consult local communities, this is not sufficient to ensure meaningful engagement. To qualify for auctions, developers should be required to submit a comprehensive community engagement plan that outlines how they will inform, consult, involve, and collaborate with local communities throughout the project lifecycle. Additional points should be awarded to proposals that go further in empowering communities, for example, by allocating a share of the project's capital expenditure or voting rights to local stakeholders, or by establishing community benefit funds to support local initiatives. These funds should be managed by an independent body in collaboration with local communities, who should be empowered to set priorities and shape the fund's strategic direction.

[6] *Beyond mandatory mitigations measures under the EIA.*

## 4.2 Establish a transparent, scorable evaluation system

Ensuring a high level of transparency in the evaluation and scoring of NPCs is essential. This can be achieved by developing a clear, comprehensible assessment framework supported by measurable **key performance indicators (KPIs)**.

Acceptable means of proof may include:

- **Developer commitments**, defined by specific KPIs, such as:
    - Restoring habitats using a defined number of turbine foundations, testing innovative mitigation techniques e.g. real-time bird detection systems for dynamic turbine curtailment
    - Engaging a specified number of stakeholders, detailing the frequency and quality of consultations, involving local businesses, or allocating a share of CAPEX or voting rights to the community.
- **Financial contributions to dedicated funds.** Biodiversity funds should be governed by clear rules and informed by scientists, experts, and environmental stakeholders. Community funds should be managed by an independent body with local community governance.

In the longer term, **clear EU-level guidance** will be essential - covering both **qualitative** (guiding principles) and **quantitative** (metrics-based) approaches to implementing net-positive contributions to biodiversity and ensuring meaningful community engagement. Such guidance should promote consistency across Member States while allowing flexibility to reflect local contexts. It should also standardise terminology, provide a robust methodology, and introduce common reporting standards.

To ensure fairness and preparedness, NPCs should be **published well in advance** of the auction opening. This allows developers sufficient time to seek clarification, address concerns, and prepare competitive bids. **Evaluation** should be conducted by qualified experts and follow strict timelines to avoid delays. Over successive auction rounds, experience will build in designing NPCs, developing assessment methodologies, comparing bids, and monitoring commitments.

## 4.3 Ensure accountability and transparency

Transparency and accountability are critical to the credibility of NPCs. Stakeholders must have visibility into the commitments made by winning bidders and how these will be delivered throughout the project lifecycle.

NPCs should be **verifiable** through robust monitoring and evaluation. Developers must be held accountable for delivering on specific actions and milestones, with **binding timelines** and regular public reporting of progress. Monitoring results should be shared with public authorities, scientists, and academics to inform future auction design. Failures should also be documented to support learning and prevent repetition.

**Penalties** must be imposed where developers fail to meet their commitments. These should be set at a level high enough to deter non-compliance and ensure that NPCs are taken seriously during the bidding process.

## 4.4 Continuously improve biodiversity and social NPCs design by learning from each auction round

Each auction round offers a valuable opportunity to refine the design and implementation of biodiversity and social NPCs. Member States should establish **systematic feedback mechanisms** to capture lessons learned and improve future rounds. This includes developing more robust evaluation methodologies, enhancing the comparability of bids, and improving the monitoring and verification of developers' commitments. Over time, this iterative approach will build institutional knowledge and capacity among contracting authorities and stakeholders. It will also increase the **effectiveness, transparency, and credibility** of the auction process, ensuring that environmental and social objectives are more fully integrated and achieved with each new round.

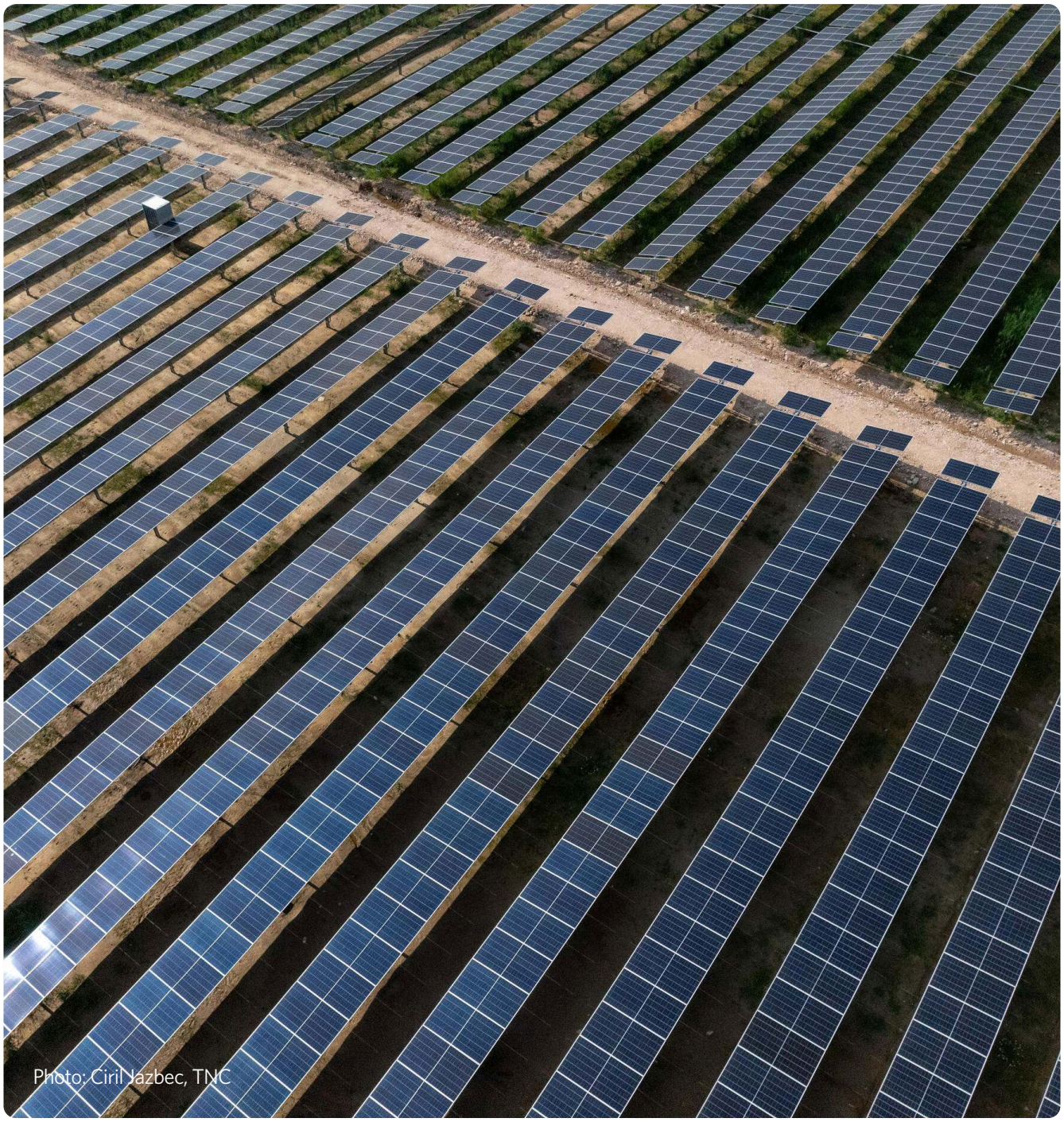
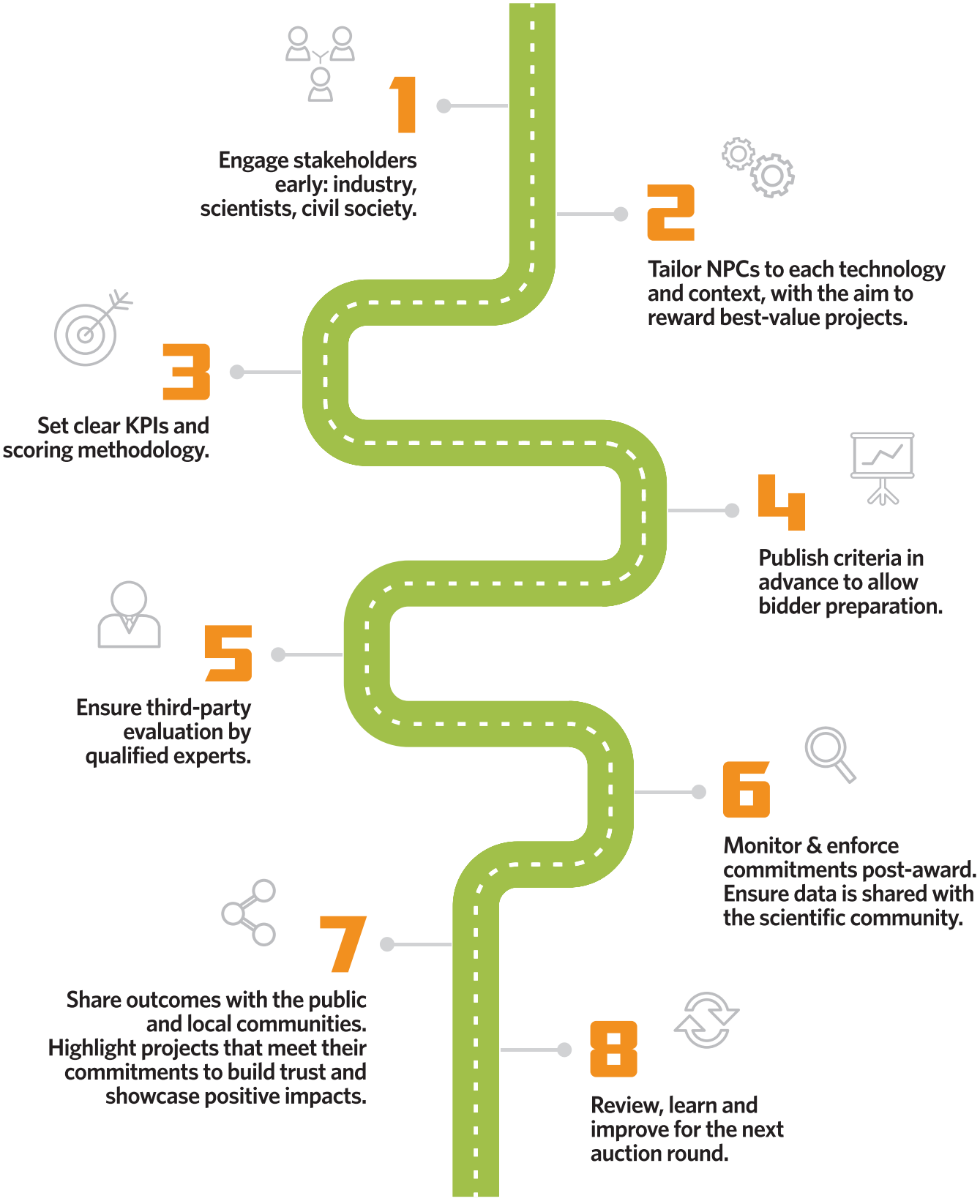


Photo: Ciril Jazbec, TNC

## STEP-BY-STEP:

*Integrating biodiversity and social NPCs in renewable energy auctions*



# 5. Conclusion

As Europe accelerates its transition to renewable energy, the design of auction schemes will play a decisive role in shaping not only the pace but also the quality of this transformation.  Integrating biodiversity and social NPCs into auction design is no longer an option, it is an imperative. These criteria offer a powerful means to deliver high-value projects that are environmentally responsible, socially inclusive, and publicly supported.

The implementation of the NZIA marks a turning point. It provides Member States with both the mandate and the opportunity to embed nature and people into the heart of renewable energy deployment. By going beyond minimum legal requirements and rewarding developers who deliver tangible benefits for nature and communities, Member States can foster a race to the top - one that accelerates deployment while enhancing public trust and ecological resilience.

Photo: Witthaya Prasongsin, Getty Images

The Nature Conservancy

# BEYOND PRICE:

## *How non-price criteria in renewable energy auctions can help deliver for climate, nature and people*

*The Nature Conservancy, July 2025*