

OFGEM

Dear Sir / Madam

Date 04/09/2020

**RIIO-2 Draft Determinations for Transmission Operators:
Consultation Response**

Ramboll UK Limited, specifically our Environment and Health business in the UK, is actively involved in a number of projects with transmission operators (TOs) in Scotland. As part of our work we are acutely aware of the sector-leading work being delivered by TOs, much of which is at risk of being curtailed as a result of the reductions in funding the RIIO-T2 determination indicates will be applied.

Ramboll
5th Floor
7 Castle Street
Edinburgh
EH2 3AH
United Kingdom

T +44 131 297 2650
<https://uk.ramboll.com/environment-and-health>

Key areas of concern relate to:

- The contribution the TOs can make towards support the Scotland's transition to net-zero carbon will be drastically reduced;
- The investment already made in efforts towards improving performance in relation to carbon emissions, delivering net gains for biodiversity, improving the environmental performance of projects and overall contributing to developing strategies to support national objectives for the transition to net-zero, may be curtailed, delayed or abandoned and the effort made to date not capitalised upon;
- Whether a reduction in available funding, which may result in TOs limiting their activities to those most closely aligned with their statutory responsibilities as licence holders, can truly be considered to offer best value to customers when overall national objectives are taken into consideration.

Transition to Carbon Net-Zero and Biodiversity Net Gains

As countries plan to restart economies in the aftermath of COVID-19, governments are under pressure by society to do so sustainably. Pursuing a

Ramboll UK Limited
Registered in England & Wales
Company No: 03659970
Registered office:
240 Blackfriars Road
London
SE1 8NW

Green Recovery programme by injecting economic stimulus that explicitly supports the commitment to tackle the climate crisis is imperative. Similarly, this Green Recovery must ensure that industry is supported to deliver action to mitigate the biodiversity crisis; the World Economic Forum this year rated biodiversity loss among the top five global economic risks in terms of the impact it will have on humanity over the coming decade.

The UK's development industry is largely cognisant of the climate and biodiversity crises and countless developers are readying themselves to ensure their development operations can adapt to the call for climate and biodiversity action. They recognise that civil society expects them to be socially and environmentally responsible. They also recognise that targets set in the distant future are no longer appropriate nor acceptable to their customer base. Action, in the form of corporate commitments and proven delivery, is required now, backed by science-based targets set within a timeframe in which they can be truly effective.

In response, many developers have set out their corporate sustainability commitments and are in the process of adapting operations to enable delivery against them. This adaptation takes time, it cannot be achieved overnight once policy or legislation makes it a requirement. As consultants, Ramboll works closely with developers to support this transition process. Adopting mechanisms to deliver for biodiversity and climate takes ingenuity, specialised knowledge, and most importantly, time for trials and lessons to be learned. Enabling and delivering on Carbon Net Zero and Biodiversity Net Gain are evolving processes which require commitment and support from all stakeholders.

Capitalising on Investment already made

Transmission Operator, Scottish Hydro Electric Transmission (SHET), have been working at the forefront of Biodiversity Net Gain (BNG) since 2017. They are leaders in this field, not only in Scotland, but across the UK development industry. Their commitment to BNG mirrors that of Highways England and Network Rail. In trialling BNG, SHET are establishing not just on how to best achieve it but how to best deliver it to reduce commercial impacts; without on-going learning, delivering up to 10% net gains will be more costly to the consumer than it needs to be. We would also note that the 10% target appears ambitious for development in areas of high biodiversity, where the opportunity for gains may be limited.

SHET share their good practice and lessons learned with the construction industry via articles, presentations and workshops. The BNG expertise being developed via SSE and their framework consultants is invaluable; they have put in substantial groundwork to pave the way for themselves and other developers and continue to do so. There is still considerable work still to be done in ensuring delivery for biodiversity by TOs in Scotland - the proposed budget cuts by OFGEM will limit their ability to continue this critical work.

Similarly, progress made towards establishing science-based targets for carbon net-zero and delivering against those will require ongoing investment and development of existing strategies and plans to meet these targets. Considerable effort has gone into the development of these targets and the emerging measures to achieve them. This investment risks not being capitalised upon and the contribution these initiatives have the capability to make to achieving national targets may be compromised if insufficient funding is available to support delivery beyond the strict requirements of transmission licences.

Value for Money

It is time to consider what value for money looks like for a consumer with the backdrop of climate and biodiversity crises. Is value for money truly represented by a nominal annual reduction in household

energy bills or is value better represented by a responsible energy supplier that invests in a more sustainable, resilient future for all of society?

Furthermore, money invested in delivering carbon net-zero and biodiversity is not lost; it can be quantified in economic terms via natural capital accounting whereby the economic value of the additional environmental services provided by these actions for society, such as clean air, flood alleviation, pollination of crops, health and wellbeing, can be quantified.

In November 2021, the UK will assume presidency of the upcoming UN Climate Change Conference (COP26) where biodiversity will be a central theme. As hosts, we must show that the UK understands that both climate and biodiversity crises are intrinsically linked – that is, we cannot achieve one without the other. We must also show that there is full support in all corners of our development industry to truly commit and stand up and do what is required to deliver on biodiversity and climate.

Investing for the future to mitigate the climate and biodiversity crises must a collaborative effort and the energy transmission system has a leading role to play in demonstrating how development of critical national infrastructure can lead the way in developing best practice and setting the standard for truly sustainable development.

Yours faithfully

Ramboll UK Limited