# Findhorn, Nairn & Lossie Rivers Trust RIIO-3 Draft Determination consultation response

# Species and Habitat funding **background**

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| **SHETQ3.** *Do you agree with our proposal to reject SHET’s Species and Habitat UIOLI?*  No, we do not agree with the proposal to reject the Species and Habitat UIOLI. This fund addresses an important gap in funding to mitigate the impacts of SSEN Transmission on species and habitats as it delivers network growth in support of Scottish and UK Net Zero goals.  Our position is as follows:   1. **Ofgem has a Biodiversity Duty**– *“though there are nuanced differences between requirements in England, Scotland, and Wales, at a high level Ofgem must consider biodiversity when exercising any regulatory functions that may impact upon it”[[1]](#footnote-1)*. Further to this, as a public body, Ofgem must align its decisions and policies with wider government targets and aims. In Scotland, there are two key targets[[2]](#footnote-2) to which the Species and Habitat fund will contribute:    * Be Nature Positive by 2030    * Restore and Regenerate Biodiversity by 2045 2. **Without this funding** **SSENT cannot deliver best practice nature restoration** and truly contribute to a Nature Positive future for Scotland. Scotland’s natural environment is already in a precarious position and without this investment, it will struggle to meet its 2030 biodiversity targets and obligations under the Convention on Biological Diversity. 3. **Healthy habitats act as natural climate buffers** by sequestering carbon, reducing flood risk through natural water retention, and cooling local climates and supporting pollination. Without investment in habitat-specific restoration, degraded landscapes will emit more carbon than they store, be more prone to wildfires, erosion, and flooding, and undermine Scotland’s net zero and climate adaptation strategies. SSENT’s proposal directly supports Ofgem’s Net Zero duty. 4. **No nature funding other than BNG and Irreplaceable Habitat Compensation exists**. This means that any project that does not meet the strict requirements of a BNG metric, or requirements for peatland and ancient woodland restoration will not be fundable by SSENT, even where the business has significant impacts on species and habitats and where there is the potential for meaningful mitigation measures. 5. **Nature needs a strategic view** and Ofgem themselves have identified this in their Draft Determinations. SSEN Transmission’s infrastructure is at a national and strategic scale, and therefore the business should be identifying and delivering restoration opportunities that contribute at this scale. 6. **Experts in the field of nature restoration have clear expectations that businesses such as SSEN Transmission go beyond compliance and Net Gain**. A key ask of stakeholder organisations, like ourselves at FNLRT, is for businesses like SSENT to deliver Additional Conservation Actions as proposed in the Species and Habitat fund. 7. **Public expectation** is that SSEN Transmission deliver best practice nature enhancement to ensure that the net impact on nature of our infrastructure is a positive outcome. By aligning nature restoration actions with public expectations, SSEN Transmission can help build public trust in, and social license for the essential infrastructure upgrades it is undertaking.   **ETQ11.** *Do you have any views on our proposed approach to biodiversity funding, notably whether it is appropriate or not for consumers to fund biodiversity outputs beyond legislative requirements?*  Yes. We believe it is appropriate and necessary for consumers to fund biodiversity outputs beyond legislative requirements. This is for the following reasons:   1. **Ofgem has a Biodiversity Duty**– *“though there are nuanced differences between requirements in England, Scotland, and Wales, at a high level Ofgem must consider biodiversity when exercising any regulatory functions that may impact upon it”[[3]](#footnote-3)*. Further to this, as a public body, Ofgem must align its decisions and policies with wider government targets and aims. In Scotland, there are two key targets[[4]](#footnote-4) to which the Species and Habitat fund will contribute:    * Be Nature Positive by 2030    * Restore and Regenerate Biodiversity by 2045 2. **The current Ofgem funding proposal is not aligned with a nature positive future.** Two core principles of the UK Government’s 2030 Strategic Framework for International Climate and Nature Action[[5]](#footnote-5) are to “Align global financial flows with a net zero, climate resilient and nature positive future” and “Shift trade and investment rules and patterns to support the transition to a climate and nature positive future”. The proposed Species and Habitat Fund supports both of these aims and should therefore be funded. 3. **Public bodies are expected to align their actions with Scotland’s Biodiversity Strategy and Delivery Plans**[[6]](#footnote-6), including restoring degraded ecosystems, enhancing green infrastructure, and supporting species recovery. Specifically public bodies need to align with Objective 4 in the Scottish Biodiversity Delivery Plan 2024–2030[[7]](#footnote-7) : *“Protect and Support the Recovery of Vulnerable and Important Species and Habitats”.* Key objectives in the 2030 delivery plan include “Invest in nature”, “Accelerate restoration and regeneration”, and Protect nature on land and at sea, across and beyond protected areas. |

# Marine biodiversity restoration background

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| **SHETQ2**. *Do you agree with our proposal to reject SHET’s marine biodiversity EAP commitments?*  No. We do not agreed with the proposal to reject SSEN Transmission (SHET)’s commitments on marine biodiversity restoration. The delivery of these commitments is critical to minimising and mitigating the transmission operator’s impacts on the marine environment and would deliver multiple benefits for nature, the climate, communities and economic growth. In addition, as Ofgem acknowledged the in Draft Determination, the proposal “…builds on stakeholder demand to limit network impact on the environment and shows ambition to get ahead of a potential future legislative requirement.”  Our response relates to the points raised by Ofgem in the Draft Determination, namely:   * How the proposal relates to core network activity * Why oysters and seagrass? * Why Marine Habitat Restoration Academy? * Consumer value * Deliverability   **How the proposal relates to core network activity**  As Ofgem noted in the Draft Determination, SSEN Transmission’s commitments on marine restoration are driven by existing planning requirements and by the upcoming changes to Scotland-wide requirements on marine restoration due to take effect during the RIIO-T3 period. We disagree with Ofgem’s view that this is “not core network activity” as it is required to deliver large capital projects with marine impacts.  Ofgem’s biodiversity duty means the regulator has a duty to consider biodiversity when considering any regulatory activity that impacts on it. As set out in SSEN Transmission’s Sustainability Action Plan, and in line with Ofgem’s requirement to provide “analysis of the significant environmental impacts arising from its network activity”, SSEN Transmission’s network expansion during the RIIO-T3 period will have significant impacts on the marine environment. Their proposals directly address these impacts.  Ofgem also note that there is a lack of clarity on “…the value of developing internal resource in this area versus using external suppliers.” SSEN Transmission is clear that it intends to work in partnership with external experts in the field of marine restoration. It is not their intention to deliver this work by themselves.  Indeed, by working in partnership with experts in marine restoration, SSEN Transmission will both enable the delivery of large capital projects to deliver network growth, and support the growth of this sector, further enabling SSEN Transmission and others to deliver marine energy projects responsibly.  **Why oysters and seagrass?**  Without the existence of a marine net gain metric in the short term, a metric for determining success is necessary. The proxies proposed by SSEN Transmission are based on the number of individual oysters and seagrass seeds placed onto the seabed. Native Oysters would be released at an optimal stage in their lifecycle, most likely at a lifecycle stage equivalent to juvenile, measuring approximately 20 - 50mm. The proxy method for determining the optimum approach to seagrass is based on individuals released at an appropriate lifecycle stage where the “cost” of propagation is balanced against survivability. Defining this optimum approach is part of the research works outlined in action 10c.  **Why Marine Habitat Restoration Academy?**  SSEN Transmission’s proposals aim to develop the skills and knowhow to propagate oysters and seagrass at scale, creating knowledge which they intend to publish through the existing peer reviewed journal process. Action 10d relates to sharing this knowledge and teaching the associated marine restoration skills to a broader range of people, including people who may not be part of the research community.  It is prudent for SSEN Transmission to undertake knowledge sharing and support training through a Marine Habitat Restoration Academy in order to build the workforce needed for delivering marine restoration required by planning authorities.  The workforce to deliver marine restoration at the scale required is limited in Scotland and would greatly benefit from a joined up approach as proposed by SSEN Transmission. Additional benefits of the proposed approach include potential cost savings through a home-grown workforce within partner organisations familiar with SSEN Transmission.  Furthermore, workforce development would support the creation of green jobs in coastal, frequently remote, and historically deprived communities, and would support Scotland’s Just Transition goals, and help to reverse the depopulation skills drift.  Without investment, these opportunities may stall, leaving Scotland behind in the global shift toward **nature-positive economies**.  **Consumer value**  Ofgem’s consumer value framework includes the following objectives: “Enable infrastructure and markets required for net zero transition”; and “Minimise net cost of transition”[[8]](#footnote-8). Planning authorities already require SSEN Transmission to deliver marine restoration, and expected changes to the National Marine Plan 2 (NMP2) are very likely to require the delivery of large scale marine restoration. Therefore, taking action to deliver this marine restoration directly supports the goal of enabling the infrastructure required for the net zero transition.  Furthermore, by investing in skills development, and support to grow the marine restoration workforce, SSEN Transmission’s proposal would minimise the net cost of the transition. Without investment in the development of the workforce needed to deliver marine restoration, SSEN Transmission would need to outsource this work to specialists in high demand who could charge significant fees for their services.  Similarly, by investing in research as part of this proposal, SSEN Transmission will help to bring down the costs of marine restoration by testing and trialling restoration methods and identifying the most cost effective and successful approaches. Not only will this delivery value for SSEN Transmission, but the business’s proposal on knowledge sharing would support other TOs and the wider offshore energy sector to benefit from this research and further minimise the cost of transition.  SSEN Transmission’s proposal could also deliver significant carbon savings and broader natural capital impacts, both of which deliver wider value to consumers and the UK economy. The proposed restoration of 250 million seagrass seedlings is expected to sequester approximately 256 tonnes of CO₂ per year, building to a cumulative total of over 2,500 tonnes by 2035 as habitats mature. While oyster restoration offers more modest direct carbon sequestration (~10 tonnes/year), both habitats contribute to sediment stabilization and improved biodiversity. The updated UK Green Book (Table 3, page 84) sets a central shadow price of £241/tCO₂e, with a low-high range of £121–£362—reflecting a robust framework for valuing GHG sequestration from natural climate solutions. Under this central price point, early seagrass restoration efforts alone would accrue over £600,000 in carbon benefit over the first decade, with potential upside to £900,000+ under high scenario pricing.  Further to the carbon benefits and related value, both oyster and seagrass restoration could deliver significant natural capital benefits. For example, Seagrass meadows globally are valued at £14,000–£35,000 per hectare per year, based on combined fisheries, carbon, and coastal protection services.[[9]](#footnote-9) The UN’s Environment Programme notes that “Restored oyster and seagrass habitats can generate £20,000–£50,000/ha/year in ecosystem service value depending on region and maturity stage.”[[10]](#footnote-10)  **Deliverability**  Ofgem states that the research and development element of SSEN Transmission’s proposal “…suggests there may be a deliverability risk for the overall output.” We disagree with this assertion and, as noted above, propose that research and development are an essential step in delivering successful marine restoration at scale in a way that is both cost effective and replicable. Marine restoration efforts have been implemented at scale elsewhere[[11]](#footnote-11), and Scottish marine restoration efforts to restore oysters and seagrass have been successful at a small scale.[[12]](#footnote-12) Far from posing a deliverability risk, embedding research and development in this project will allow SSEN Transmission to learn from previous successes and to share lessons learned with others.  **ETQ11.** *Do you have any views on our proposed approach to biodiversity funding, notably whether it is appropriate or not for consumers to fund biodiversity outputs beyond legislative requirements?*  Yes. We believe it is appropriate and necessary for consumers to fund biodiversity outputs beyond legislative requirements. This is for the following reasons:   1. **Ofgem has a Biodiversity Duty**– *“though there are nuanced differences between requirements in England, Scotland, and Wales, at a high level Ofgem must consider biodiversity when exercising any regulatory functions that may impact upon it”[[13]](#footnote-13)*. Further to this, as a public body, Ofgem must align its decisions and policies with wider government targets and aims. In Scotland, there are two key targets[[14]](#footnote-14) to which the Species and Habitat fund will contribute:    * Be Nature Positive by 2030    * Restore and Regenerate Biodiversity by 2045 2. **The current Ofgem funding proposal is not aligned with a nature positive future.** Two core principles of the UK Government’s 2030 Strategic Framework for International Climate and Nature Action[[15]](#footnote-15) are to “Align global financial flows with a net zero, climate resilient and nature positive future” and “Shift trade and investment rules and patterns to support the transition to a climate and nature positive future”. The proposed Species and Habitat Fund supports both of these aims and should therefore be funded.   **Public bodies are expected to align their actions with Scotland’s Biodiversity Strategy and Delivery Plans**[[16]](#footnote-16), including restoring degraded ecosystems, enhancing green infrastructure, and supporting species recovery. Specifically public bodies need to align with Objective 4 in the Scottish Biodiversity Delivery Plan 2024–2030[[17]](#footnote-17) : *“Protect and Support the Recovery of Vulnerable and Important Species and Habitats”.* Key objectives in the 2030 delivery plan include “Invest in nature”, “Accelerate restoration and regeneration”, and Protect nature on land and at sea, across and beyond protected areas |

# Biodiversity Net Gain Reopener

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1. [Ofgem’s Evaluation Strategy](https://www.ofgem.gov.uk/sites/default/files/2025-03/Evaluation-Strategy.pdf) [↑](#footnote-ref-1)
2. [Scottish Biodiversity Strategy to 2045 - gov.scot](https://www.gov.scot/publications/scottish-biodiversity-strategy-2045/) [↑](#footnote-ref-2)
3. [Ofgem’s Evaluation Strategy](https://www.ofgem.gov.uk/sites/default/files/2025-03/Evaluation-Strategy.pdf) [↑](#footnote-ref-3)
4. [Scottish Biodiversity Strategy to 2045 - gov.scot](https://www.gov.scot/publications/scottish-biodiversity-strategy-2045/) [↑](#footnote-ref-4)
5. [2030 Strategic Framework for International Climate and Nature Action](https://assets.publishing.service.gov.uk/media/642a9b717de82b000c313473/2030-strategic-framework-for-international-climate-and-nature-action.pdf) [↑](#footnote-ref-5)
6. [Scottish Biodiversity Strategy to 2045: Tackling the Nature Emergency in Scotland](https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2024/11/scottish-biodiversity-strategy-2045/documents/scottish-biodiversity-strategy-2045-tackling-nature-emergency-scotland/scottish-biodiversity-strategy-2045-tackling-nature-emergency-scotland/govscot%3Adocument/scottish-biodiversity-strategy-2045-tackling-nature-emergency-scotland.pdf) [↑](#footnote-ref-6)
7. [scottish-biodiversity-delivery-plan-20242030.pdf](https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2024/11/strategic-biodiversity-framework-delivery-plan-20242030/documents/scottish-biodiversity-delivery-plan-20242030/scottish-biodiversity-delivery-plan-20242030/govscot%3Adocument/scottish-biodiversity-delivery-plan-20242030.pdf) [↑](#footnote-ref-7)
8. [Ofgem’s Forward Work Programme – 2024/25](https://www.ofgem.gov.uk/sites/default/files/2023-12/2023.12.13_FWP_Consultation_FINAL.pdf) [↑](#footnote-ref-8)
9. <https://openknowledge.worldbank.org/handle/10986/35882> [↑](#footnote-ref-9)
10. [Global review of marine restoration projects and funding sources - UNEP-WCMC](https://www.unep-wcmc.org/en/news/global-review-of-marine-restoration-projects-and-funding-sources) [↑](#footnote-ref-10)
11. [Global review of marine restoration projects and funding sources - UNEP-WCMC](https://www.unep-wcmc.org/en/news/global-review-of-marine-restoration-projects-and-funding-sources) [↑](#footnote-ref-11)
12. [Restoration Forth | WWF](https://www.wwf.org.uk/what-we-do/projects/restoration-forth) [↑](#footnote-ref-12)
13. [Ofgem’s Evaluation Strategy](https://www.ofgem.gov.uk/sites/default/files/2025-03/Evaluation-Strategy.pdf) [↑](#footnote-ref-13)
14. [Scottish Biodiversity Strategy to 2045 - gov.scot](https://www.gov.scot/publications/scottish-biodiversity-strategy-2045/) [↑](#footnote-ref-14)
15. [2030 Strategic Framework for International Climate and Nature Action](https://assets.publishing.service.gov.uk/media/642a9b717de82b000c313473/2030-strategic-framework-for-international-climate-and-nature-action.pdf) [↑](#footnote-ref-15)
16. [Scottish Biodiversity Strategy to 2045: Tackling the Nature Emergency in Scotland](https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2024/11/scottish-biodiversity-strategy-2045/documents/scottish-biodiversity-strategy-2045-tackling-nature-emergency-scotland/scottish-biodiversity-strategy-2045-tackling-nature-emergency-scotland/govscot%3Adocument/scottish-biodiversity-strategy-2045-tackling-nature-emergency-scotland.pdf) [↑](#footnote-ref-16)
17. [scottish-biodiversity-delivery-plan-20242030.pdf](https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2024/11/strategic-biodiversity-framework-delivery-plan-20242030/documents/scottish-biodiversity-delivery-plan-20242030/scottish-biodiversity-delivery-plan-20242030/govscot%3Adocument/scottish-biodiversity-delivery-plan-20242030.pdf) [↑](#footnote-ref-17)
18. [Ofgem’s Evaluation Strategy](https://www.ofgem.gov.uk/sites/default/files/2025-03/Evaluation-Strategy.pdf) [↑](#footnote-ref-18)
19. [Scottish Biodiversity Strategy to 2045 - gov.scot](https://www.gov.scot/publications/scottish-biodiversity-strategy-2045/) [↑](#footnote-ref-19)
20. [2030 Strategic Framework for International Climate and Nature Action](https://assets.publishing.service.gov.uk/media/642a9b717de82b000c313473/2030-strategic-framework-for-international-climate-and-nature-action.pdf) [↑](#footnote-ref-20)
21. [Scottish Biodiversity Strategy to 2045: Tackling the Nature Emergency in Scotland](https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2024/11/scottish-biodiversity-strategy-2045/documents/scottish-biodiversity-strategy-2045-tackling-nature-emergency-scotland/scottish-biodiversity-strategy-2045-tackling-nature-emergency-scotland/govscot%3Adocument/scottish-biodiversity-strategy-2045-tackling-nature-emergency-scotland.pdf) [↑](#footnote-ref-21)
22. [scottish-biodiversity-delivery-plan-20242030.pdf](https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2024/11/strategic-biodiversity-framework-delivery-plan-20242030/documents/scottish-biodiversity-delivery-plan-20242030/scottish-biodiversity-delivery-plan-20242030/govscot%3Adocument/scottish-biodiversity-delivery-plan-20242030.pdf) [↑](#footnote-ref-22)