**Ofgem RIIO-3 Draft Determination - Implications for Nature**

**Green Action Trust – Consultation Response 26/08/2025**

We welcome the opportunity to respond to Ofgem regarding the rejection of SHET’s proposed nature and sustainability strategy.

Funding into biodiversity and nature networks is crucial for quality of life across our communities, and we believe that SHET’s proposed investment programme is an important pillar in a diminishing funding landscape.

We are keen to further understand the reasonings behind the rejection of the proposals. To this end we would welcome a meeting with Ofgem, our CEO Tom Campbell and our Ambassador Mark Beaumont, to discuss further and offer more detailed and relevant feedback to support and refine possible options.

**Green Action Trust**

The Green Action Trust is a charitable organisation whose core mission is to tackle inequality and the nature and climate emergencies through the delivery of nature and blue-green infrastructure. We have a 40-year track record of improving people's lives through access to quality green spaces. GAT is one of the most established Scottish environmental organisations, funded by the Scottish Government, trusted by hundreds of businesses, councils and organisations, and representing over 3.5 million people who live across Central Scotland. GAT is the link between people and planet, in a role that is both custodian and honest broker. We speak and advocate for businesses and communities across Central Scotland in objecting to this decision.

Green Action Trust does not agree with the proposals to reject the following:

* **SHET’s Marine Biodiversity EAP Commitments**
* **SHET’s Species and Habitat UIOLI**

Scotland is one of the poorest countries in the world in terms of its biodiversity, ranking globally in the bottom 25% of nations. The Scottish Biodiversity Strategy has ambitious targets to improve this standing and ensure climate resilience is embedded into any interventions. It is critical that tackling the biodiversity and climate crisis is a shared responsibility, and we need the private sector to contribute. With SHET’s significant proposed investment, skills and ambition, we believe that they could be leaders in reversing these emergencies.

There is a significant gap in funding, innovation around investment and ambition in proactively responding to biodiversity collapse and the climate crisis. To see business commit to, and take responsibility for, leading in mitigation and regeneration is significantly positive, and often rare. To see a regulator push back on this is hugely disappointing. The Energy Bill amended Ofgem's duties to explicitly include a responsibility for supporting the UK's 2050 net zero target and the five-year carbon budgets set out in the Climate Change Act 2008. The Bill also ensures Ofgem continues to protect the interests of existing and future consumers by integrating the net zero target into its decision-making processes. Ofgem must now document how its regulatory decisions contribute to the net zero transition, ensuring it is a fundamental aspect of its work, not just an afterthought. The decision to reject SHET proposals clearly demonstrate regulatory decision-making driving progress in the opposite direction.

There is a responsibility on Ofgem to demonstrate leadership and encourage and support utility providers to do the same. Net Zero and nature are intrinsically linked and cannot be separated. SHET’s sustainability and nature goals reflect stakeholder input from communities, government, and industry. By rejecting these goals, Ofgem risks weakening confidence among:

* Investors, who increasingly expect and support clear, measurable ESG commitments.
* Communities, who want to see net positive outcomes from infrastructure projects and for those who profit to pay something back.
* Supply chain partners, who are innovating to deliver low-carbon, nature-positive solutions.

Regulatory alignment with sustainability is critical to maintain the UK’s attractiveness as a leader in green investment. There is a significant funding gap in the ability of the public and third sectors to deliver the interventions we need; in fact, it is impossible. Working with SHET to deliver their proposals is the only way to ensure the gaps they have identified will be delivered – currently there is no other funding that will do this.

We urge Ofgem to reconsider its proposal and work with SHET to refine, rather than reject, the nature and sustainability goals. Doing so would demonstrate regulatory leadership, maintain policy coherence, and ensure that consumers benefit not only from affordable energy today, but also from a resilient and sustainable energy system for the future.

Rejecting SHET’s proposals would also represent a step back from Ofgem’s own commitments under the RIIO framework and the UK’s statutory environmental obligations and show disappointing leadership and innovation in an increasingly unstable time.

The reasons for not agreeing with OFGEM's proposals to reject are as follows:

**Consumer Value**

Nature has significant potential to directly and indirectly improve people's lives and tackle multiple systemic issues. The SHET Marine and Species and Habitat proposals provide ecosystem services that will create value for consumers through increased economic activity, and indirectly through avoided costs in future years through climate mitigation and adaptation measures proposed. Climate effects will bring changes in electricity demand and supply, and nature has a role to play in mitigating this. Acting on nature improvements will also help reduce long-term operational risks, such as flood, fire, and erosion damage to infrastructure for utility providers.

It is true that ‘lights need to be kept on’, but as we move into an age where we will clearly not meet set climate targets, choices need to be made to protect what little nature we have. This is clearly difficult in a cost-of-living crisis, when food and fuel take priority in many households. We believe that society will support the need for this through greater understanding of ecosystem services and natural capital, and the role that large companies have to play in delivering what is best for nature as well as people. That is why we believe that energy companies should play a key role in protecting nature and biodiversity; a responsibility that they can bear as part of their activities.

**Just Transition**

As the continued shift from fossil fuels to renewables occurs, there is a need for new employment opportunities and skills to be created, to ensure a just transition. The energy sector has a responsibility to proactively support this just transition, and these proposals do that. Roles restoring nature and managing landscapes provide a huge opportunity to play a key role in that social, environmental and economic shift. For example, the proposals to develop the skills and techniques to restore seagrass and oyster beds at scale, as well as the proposals to develop and run a Marine Habitat Restoration Academy, will all contribute to that future.

The RIIO-T2 Environmental Action Plan already requires Transmission Operators to demonstrate measurable environmental improvements. SHET’s proposed nature and sustainability goals provide a structured means to operationalise this.

Ofgem’s Output Delivery Incentive (ODI) framework has long recognised the role of reputational and financial incentives to drive behaviours beyond “business as usual”. By rejecting SHET’s proposals outright, Ofgem risks discouraging innovation in environmental performance and undermining the credibility of the ODI framework itself. Discouraging innovation runs counter intuitive to any progress to a just transition.

**Integrating Grid Infrastructure**

The grid infrastructure required to support net zero is extensive and significant. It will impact landscapes, nature and communities. Increasingly, communities across Scotland are opposing renewables infrastructure proposals.

Previous energy transitions, including the development of hydro in the late 1940s, resulted in significant detrimental impacts on nature and communities. We should not make the same mistake as we transition from fossil fuels to renewables. Every effort should be made to minimise harm and integrate infrastructure into the environmental and social context in which it needs to be located. The habitat and species proposals do this and provide funding for the many situations which will not be covered by BNG or any other potential regulatory tool.

**Biodiversity Net Gain (BNG)**

We strongly believe that investment in nature outwith any Scottish BNG (Positive Effects for Biodiversity) obligations is justified, and critical. At present there is no statutory driver for any offset or nature improvement related to development, as there is in England and Wales. This is proposed, though until there are agreed metrics, could still be a long way off. Despite this, SSEN and SSE Renewables, have developed their own metric to ensure that they can start to deliver for nature now. The Scottish Government has taken this work, along with DEFRA metrics, to look at refining for Scotland wide use. This puts SHET firmly in place as a leader, and innovation and ambition will be critical in the challenges ahead.

**SHETQ2. Do you agree with our proposal to reject SHET’s marine biodiversity EAP commitments?**

We do not agree with the OFGEM proposal to reject SHETS marine biodiversity EAP on the following grounds:

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| SHET proposal | GAT Response |
| £100k to support collaboration with other TOs and experts across the UK to lead on the development and adoption of an agreed methodology for measuring Net Gain in the marine (MNG) environment by 2027. | This relatively small investment is foundational, enabling an objective and systematic assessment of NG in the marine environment. The absence of an accepted terrestrial BNG metric in Scotland has resulted in Scotland lagging behind other parts of the UK. These funds will allow collaboration with other TO’s, Crown Estate and other key stakeholders to pioneer metrics and an evidence led investment approach to interventions to protect our marine environment. |
| £18m to develop and implement a regionally appropriate Native Oyster restoration project aiming for 20 million oysters by 2030. Research led project to develop the skills and techniques necessary to deliver native oyster restoration at scale in the UK and subsequently implement at scale. | Marine restoration at scale is needed to tackle the climate and nature emergencies. Given the extent of offshore wind infrastructure and its potential to impact the marine environment, it is appropriate that network providers invest in marine restoration. These proposals will deliver both climate mitigation and adaptation and benefit the neighbouring coastal communities who may be most affected by renewables infrastructure. This again has the potential to set Scotland and the UK as a leader in developing skills and techniques that can be of global benefit.  Native oyster beds deliver multiple environmental, social and economic benefits. They create havens for biodiversity, clean water and sequester carbon. Restored, they have the potential to create sustainable and valuable jobs in coastal communities. Currently, populations are fragmented and sparse. |
| £18m for a research-led project to develop the skills and techniques necessary to deliver seagrass restoration at scale in the UK and subsequently implement at scale. | Seagrass restoration, as with native oyster restoration, also delivers multiple benefits for biodiversity connectivity and nursery breeding grounds, climate regulation via carbon storage and climate mitigation through coastal erosion control. These are in decline globally though a few smaller initiatives have taken place in Scotland; these meadows once restored offer significant benefits. |
| £6.2m to develop and run Marine Habitat Restoration Academy. | The Just Transition demands that significant investment be made across private and public sectors to build capacity and capability to develop the workforce needed to support the energy systems of the future. Skills and innovation are critical. With the academic sector also struggling with lack of funding, opportunities for practical learning are even more relevant. This is an incredible proposal and funding that will be almost impossible to secure from elsewhere. |
| £2.25m for work with partners to implement use of Distributed Acoustic Sensing (DAS) to monitor habitat restoration / recovery. | The development of techniques to efficiently and effectively, at scale, allow assessment of habitat restoration and recovery will enable network providers to more effectively deliver habitat restoration and maximise the value of any investment. This will deliver customer value through maximising the benefits and effectiveness of spend, ensuring an evidence led approach and robust monitoring and evaluation. |

**SHETQ3. Do you agree with our proposal to reject SHET’s Species and Habitat UIOLI?**

We do not agree with the OFGEM proposal to reject SHETS Species and Habitat UIOLI on the following grounds:

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| SHET proposal | GAT Response |
| Additional conservation actions beyond those allowable under Biodiversity Net Gain (BNG) rules, in line with global best practice and stakeholder expectations. | BNG rules can be restrictive, and guidance and planning may encourage limited and constrained investment. There will be situations where delivering restoration of particular species and habitats will be of significant benefit and of importance to other stakeholders, as well as providing direct biodiversity benefits. It is highly unlikely that any BNG requirements will go far enough to turn around biodiversity collapse. We need those who can, to step up and deliver more. This is critical.  Without defined BNG policies in place in Scotland, taking the lead to demonstrate that activities that exceed expectations of BNG will set the tone in Scotland that there is a need to do more and better to really conserve our natural environment. Early results from the delivery of BNG in England identify the need for more ambitious targets as well as greater consideration of landscape scale objectives, which the identified delivery of additional actions would work towards. |
| The types of activities funded would be research, monitoring programmes, interventions for specifically identified species or habitats, capacity building, engagement, or removal of invasive species. | These types of activities would support a just transition, create economic activity and employment opportunities as well as better enable grid infrastructure to integrate into local habitats and communities. There is already a skills gap in the kind of activity we will need as we move into more climate driven effects. Resilience and adaptability will be key. With this evidence led, resilient approach to capacity building, the UK has the potential to be global leaders. |

Yours sincerely,



Pauline Silverman, Director of Strategy,

On behalf of Green Action Trust,

August 26th 2025.