



**National
Trust**

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Ofgem
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[via email: RIIO3@ofgem.gov.uk]

Dear RIIO-3 Team

RIIO-3 Draft Determinations consultation

We are writing in connection with Ofgem's consultation on the RIIO-3 Draft Determinations for the Electricity Transmission, Gas Transmission and Gas Distribution sectors, published on 1 July 2025.

The National Trust is Europe's largest conservation charity, caring for the nation's coastline, countryside, historic sites and green spaces so that people and nature can thrive. Supported by millions of members, volunteers and supporters, we believe that nature, beauty and history are for everyone. At a time when the natural and historic environment face urgent threats, we work to ensure they are protected, enjoyed and enriched for the benefit of all. As the UK's largest private landowner, a significant rural enterprise and, from time to time, a developer, we meet the same planning and environmental duties as others, including Biodiversity Net Gain, and we plan for these costs in our own projects.

We are responding specifically on the Electricity Transmission element, in relation to question 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?"*

Our response

In summary, Ofgem's approach does not align with national ambitions for nature recovery, Government targets, or public expectations. While meeting statutory minimums may discharge legal obligations, it misses the opportunity to deliver recovery more efficiently and in line with policy. We also note this represents a step back from RIIO-2, when Ofgem supported biodiversity beyond legal compliance.

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We are also concerned that the current approach does not represent good value for money for consumers: integrating biodiversity measures beyond the statutory minimum at the point infrastructure works are undertaken is far more efficient than transferring the responsibility and costs elsewhere. Meeting Government targets will in any case require substantial nature recovery, so deferring ambition here risks triggering additional stand-alone interventions, with costs ultimately borne by the Exchequer rather than achieved efficiently alongside projects where interventions are already under way.

Net gain beyond minimums

Infrastructure projects present a one-off chance to deliver biodiversity at scale and at lowest cost. The current framework should not lock transmission operators to the statutory minimum. In England, the 10 per cent BNG requirement is a floor, not a cap; in Wales, planning policy requires a Net Benefit for Biodiversity (NBB), with developments expected to leave ecosystems in a better state than before. In both cases, the expectation is clear: going beyond the minimum is possible, and where it can be done efficiently, it should be enabled.

Allowing funding only up to the 10 per cent statutory floor misses that opportunity. Evidence shows that moving from 10 per cent towards 20 per cent can often be achieved at marginal extra cost, while delivering substantially greater biodiversity outcomes. By contrast, evidence indicates, trying to retrofit or deliver stand-alone schemes later typically costs three to five times more, and risks public opposition when visible benefits are absent.

Partnerships and nature recovery strategies

Ofgem should enable Transmission Owners to participate in wider collaborations and to deliver proportionate, place-based environmental improvements aligned with the relevant statutory spatial frameworks (e.g. Local Nature Recovery Strategies). Delivery through partnerships with local authorities, landowners and environmental bodies in these priority areas should be recognised as an appropriate and efficient route to outcomes, with such alignment treated as evidence of efficiency. For illustration, the Rebuilding Nature Alliance channels infrastructure investment into a Strategic Nature Network and Nature Investment Zones; participants include National Highways, Network Rail, and several water companies. Transmission Owners should have a clear route to participate in such initiatives to maintain parity with the wider sector.

Permitted development and BNG/NBB

Many reinforcement and refurbishment activities proceed under permitted development (PD), where the statutory BNG/NBB condition does not apply; impacts can nonetheless occur and Transmission Owners retain duties to conserve and enhance biodiversity. Excluding PD would ignore a considerable amount of transmission activity. Applying the BNG/NBB framework voluntarily to PD provides a single, recognised method to quantify losses and gains; scales with the materiality of works; enables lowest-cost delivery by integrating measures at the time of works or, where more efficient, by procuring biodiversity units; and allows gains to be directed to mapped priorities (for example, LNRS). Using one

framework across planned and PD activity promotes consistency and reduces the risk of higher costs from remedial action later. On that basis, proportionate PD-BNG/NBB that meets proportionality tests should be treated as efficient.

Costs, consumer interest and acceptability

Evidence from consumer and public engagement indicates that schemes which deliver visible environmental improvements in host communities are more acceptable, reducing risks of delay and rework. We understand the additional ambition (to go beyond statutory minimum) proposed by the Transmission Owners is around 10 pence per household per year: negligible for individual consumers but, in aggregate, sufficient to fund a meaningful and efficient contribution to nature recovery. Engagement consistently shows willingness to pay for environmental improvements where costs are modest and outcomes are assured, and planning policy expects developers to make a positive contribution to the natural environment. On this basis, where proposals are proportionate, efficient and subject to clear assurance, enabling beyond-minimum (including for permitted development) is in consumers' interests and should be treated as efficient.

Consistency with the water sector

Under Price Review 2024 (PR24) and the Water Industry Natural Environment Programme (WINEP), Ofwat enables proportionate, evidence-based, place-based environmental improvements beyond minimum legal requirements. Water companies are required to report biodiversity outcomes through performance commitments, with third-party assurance. They deliver through on-site measures, partnerships and, where appropriate, the purchase of biodiversity units. Adopting a similar, proportionate approach in energy would avoid cross-sector inconsistency and give consumers confidence that regulated utilities are meeting environmental expectations efficiently and coherently.

Conclusion

We believe the Draft Determination misses a major opportunity to deliver nature recovery efficiently alongside critical infrastructure. By enabling biodiversity outcomes beyond the statutory minimum, Ofgem can reduce long-term costs, strengthen public confidence, and ensure the energy sector makes a meaningful contribution to the nation's biodiversity targets. We would welcome the opportunity to discuss these points further and to share practical examples of efficient, proportionate delivery.

Yours sincerely



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