

Ofgem
Via email
RIIO3@ofgem.gov.uk

25 August 2025

Our ref:

Dear Sirs,

Ofgem RIIO-3 Draft Determination SSEN Transmission – NatureScot Response

Introduction

NatureScot is Scotland's statutory nature agency. We work to improve our natural environment in Scotland and inspire everyone to care more about it, so that our biodiversity, geodiversity and the natural elements of our landscape and seascapes are maintained and enhanced.

We are currently facing 2 emergencies - climate change and loss of nature. Scotland makes up one third of the UK's land area and our seas cover six times the area of our land. Our natural environment is hugely important, with natural capital reflected in Scotland's National Economic Strategy. The Scottish Biodiversity Strategy and Delivery Plan¹ sets out a clear ambition to be Nature Positive by 2030 and to have restored and generated biodiversity by 2045. This strategy is premised on collaboration and that these targets are not to be met by government alone.

Scotland, and particularly the land and sea mass in which SSEN Transmission operates, contains many iconic habitats and species. Impacts from human activities continue to cause pressures on and degradation to these. The scale and pace of nature restoration remains inadequate to halt and reverse nature losses which is why we welcomed SSE's RIIO 3 nature investment proposals as submitted.

We question Ofgem's draft determination given we consider a large part of the RIIO 3 plans will be to support delivery of regulatory functions. We therefore believe the original proposals from SSEN Transmission for marine biodiversity restoration and for species and

¹ <https://www.gov.scot/publications/biodiversity-strategy-delivery-plan-sbs-governance-monitoring-evaluation/>

habitat funding should be supported and request this draft determination is reconsidered; to enable the delivery of these biodiversity ambitions with the level of flexibility required, to navigate with intelligence an evolving regulatory and market-led environment.

Marine Biodiversity Restoration

The draft determination proposal is to reject the marine restoration commitments proposed by SSEN Transmission. Scotland's seas and the habitats and species they support are internationally important. The planned infrastructure requirements essential for delivering net zero and energy security for the UK are significant within the Scottish context, with the proposed ScotWind and InTOG Offshore Windfarm leasing round alone poised to deliver over 40GW of clean electricity².

Scotland and the area that SSEN Transmission operates, comprises the mainland but also several island clusters with associated populations resulting in the requirements for a complex grid infrastructure of significant land and submarine cables. The scale and pace of the proposed new development is significantly greater and more complex than anything we have experienced in the past 50 years, since the original construction of the national grid and large-scale hydro power.

Our understanding of the marine environment and the changes it is experiencing through climate change and in response to human pressures is also considerably less than terrestrial environments, where land management and enhancement practices are more established. We therefore welcomed the commitments from SSEN Transmission to collaborate in the development and delivery of marine restoration, particularly as the legislative and policy backdrop for marine net gain in Scotland is both significantly further behind than current thinking terrestrially in Scotland, and more widely across both terrestrial and marine in the UK.

Scottish Government are currently undertaking a public consultation on a draft Marine and Coastal Restoration Plan³ which will be published by the end of 2025. It is one of the actions within the Scottish Biodiversity Strategy delivery plan. The aim of the Marine and Coastal Restoration Plan is to identify key actions to help support and accelerate active marine and coastal restoration, i.e. focussed on recreating habitats and reintroducing species. The plan has been developed after engagement with restoration practitioners, industry and community representatives and ourselves.

It is structured around five themes with actions (Restoration opportunities and priorities, Regulatory environment, Funding and finance, Supply chains and communities and Evidence and monitoring) to be delivered over the next 5 years. There is strong alignment between these themes and the proposals from SSEN Transmission, particularly those around research, evidence gathering and monitoring and knowledge exchange and best practice learning. The plan is clear in relation to funding and finance that to tackle and to achieve the actions outlined, and deliver restoration at scale, partnerships amongst government, communities and private sector investment are vital. In our view, SSEN Transmission's proposals would make a valuable contribution to the plan's delivery.

² <https://www.gov.scot/publications/draft-updated-sectoral-marine-plan-offshore-wind-energy-2025/>

³ <https://www.gov.scot/publications/draft-marine-coastal-restoration-plan-consultation>

We disagree with Ofgem's determination regarding the native oyster restoration project and seagrass seed planting, with their associated research, skill and technique development. These features are appropriate as both are Priority Marine Features and part of our Marine Protected Area network in Scotland because of their importance as habitats for other species and for the services they provide, such as carbon storage (seagrass) and water quality improvements. Both have experienced significant declines in Scottish waters due to a variety of pressures, but in Scotland⁴ and in the rest of the UK⁵ they have been shown to have significant potential for restoration. To achieve this, large numbers of oysters are required to be released and seeds sown using tried and tested techniques, which alongside appropriate siting have delivered successful restoration projects elsewhere. However, these projects are often at smaller scales and are time consuming to implement. Successful delivery of restoration at a larger scale that enables the full benefits of native oysters and seagrass to be realised requires further research, innovation in technology and skill advancement, which is part of the value of SSEN Transmission's proposal.

We note that, through a separate agreement with Ofgem, SSEN Distribution has embarked on a very well received programme of seagrass restoration work, delivered through SMEEF (the Scottish Marine Environmental Enhancement Fund – hosted within NatureScot). This investment is supporting four projects to restore seagrass in different areas around Scotland, including trialling of different approaches and creating a community of practice for such restoration work. All projects are underway and to date, 19 jobs have been created in rural areas and there has been strong positive media interest (with an advertising value estimated at £2.2m). Although at an early stage, this programme demonstrates the very positive benefits that can be delivered through Ofgem support for marine restoration approaches. We are keen to explore options for SMEEF partnership in other such work.

Where mitigation and compensation projects need to be delivered for developments to progress, an adequately trained and experienced workforce is needed to give regulators the reassurance projects will be delivered successfully. One of the main bottlenecks to delivering restoration at scale is a lack of people with the required skills and knowledge and this, as noted above, has been recognised in the draft Marine and Coastal Restoration Plan. We have a lot of organisations, communities and research institutes interested in delivering projects, but they need appropriate training and support. At the moment there is a reliance on the goodwill of existing projects sharing experience as well as research and guidance we and others provide. We were therefore encouraged to see SSEN T's Marine Habitat Restoration Academy which we feel could assist and offer a valuable contribution, particularly if the courses and materials were developed in partnership with NatureScot and other relevant bodies.

The requirements to consider environmental mitigation/ compensation are set out in legislation, however the practicalities of delivering these measures can have high uncertainty due to the novel and / or innovative techniques required in the marine environment. There is also the anticipation of policy requirements for marine nature positive/ net gain in Scotland's National Marine Plan 2 within the timescale of this 5-year programme. Having the ability to have in house experts in collaboration with ourselves,

⁴ <https://smeef.scot/projects/>

⁵ <https://www.projectseagrass.org/temperate-northern-atlantic/> and <https://noraeurope.eu/restoration-projects/projects-overview-list/>

Scottish Government and others would facilitate the delivery of research, innovation and practical delivery across Scotland. The outcomes of this work could also help meet the actions in the draft Coastal and Marine Restoration Plan and Scottish Biodiversity Strategy Delivery Plan.

Species and Habitat Funding

In our view part of Ofgem reasoning for rejecting these measures is flawed in that strict adherence to BNG rules fails to consider other biodiversity requirements for business. In Scotland the National Planning Framework 4 is a material consideration for consenting and it has different requirements to the statutory process for BNG in England. There is no strict requirement for the use of a metric and as such measures proposed in service of species and habitats management beyond BNG measures are an acceptable part of the consenting process.

Key elements of the species and habitat funding programme are aimed at the implementation of the Scottish Biodiversity Strategy to 2045 and its Delivery Plan for 2024-2030- a key Scottish Government Strategy which at its heart requires collaboration between the public and private sectors. As the Minister notes in his forward to the Strategy

“The nature emergency is a global emergency and so this partnership needs to extend beyond our borders. That’s why I am committed to working with partners across the UK, EU and the world to support progress in protecting and restoring nature wherever it is”

In Scotland all public bodies have a biodiversity duty under the Nature Conservation (Scotland) Act 2004 to further the conservation of biodiversity when carrying out their responsibilities. This biodiversity duty is about taking care of nature all around us, not just in specific protected sites and for particular species. In our view this should be a key consideration in Ofgem carrying out their duties.

Fulfilling your Biodiversity Duty can help address wider outcomes such as:

- Helping Scotland halt biodiversity loss and address the climate emergency, and contributing to a green recovery and a net zero future.
- Ensuring compliance with the legislation and helping Scotland to meet its national and international biodiversity targets.
- Contributing to sustainable development and the quality of life in Scotland.
- Demonstrating public bodies are working in a socially responsible and ethical way, by safeguarding biodiversity and environmental assets for future generations.

Biodiversity Net Gain re-opener

Ofgem’s draft proposition also seems to be rejecting the possibility to account for unforeseen changes in costs related to BNG delivery.

While assessing “materiality” can be a subjective exercise, we consider that rating the uncertainty around BNG delivery costs as low does not reflect properly the current reality. While costs relating to securing on-site and off-site land and its restoration could very well

vary due to specific contextual elements and in relation to offer/demand pressures, the underlying BNG mechanisms linked to quantifying sufficient environmental uplift are still in their early stages and potentially subject to adjustments. Considering the scale of the network and supporting structures any adjustment could result in significant changes in the budgeted numbers.

This landscape is rendered even less definite considering that the Scottish context for planning requirements is more open to interpretation than statutory BNG in England. We envisage the voluntary implementation of a Scottish planning biodiversity metric yielding different results in due course. With this uncertainty, it is difficult to ascertain how much biodiversity impact mitigation or uplift even non-load construction activities may require. Policy changes, specific guidance or changes in the guidance and adjustment in calculation methodologies are to be expected in this context, and we agree that this general uncertainty is set to continue well into the next T3 period.

Scotland presents a specific set of habitats and landscapes that will not always be similar to what has been considered when developing the English BNG approach and in the best interest of our natural environment and the benefits it provides to Scottish people, we need to remain flexible in its implementation.

If you have any questions over this response please contact Darren Hemsley darren.hemsley@nature.scot or Erica Knott erica.knott@nature.scot

Yours sincerely,



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