

Response to Ofgem's consultation on its RII0-3 Draft Determinations - Electricity Transmission

[RII0-3 Draft Determinations – Electricity Transmission](#)

This submission is made jointly by Suffolk Wildlife Trust, Essex Wildlife Trust, and Norfolk Wildlife Trust, in response to Ofgem's draft determinations in relation to biodiversity and natural capital as set out in paragraphs 3.112-3.121 of the [RII0-3 Draft Determinations – ET Annex](#), and specifically to Question 11 in this document.

NOTE: the comments below are made with reference to NGET's proposed approach to biodiversity and natural capital, and BNG. We have not commented on specific proposals made by SPT or SHET. As members of the National Federation of Wildlife Trusts (represented by The Royal Society of Wildlife Trusts) we also support the separate response to this consultation made by The Wildlife Trusts.

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?

We disagree with Ofgem's consultation position of rejecting NGET's proposed approach to BNG, which would see a minimum 10% BNG delivered for all construction activities in addition to those requiring planning consent, and seek to go beyond the statutory minimum 10% BNG for planning projects.

Responding to the twin threats of biodiversity loss and climate change are rightly priorities for government, which has underlined its commitment to meeting the UK's legally binding targets for nature recovery and net zero.

In rejecting NGET's proposals in its EAP to go beyond minimum legal requirements for BNG, Ofgem not only risks failure to comply with its own legal biodiversity duty (see below) but also misses the opportunity to realise significant cost savings to the wider economy from supporting the electricity transmission network to deliver the wider social, economic and environmental benefits associated with restoring and enhancing nature.

This represents a step backwards in Ofgem's support for biodiversity delivery compared with RII02, which created incentives for delivery beyond statutory requirements that have seen 85% of NGET construction projects commit to 10% BNG outside of legal requirements. This is exactly the kind of regression on environmental delivery we need to prevent if we are to meet the challenge of halting biodiversity declines by the end of the decade.

The marginal cost-savings Ofgem argues would be passed onto customers (reported to be around 10 pence a year on the average customer bill) do not justify the lost public benefits and long-term cost savings across government departments and the private sector that would result from this decision.

We urge Ofgem to reconsider its position considering the social, economic, and environmental benefits (public and private) of investing in measures to restore and enhance nature beyond minimum legal requirements.

Delivering meaningful biodiversity uplift

The Government's own impact assessment of BNG in 2018 concluded that 10% BNG would only be sufficient to give reasonable confidence of projects avoiding net losses of biodiversity – notably not that they would result in meaningful uplift in biodiversity.¹

It has consistently been the position of The Wildlife Trusts that meaningful uplift should be the definition of 'net gain' and therefore the aim of any BNG policy, with 20% BNG seen as a reasonable benchmark to provide confidence in projects delivering genuine gains for biodiversity.

In this respect at least, NGET's proposals fall short of our ambitions for project requiring planning consent to deliver at least 20% BNG.

NGET's proposal to deliver a minimum 10% BNG for construction activities that fall within the scope of permitted development, and therefore not subject to mandatory BNG requirements in planning, would go some way to addressing this shortfall by bringing more activities within the scope of BNG.

The biodiversity duty

NGET and Ofgem each have a statutory duty under Section 40 of the Natural Environment and Rural Communities Act 2006 as amended by the Environment Act 2021 to 'conserve *and enhance* biodiversity.'²

As stated above, 10% BNG is not thought to be sufficient to provide confidence that even projects subject to planning will deliver meaningful biodiversity uplift.

Construction activities not subject to a planning requirement to deliver even 10% BNG will invariably still have negative impacts on biodiversity, which collectively across the electricity transmission network will be of a significant scale.

Ofgem's position to reject NGET's proposal to deliver 10% BNG for construction projects not requiring formal planning permission means such impacts will go unmitigated and risks undermining both its and NGET's compliance with their legal duty to conserve and enhance biodiversity.

Support for prioritizing spending on nature

Poll after poll of the British public and businesses has shown there is widespread agreement:

- Nature is an important priority for people and businesses,
- The state of nature is of great concern
- There is support for investing in nature's recovery.³

¹ [181121 Biodiversity Net Gain Consultation IA FINAL for publication.pdf](#)

² [Natural Environment and Rural Communities Act 2006](#)

³ [Public and business attitudes to the environment and climate change, Great Britain - Office for National Statistics;](#)
[G6: Environmental attitudes and behaviours;](#)

[Research](#) for NGET itself shows that protecting and improving wildlife/natural environment is one of the most important priorities for customers and stakeholders.

In rejecting NGET's proposals to deliver BNG beyond statutory minimum requirements Ofgem is ignoring the expectations of stakeholders and customers that NGET should invest more in nature delivery, including a willingness on the part of customers to pay more for improved environmental outcomes.

Cost

Ofgem has referred to the additional cost to consumers as the primary reason for rejecting proposals to deliver BNG beyond the statutory minimum requirements.

NGET has estimated the added cost of proposed measures that go beyond statutory minimum biodiversity requirements equates to 10 pence a year added to consumer bills – a negligible amount on customers' annual energy bills.

In paragraph 3.113 of [RIIO-3 Draft Determinations – ET Annex](#) Ofgem state *the TOs all used Statutory BNG Credit prices as a cost reference due to BNG unit uncertainty*.

While this approach is precautionary on the part of the TOs and understandable given the uncertainty of future BNG unit costs in an emerging market, we note that Statutory Credit pricing has been set intentionally high compared with market BNG unit prices, which themselves are anticipated to decrease as the market matures and the availability of units increases compared with demand.

So, the cost to TOs of going beyond minimum legal requirements for BNG, while not insignificant, is likely to be substantially lower than their precautionary estimates.

Value for money and wider public benefits

The business needs case, value for money, and wide-ranging public and private benefits – environmental, social and economic – of investing in measures to restore nature and address climate change is well recognized by government.⁴

It is worrying then that Ofgem, as a government regulator, appears not to have considered the significant long-term cost savings and value for money in delivering public benefits that could be realised from TOs including NGET delivering biodiversity enhancement measures that go beyond the minimum requirements of legislation in order to meet customer and stakeholder expectations for investment in nature and comply with their legal biodiversity duty.

The impacts of climate change and biodiversity loss, and their costs to businesses, the economy, and the environment, are significant and will be felt across the public and private sectors. Measures that restore and enhance nature while helping to mitigate impacts on

[New poll shows two-thirds of the public believes nature is fundamental to economic growth, so should the UK Government really be forging ahead at any cost? | The Wildlife Trusts;](#)
[New polling reveals support for rewilding is... | Rewilding Britain](#)

⁴ [Unlocking benefits for people, nature and climate: Actions to jointly address climate change and biodiversity loss in England](#)

communities and businesses from climate change and biodiversity loss and providing wider social, economic, and environmental benefits – known as Nature-based Solutions – have been shown to provide excellent value of money.⁵

The range of benefits associated with delivering BNG through interventions that also provide nature-based solutions includes safeguarding water resources, reducing pollution, flood risk mitigation, carbon sequestration, health improvements from access to nature, air quality, economic activity associated with nature-based recreation and tourism, employment in environmental land management and ecology and conservation sectors.

The proportionately small additional cost of NGET's proposals – whether as a percentage of total project costs or in terms of cost added to customer bills – is significantly outweighed by the opportunity for the delivery of BNG beyond minimum statutory requirements to deliver significant public benefits as described above. In seeking the best value from TOs, it is incumbent on Ofgem to factor in the value for money of supporting proposals to go beyond minimum legal requirements for biodiversity.

National Grid BNG Framework

NGET has invested significant time and effort working with BNG and ecosystem services providers including nature conservation organisations like The Wildlife Trusts to develop a framework that would support the delivery of BNG through landscape-scale interventions that would also provide wider benefits to people, businesses, communities and the environment. This framework would deliver excellent value for money in the provision of BNG and associated environmental, social and economic benefits compared with sourcing these ecosystems goods and services separately and piecemeal. Ofgem's position to reject NGET's proposals to go beyond the statutory requirements to deliver BNG threaten to undermine the potential for this framework to support the delivery of these benefits.

Supporting the role of TOs in the area of biodiversity and natural capital

Ofgem has expressed concerns regarding the appropriate role of TOs in funding research and internal capability development in biodiversity and natural capital.

It is our view that TOs are well placed to lead on research in this area given their role in the construction and operator of significant national infrastructure and the legal requirements for BNG, environmental mitigation, compensation, and enhancement for new grid infrastructure projects in planning. It is a relatively small step for TOs from discharging statutory environmental and biodiversity requirements to developing more comprehensive evidence for the value for money of public benefits delivered by increased BNG delivery beyond legal requirements. Supporting TOs activity in this area can deliver substantial efficiency savings for the government and public sector in developing the evidence base and frameworks for realising the wider benefits (social, economic, and environmental) of nature recovery and the development of nature-based solutions and emerging ecosystem services markets.

⁵ [New research finds that Wildlife Trust natural flood management schemes deliver £10 of benefits for every £1 invested | The Wildlife Trusts](#);

Mitigating community opposition and consenting risk

We have seen in East Anglia the significant costs and consenting risks to electricity transmission network infrastructure schemes from local community opposition to proposals that are seen as having significant negative impacts while providing little in the way to benefits to the communities that will host them.⁶

One of the main concerns raised by affected communities in relation to new ET infrastructure is its impacts on the natural environment and biodiversity, which ranks alongside landscape and visual impacts, and traffic/construction impacts in the most often cited reasons for opposition to projects.

Supporting TOs including NGET to deliver BNG beyond minimum legal requirements has the potential to mitigate impacts on local communities as well as biodiversity by creating and restoring wildlife habitats in locations that can provide added value to local people and businesses through access and recreational opportunities, landscape enhancement, and other ecosystem services like reducing pollution and improving water quality and river health – matters that are of ever growing public interest and concern.

In turn, this has the potential to mitigate opposition to proposals and reduce consenting risks and costs, for example those associated with planning appeals and legal challenges.

Precedent for going beyond statutory requirements

There are precedents for government regulators to support environmental delivery that goes beyond minimum statutory requirements. For example, for the Water Industry Price Review period 2025-2030, the water sector regulator, Ofwat, has established a 'Performance Commitment' that requires water companies to enhance biodiversity outside of the mandatory BNG system, with gains measured using the DEFRA Biodiversity Metric. This requirement is separate from and in addition to any BNG that the sector must deliver under planning obligations.

In the transport sector, National Highways in its Environmental Sustainability Strategy undertakes to *'take a leadership role in delivering landscape-scale nature-based solutions, which deliver multiple benefits.'* The strategy includes a case study of the A30 Green Ribs project in Cornwall, which *'delivered a 97% biodiversity net gain, with 242% increase in hedgerow biodiversity'* - dramatically exceeding the 10% minimum requirement.⁷

As mentioned above, Ofgem itself supported BNG delivery beyond minimum statutory requirements in RIIO2, presumably recognising that doing so was both good value for money and in the interest of consumers and the public.

⁶ See local opposition to National Grid Sea Link and LionLink proposals in Suffolk, and community campaigning against Norwich to Tilbury in Essex, Suffolk, and Norfolk.

⁷ [Environmental Sustainability Strategy - National Highways](#)