

RIIO-3 Draft Determinations – Electricity Transmission: Link Response

26 Aug 2025

This response is on behalf of environmental coalition Wildlife and Countryside Link ([Link](#)).

Introduction:

Wildlife and Countryside Link calls on Ofgem to:

- Reverse its position on rejecting funding for 10% or greater BNG in non-statutory developments
- Require TOs to target go beyond the statutory minimum e.g. with a target for **20% BNG**
- Use incentive mechanisms to reduce transmission losses and promote wider environmental benefits
- Explicitly recognise and fund biodiversity outputs that exceed legal baselines

As the environmental stakes increase, so too must regulatory ambition. We urge Ofgem to land the **right deal for nature**, not a minimal one.

Responses to selected consultation questions:

ETQ9. What are your views on our consultation positions for the TOs' EAP commitments in RIIO-ET3?

WC Link welcomes the progress Transmission Operators (TOs) have made in embedding environmental commitments within their Environmental Action Plans (EAPs). However, we are deeply concerned by Ofgem's draft determination to reduce the ambition of these commitments, particularly the decision to reject funding for 10% or greater Biodiversity Net Gain (BNG) in non-statutory construction projects and to reject commitments to deliver additional biodiversity compensation beyond 10% BNG for planning consent. This approach undermines the momentum built during RIIO-T2, is inconsistent with Ofgem's own statutory duties under the Environment Act and Levelling Up Act, and is out of step with both stakeholder expectations and evolving environmental imperatives.

Both Ofgem and National Grid have statutory requirements to have regard to biodiversity (Environment Act, and NERC Act as amended) and to protected landscapes (Levelling Up and Regeneration Act), including to 'conserve and enhance'. Ofgem's draft determination appears inconsistent with these duties. Moreover, there is clear customer support for, and customer value from, company spending on nature. In the current regulatory period, Ofgem had supported and incentivised biodiversity actions beyond legal compliance, as has Ofwat's recent price review. This determination therefore represents a step backwards.

Rejecting funding for 10% or greater biodiversity enhancements on voluntary, non-statutory construction projects is not only inconsistent with the urgency of addressing biodiversity loss, And the governments recently restated ambitions¹, but also disregards the cumulative ecological value of these interventions. These projects, while not legally required, represent a major opportunity for nature recovery, especially given the significant footprint of the transmission network.

¹ <https://questions-statements.parliament.uk/written-statements/detail/2025-07-14/hcws817>

TOs, notably National Grid Electricity Transmission (NGET), have developed well-founded and stakeholder-supported plans to deliver 10%+ Biodiversity Net Gain (BNG) across all construction types. These plans align with public sentiment, stakeholder advice, and long-term environmental sustainability goals. Reversing this progress risks undermining the credibility of the RIIO framework as a driver for proactive environmental action. National Grid's proposals could also have greater benefits in rural areas, helping to reduce opposition to new infrastructure and creating 'biodiversity corridors' that connect habitats at a landscape scale.

Specifically, we oppose the rejection of funding for biodiversity enhancement across the following development types that often fall under permitted development or exemptions from formal planning consent:

- Substation extensions
- Tertiary connections and cables
- Cable tunnels
- New or replacement cable works
- Overhead line (OHL) construction and new towers

These assets contribute significantly to the spatial and ecological footprint of transmission infrastructure. To exclude them from funded BNG obligations is to miss a critical opportunity for environmental improvement, particularly when the total costs of the changes proposed by National Grid, while material, would only add marginally to bills. Furthermore, arguments that Ofgem should simply 'level up' Scottish companies to the English statutory position ignore both the devolution settlement and risk undermining work by the Scottish Government to develop its own [equivalent approaches](#), especially when the sector must be leading the way on climate and nature recovery.

We reiterate our call for TOs to adopt a minimum of 20% BNG, particularly for Nationally Significant Infrastructure Projects (NSIPs), which carry long-term impacts on biodiversity and should exceed mere legal compliance. 10% net gain represents a bare minimum for nature. The original 2018 impact assessment for the policy highlighted that 10% gain in theory would be chipped away in practice by a number of factors, including habitat degradation between initial assessment and construction completion, pressures from occupation (such as light and sound pollution) and the possible loss of gains over decades. As such the impact assessment described 10% as the *'lowest level of net gain that the department could confidently expect to deliver genuine net gain, or at least no net loss, of biodiversity and thereby meet its policy objectives.'*² Our position reflects the broader consensus expressed across the stakeholder community, as documented in National Grid's own engagement summaries.

We urge Ofgem to reconsider its stance and restore support for higher BNG/NBB commitments. A capped or minimalist regulatory approach fails to meet public expectations and will hinder the transmission sector's ability to lead by example in delivering for nature.

ETQ10. Do you have any views on whether the Innovative Delivery Incentive and/or SO:TO ODI-F should be used to incentivise TO action regarding transmission losses?

WC Link supports the application of both the Innovative Delivery Incentive and SO:TO ODI-F mechanisms to encourage proactive, system-wide reductions in transmission losses. These incentives are essential to unlocking innovation in areas such as:

² [181121 Biodiversity Net Gain Consultation IA FINAL for publication.pdf](#)

- Intelligent routing and load balancing
- Smart conductor technologies
- Enhanced coordination between the System Operator and Tos

Reducing losses not only improves operational efficiency but delivers **material environmental benefits** through avoided emissions, especially in a system still partly dependent on fossil fuel generation. Encouraging innovative approaches, such as use of smart grid technologies, real-time monitoring, and loss-reducing materials, should be a core ambition of RIIO-ET3. Incentives should be designed to complement wider environmental and sustainability objectives, as reduced losses contributes not only to decarbonisation but also to more sustainable resource use, supporting the system-wide transition to net zero.

We recommend incentives be clearly linked to measurable decarbonisation outcomes and that **nature-based solutions**, such as habitat restoration that improves cooling and reduces resistive heating effects, also be considered under this framework.

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 strongly oppose Ofgem’s position that consumer funding is inappropriate for biodiversity outcomes beyond minimum legal thresholds. This position fails to account for:

- The climate and nature crises the UK is legally and morally bound to address
- Ofgem’s and National Grid’s statutory requirements to have regard to biodiversity under the Environment Act, and to protected landscapes under the Levelling Up Act – duties with which the draft determination appears inconsistent
- The public’s overwhelming support for infrastructure projects that deliver environmental and societal co-benefits
- The principle of polluter pays, which underpins sustainable infrastructure development

Public support for nature recovery is high³, and consumers increasingly expect regulated infrastructure to deliver environmental and societal benefits as part of their core operations. Investment in biodiversity through energy infrastructure projects delivers long-term value: it improves resilience, enhances public goods, and contributes to national and international biodiversity targets. In the current regulatory period, Ofgem has supported and incentivised biodiversity actions beyond legal compliance, as has Ofwat’s recent price review. Any reversal represents a step backwards.

The decision to reject funding for 10%+ biodiversity enhancement on non-statutory projects undermines years of constructive stakeholder engagement and weakens the integrity of the EAP process. Likewise it runs counter to the sentiment of the recent joint statement made by the Government on the 14th of July regarding the importance of joint nature and climate ambition.⁴ This position is further contradicted by the UK Government’s July 2024 report *Actions to jointly address climate change and biodiversity loss in England*, which emphasises the need for integrated, ambitious, and cross-sectoral action to meet nature recovery and climate goals simultaneously.⁵ As presented in National Grid’s stakeholder webinar “Landing the Right Deal for Nature” (18 July 2025), strong support exists for integrating BNG into all types of construction, with

³ <https://www.wcl.org.uk/government-planning-reforms-out-of-touch-with-public-demand-for-nature.asp>

⁴ <https://questions-statements.parliament.uk/written-statements/detail/2025-07-14/hcws817>

⁵ <https://assets.publishing.service.gov.uk/media/68714133fe1a249e937cc0a0/actions-jointly-address-climate-change-biodiversity-loss-england.pdf>

recognition of wider environmental and community benefits. Ambitious proposals could have particularly strong benefits in rural areas—helping to reduce opposition to new infrastructure and creating ‘biodiversity corridors’ that connect habitats across landscapes.

This decision will also impact voluntary measures for projects for which BNG is not currently mandatory, but is likely to be in the near future, such as BNG for NSIPs or marine developments. Undermining National Grid’s ability to future-proof their developments against upcoming changes in policy will not only hinder the organisation’s ability to learn critical lessons in marine and NSIP BNG implementation now to prevent future delays, but will also prevent National Grid becoming a sector leader in this field.

Funding BNG beyond legal requirements is not a luxury, given the urgency and time-thresholds of our statutory targets for nature recovery, it is a necessity. Legislative thresholds are minimum standards, not ceilings. Arguments that Ofgem should simply “level up” Scottish companies to the English statutory position are misguided, as they ignore both the devolution settlement and risk undermining work by the Scottish Government to develop its own [equivalent approaches](#). The total costs of the changes proposed by National Grid are material but would only add marginally to consumer bills.

We urge Ofgem to reinstate and expand funding for voluntary and non-statutory BNG projects, and to consider the considerable long-term cost savings and ecosystem services such investments provide, such as flood resilience, pollination, and improved public amenity.⁶

⁶<https://www.nao.org.uk/wp-content/uploads/2024/05/implementing-statutory-biodiversity-net-gain.pdf?utm>

Wildlife and Countryside Link (Link) is the largest nature coalition in England, bringing together 90 organisations to use their joint voice for the protection of the natural world and animals.

For questions or further information please contact:

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The following organisations have inputted into this response and support our recommendations:

CPRE – The Countryside Charity
People’s Trust for Endangered Species (PTES)
Bumblebee Conservation Trust
The Woodland Trust
Campaign for National Parks
The Mammal Society
Chartered Institute of Ecology and Environmental Management
Buglife- The Invertebrate Conservation Trust
The Wildlife Trusts
The Ramblers
Freshwater Habitats Trust