



Wildlife Trusts Wales response to Ofgem's draft determination

[RIIO-3 Draft Determinations Consultation Questions](#)

OVQ2. Do you agree with our proposed position on the Environmental Action Plan and Annual Environmental Report ODI-R for RIIO-3?

No

Wildlife Trusts Wales welcome National Grid's environmental ambitions. National Grid's proposed Environmental Action Plan (EAP) for the upcoming regulatory period (2026–2031) sets out a suite of over 27 sustainability commitments, including BNG commitments which go beyond the statutory minimum 10% in England, equivalent commitment in Wales where BNG is not mandatory, marine restoration, carbon reduction and other nature-based solutions delivery.

We are deeply concerned by Ofgem's draft determination and the implications for National Grid's positive environmental ambitions. Restricting funding to the statutory minimum 10% BNG requirement and excluding any funding support for non-mandatory BNG activities, will significantly limit National Grid's ability to deliver on its nature positive commitments and much welcomed environmental leadership. Without mandatory BNG in Wales, the implications, whilst less clear, are potentially hugely significant.

Wales has committed to targets to halt and reverse biodiversity decline, including an international commitment to protect 30% of land and sea by 2030. The importance of addressing climate change and biodiversity loss, which unlocks benefits for people now and into the future is embedded within the Wellbeing of Future Generations (Wales) Act 2015. Ofgem's determinations are in tension with these commitments and will impact on the meaningful role the industry can make in contributing to these targets. It is extremely concerning to see a key regulator effectively discouraging voluntary leadership on nature, at a time when we need to be scaling up ambition, not scaling it back. Given the scale of new energy infrastructure required in Wales and the enormity of the nature crisis, new infrastructure schemes must be empowered to go further to support nature's recovery and ecosystem resilience, benefitting the health and wellbeing of communities.

From a customer perspective, this determination is taking a reverse step. Limiting funding of biodiversity actions to minimum legal compliance is not in line with stakeholder and consumer expectations and undervalues the importance of nature in the energy transition. National Grid's proposals have been informed by stakeholder advice and consultation. Rejecting funding provision for nature enhancements risks undermining public and stakeholder confidence in the developments as they come forward and potentially increasing opposition.



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We know public support for nature recovery is high, with a growing expectation that development should deliver environmental and social benefits as an integral part of the project. New polling by research agency, Savanta, commissioned by The Wildlife Trusts, shows that 66% of the UK public believe nature is fundamental to economic growth¹.

Supporting nature and its recovery also makes economic sense from a business perspective.

Research by [IPC](#) found that the energy industry has a moderate or high nature dependence² for at least 38% of the economic value from their direct operations and supply chains. Healthy ecosystems are not just a nice to have, they provide stability for businesses by mitigating risks and providing safer operating conditions for energy infrastructure *e.g.* by reducing the risks of flooding, droughts and heat stress.

A growing body of evidence, from the *Dasgupta Review*³ to the UN Decade on Ecosystem Restoration⁴, shows that the economic value of nature consistently outweighs the costs of restoration. A recent study by the CPD (Carbon Disclosure Project) found that for every \$1 invested in nature yields \$21 in broader societal and environmental benefits⁵. Drawn from an analysis of nearly 25,000 companies that disclosed environmental data in 2024, this study highlights that organisations that systematically measure and act on their physical climate and nature risks are shown to unlock significantly more value than they invest. Limiting ambition on BNG runs counter to both economic evidence and policy imperatives for long-term business resilience that can be secured through nature-based solutions, that deliver carbon sequestration and wider environmental and social benefits. The creation of more nature through ambitious BNG targets and nature-based solution programmes will be important for National Grid in mitigating the impact of increasing nature and climate related risk, such as the impacts of wildfires, extreme heat and flooding on its assets as climate volatility increases.

In addition to mandatory and voluntary Biodiversity Net Gain (BNG), National Grid is planning a range of other, important initiatives to support nature's recovery and scale up nature-based solutions, including *The Natural Grid* programme and projects in the marine environment. These initiatives are critical for delivering environmental benefits and strengthening the climate resilience of assets, infrastructure, wildlife, and communities across the UK. The public is a central beneficiary of these efforts, gaining not only improved access to nature but also the associated health, wellbeing, and safety benefits.

¹ [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](#)

² Nature dependence measures the degree to which the economic value generated by business activity is exposed to the risk of ecosystem disruption. High dependence means that economic value comes from business activities that could fail financially as a result of particular ecosystem disruptions. Moderate dependence means that economic value comes from business activities that are likely to experience a material reduction in financial returns because of particular ecosystem disruptions.

³ https://assets.publishing.service.gov.uk/media/602e92b2e90e07660f807b47/The_Economics_of_Biodiversity_The_Dasgupta_Review_Full_Report.pdf

⁴ <https://www.unep.org/news-and-stories/press-release/new-un-decade-ecosystem-restoration-offers-unparalleled-opportunity>

⁵ https://www.cdp.net/en/insights/disclosure-dividend-2025?utm_source=linkedin-global&utm_medium=organicsocial&utm_campaign=disclosure&utm_content=globalreport1&utm_term=disclosers

Over the current decade (2020-2030), UK faces an estimated nature funding gap of £44-97 billion⁶ - a sum that cannot be met through public financing alone. Capping ambition on contributions to nature recover directly undermines the imperative for all sectors -regulators, businesses, investors - to mobilise the collective capital required to close this gap and build a safer and more resilient environment for present and future generations.

We urge Ofgem to amend their draft determinations to support funding to go beyond the statutory BNG minimum and to support non-statutory BNG projects on land, the coast and at sea - taking into account the long-term cost savings and ecosystem services this would secure benefitting both the business and consumers.

⁶ <https://www.greenfinanceinstitute.com/wp-content/uploads/2025/03/Press-Release.pdf>