

# CONSULTATION

## Response Document



**RIO-3 Draft Determinations for the Electricity Transmission, Gas  
Distribution and Gas Transmission sectors**

**(Ofgem)**

**26 August 2025**

# Introduction to CIEEM

The Chartered Institute of Ecology and Environmental Management (CIEEM), as the leading membership organisation supporting professional ecologists and environmental managers in the United Kingdom and Ireland, welcomes the opportunity to comment on this consultation.

CIEEM was established in 1991 and has 9,000 members drawn from local authorities, government agencies, industry, environmental consultancy, teaching/research, and voluntary environmental organisations. The Chartered Institute has led the way in defining and raising the standards of ecological and environmental management practice with regard to biodiversity protection and enhancement. It promotes knowledge sharing through events and publications, skills development through its comprehensive training and development programme and best practice through the dissemination of technical guidance for the profession and related disciplines.

CIEEM is a member of:

- Scottish Environment Link
- Wildlife and Countryside Link
- Northern Ireland Environment Link
- Wales Environment Link
- Environmental Policy Forum
- IUCN – The World Conservation Union
- Society for the Environment
- United Nations Decade of Restoration 2021-2030 Network
- National Biodiversity Forum (Ireland)
- The Environmental Science Association of Ireland

## **Responses to selected questions:**

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

CIEEM is deeply concerned that Ofgem's draft determination represents a backward step compared to RIIO-2, reducing ambition on biodiversity and environmental commitments. The decision to reject funding for 10%+ Biodiversity Net Gain (BNG) in non-statutory projects, and for biodiversity measures beyond statutory requirements, is inconsistent with Ofgem's statutory duties under the Environment Act and Levelling Up Act, as well as with clear consumer support for such investment.

Stakeholders, including National Grid, have developed well-evidenced, widely supported plans to deliver biodiversity enhancements across all project types (including substation extensions, cables, tunnels and overhead lines). Excluding these from funded BNG obligations misses a critical opportunity for nature recovery, landscape-scale biodiversity corridors, and public acceptance of new infrastructure, while adding only marginally to consumer bills.

CIEEM suggests that 10% BNG should be seen as the bare minimum required to avoid biodiversity loss in practice, with many stakeholders supporting 20% BNG, particularly for major infrastructure projects with lasting impacts. Ofgem's position risks undermining both the credibility of the RIIO framework and the transmission sector's ability to lead on environmental sustainability.

CIEEM therefore urges Ofgem to reconsider its stance and reinstate funding for ambitious biodiversity commitments, aligning regulation with public expectations, legal duties and the urgency of nature recovery.

### **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?**

CIEEM strongly opposes Ofgem's draft determination to limit consumer funding for biodiversity outcomes to the bare legal minimum. We argue that Ofgem's stance is a backward step compared to RIIO2, Ofwat's PR24 approach, and wider government commitments on nature and climate.

Key points:

- **Beyond Legal Minimums:** Biodiversity Net Gain (BNG) should be exceeded where appropriate in England, and broader biodiversity measures should be supported in Wales, Scotland and areas without formal planning applications. Legislative thresholds are floors, not ceilings.
- **Statutory and Policy Duties:** Ofgem has legal duties under the Environment Act and Levelling Up Act, which require consideration of biodiversity and protected landscapes. Ofgem's draft approach appears inconsistent with these and with government climate and nature commitments.
- **Public and Consumer Value:** Evidence shows strong consumer support for paying for enhanced biodiversity, which delivers value through carbon sequestration, flood mitigation, recreation, natural capital benefits and reduced opposition to new transmission. Costs to consumers are minimal (estimated at less than 10p per customer per year).

- **Strategic Role of Networks:** Transmission networks can play a pivotal role in biodiversity corridors and climate resilience, aligning with steps already taken in other sectors like transport.
- **Risks of Ofgem's Approach:** Rejecting non-statutory biodiversity spend undermines stakeholder engagement, weakens the Environmental Action Plan process, and risks entrenching the false view that 10% BNG is a ceiling rather than a minimum ambition.
- **Consumer Value Definition:** Ofgem's current definition is too narrow and focused only on short-term bills, ignoring long-term economic, social and environmental benefits. Nature loss threatens the UK economy, with potential GDP losses of 12% according to the Green Finance Institute.
- **Public Support:** Surveys show 83% of the public support restoring nature at scale. Ambitious biodiversity measures can also reduce planning risks by fostering public acceptance.

#### Practical Recommendations:

- Reinstate and expand funding for voluntary and non-statutory BNG.
- Consider incentive mechanisms (similar to RIIO-T1's Environmental Discretionary Reward) to drive biodiversity ambition.
- Ensure strong monitoring and accountability for delivery of biodiversity outcomes.
- Expect transmission operators to contribute additional measures if returns exceed expectations.

Funding biodiversity beyond statutory requirements is not optional but essential to meet the UK's climate and nature goals, provide long-term consumer value, and maintain public trust in infrastructure development.

CIEEM's overarching recommendation is that Ofgem should reverse its current position and support ambitious biodiversity proposals in its final determinations.