

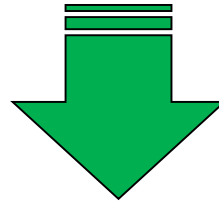
Realising value through a natural capital approach

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VNP Business Impact School
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Why consider sustainability?

Improve decision making



Generate financial value

Mitigate risk

Enhance reputation, build trust

Environmental & social benefit

Drive Innovation



Our Customers & Stakeholders



Our Contribution

nationalgrid

A strategy for environmental sustainability in National Grid

Climate
Positive

Positive about
resources

Enhancing
Ecosystems



Climate positive targets

Greenhouse gas emissions:

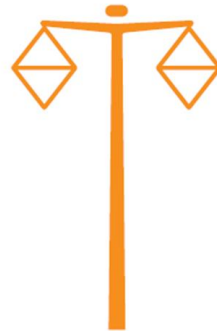
45%

reduction to 2020

80%

reduction to 2050

80 per cent of top 250 suppliers to report greenhouse gas emissions by 2020



Positive about
resources target

100%

Reuse or recycle
100% of recovered
assets by 2020



Enhancing ecosystems target

Deliver
sustainability
action plans at
50 sites by 2020

50

National Grid assets



Electricity Transmission:

7200 km overhead line
1400 km underground cable
329 substations

Gas Transmission:

7660 km high pressure pipeline
23 Compressor stations

Legacy landholdings:

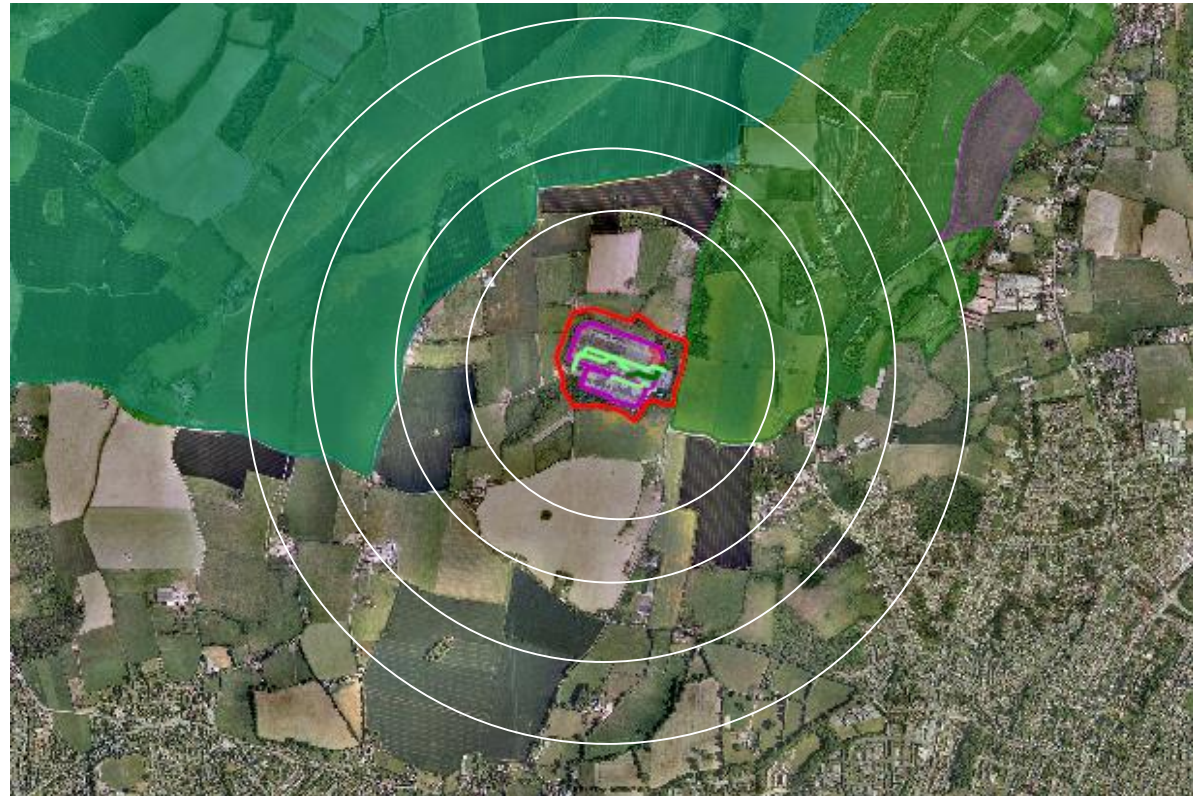
645 former industrial sites

Our sites



A Natural Capital View

- Dependencies
- Prioritise action
- Efficiencies
- Shared benefits
- New opportunities
- Value creation
- Positive return



How can we translate the opportunity into an approach and common language that engages the business and our stakeholders?

Challenges

**Natural
what**

**One for the
'green team'**

**It's all CSR
.....and cost**

**It's not real
money**

**Show me
the business
case**

**Soft
numbers**

**A risk to
development**

**Trees don't grow
overnight**

Sustainability and decision making

Why value natural capital?

Sustainability factors (e.g. natural capital) are outside the scope of conventional financial accounts

Incorporate non-financial factors (sustainability) into decision making to identify opportunities to add value

A key enabler is to demonstrate the link between sustainability and commercial returns

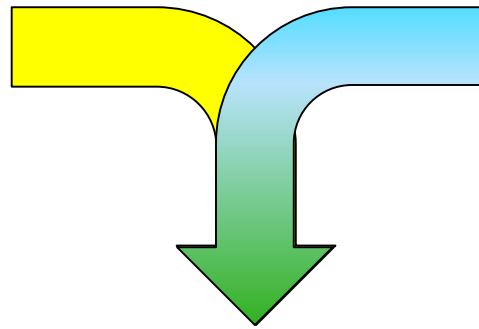
Translate dependence on natural capital into a common language to engage stakeholders

Transform the business model to realise financial returns whilst delivering environmental and social benefits

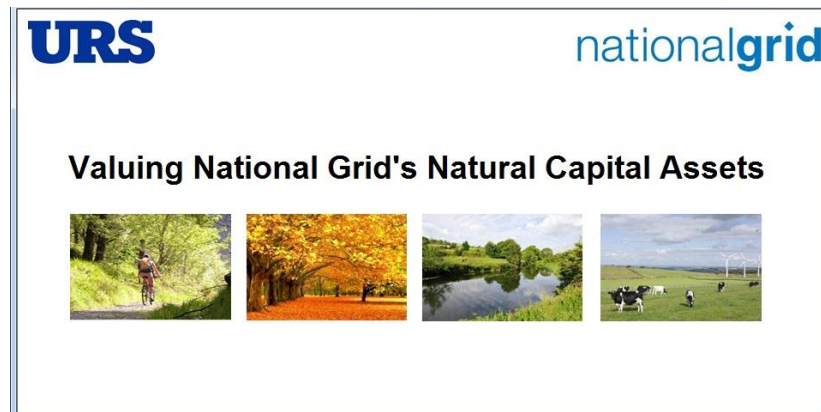
**LONG-TERM FINANCIAL SUSTAINABILITY
RESILIENT BUSINESS MODEL**

Developing a tool

Detail
Accuracy
Data rigour
Completeness
Assumptions



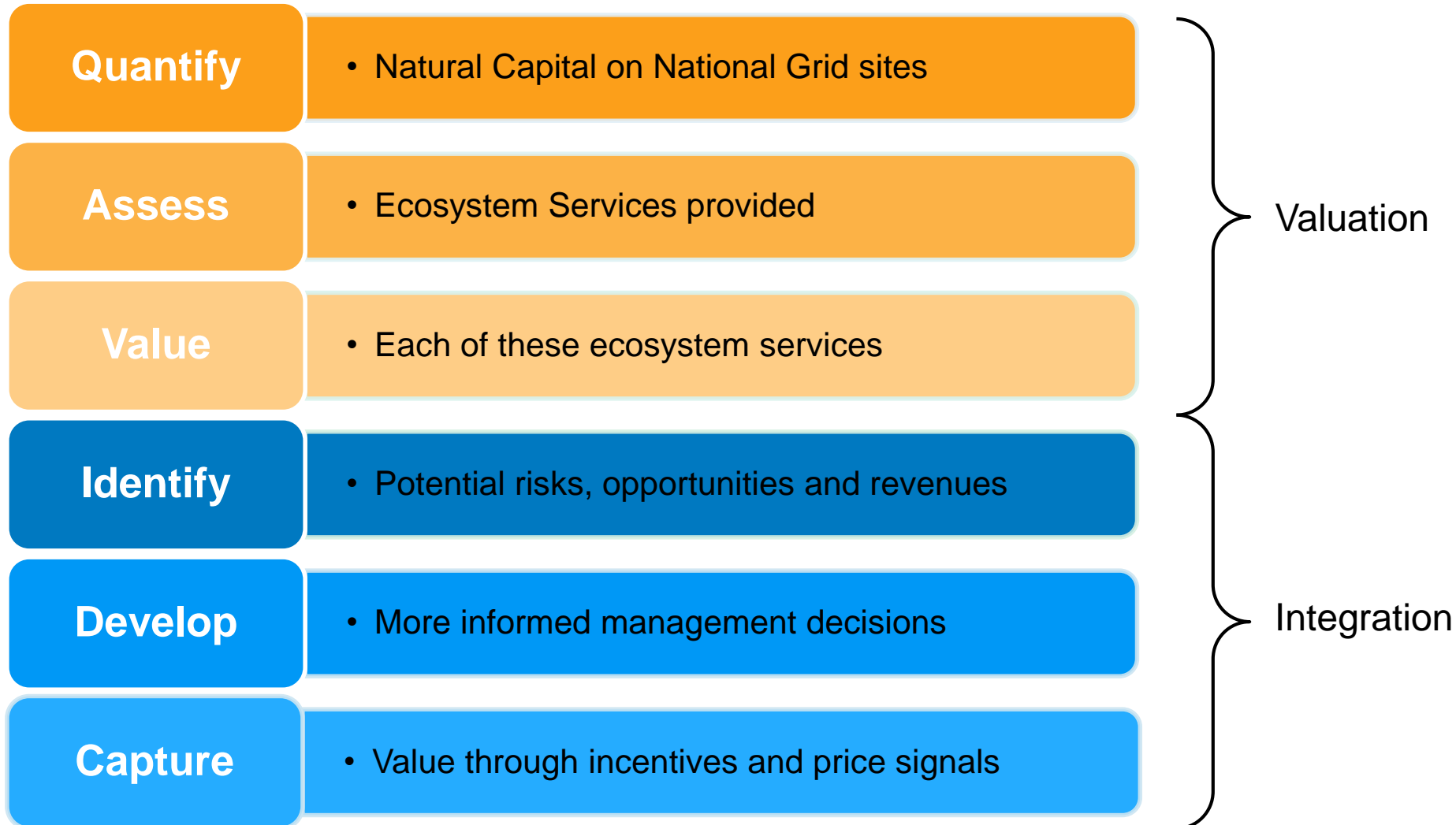
Usability
Clear outputs
Relevance
Language
Transparency



Reporting

Valuing natural capital

Our approach

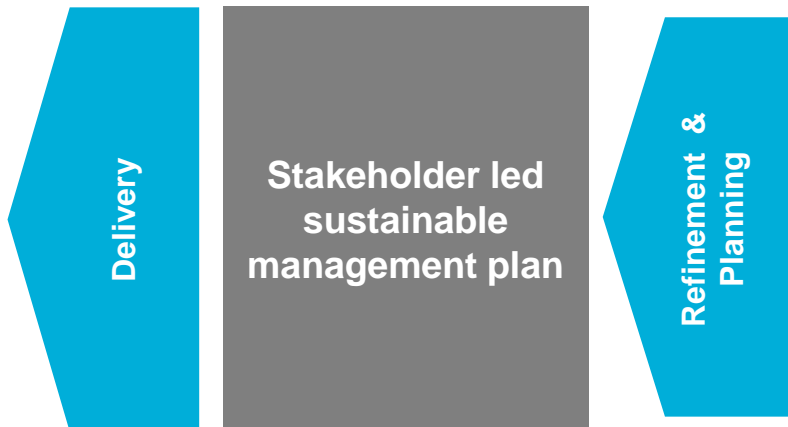
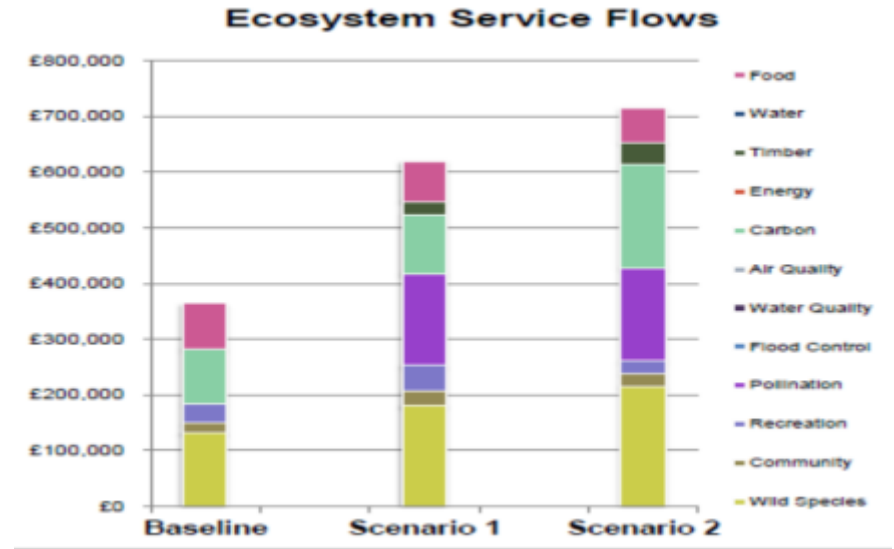
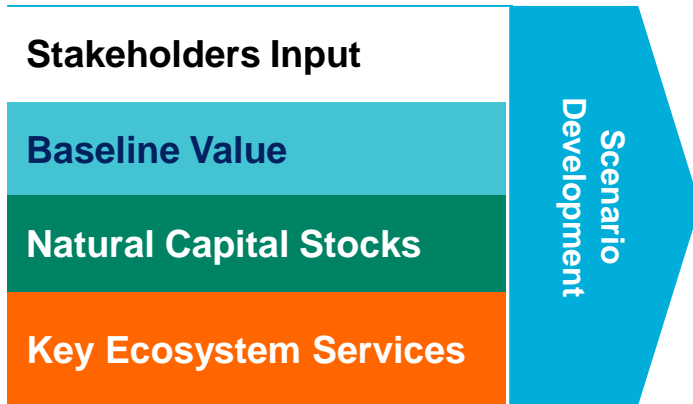


The Natural Grid: What is considered and valued

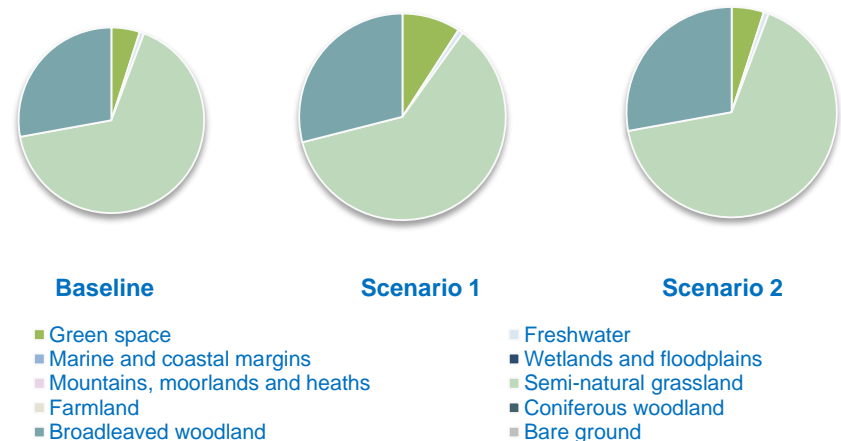


Investing in Natural Capital

Transforming perspectives on value



Natural Capital Stocks



Case Study- Thorpe Marsh

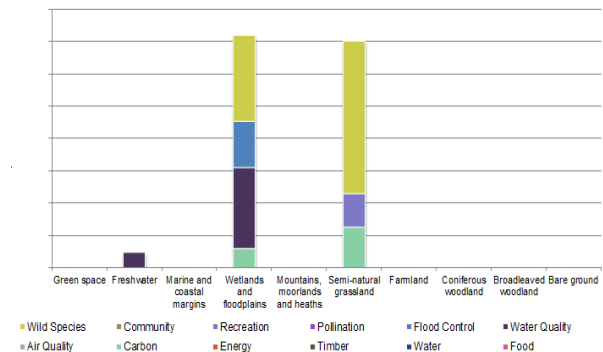


- Green space
- Freshwater
- Marine and coastal margins
- Wetlands and floodplains
- Mountains, moorlands and heaths
- Semi-natural grassland
- Farmland
- Coniferous woodland
- Broadleaved woodland
- Bare ground

ESS Considered	Baseline
Carbon	✓
Water Quality	✓
Flood Control	✓
Recreation	✓
Wild Species	✓

**Baseline Value Circa
£170,000K**

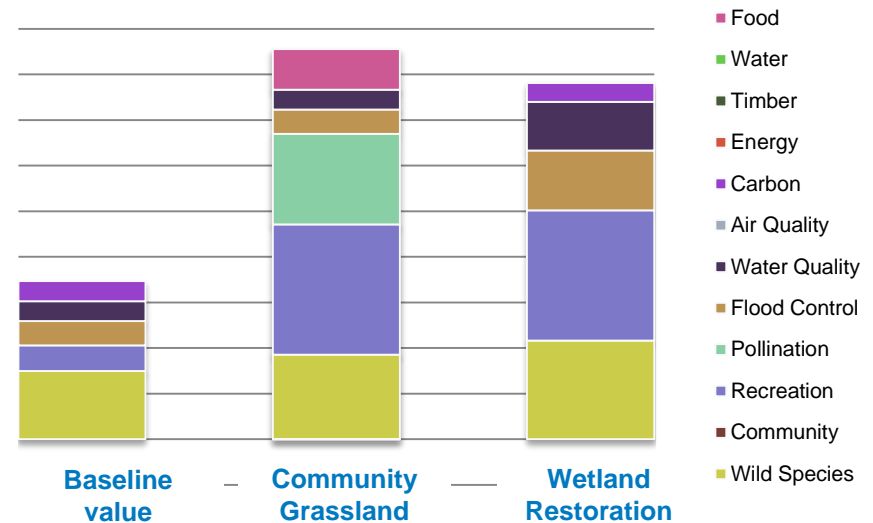
Values are estimated over a 30 year asset life using a 3.5% discount rate



Natural Capital investment

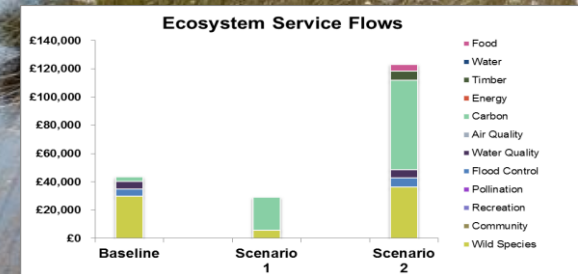
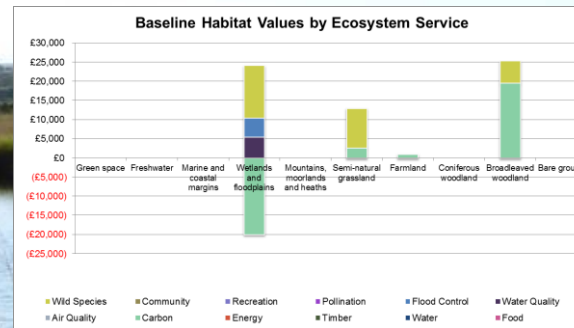
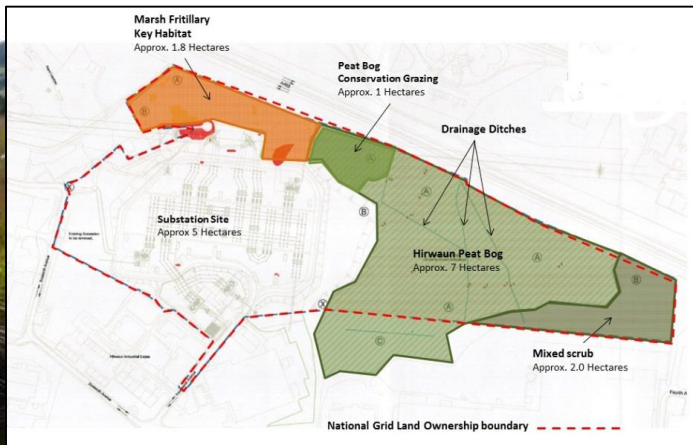


- Scenario development
- Stakeholder engagement
- Project development / proposal
- Business case including Natural Capital values
- Natural Capital Benefit : Cost Ratio of **8:1**
- **Delivering shared values & benefits**



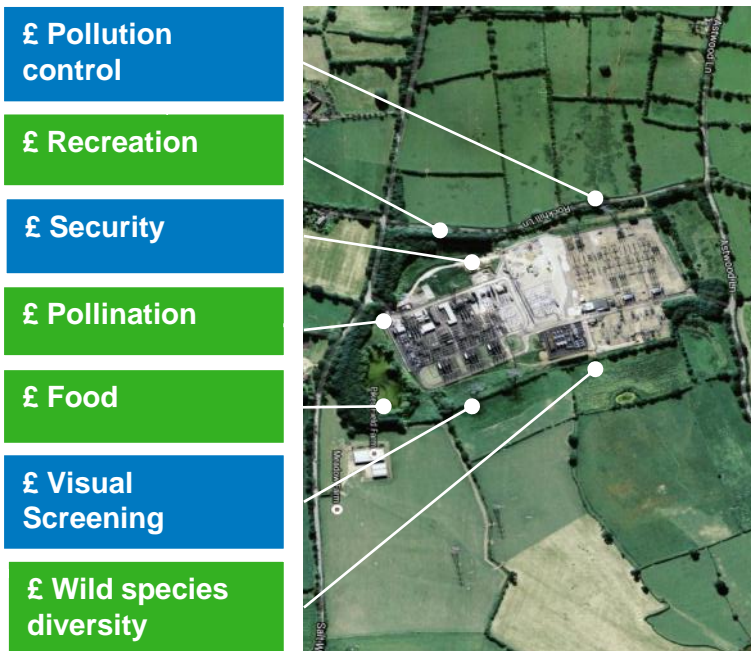
New sites – Rhigos

Making our contribution to local and national ecological priorities, whilst connecting and delivering new energy infrastructure.



Baseline value grows from £40k to £122k
Small incremental costs on site development
Measure and quantify impacts ; leave positive legacy

A new view of our assets



- Supports better decisions
- Delivers a positive return on investment
- Protects and enhances the natural environment
- Builds relationships with communities & stakeholders
- Responds to internal & external drivers
- **Good for business**

Going forwards

- Range of outcomes and partners at over 20 sites
- Natural Capital approach deployed across National Grid:
 - Existing and new assets
- Understand current and future value
 - Manage nature as an asset
- Prioritise – both risk and opportunity
- Internal and external value e.g. carbon



Thank you



**Bishops Wood Environmental Education Centre
National Grid Bishops Wood 400 kV substation**