



It provides the necessary analysis to understand the natural capital under management, and potential investment opportunities. This helps to prioritise the management of multiple sites to maximise the value of natural capital assets.

COMPANY IDENTITY

	National Grid	Name
	UK	Country
	ec.europa.eu > AECOM for National Grid	Web site
	2014	Starting year
	----	Annual turnover
	Start-up (pilot)	Current status
	Local	Market scale
	Coasean-type agreements	Market-based instruments
	National Grid Chairman's Award 2015 (environment category)	Awards

FROM IDEA TO BUSINESS



National Grid owns the high-voltage electricity transmission network in England and Wales, operating it across Great Britain. In addition to the energy infrastructure assets National Grid also owns a considerable portfolio of land.

Seeking to understand and maximise the value of natural capital on their estate they developed a natural capital approach and valuation tool with the support of the consultancy firm AECOM.

The tool provides comparisons of various estate management options and how they would impact ecosystem services and natural capital values. It allows a number of analyses to be undertaken: i) quantification of natural capital, ii) identification of ecosystem services, iii) changes in the provision of ecosystem services under different scenarios, iv) valuation of these changes in ecosystem services, and v) development of a business case for investing in natural capital. The tool values 12 benefits provided by natural capital using a number of valuation techniques and studies. It uses MS Excel and GIS-based tools to establish an ecosystem service baseline and values for a range of scenarios with regards to management of the land. The tool then supports decisions to be made which maximise value for National Grid and local stakeholders. The tool and approach was developed via workshops and in consultation with a variety of key stakeholders across the National Grid business (including the financial, sustainability and operational departments within the business). The tool seeks to identify and prioritise management focus and highlight potential new sources of value, not just for National Grid but for society as a whole.

ACTORS INVOLVED

	Private (National Grid)	Promoters
	Private (AECOM)	Developers
	Private (National Grid)	Investors
	Private: • Consultant (AECOM, involved from 2014)	Other actors

IMPACTS



positive: improved engagement with local stakeholders, better understanding and recognition of community values and impacts of decision making, potential provision of new recreational spaces for local stakeholders.

Social

positive: reductions in both active and reactive habitat management costs. Active land management significantly reduces the likelihood of risk and the associated mitigation costs. A better allocation of funds to maximise benefits of investment in natural capital. increased recognition of the value of natural capital on National Grid estate. Opportunities to reduce costs and look at alternative sources of revenues from assets previously considered a liability.

Economic

negative: potential revenues generated by the initiative such as agricultural tenancies, carbon offsets, solar incentives etc., are likely to be small scale and have not been a priority.

positive: enhanced ecosystem services (air quality, water quality, carbon storage, biodiversity).

Environmental

positive: local communities are benefiting from improved ecosystem services: better access with paths, reduced noise, visual screening, enabling the company to communicate environmental value in a common and consistent way which can then be used to engage and secure buy in to sustainability projects from a wider group of stakeholders.

Institutional

MAIN WEAKNESSES



Some ES benefits pertinent to the business such as noise attenuation are currently problematic to quantify in financial terms. Trade-offs between simplicity of use and robustness of results. Lack of distinction between private and public benefits, and lack of cost realisation estimates.

FUTURE DEVELOPMENTS



National Grid is working to embed natural capital valuation and assessment into the initial stages of the network development process for new infrastructure development, particularly applicable where temporary or permanent land take is required. This approach can also add an additional dimension to the development of mitigation and landscaping schemes. National Grid and AECOM are planning to further develop the tool to address areas of weakness.