



Positive biodiversity impact new assets by 2025

October 2022

 **ARCADIS**

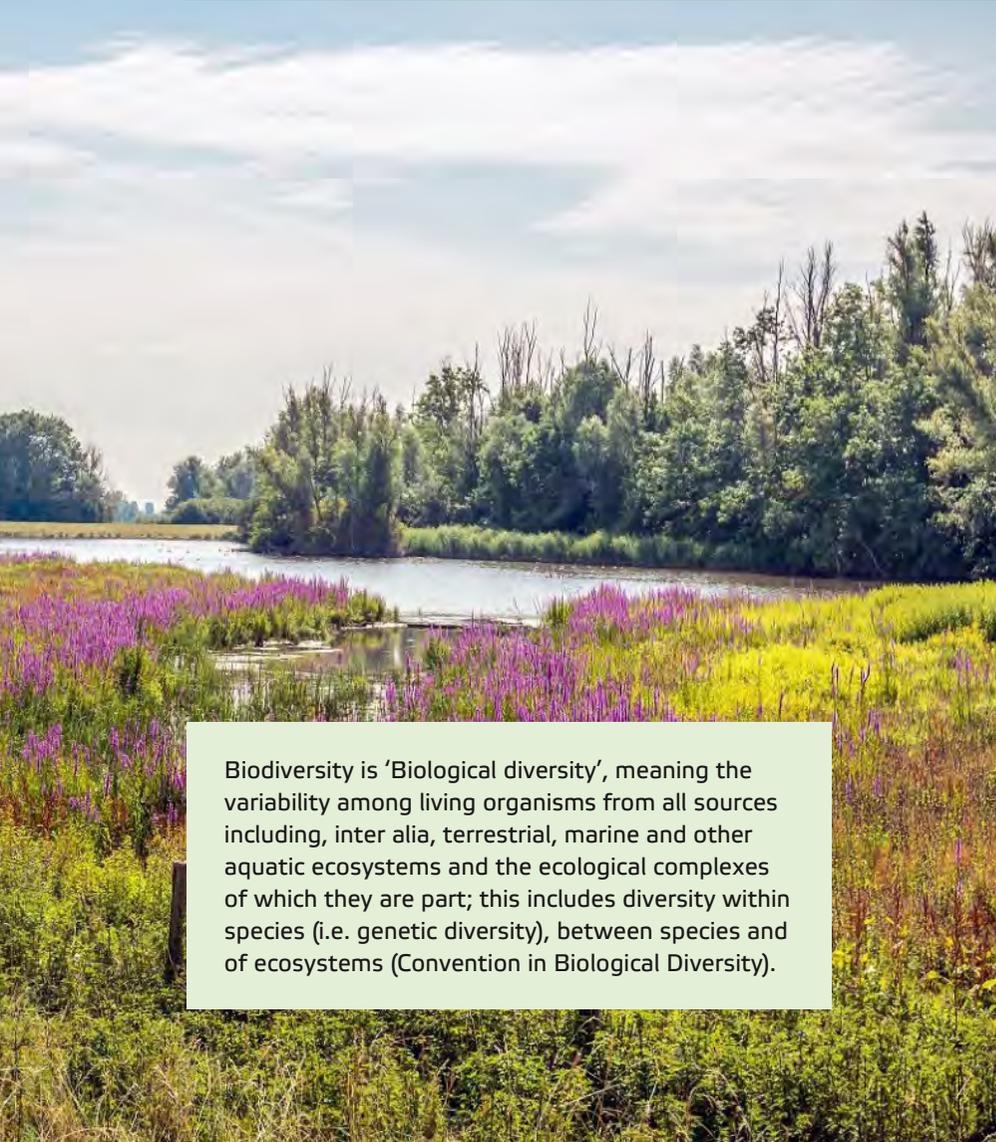
 **Eneco**

One Planet objectives

We have laid down our sustainability objectives in our One Planet plan. The objectives in the plan are inextricably linked to our corporate strategy and business plan. Strategic choices and investment decisions are tested against the One Planet goals.



Executive summary



Biodiversity is 'Biological diversity', meaning the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species (i.e. genetic diversity), between species and of ecosystems (Convention in Biological Diversity).

Eneco's ambition on biodiversity is that all its investment decisions on new renewables assets should have a net positive effect on biodiversity from 2025 onwards. Eneco wants to apply this for the construction and operational phase, for both on- and offshore renewable energy assets.

Arcadis has developed an approach (figure 1) for Eneco to restore nature and become net positive for each project. This approach is on top of business as usual, which minimises the negative impact on biodiversity. The Biodiversity Metric 3.0, a tool in use with the United Kingdom authorities, was found most suitable to support Eneco's purposes. In addition, the annual needed budget for Eneco to become net positive has been calculated based on information available for the period 2022-2026. This is purely illustrative and done to gain insight in potential annual costs by using the developed method.

Figure 1: The methods' steps towards net positive



For future projects¹, Eneco will go beyond legal compliance by investing in additional measures to achieve net positive. In doing so, Eneco will invest in nature recovery based on measurements and valuations leading to net positive impacts. Nature recovery thereby is designed as packages tailored to achieve habitat improvement for impacted species in such way that a population increase of impacted species can be expected. Also, Eneco will continue to adhere to the mitigation hierarchy and do all mitigation and compensation that is needed to be legally compliant.

Based on the illustrative 2022-2026 pipeline and with assumptions and calculations the estimated total annual (assets in preparation) costs are € 1,772,919 per year, assuming 5% net gain. After the workshop with experts the decision was made to also calculate the costs for a 10% biodiversity net gain. The costs of 10% net gain are estimated on € 1,872,937 per year. Difference between 5 and 10% is rather small. This has two reasons:

- Once the investment for 5% is made only limited extra is needed to increase to 10% because the general costs remain
- For areas of low biodiversity value (residential/ industrial) values are that low that differences between 5 and 10% are marginal. The costs of 10% net gain are estimated on € 1,872,937 per year. The calculations of both the 5% and 10% biodiversity net gain of assets can be found in the technical report.

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Costs per project can be refined during the permitting process. This refining may include reducing some of the expected costs for realising biodiversity positive. This because of (i) possible overlap with the costs for being compliant with legal obligations; (ii) factoring in that offshore wind assets positively influence some of the marine biodiversity; (iii) making use of grants or setting-up collaborations. Also, costs can be limited by selecting assets and locations with minimal impact on biodiversity (for example solar panels on existing roofs). The costs include all kinds of costs related to implementing the nature recovery measures such as the plan and management costs, insurance costs and permit costs. The plan and management costs include costs related to design, contracts, tender and activities related to technical, environmental, economic and legal fields and guiding of the activities. The costs for contracting, land acquisition and purchase, monitoring are not included in these costs since this is strongly depending on the local context (opportunities and possibilities).

By applying this approach, including the calculation of the cost of being biodiversity net positive, Eneco demonstrates again her frontrunner position in this field.

In this business report (part 1) the approach is briefly described with the aim to provide a rough insight in the method and costs to become net positive on biodiversity. The underlying technical report (part 2) further explains decisions made, considerations, detailed information about measuring and valuation impacts and the costs of measurements. Besides these reports, a guidance and code of conduct for the use of this method will be developed.

What is Net Positive on biodiversity?

Eneco aims to operate within the boundaries of the planet (see also their One Planet plan). Within the topic of biodiversity, they formulated the measurable goal to become net positive on biodiversity as of 2025². Meaning, all Eneco's investment decisions are according to the biodiversity positive ambition from 2025 on. No Net Loss (NNL) is a zero impact, while Net Positive is the situation where positive impacts exceed negative impacts. In practice this implies that biodiversity state of the post-intervention situation exceeds the biodiversity state in the baseline situation. Guidance of the Biodiversity Metric 3.0 refers to values that are also used in BREEAM (a widely used sustainability building standard) distinguishes two levels of biodiversity positive:

- Net biodiversity positive for the habitats assessed: restoration required of 105% - 109% of the value before.
- Significant biodiversity positive for the habitats assessed: restoration required of 110% or above of the value before.

Figure 2: Four steps in applying the Biodiversity Metric'



1. Valuing biodiversity of habitats before asset development
2. Valuing biodiversity impact on habitat after asset development
3. Difference before (1) and after (2) and defining the need to become biodiversity positive
4. Define nature restoration measures to become net positive after asset development

¹ The planned assets are all located in the United Kingdom, Belgium, the Netherlands and Germany.

² For further elaboration on the Decision Governance process, see the technical report. 2025 refers to projects that have the investment decision in that year.

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Publicationdate: October 2022

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