



Carbon Investment Report

National Grid Electricity Transmission: RIIO-T2, 2026.

Carbon Investment Report

2026

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Executive Summary

The RIIO-T2 (2021-2026) period has been underpinned by increasing interest and action on our climate impacts. We have made significant progress towards reducing our emissions during this period – you can find out more about this progress in our [Annual Environmental Report](#). While our primary focus remains on reducing emissions, we recognise that some emissions cannot yet be eliminated. Carbon Compensation is our response to this challenge.

As of April 2026, we have invested £2.5m* (2018/19 price base) into 23 high integrity, UK-based, projects, projected to deliver 99,661 tonnes of carbon dioxide equivalent benefits. These projects include afforestation, peatland restoration and energy retrofitting. They deliver, not just carbon benefits, but positive impacts for people and the surrounding natural environment.

By investing in the UK carbon market, we are supporting projects that provide benefits today, and over the next century, while developing the growing market.

Working with sector-leading organisations, our portfolio has been built to deliver wider benefits than just carbon. We have supported a diverse range of projects from rewilding vast landscapes to local woodland creation with community at the core.

This report outlines our approach to carbon compensation and the portfolio of projects we have supported.



Paul de Jong
Head of Environment,
Sustainability & Energy
National Grid Electricity
Transmission

***Stated funding equates to ~£3.3m in today's prices**



**£2.5m invested over 23 UK
projects, projected to
deliver 99,661 tonnes of
CO₂e benefit**

**In 2018/19 price base*

The total comprises a combination of verified carbon credits, Pending Issuance Units (PIUs) and Estimated Issuance Units (EIUs). Carbon figures include both verified and projected outcomes under the relevant standards and methodologies.

Definitions

Beyond Value Chain Mitigation - Mitigation action or investments that fall outside a company's value chain, including activities that avoid or reduce greenhouse gas (GHG) emissions or remove and store GHGs from the atmosphere.

Carbon Compensation – National Grid's workstream of investing in carbon projects that produce carbon credits or carbon pending issuance units across RIIO-T2. Carbon compensation is additional to, not a substitute for, direct emissions reduction.

Carbon Credit – A tradable unit representing one tonne of carbon dioxide equivalent (tCO₂e) reduced, removed, or avoided, used by organisations to compensate for residual emissions as part of voluntary or compliance carbon strategies.

Estimate Issuance Units (EIU) – a Wilder Carbon-specific unit that represents a projected future carbon benefit based on a project's expected performance. EIUs provide an estimate of the carbon units anticipated to be generated over time before progressing through formal issuance processes.

Peatland Code (PC) - A UK voluntary standard that enables the quantification and verification of carbon emissions avoided through peatland restoration, supporting the generation of tradable carbon units.

Pending Issuance Unit (PIU) – A provisional unit issued under schemes such as the Woodland Carbon Code, representing expected future carbon sequestration that has been validated but not yet fully verified; PIUs can be traded, with full conversion to carbon credits occurring once sequestration is confirmed over time.

RIIO-T2 - Ofgem's regulatory framework for electricity transmission networks, setting National Grid's outputs, incentives and allowed revenues for the 2021-2026 price control period.

Validation - The independent assessment (typically by an accredited third party) carried out at an early stage of a project to confirm that the carbon accounting methodology, assumptions, and projected emissions reductions or removals are credible and aligned with the relevant standard (e.g. Woodland Carbon Code, Peatland Code, or Verra).

Verification - The periodic, independent confirmation that the actual emissions reductions or removals have occurred as claimed, based on measured data and evidence; successful verification enables the formal issuance of carbon credits from previously validated or pending units.

Verra Verified Carbon Credit – A carbon credit issued under the Verra Verified Carbon Standard (VCS), representing one tonne of CO₂e reduced or removed, widely used in international voluntary carbon markets and subject to third-party verification.

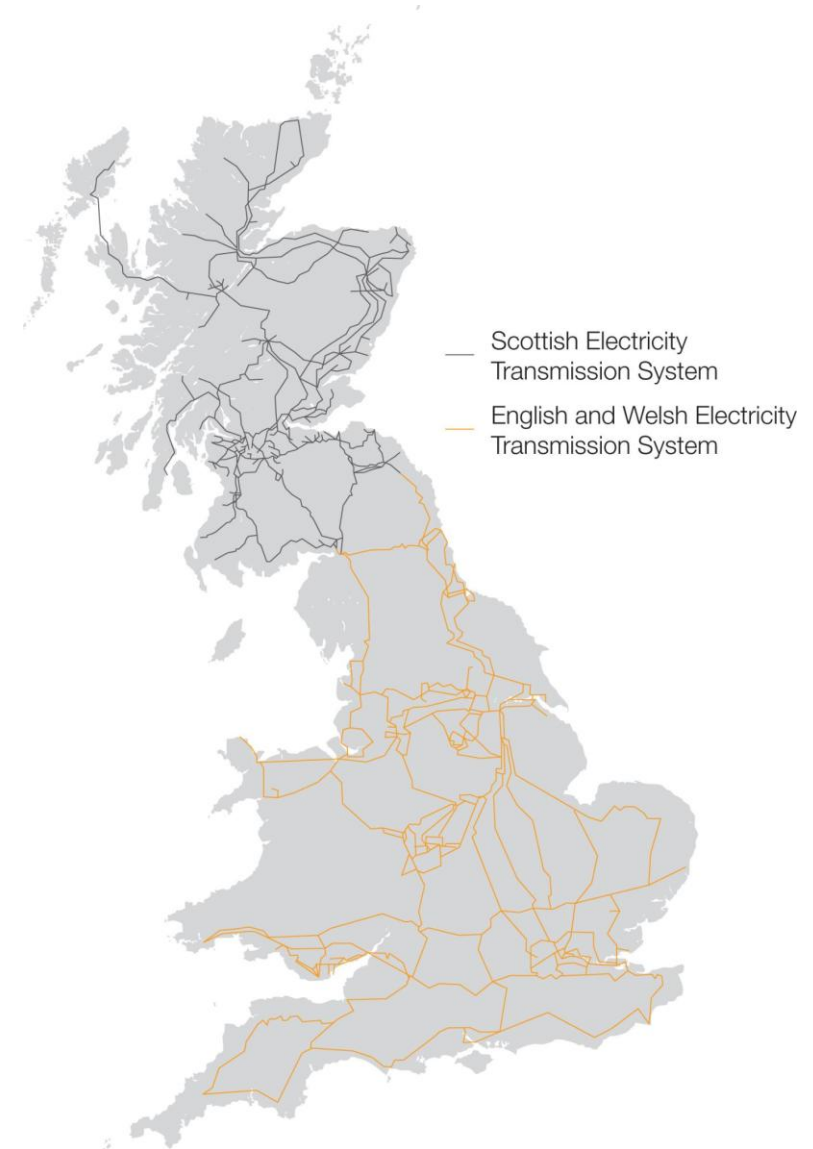
Vintage - The year in which the emissions reduction or removal associated with a carbon credit/unit occurs, used to indicate the timing and comparability of carbon benefits.

Woodland Carbon Code (WCC) - The UK's voluntary standard for woodland creation projects, providing a framework for quantifying, verifying, and issuing carbon units based on carbon sequestration from tree planting.

Background

We are National Grid Electricity Transmission plc (NGET). We own and maintain the high-voltage electricity transmission network in England and Wales. We are responsible for transporting the electricity generated from a variety of renewable energy sources safely and efficiently through our network onto the distribution system. This includes connecting new customers and delivering major strategic infrastructure to enable a transmission network powered by clean energy. We play a vital role in decarbonising the UK energy system by building the network needed to connect additional generation and meet rising electricity demand. We also have a role in building the network needed in a sustainable way. Our ambition over the past five years has been to reduce emissions from our construction projects. While emission reduction remains our primary focus, we also recognise there will be emissions that we cannot abate. Our response to this challenge is carbon compensation.

We have developed a portfolio of high-integrity carbon compensation projects around the UK. During the last regulatory period, we started investing in the carbon markets to go above and beyond and compensate for some of the emissions incurred through our construction programme. Carbon compensation is additional to, not a substitute for, direct emissions reduction, aligning with our PAS2080 carbon management system. This report outlines how we approached investing in high-integrity carbon projects and showcases our investment portfolio for this period.



“

At National Grid, we believe partnering with industry-leading suppliers will help accelerate the development of high-integrity nature and carbon markets, while enhancing the natural environment and supporting more resilient ecosystems.”

Paul de Jong

Head of Environment, Sustainability and Energy
National Grid Electricity Transmission



Our Approach to Carbon Project Investment in RIIO-T2

Investing in the carbon market was new to National Grid. Therefore, we carried out extensive market research, consulted externally with leading carbon experts and set up rigorous internal governance to ensure we developed the right strategy and invested in high-quality carbon credits/units.

The UK Carbon Markets

The world's carbon markets are split into two areas; the compliance market and the voluntary market. This report details National Grid Electricity Transmission's voluntary market investments.

A carbon credit (or carbon unit) is the tradable asset used in carbon markets. A credit or unit is equal to a tonne of CO₂ equivalent reduced/avoided or removed from the atmosphere. While carbon credits/units all represent the same thing, carbon benefits can be achieved by many different project types.

A carbon credit refers to a carbon benefit that has already been realised i.e. carbon has already been removed or reduced from entering the atmosphere. These credits undergo third-party accreditation processes called validation and verification to ensure the carbon benefit is accurate. A pending carbon unit (pending issuance unit) represents a commitment to deliver future carbon benefit over a defined timescale. Pending issuance units can often incur lower costs as the carbon benefit is not yet realised. As well as the validation process, these units undergo verification upon the future carbon benefit occurring.

The UK carbon market is evolving from a relatively small and fragmented sector into a more mature, regulated, and transparent market. The Government has introduced principles aimed at improving market integrity, credit quality, and investor confidence, while standards and governance frameworks continue to develop. The market is also seeing increased focus on high-integrity deliverables and transparent processes.



Our Approach to Carbon Project Investment in RIIO-T2

Developing Our Approach

To develop our approach, we researched industry codes, best practice and the market itself. In 2023, we consulted externally on how we should approach investing in carbon projects. The consultees included sustainability and carbon professionals, from a range of organisations including NGO's, supply chain members, infrastructure clients and public bodies.

As part of this consultation, we developed and tested eight carbon project investment principles (right). The principles helped us to identify high-integrity carbon projects when making investment decisions. The consultees showed strong support for our principles, transparent governance and reporting, and investment in UK based projects that delivered co-benefits such as nature recovery and social value.



1. Ensuring additionality – Understanding that the reduction in greenhouse gas emissions caused by the project would not have happened anyway.

2. No double-counting – Making sure the project is only operating under the Voluntary Carbon Market and not counted elsewhere.

3. No negative Impact – Ensuring the project has not and will not cause adverse impact to the local environment or community.

4. No Leakages – No unintended increase in greenhouse gas emissions or the shifting of emissions from one place to another due to a carbon credit project because of shifting demand from a protected place to an unprotected one.

5. Permanence – Measure how long-lasting a project's impact is, taking into account any risk that the carbon benefit could be reversed in the future.

6. Risk Management – Outline the risk of the carbon being re-released into the atmosphere and how that has been taken into account, outline what actions have National Grid put in place to ensure carbon leakage is avoided.

7. Contingency Plan – Ensure that there is a strategy in place to put the carbon back if it gets re-released.

8. Baseline and Annual monitoring – Ensuring the project is monitored annually to verify carbon reduction produced compared to the baseline.

Our Approach to Carbon Project Investment in RIIO-T2

Procurement & Consumer Value

The decision was taken to establish a procurement framework through which suppliers were required to meet defined standards. A procurement framework is a pre-agreed arrangement that competitively establishes a panel of approved suppliers. A framework establishes agreed terms and conditions, and a clear process for purchasing goods over a defined period. Using a framework is widely recognised as best-practice because it helps organisations buy more efficiently, consistently and compliantly. From a governance perspective, the framework offers a transparent and structured approach to supplier selection and contract award, supporting clear audit trails and stakeholder confidence. Our approach has been positively received by the market and has been recognised by our suppliers as one of the first of its kind across the UK.

Prices across the carbon markets are dynamic and deliverables are diverse. With prices across the market rising, consumer value was a key consideration when informing investment. We generated consumer value with this investment stream through competitive supplier selection, price negotiations and generating a portfolio that balanced deliverable diversity and cost. Furthermore, these investments deliver a wide range of benefits to the natural world and their surrounding communities. These outputs range from the carbon benefits themselves, to increased biodiversity, water quality improvement, surrounding community benefits and more.

Governance

Our procurement framework and its associated agreement serve as tools for strong supplier due diligence. Our investment strategy is iterative and data driven, with regular portfolio reviews before each purchase is completed. Each supplier is required to demonstrate how their proposal adheres to National Grid's carbon compensation principles and submit extra information such as governance codes and associated co-benefits. We maintain oversight of the projects and how they progress through relevant registries and communication with our trusted suppliers. Finally, we have established a steering group made up of relevant senior representatives from across the business. This group has oversight of the investments and guides the framing, communications and priorities of this workstream.



“

It's inspiring to see National Grid putting sustainability at the heart of this transformative infrastructure programme, creating benefits for communities that extend well beyond the upgrades themselves.”

Antoine Pellet

Head of Retrofit Credits UK
HACT



Our Portfolio

Throughout the T2 period, National Grid Electricity Transmission invested in 23 carbon projects with five suppliers, purchasing a total of 99,661 carbon credits/units. The portfolio is primarily made up of pending issuance units (figure 1) that are projected to deliver the carbon benefit in the future. The remaining portfolio is made of carbon credits where the carbon benefit has already occurred. The majority of the portfolio is made up of woodland units, with the remaining portfolio made up of peatland units and energy retrofit carbon credits (figure 2).

Figure 1: Portfolio Credit/Unit Types

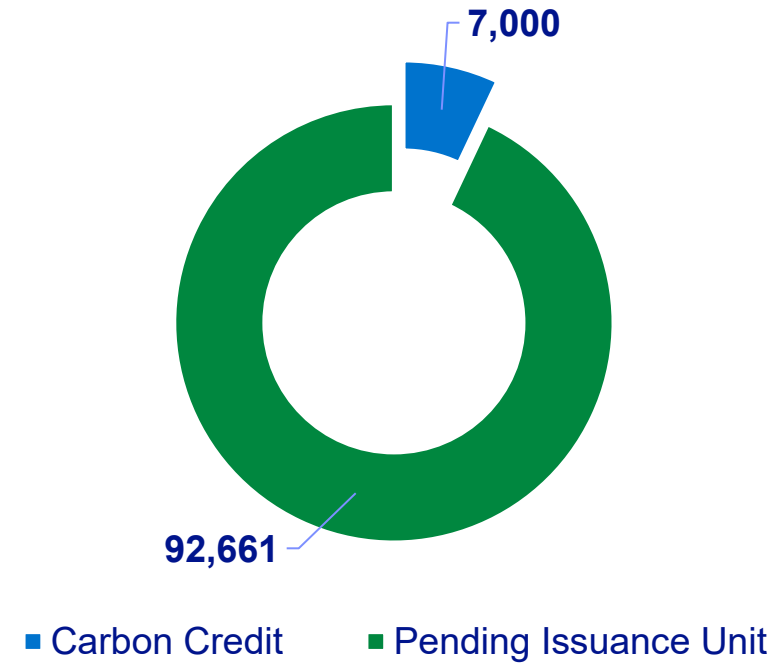
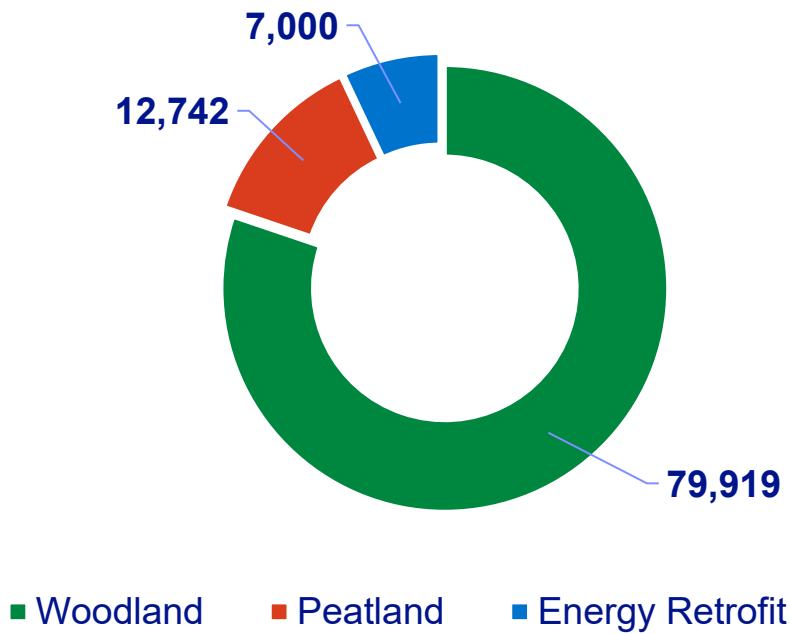


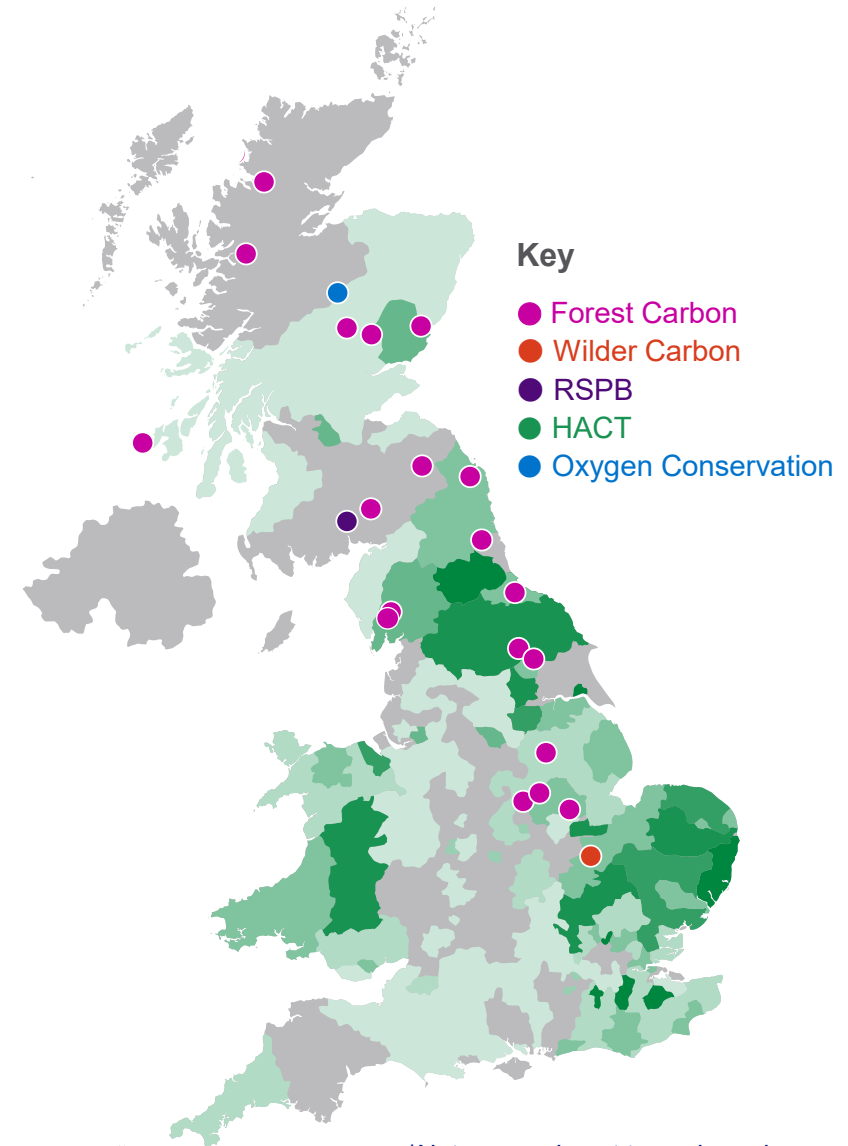
Figure 2: Credit/Unit Project Type



Our Portfolio

Across the UK, National Grid has invested in projects delivering carbon benefit through afforestation, peatland restoration and an energy retrofit programme. This map (right) illustrates the approximate geographical positioning of National Grid Electricity Transmission's invested carbon projects across the UK, alongside the organisations these projects stem from. The underlying green map indicates the location of houses benefitted through National Grid Electricity Transmission's investments into HACT's energy retrofitting project – the darker the shade of green, the higher the density of houses impacted through the investment/scheme. Below are the five renowned organisations that deliver these projects and represent different aspects of the market:

- **Forest Carbon** develops UK woodland and peatland restoration projects and works with landowners and organisations to channel funding into nature restoration and carbon sequestration. It has been involved in the development of the UK voluntary carbon market since 2006.
- **HACT** is a charity that supports the social housing sector through research, data, social value measurement, and community investment programmes. Its work helps housing providers better understand and improve outcomes for residents and communities.
- **RSPB** is a conservation charity that protects birds, wildlife, and habitats through research, advocacy, habitat management, and ecological restoration. It operates nature reserves across the UK and works to address biodiversity loss and climate change.
- **Oxygen Conservation** acquires and manages land across the UK with a focus on habitat restoration, biodiversity recovery, and natural capital projects. Its work includes woodland creation, peatland restoration, and the development of carbon and biodiversity credits.
- **Wilder Carbon** is a not-for-profit organisation that facilitates investment in UK habitat restoration through a carbon standard linked to biodiversity outcomes. It supports conservation projects that deliver long-term carbon sequestration and ecological recovery.



*Note - map is not to scale and for illustrative purposes only

Our Portfolio

Below is a portfolio overview table detailing our investments across our five suppliers. A full breakdown of the individual projects invested in is provided in the appendix.

Supplier	Credit Type	Number of Credits/Units	Governance Code	Validation/Verification Body	Vintages
Forest Carbon	Pending Issuance Unit	85,169	Woodland Carbon Code Peatland Code	Soil Association Certification	2025 - 2126
HACT/PNZ Carbon	Verra Verified Carbon Units	7,000	Verra / Verified Carbon standard (VCS)	Earthood	N/A
RSPB	Pending Issuance Unit	4,992	Peatland Code	Soil Association Certification	2023-2123
Oxygen Conservation	Pending Issuance Unit	1,500	Peatland Code	Soil Association Certification	2028
Wilder Carbon	Estimate Issuance Unit	1,000	The Wilder Carbon Standard for Nature and Climate	Soil Association Certification	2034
Total		99,661			

Our Portfolio

Investing in projects that also deliver co-benefits has been a priority for us. In combination, the projects we have invested in are projected to also deliver the following co-benefits through their project delivery.

Access to nature and community benefits - Provides opportunities for people to connect with nature while supporting local communities through recreation, education and improved wellbeing.

Habitat linkage - creates connections between habitats, helping wildlife move, feed and reproduce more easily across the landscape.

Increased Biodiversity - supports a greater variety of plants, animals and habitats, helping to create healthier and more resilient ecosystems.

Residential wellbeing improvements - Improves the comfort, health and energy efficiency of homes through upgrades such as insulation and heating improvements, helping to reduce energy costs and improve living conditions

Rainwater interception/ riparian habitat - helps slow and absorb rainfall while protecting riverside habitats, improving water quality and supporting wildlife.

Sustainable food production - supports farming practices that produce food while protecting natural resources, helping to maintain healthy ecosystems for the future.

Sustainable timber production - provides a renewable source of timber through responsible woodland management, while supporting long-term forest health and environmental benefits.

Water quality improvement - helps improve the condition of rivers, lakes or groundwater by reducing pollution and supporting cleaner, healthier water systems.

“

National Grid's long-term commitment to UK carbon and nature projects is providing an important demand signal to the market. This early confidence and capital is enabling Forest Carbon to support a growing number of land managers who are seeking to deliver new woodland creation and peatland restoration projects across the country."

Samual Welsh

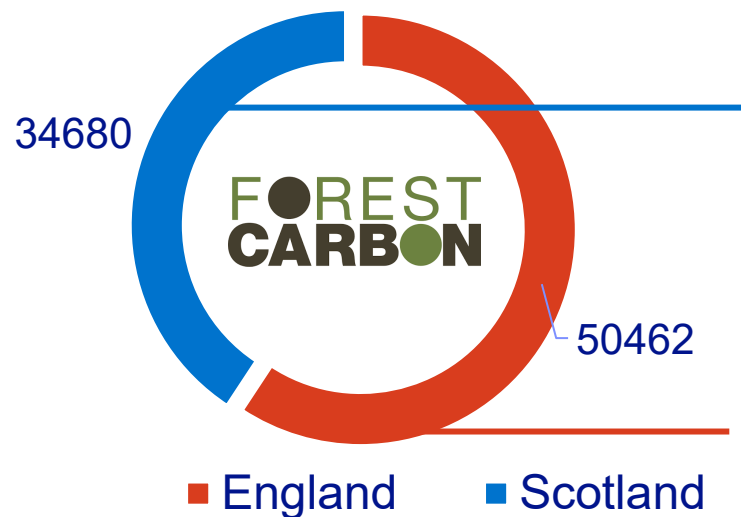
Head of Sales and Marketing
Forest Carbon



Portfolio Insight: Forest Carbon

National Grid has invested across 19 different projects with Forest Carbon in the T2 period. This supplier specific portfolio contains over 85,000 pending issuance units generated through woodland and peatland projects across England and Scotland. The following pages provide a brief overview of each project with a deep dive on Forest Carbon's Lowther 2 project.

Forest Carbon Project Locations



National Grid have invested in **8** different Forest Carbon Projects in Scotland. 6 of these projects are woodland projects and 2 are peatland projects.

National Grid have invested in **11** different Forest Carbon Projects in England. 10 of these projects are woodland projects and 1 is a peatland project.

National Grid purchased **85,169**
Pending Issuance Units from
Forest Carbon

Forest Carbon England Projects #1

Doddington North is a mixed, mainly coniferous, woodland for sustainable timber production, managed on a continuous cover basis - meaning no clear felling but instead a gradual thinning and replanting to create a natural, all-aged, forest. The project is designed with biodiversity in mind and has a higher than usual broadleaf proportion, at 35%.

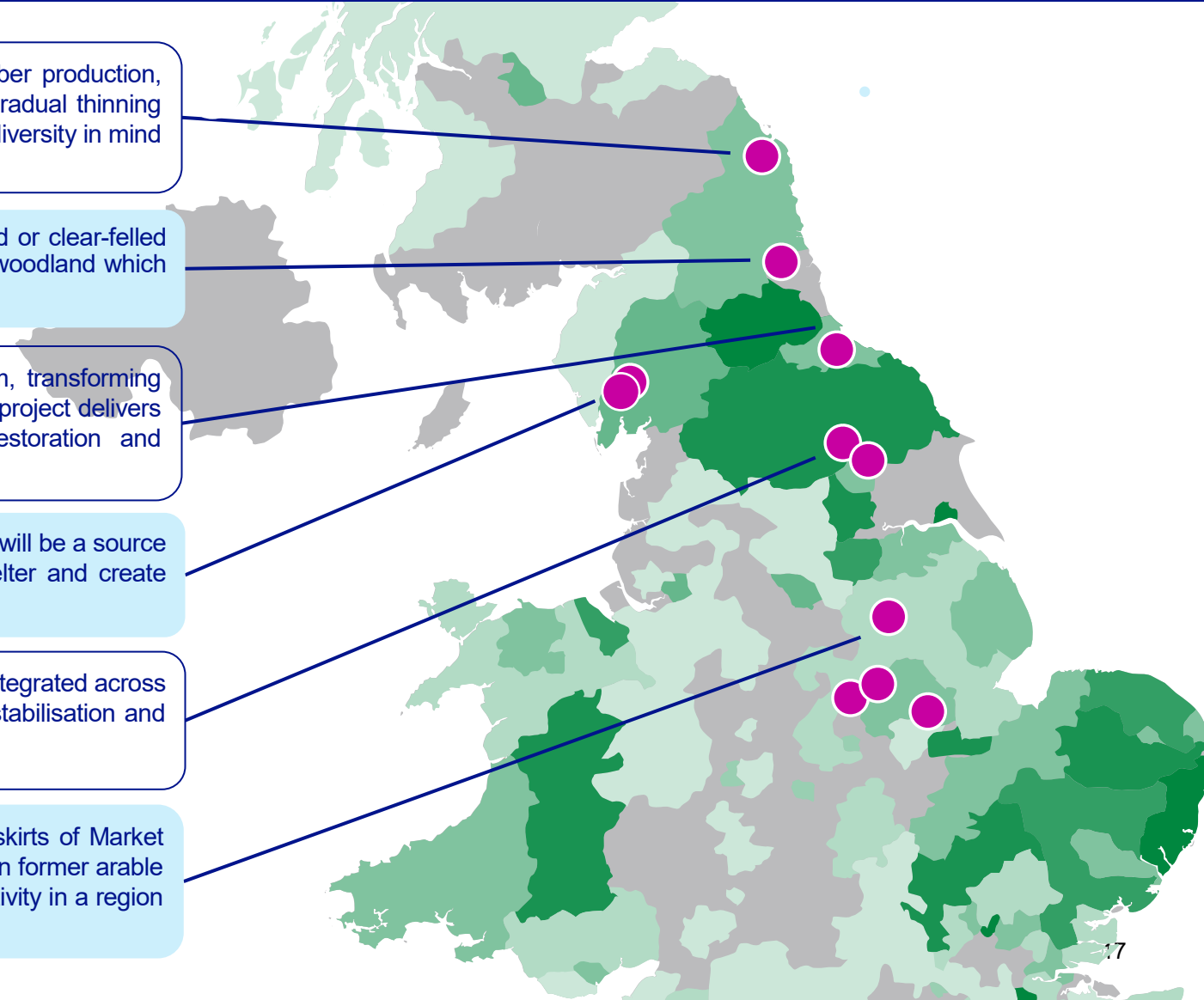
Sarah's Wood is a 17.10 ha woodland project. The woodland will not be thinned or clear-felled and is made up of a mix of broadleaf species. The aim is to create a new native woodland which will absorb carbon dioxide, improve the landscape and support wildlife.

High Meadows is a 14 ha mixed woodland creation project in County Durham, transforming former grazing land into native broadleaf woodland, with conifer shelter belts. The project delivers carbon absorption, habitat creation, biodiversity enhancement, landscape restoration and recreational benefits for the local community.

Lowther 2 is just over 60 ha of commercial woodland near Penrith. The woodland will be a source of sustainable hardwood and softwood timber, and support wildlife, provide shelter and create natural flood mitigation. It is located within the Lake District National Park Authority.

Overton is a native woodland project with focus on utilising less productive land. Integrated across the farm, the woodland will support sustainable farming practices, including soil stabilisation and protection against harsh conditions, including flooding.

Joshs Wood is a newly created 4.65 ha native broadleaf woodland on the outskirts of Market Rasen, designed to expand and strengthen the local woodland network. Planted on former arable land using locally sourced native species, the project enhances ecological connectivity in a region where woodland cover is limited.



Forest Carbon England Projects #2

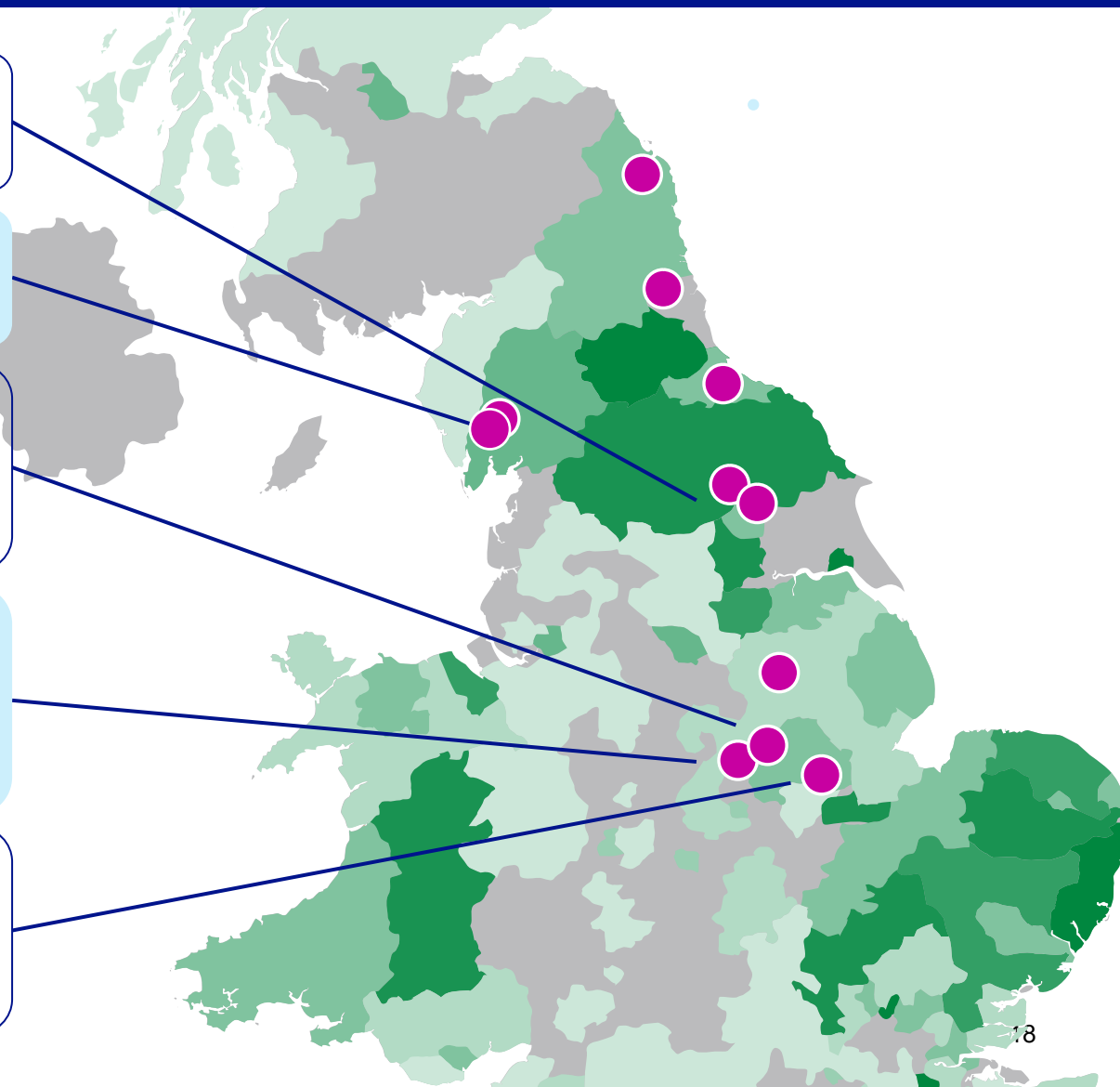
Mays Wood is a woodland project extending to over 8ha. The planting is a mix of native trees which will favour birds and improve habitat connectivity. The aim is to create a new native woodland which will absorb carbon dioxide, improve the landscape visually, and support wildlife.

Wasdale Head is a peatland restoration project. The project has been led by Cumbria Wildlife Trust and Natural England. The blanket bog on the site has been altered by extensive historic peat cutting for domestic fuel, and by subsequent erosion.

Claypole is a 7.5 net ha woodland project. The project provides a small pocket of habitat and vital resting point in a vast area that's predominantly managed for arable land-use. The recently planted scheme is helping diversification within the landscape through planting of native broadleaf species such as Birch, Alder and Willow. The creation of this new habitat will provide a home and shelter for local species, including bird species such as Skylark, Buzzard and Treecreeper.

Emilies Wood is a woodland project, near Nottingham, spanning across 8.65 ha. The species and design of the woodland, mixing trees and shrubs, has been undertaken with the aim of not only supporting carbon absorption, but to benefit aquatic species, mammals, invertebrates, bird and bat species along the river. The woodland links with existing woodland in the area, creating a biodiversity corridor. There is a well used public footpath crossing the site, providing access for people to walk by the watercourse.

Owens Wood is a small native woodland overlooking Grantham, spanning 1.65 ha. The species and design of the woodland, mixing trees and shrubs, has been undertaken with the aim of not only supporting carbon absorption, but to benefit the local landscape, species, mammals, invertebrates, and birds. The woodland links with existing woodland in the area, creating a biodiversity corridor.



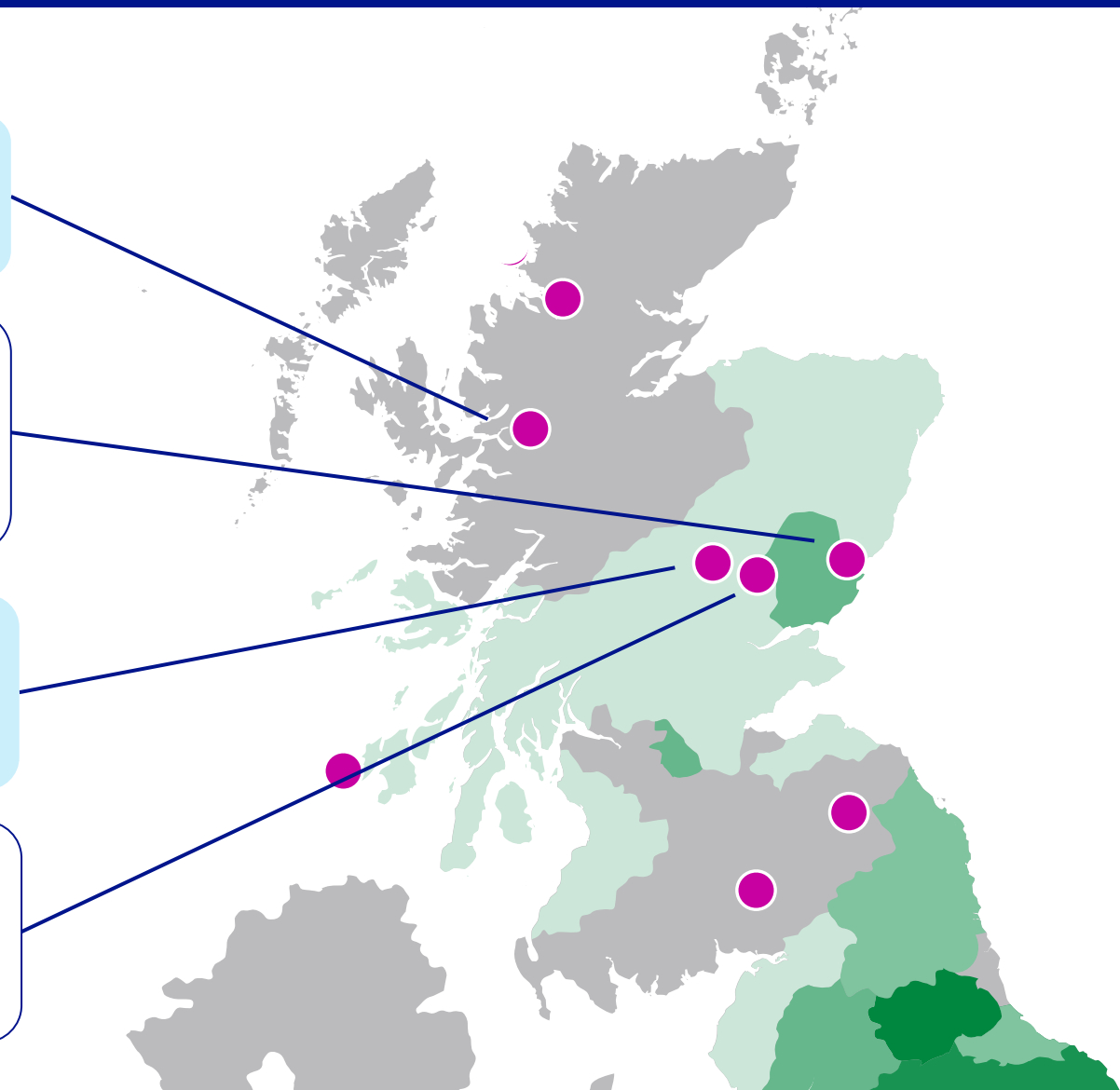
Forest Carbon Scotland Projects #1

Camusluine is comprised of 32.70 ha of net planting. The woodland will not be thinned or clear-felled and is made up of a mix of broadleaf species and a portion of native conifer. The aim is to create a new native woodland which will absorb carbon dioxide, improve the landscape and support wildlife.

Invermark is a 54 ha woodland project spread across six compartments. This project is located within the Cairngorms National Park and near the village of Edzell. This project will increase native woodland and support wildlife connectivity throughout the area. A small commercial component will be a source of sustainable timber in the future which will have the additional benefit of supporting the local economy. The Invermark project will provide the additional benefit of rainwater interception.

Innerhadden 2 is the 2nd scheme of a multi-phase project on the estate. It is a 39.98 net ha mixed native woodland project on the Innerhadden Estate in Perthshire, above Dunalastair Reservoir. As a non-intervention woodland, it will be left to grow naturally without active management, supporting biodiversity by allowing native species to thrive. The aim is to restore native woodland on sloping marginal land, enhancing the local ecosystem and landscape.

Rottal 2 is a woodland project located South of the Cairngorms National Park. The native woodland compartments will support wildlife, provide shelter, flood mitigation and increase riparian woodland along the South Esk and its tributaries. Planting by the water course is designed to improve water quality, prevent river heating, alleviate flood risks, and support habitats. The conifer element of the woodland will support as a local sustainable source of high-quality timber.



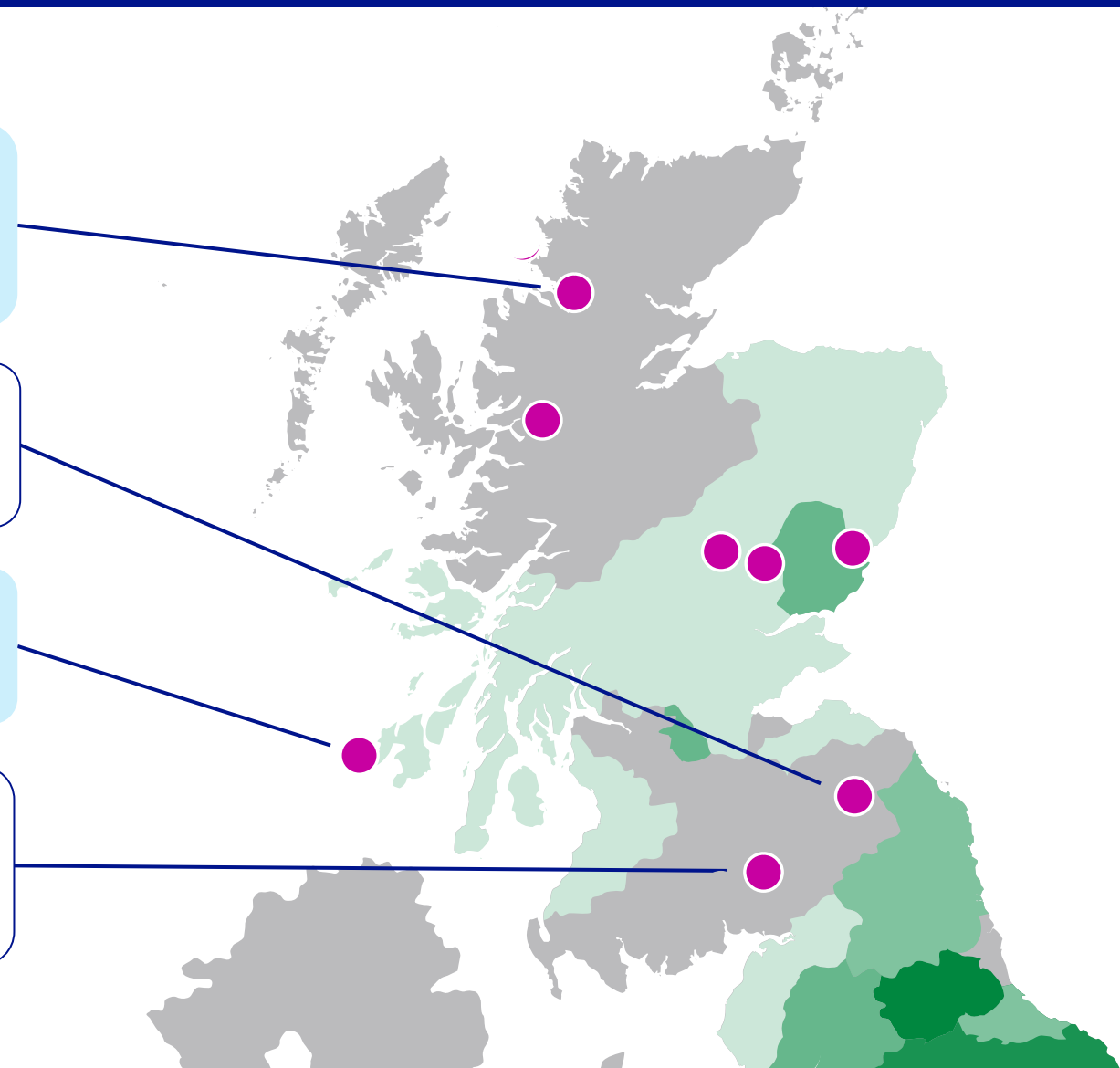
Forest Carbon Scotland Projects #2

Cùl Mòr is a peatland restoration project with a net area of 75.31 ha. The restoration and ongoing management of the peatland project area at Cùl Mòr is anticipated to significantly reduce greenhouse gas emissions, protecting the carbon captured in the peat soils and improving its resilience to climatic changes. It is also anticipated to deliver a wide range of co-benefits to both communities and biodiversity.

Lauder Common is a woodland project, located in the Scottish Borders, near Thirlestane Castle and the River Tweed. Alongside its climate value, through carbon absorption, the project will provide benefits of enhanced biodiversity and protecting watercourses. The woodland will improve the landscape overall and provide community recreational space.

Duich Moss is a peatland restoration project with an area of 213.08 ha. The aim of the restoration is to halt erosion and enhance the site's ecological functioning. A healthier bog will be more resilient to climate change impacts, reduce carbon losses, improve the landscape, and support wildlife.

Steinstane & Salifoot Burn is a mixed woodland project near to Moffat, south Scotland, covering an area of 59.5 ha. The woodland will predominantly comprise broadleaf species with a smaller area of conifer. The woodlands have been designed to enhance the landscape with combinations of tree species providing ecological enhancement and a mosaic of colours, particularly during autumn.



Portfolio Insight: Forest Carbon – Deep Dive

National Grid purchased 5,745 Pending Issuance Woodland Carbon Code Units from this project.

Organisation: Forest Carbon

Project Name: Lowther 2



Lowther 2 demonstrates the Lowther Estate's approach to landscape recovery through multifunctional land use, combining climate action, biodiversity enhancement, sustainable timber production, natural flood management and opportunities for public and community engagement.

The project has transformed just over 75 hectares into a mixed woodland of conifers and broadleaves, with more than 120,000 trees planted in 2020. Strategically located to connect existing estate forestry with pasture woodlands towards the Lake District National Park, it creates an important new wildlife corridor, strengthening habitat connectivity and biodiversity across the wider Estate. Building on Lowther's long history of woodland management, the project moves beyond traditional plantation forestry.

Climate benefits are complemented by targeted water and habitat interventions delivered with the Eden River Trust, including re-meandering small becks and creating a large pond. Together with the new woodland, these measures will help slow water flows and contribute to natural flood mitigation downstream, while creating additional wetland and aquatic habitats.

The programme also creates opportunities for people and communities to connect with and understand the changing landscape. Through greater visibility of woodland creation, nature recovery and sustainable land management, Lowther can engage the public in the practical responses to climate and biodiversity challenges, while creating opportunities for recreation, learning and appreciation of the countryside. The result is a more connected, biodiverse and climate-resilient landscape that continues to support a productive rural economy while delivering benefits for nature, water, people and the wider community

Expected co-benefits:

- Increased Biodiversity
- Habitat Linkage
- Rainwater interception/ riparian habitat
- Access to Nature and Community Benefits
- Sustainable Timber Production



Portfolio Insight: HACT

National Grid has purchased 7,000 Verra Carbon Credits from this project.

Organisation: HACT/PNZ
Project: Retrofit Credits



Co-benefits:

- Residential wellbeing Improvements through energy retrofitting

Retrofit Credits is the only internationally accredited carbon crediting project in the world originating verified carbon credits for the decarbonisation of housing stock, and the only carbon crediting project based in local UK communities, which also measure the social value impact to the residents living in these homes. The project was initiated in 2021 with the first round of crediting taking place from homes that underwent work in 2022.

Measures delivered include thermal insulation (loft, cavity, floor, internal and external wall insulation, draft proofing, change of doors and/or windows and more) and reduction in the energy use to a property (gas boiler upgrade, change of heating system (e.g. heat pump, solar panels installation, batteries, ventilation, heat networks, LED lights and more)

National Grid has invested in a portfolio of these credits that span across England, Wales and Scotland. We purposefully selected options to invest in areas where we have more infrastructure activity occurring now, but also in the future. The investment has generated over £3,440,000 worth of social value, delivered to residents of UK homes via the UK Social Value Bank.



Portfolio Insight: RSPB

National Grid has purchased 4,992
Pending Issuance Peatland Code
Units from this project.

Organisation: RSPB
Project: Airds Moss 1

RSPB

Expected co-benefits:

- Increased Biodiversity
- Rainwater interception/ riparian habitat
- Access to Nature and Community Benefits

Airds Moss is one of the few remaining areas of relatively low-altitude blanket bog in south-west Scotland, a nationally important habitat that is vital for many species but the extent of which has been reduced by agricultural conversion and forestry. Airds Moss is situated within the Muirkirk Uplands between the towns of Cumnock and Muirkirk in East Ayrshire, an area with various designations (Muirkirk Uplands Site of Special Scientific Interest, Airds Moss Special Area of Conservation, Muirkirk and North Lowther Uplands Special Preservation Area).

In 2022, the RSPB acquired the Airds Moss Central site. In 2023, with funding from Suntory Global Spirits, the RSPB undertook a project to restore c. 22 ha of the site, including some extremely intensively drained and eroded sections of peatland. Turning the degraded environment back into a healthy and thriving blanket bog will reduce the rate of erosion and degradation, revegetating bare peat areas, and raising and stabilising water tables. The sale of Peatland Code units will support the long-term management and maintenance of this site (including further restoration work where required), ensuring that Airds Moss continues to support the ecosystems and biodiversity of the area and to benefit the local community for generations to come.

The peatland restoration work involved a range of restoration techniques appropriate to the setting. These included installing a large number of peat and timber dams, gully blocking and reprofiling, hagg reprofiling, and drain blocking and infilling. After the initial restoration, staff are carrying out regular monitoring to assess the success of the restoration work and to identify whether any further restoration work is required. If the ecosystem is not recovering this monitoring will inform subsequent management techniques and remediation works.



Portfolio Insight: Oxygen Conservation

National Grid has purchased 1,500
Pending Issuance Peatland Code
Units from this project.

Organisation: Oxygen Conservation Project: Kinrara Estate



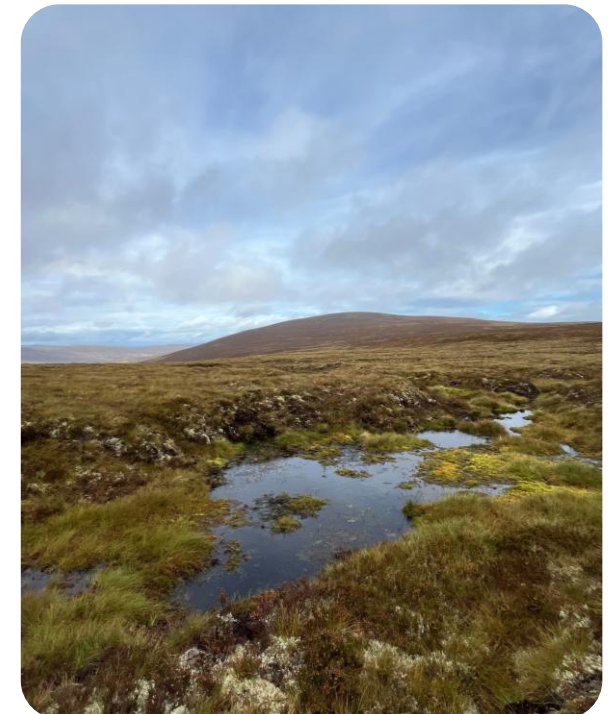
Extending to 9,209 acres, Kinrara Estate is located in Upper Speyside and forms part of the renowned Monadhliath Mountains, with its southern section lying within the Cairngorms National Park. Oxygen Conservation's vision is to restore this landscape at scale through woodland creation, peatland restoration and habitat creation, delivering lasting benefits for nature, climate, and people while generating high-integrity natural capital products, including carbon and nature credits.

Peatland restoration is central to this work and to National Grid's contribution. Restoring degraded peat helps protect existing carbon stores and reduce further emissions, while improving flood regulation, water quality, and recovering habitats for the plants and animals that depend on these wet environments. These benefits extend beyond the restored areas, supporting the health of the rivers, soils, and habitats connected to the peatlands.

Restoration has already been completed across 1,819 acres of peatland at Kinrara. Oxygen Conservation is continuing this programme with a further 988 acres, building on several years of work with specialist contractors McGowan Environmental Engineering. National Grid's purchase supports this long-term commitment to restoring and caring for the landscape. Alongside the peatland work, an ambitious native woodland programme will reconnect fragmented habitats and expand surviving woodland. People are a key part of this vision. Oxygen Conservation is listening to local communities and working with partners to shape Kinrara's future, with ambitions to improve access, support green jobs and strengthen rural livelihoods. To date a new full-time Estate Manager role has been created as well as a community focused website and newsletter.

Expected co-benefits:

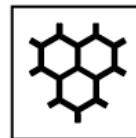
- Increased Biodiversity
- Habitat Linkage
- Water Quality Improvement
- Access to Nature and Community Benefits
- Sustainable Food Production



Portfolio Insight: Wilder Carbon

National Grid has purchased 1,000
Estimate Issuance Units from this
project.

Organisation: Wilder Carbon
Project: Speechly Farm



Wilder Carbon
UK's Nature Based Carbon Standard.

Expected co-benefits:

- Increased Biodiversity
- Rainwater interception/ riparian habitat
- Water Quality Improvement

Speechly's Farm is an ambitious 50 year nature restoration project transforming former intensively farmed peatland into a thriving mosaic of wetland habitats. The project is set to provide 62,659 (as of September 2026) EIUs. Speechly's Farm lies at the heart of the Great Fen, one of the UK's most ambitious landscape-scale wetland restoration initiatives. Extending across approximately 3,700 hectares between Peterborough and Huntingdon, the Great Fen aims to reconnect the nationally important Woodwalton Fen and Holme Fen National Nature Reserves, creating a larger, more resilient landscape for nature. Acquired in 2023 by The Wildlife Trust for Bedfordshire, Cambridgeshire & Northamptonshire, Speechly's Farm provides a crucial link between these surviving fragments of ancient fenland. Its restoration will help create a continuous wildlife corridor between the two reserves, reconnecting a landscape fragmented by centuries of drainage and agricultural use.

Approximately 127 hectares of commercially farmed fen peatland are being taken out of intensive arable production and restored through rewetting and habitat creation. The vision is to establish a dynamic mosaic of open water, reedbed, marsh, wet grassland and drier grassland, supported by conservation grazing and adaptive management. This transformation is particularly important for climate mitigation. When peat soils are drained and cultivated, stored organic carbon is exposed to oxygen, resulting in greenhouse gas emissions and the progressive loss of the peat itself. Raising water tables and restoring wetland conditions will significantly reduce these emissions and protect remaining carbon-rich soils. Over its 50-year lifetime, the project is estimated to deliver 179,172 tCO₂e of carbon lock-up.



Outlook

This report demonstrates that National Grid Electricity Transmission has used dedicated funding to establish a governed, evidence-led and cost-conscious approach to investing in carbon projects. The portfolio delivers carbon benefits, supports high-integrity UK-based projects, as well as a range of co-benefits such as increased biodiversity, water quality enhancement and improvements to residential wellbeing. Furthermore, our approach as a buyer has been frequently described as breeding confidence across the UK-based carbon market.

At National Grid, we are positioning investment in carbon projects separate to our current supply chain. We invest in this market in addition to making impactful deep emission reductions across our activities. This portfolio and approach provide a robust foundation for the next five years, where continued investment will be targeted at delivering consumer value, managing delivery risk and supporting the transition to a decarbonised energy system. We have committed to continuing our work in the carbon markets in the UK, planning to invest a further £16m over the next 5 years



Appendix

	Project Name	Credit/Unit Type	Description	No. credits/units	Location	Country	Registry Code	Expected Co-benefits
Forest Carbon	May's Wood	WCC PIU	Woodland Creation - Broad Leaf	5,711	Nottinghamshire	England	104000000027895	
	High Meadows	WCC PIU	Woodland Creation - Broad Leaf	2,950	County Durham	England	104000000027795	
	Lowther 2	WCC PIU	Woodland Creation - Mixed	5,745	Cumbria	England	104000000026520	
	Sarahs Wood	WCC PIU	Woodland Creation - Broad Leaf	5,045	Northumberland	England	104000000026816	
	Doddington North	WCC PIU	Woodland Creation - Mixed	18,315	Northumberland	England	104000000026630	
	Innerhadden 2	WCC PIU	Woodland Creation - Mixed	2,894	Perthshire	Scotland	104000000027901	
	Claypole	WCC PIU	Woodland Creation - Broad Leaf	3,457	Lincolnshire	England	104000000029536	
	Camusluine	WCC PIU	Woodland Creation - Mixed	12,840	Highlands	Scotland	104000000027229	
	Cùl Mòr	PC PIU	Peatland Restoration	1,000	Highlands	Scotland	104000000027352	
	Duich Moss	PC PIU	Peatland Restoration	1,750	Islay	Scotland	104000000027807	
	Lauder Common	WCC PIU	Woodland Creation - Mixed	2,086	Scottish Borders	Scotland	104000000027465	
	Steinstane & Salifoot Burn	WCC PIU	Woodland Creation - Mixed	4,144	Scottish Borders	Scotland	104000000028618	
	Rottal 2	WCC PIU	Woodland Creation - Mixed	4,458	Angus	Scotland	104000000026522	
	Invermark	WCC PIU	Woodland Creation - Mixed	5,508	Angus	Scotland	104000000026726	
	Wasdale Head	PC PIU	Peatland Restoration	2,500	Cumbria	England	104000000029068	
	Overton Native Woodland	WCC PIU	Woodland Creation - Mixed	1,941	North Yorkshire	England	104000000026478	
	Emilies Wood	WCC PIU	Woodland Creation - Broad Leaf	1,995	Nottinghamshire	England	104000000014115	
	Owens Wood	WCC PIU	Woodland Creation - Broad Leaf	607	Lincolnshire	England	103000000004515	
	Joshs Wood	WCC PIU	Woodland Creation - Broad Leaf	2,223	Lincolnshire	England	104000000030180	

Appendix

	Project Name	Credit/Unit Type	Description	No. credits/units	Location	Country	Registry Code*	Expected Co-benefits
HACT/PNZ Carbon	Housing Decarbonisation in the UK	Verra	Energy Retrofitting in Households	7,000	Nation Wide	England, Scotland, Wales	VCS2649	●
RSPB	Airds Moss 1	PC PIU	Peatland Restoration	4,992	Ayrshire	Scotland	104000000029094	● ● ●
Oxygen Conservation	Kinrara Estate	PC PIU	Peatland Restoration	1,500	Inverness-shire	Scotland	104000000027764	● ● ● ● ● ●
Wilder Carbon	Speechly's Farm	EIU	Peatland Restoration	1,000	Cambridgeshire	England	Speechly's Farm	● ● ●

Expected Co-Benefit Key

- Increased Biodiversity ● Access to Nature and Community Benefits
- Habitat Linkage ● Sustainable Timber Production
- Rainwater Interception/ Riparian Habitat ● Residential Wellbeing Improvements
- Water Quality Improvement ● Food Production



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