

Strategy for the Fifth Round of Climate Adaptation Reporting

Question 1. Would you like your response to this consultation to be confidential in the event of an access to information request? (required)

No.

Question 2. Do you agree or disagree to the proposed objectives and principles for ARP5?

Agree. The proposals are fair, and are a logical progression from ARP4.

Question 3. Do you agree that government should make targeted use of the power in the CCA 2008 to direct selected organisations to report, whilst maintaining the voluntary approach with the remainder?

Disagree. It is unclear what the goals of mandatory reporting are, and what kind of uptake it is expected that mandatory reporting will actually bring to these reports.

Clearer direction on what the government really wants the ARP process to look like in terms of engagement is needed before bringing in mandatory reporting, and explaining why it would make a material difference to the quantity and quality of reporting information.

Climate adaptation reporting should remain voluntary during the fifth and subsequent rounds, with continued communication of timescales and expectations from the fourth round to assist reporting organisations.

Question 4. Do you agree with the proposed tests to determine who would receive a direction to report?

Yes. However, as with question 3, Energy UK is not in favour of mandatory reporting.

Question 5. Are there any other criteria that should be used to target directions?

Yes. Before considering the introduction of any further mandatory reporting, government should explicitly assess the extent to which climate change adaptation risks are already addressed through existing regulatory, financial and environmental reporting requirements. Where equivalent or overlapping assessments already exist, this redundancy should be taken into account to avoid duplicating effort and adding unnecessary administrative burden.

Question 6. Do you agree or disagree that additional incentives for voluntary reporting are needed?

Agree. However, the proposed options are unlikely to make a material difference. A better proposal may simply be for organisations to put forward the contact details of relevant persons into a stakeholder database for the relevant team within Defra. This could be used for more direct communication, and be regularly updated when relevant specialists leave post and are replaced. This could also be used for stakeholder workshops and engagement. This has been a critical issue in the voluntary process, as not all organisations that work on climate adaptation have been forthcoming with communications to their relevant specialists.

Question 10. Do you have any comments or suggestions regarding the proposed additional scope changes? (optional)

The proposals for large energy generators to submit feedback individually is tentatively supported. However, given this is proposed in order to receive more dedicated and specific detail, this will have to be explicitly spelt out in the guidance for ARP5. It is still quite possible that individual generators may give high level feedback in a similar manner to the collective reporting under ARP4, so Defra will have to clear in what type of feedback it is seeking and expects to receive.

Question 11. Do you agree or disagree with new sector-neutral guidance on additional aspects of climate risk management?

Agree.

Question 12. Do you agree or disagree that sector-specific guidance would be useful for ARP5?

Agree.

Question 13. Would your organisations agree or disagree to participating in the co development of sector-specific guidance with government?

Disagree. Guidance should be transferrable however.

Question 14. Do you agree or disagree that ARP reporting is a valuable addition to corporate climate disclosures and/or existing sector-specific regulatory obligations?

Agree. In the EUK/RUK/SEUK ARP4 response, many of these were cited or included to support the overall findings, so have already been proved to have useful overlap. Whilst a valuable addition, a clear plan for coordinating and aligning different

reporting regimes will be necessary. This will simplify and streamline the existing range of regimes to maximise efficiency.

Question 15. Do you agree or disagree that ARP reporting is a valuable addition to existing sector-specific regulatory obligations?

Disagree. For organisations already subject to sector-specific obligations and resilience requirements, ARP risks duplicating work. The priority should be improving alignment and re-use of existing evidence, instead of introducing parallel reporting cycles and templates that increase work.

Question 16. (optional) In what further ways can Defra reduce duplication between ARP and other climate risk reporting your organisation is subject to?

A review of climate risk reporting requirements beyond Defra and review of information (by Defra). This should include what type of information could be used for Defra's reporting requirements. Design an easy-to-use template for future reporting and standardised set of questions. Also, equivalent assessments, reports or manuscripts in place of bespoke ARP templates should be accepted if there is overlap.

Question 17. Do you agree or disagree that economically regulated companies reporting in ARP5 should be set a shorter deadline to submit their reports, to enable regulators to take them into account in their reports?

Disagree. Setting a shorter deadline would add unnecessary time pressure and is not likely to increase the quality and usefulness of reports; consequently, the value in shortening submission timeframes and deadlines isn't clear.

Question 18. How much less time than the standard 3-year window should economically regulated companies be given to report?

As with Question 17, if implemented at all, then 0 to 3 months. Any reduction should be minimal and designed to avoid compromising report quality or creating additional burdens. A small reduction (0–3 months) would be preferable to a materially shortened window.

Question 19. Do you agree or disagree that large energy and telecommunications companies should report individually?

Agree (provisionally). Please refer to the response to Question 10. Climate adaptation reporting should remain voluntary during the fifth and subsequent rounds.

Question 21. Would a report by water and energy trade associations focusing on interdependencies between the two sectors be useful or not useful?

Not useful. Firstly, this will be largely irrelevant for certain energy trade associations such as RenewableUK and Solar Energy UK, given the respective generation they focus on does not use water for operational activities. For Energy UK, it is not clear what value such a report would add, largely as it is highly uncertain what water abstracting generation technologies will be used in future.

Current proposed nuclear plants are set to use seawater abstraction. The phase out of gas generation is subject to uncertainty, given both the UK's stated goal of a phase out of gas generation by 2035 and NESO modelling projecting CCGT usage into the 2040s. Far more uncertain is the uptake, timings, and usage of hydrogen, including both the water used for production of hydrogen, and water used for hydrogen electricity generation. Equally, the role of water in Carbon Capture and Storage is highly uncertain in the long term.

It is unclear what a report in this space would look like, and to what level of depth it would be expected the relevant trade associations would produce it. Further information on what kind of report would be expected, and what Defra's expectations would be for it, would be essential before considering taking this forward.

In engagement with members as part of ARP4 reporting, we found that electricity generation companies continue to consider interdependencies with other sectors. These include but are not limited to the approaches outlined below, which address both internal processes as well as engagement with other key stakeholders:

- Interdependencies are considered in companies' climate change adaptation programmes. Regarding internal processes, companies have risk controls in place at the site level to identify and manage risks and interdependencies. Additionally, companies have continuity management procedures to immediately respond to extreme and unexpected weather events.
- Companies are furthermore engaged in a number of forums that address the need for collaboration on interdependencies, which include infrastructure forums and industry groups, such as the Infrastructure Operators Adaptation Forum (IOAF). In addition, companies have previously worked with the Energy Emergencies Executive Committee (E3C) and other regulators to better understand specific scenarios. Finally, companies that are part of the Transition Plan Taskforce (TPT)²⁹ are furthermore required to identify interdependencies.
- The sector has also done more to make progress on regional, multi-level water resource use planning, as energy and water are key interdependencies. The role of water usage for low carbon technologies such as hydrogen and CCUS has come under increasing analysis since ARP3, and further work in this sector is likely to continue. Due to the increased electrification of the economy, interconnectivity between industries will inevitably increase, and simultaneously, the need for a better understanding of risks associated with it.

While trade associations have a vital role to play in supporting coordination, there is a greater need for coordination and oversight roles within government that will ensure a systematic approach is taken.

Question 22. What feedback would you welcome on ARP5 reports?

The feedback proposed is useful and welcome. However, while the use of AI is supported, it must be noted when AI is being used, and traceable back to a human source if the need to question results arises.