

Our statement and framework for tackling climate change

We are committed to helping NSW tackle climate change through our decisions. We have developed a statement about our role in addressing climate change and a framework for implementing our role.

Statement

- Climate change is one of the most significant issues that will impact the lives of people in NSW now and into the future.
- Climate change presents far-reaching economic, social, ecological, health and safety risks. These include direct physical risks, such as extreme weather events, and transitional risks from adjusting to a net zero economy.
- These risks present challenges in the sectors we regulate including water, energy, transport and local government. In this context, we aim to make decisions that mean the people of NSW and future generations will continue to benefit from safe, reliable and affordable services that meet their needs over the long term.
- We consider climate change risks when undertaking our regulatory functions or reviews. We encourage solutions that mitigate or adapt to climate change by our regulated entities or industries based on science, innovation and economics.

Framework

We will identify the need to consider climate change when we undertake a regulatory function or review

We will identify whether the regulated entity or industry needs to consider, mitigate or adapt to climate change risks. We will do this within the relevant statutory framework or the terms of reference that applies to our work. For example there may be risks to a regulated entity or industry meeting its obligations for:

- emissions reductions
- standards for safe and reliable services
- protecting the environment
- acting in the long-term interests of consumers.

We will then consider how the regulated entity or industry is

- managing the physical, transitional and liability risks of climate change to meet its obligations
- acting consistently with the NSW Government policy on climate change.

We will do this by

- communicating our expectation that regulated entities and industries meet their obligations to address the risks of climate change
- considering information provided by the regulated entity or stakeholders that responds to climate change risks. This could include pricing proposals, compliance reports, energy savings proposals, risk assessments, asset management, safety management systems, and submissions from stakeholders
- asking for further or specific information from the regulated entity if we do not have sufficient information to satisfy our consideration of a statutory obligation.

We will also consider:

- the capabilities we need to develop to implement this framework
- whether we need specialist advice on the scope of our role or our consideration of climate change risks or to inform our regulatory approach
- whether the climate change risks are already being addressed through other regulatory requirements or frameworks implemented by other regulators

- how other regulators in Australia or overseas consider or address climate change risks when undertaking similar regulatory functions or reviews, or considering similar statutory obligations
- the best available information, such as modelling or research, on climate change risks
- whether we should recommend actions or impose new requirements or standards to address climate change risks to satisfy our statutory obligations or to achieve the NSW Government's climate change policy goals.

Our regulatory responses will:

- involve consultation with the entities we regulate and relevant stakeholders
- keep up with evolving climate change objectives, science, economics, policies and standards
- respond to uncertainty
- support opportunities to address climate change risks efficiently and effectively
- be proportionate and reasonable
- balance competing objectives and consumer expectations
- avoid duplicating regulation.