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value and safeguarding the future

15 March 2011

Dear Sir/Madam

Welsh Assembly Government consultation on approach to exercising powers to issue guidance and directions under Part 4 of the Climate Change Act 2008

I am replying on behalf of the Water Services Regulation Authority (Ofwat), the economic regulator of the water industry in England and Wales.

Climate change presents serious challenges to the water and sewerage sectors and we recognise the importance of adaptation in the sectors to deal with these challenges. The Welsh Assembly Government has provided a good lead in this area and we welcome the adaptation delivery plan you released last year, which included commitment to improving the resilience of water infrastructure to climate change.

As you are aware we have already been asked to report under the Climate Change Act by Defra and we will be providing our climate change adaptation report in May of this year. The water and sewerage companies in England have been similarly directed and have now submitted their reports.

After discussion with you, we also asked both Dwr Cymru Welsh water and Dee Valley water to report voluntarily in a letter of 27 January 2010. Both companies agreed to do so and have provided reports to us, you and Defra. We believe this was a helpful step in encouraging adaptation across the sectors.

We agree that we, Dee Valley and Welsh Water are all key reporting authorities under your proposed definitions. However, the water and sewerage sectors in both Wales and England have been well covered in terms of reporting progress and risks on adaptation. We therefore welcome your proposal not to direct any organisations in the sectors to report at this time. We agree with the circumstances you have explained would prompt you to direct any organisations in the sectors to report.

We believe the adaptation reports can help inform the policy debate on adaptation in Wales. We would welcome your feedback on the reports the companies have already submitted and on our own report. In particular we would welcome your views on our plan of actions and on our future regulation programme. We will send a copy of our report to you when we submit it to Defra for approval, your views on this will inform the approach we take to regulation.

We have provided answers to some of the specific questions you raised below.

Is the guidance for reporting authorities useful? What else would you like it to contain? Please send us any examples or case studies that we could use in support of the guidance.

We note that your draft guidance is similar to that developed by Defra in 2009 but with some changes to make it more concise, which are welcome. We have applied Defra's guidance in detail in completing our own report and we believe this model is generally appropriate. However we believe it may be useful to revise this guidance over time in light of lessons learned from the first reporting round in England.

What additional adaptation support or advice would you like the Assembly Government to provide and in what form would it be most useful to you?

In our own report we have identified several climate change risks where action is required by all stakeholders in order for the UK to adapt well to climate change. Urban drainage is one such area where the Assembly Government can play a key role by supporting the development and maintenance of sustainable urban drainage systems. This requires clear policy direction and enough expertise and resources at the local level. There are already some good examples of stakeholders working together to address drainage issues in Wales, for example Dŵr Cymru have worked with local authorities and businesses in Newport.

What other guidance, support or advice could other organisations provide? Or what support could your organisation provide either alone or in partnership with others?

We have found the support and materials provided by the UK Climate Impacts Programme (UKCIP) invaluable in helping us to understand climate change

risks and complete our adaptation report. We believe that the Assembly Government should continue to support free access to the underpinning climate change scenarios and the independent advice and expertise on adaptation which has been provided by UKCIP over recent years.

We look forward to continuing to work with you on adaptation in the future. Should you wish to discuss any aspect of this response, please do not hesitate to contact me.

Yours sincerely

Dr Mike Keil

Head of Climate Change Policy, Ofwat