

Whole-of-business climate change preparedness

South East Water’s climate mitigation and adaptation programs are an example of a holistic approach to addressing climate change, that aims to ensure the business minimises greenhouse gas emissions while preparing for the inevitable impacts of a warming climate today and into the future. By having a greater understanding of the potential physical and financial risks of climate change in the future, the business and its staff are empowered to strive further to reduce greenhouse gas emissions and support partners and stakeholders to do the same.

CLIMATE THEMES ADDRESSED



Background

The water sector is in an excellent position to act on the global threat of climate change. Initially, South East Water has been driven by Government requirements to reduce GHG emissions by 45% from the baseline by 2024/25, and to establish a pathway to Net Zero emissions by 2030. However in working to meet these requirements the business realised that further action was not only possible, but urgent. As a result, South East Water have developed four strategic pillars to act decisively to protect the future of the business, customers and local region:

- Faster and deeper emissions cuts
- Organisation-wide climate risk assessment
- Alignment with the Taskforce on Climate-related Financial Disclosures (TCFD)
- Educating staff and ensuring transparency.

Faster and deeper emissions cuts

South East Water hope to reduce emissions faster than the regulatory requirement. For the upcoming Victorian Price Submission 5 process the business will engage with customers to gauge their willingness to reduce emissions faster and deeper than statutory obligations. The business has also done the work to understand the costs and risks of this approach.

Organisation-wide climate risk assessment – Climate Adapt

South East Water conducted an organisation-wide, bottom-up analysis of its climate adaptation risk profile and are developing adaptation and risk control plans to address multiple climate futures.

Alignment with the TCFD

South East Water reviewed its compliance with the recommendations of the TCFD and have designed a governance system that will help meet those recommendations.

Education campaign

South East Water will ensure transparency by educating our staff and sharing key risks and commitments with customers and the community in line with the TCFD.

Benefits to the utility, and to climate-related outcomes

Faster and deeper emissions cuts

South East Water has pledged to be Net Zero by 2030. To reduce direct emissions, they have commissioned solar arrays at several sites and joined Zero Emissions Water (see Case Study 2) to jointly procure more solar energy as part of a bulk purchase arrangement.

Their largest Water Recycling Plant upgrade at Boneo will be Net Zero, and they have created an Energy Master Plan to help identify energy efficiency and optimisation opportunities at all treatment plants and pump stations.

To offset hard to abate emissions, and to guarantee meeting their emissions reduction target on time, they are tendering to procure Large-Scale Generation Certificates (LGCs). Their research has shown that commercial third-party LGCs can help them reach emissions targets quickly and at minimal cost to customers.

Organisation-wide climate risk assessment – Climate Adapt
Adaptation to climate change is necessary and the future is uncertain. As a result, South East Water is conducting a thorough, bottom-up climate risk assessment.

The business has put together a team of 'Risk and Resilience Managers' (RRMs) – experts from across the organisation – who are reviewing climate data under high, medium and low climate change scenarios in 2030, 2050 and 2090. Through multiple workshops and team analytics, the RRM's review the latest data, including storm tide inundation and flooding layers down to a few-meter resolution, and are undertaking detailed risk assessments of assets and services. Any near term risks will be planned for and included in the upcoming Victorian Price Submission 5 process.

Climate Adapt recognises that South East Water has the potential to protect itself, its customers and the environment – but only if they know what to plan for, start early and can adapt the plan as needed. Climate Adapt will provide the information and the tools to best plan for the future.

Alignment with the TCFD

In line with the recommendations of the TCFD, South East Water are assessing the risks and opportunities associated with three IPCC scenarios representing different levels of future emissions intensity. Transitional risks (reputational,

technological, market, policy and legal risks) and physical risks (eg. bushfire and flooding) are being assessed and the scenarios are supported by the latest available data.

South East Water are also developing a roadmap for meeting the 11 disclosure recommendations identified in the TCFD. In their upcoming 2020/21 Annual Report, they have prepared a preliminary gap analysis assessing current climate risk management practices and disclosures and identifying areas for improvement.

There is oversight into this process from quarterly updates to Board, as well as the Climate Adapt Steering Committee which is chaired by Lara Olsen, Managing Director and made up of members from the Executive Team. This ensures senior executive leadership and buy-in for this whole of organisational approach.

Following the Climate Adapt program in 2021, South East Water will review the findings and compare their performance against other relevant organisations using Ernst and Young's Climate Risk Barometer to support their journey to more complete TCFD disclosures.

Education Campaign

To educate staff and community, Climate Adapt includes a segment focused on increasing understanding of the urgency of climate change, the key risks to the local environment and the key elements of the business's climate adaptation and mitigation work programs. To educate staff South East Water have developed a campaign that includes a whole-of-organisation 'Town Hall' with an expert panel, lunch and learn sessions with the environment and energy teams, articles on their intranet, and a dedicated MS Teams Channel. For the community, South East Water are developing a dedicated section of their website where members of the public can view public climate information and see not only the impact climate change could have on their water utility, but also what their utility is doing to reduce emissions and adapt to climate change.

