Department for Energy Security & Net Zero

Rt Hon Ed Miliband MP
Secretary of State

Department for Energy Security & Net Zero
55 Whitehall
London
SW1A 2HP

www.gov.uk

Bill Esterson
Chair of the Energy Security and Net Zero Committee
House of Commons
London
SW1A 0AA

Our ref:
Your ref:

25 June 2025

Dear Bill,

I am writing to let you know that the consultation on Transition Plan Requirements has been published today.

With net zero sectors growing three times faster than the overall economy last year, we can already see the huge benefits clean energy offers to the UK. But we know that mobilising further private finance will be critical to achieving our clean energy and growth missions – and transition planning can play a crucial role in helping businesses and investors seize the opportunities the clean energy transition presents.

Transition plans are strategic road maps which outline how an entity intends to adapt and transform its operations, strategies, and business models to align with sustainability goals. Credible transition planning can support better allocation of capital and build confidence in the market, as well as enabling business and investors to manage the risks and seize the opportunities presented by the transition to Net Zero. As part of a strong sustainable finance policy framework, transition planning can drive transparency in financial markets and drive investment into the sectors that are crucial to meeting our carbon budgets and to supporting economic growth.

That is why we are now consulting to seek views on the government's approach to transition planning. In 2023, over 70% of FTSE 100 companies were already doing some form of transition planning voluntarily, according to CDP. This consultation explores the design of potential future requirements, including taking forward recommendations from last year's Transition Finance Market Review.

This is an open consultation, and government will work with industry to ensure that the design of any future transition plan requirements is proportionate and supports UK businesses, as well as being aligned with the Prime Minister's commitment to cut the administrative cost of regulation on business by a quarter by the end of the Parliament.

As part of government's plan to develop a world-leading sustainable finance framework that will drive investment in the net zero transition and deliver economic growth, this consultation is being published today alongside two consultations (led by the Department for Business and Trade) on UK Sustainability Reporting Standards and establishing a sustainability assurance registration regime.

Together, these consultations form an important package on our sustainable finance framework. They will assist the government in gathering information on the implementation of sustainability disclosure requirements and entity-level transition plan requirements. They will help to set the groundwork for a final framework that is proportionate, cost-effective and provides decision-useful information to investors and companies and that also supports our clean energy and growth missions.

I look forward to working with the Committee as we deliver on our commitment to make the UK the sustainable finance capital of the world as we seize the huge economic opportunities provided by our clean energy mission.

Yours ever,

RT HON ED MILIBAND MP
Secretary of State for Energy Security & Net Zero