

Collaboration between Economic Regulators

Options for embedding joint working between economic
regulators – Response form



A copy of this consultation can be found at:

<https://www.gov.uk/government/consultations/xxxx>

Confidentiality and disclosure of responses

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual responses.

The closing date for this consultation is 00/00/0000

Please return completed forms to:

UKRN Consultation
Competition and Consumer Policy Directorate
Department of Business, Innovation and Skills
3rd Floor – Victoria
1 Victoria Street
London
SW1H 0ET

Alternatively you can email your response to

Email: UKRNconsultation@bis.gsi.gov.uk

Your details

Name:

Organisation (if applicable): UK Power Networks

Job title (if applicable):

Address: UK Power Networks, Energy House, Hazelwick Avenue, Three Bridges, CRAWLEY, RH10 1EX.

Telephone number:

Please tick the box below that best describes you as a respondent to this consultation

	Business representative organisation/trade body
	Central government
	Charity or social enterprise
	Individual
✓ (please see note below)	Large business (over 250 staff)
	Legal representative
	Local Government
	Medium business (50 to 250 staff)
	Micro business (up to 9 staff)
	Small business (10 to 49 staff)
	Trade union or staff association
	Other (please describe)

Note:

UK Power Networks owns, operates and manages three of the fourteen electricity distribution networks in Great Britain: Eastern Power Networks, London Power Networks, and South Eastern Power Networks. We deliver electricity to eight million customers ranging from rural communities to dense urban areas including the central London business district.

Role of the UKRN

Question 1. Do you have any views or experiences – on cooperation between regulators, particularly under the previous JRG regime and before the UKRN was established? (para 1.7 – 1.14)

Comments: We support cooperation between regulators although have limited first-hand experience of how this operated under the JRG regime to be able to comment on how this worked. However we are supportive of joint work particularly where it removes regulatory barriers across sectors and reduces costs to consumers.

Potential benefits of joint working and cooperation

Question 2. Are there any specific areas where cooperation amongst the regulators could bring greater benefits and/or protections for consumers? Please provide any examples that you think will help demonstrate your argument (Para 2.1 – 2.10)

Comments: There are a number of areas where common working could lead to potential benefits and/or protections including:

- Cost of Capital;
- Efficiency benchmarking (use of different methodologies);
- Assessment of Risk;
- Incentive / Penalty mechanisms; and
- Coordination of infrastructure investment (see also our answer to question 4).

Question 3. Is there evidence of areas where sharing best practice and developing more consistency between sectors would benefit investors, regulated companies and/or consumers? (Para 2.1 – 2.10)

Comments: Please see our answer to Question 2

Question 4. Are there specific areas where better cross-regulator cooperation could improve infrastructure delivery or incentivise the more efficient use of infrastructure assets or networks? Please provide any examples that you think will help demonstrate your argument. (Para 2.1 – 2.10)

Comments: Please see our answer to Question 2, plus we note a lack of incentives on regulators to work better to co-ordinate infrastructure development. Structural differences in the different regulatory frameworks make it difficult for companies to co-ordinate activities across sectors and cross-sector regulator co-operation here would be of particular benefit. It is however pleasing to see that one of the UKRN projects is looking at cross-sector infrastructure investment and we are engaging with the UKRN on this front.

Options for supporting and encouraging cooperation

Question 5. Do you believe that Government should take further steps to support and encourage cooperation between regulators? If so, what would be your favoured approach and what benefits do you think this would bring? Please include, if appropriate, any issues which you consider may inhibit cross-sector cooperation. (Para 3.1 – 3.20)

Comments: UK Power Networks is supportive of co-operation between regulators where it can be demonstrated there are benefits to consumers. With this in mind we believe that Option 1 is the best option as it gives the UKRN time to develop and deliver against its targets/outputs. However, it should be monitored and publish annual (or more frequent) reports on progress against those deliverables and spend against its budget. This will ensure accountability, visibility and help deliver value for money from the UKRN. We believe that such a process should be in place for three to five years to give the UKRN time to deliver and at this point an independent review of the UKRN should be carried out by an appropriate body. Only at this stage, if Option 1 has not delivered the desired outcomes should Option 2 or 3 be considered. We believe it is also important to ensure that the UKRN is subject to a periodic value for money test to make sure that the extra costs incurred deliver a benefit to customers. Furthermore, we believe that any UKRN funding should continue to be found from existing regulatory licencing fees paid for by consumers.

Question 6. Do you have any views on the advantages and / or disadvantages of each of the three options identified? Do you have a preferred option? (Para 3.1 – 3.20)

Comments: Please see our answer to Question 5.

Question 7. What are your views on how best to implement each of the three options identified without becoming overly burdensome or impacting regulatory stability? (Para 3.1 – 3.20)

Comments: We believe that in reviewing this area, all those involved should be mindful that on the whole UK regulatory frameworks have been successful and have been copied across the world. These frameworks have delivered significant benefits including improved outputs, reduced costs and sustained investment. We therefore believe that implementation would be better suited to specific joint pieces of work where regulators are able to demonstrate added value to consumers and increased regulatory stability. Any whole scale review could damage regulatory stability.

Question 8. Are there any other options which the Government has not identified in paragraph 3.3. If you identify any, what are the advantages and disadvantages of such options? (Para 3.1 – 3.20)

Comments: We are not aware of any other options.

Annex D: Consultation Principles

The principles that Government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

<http://www.cabinetoffice.gov.uk/sites/default/files/resources/Consultation-Principles.pdf>

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