

UNITED UTILITIES PLC RESPONSE TO BIS CONSULTATION ON COLLABORATION BETWEEN ECONOMIC REGULATORS

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)*

We broadly concur with the analysis set out in the consultation about the issues which arose under the previous JRG regime, before the establishment of the UKRN. We believe that, with its dedicated resources, the UKRN now has the potential to resolve many of these issues and secure the desired higher profile for its cross-sectoral work.

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)*

We agree that there are opportunities for regulators to share experiences and cooperate in order to avoid repeated regulatory consideration of the same or similar issues. However, it is important that sectoral regulators are not so bound to precedent from others that they find themselves either 1) unable to make appropriate adjustments to reflect sectoral issues or 2) reluctant to innovate, instead prioritising the consensus. Notwithstanding the scope for greater joint working and co-operation between regulators, it is important that the positive attributes of variety and innovation are not lost from the UK's regulatory ecology.

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)*

And

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)*

We broadly support the suggestions put forward in the consultation document as well as those covered in the UKRN workplan for 2014/15, which covers a broad and varied range of topics. As a general matter, we believe regulators – and more especially, local and central government – should seek to facilitate cross-sectoral investment decisions around major national infrastructure investments in order to minimise waste and delay.

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)*

We consider that the creation of UKRN provides positive momentum for cross-sectoral cooperation. In particular, the introduction of dedicated resource and a separate identity provides clarity and transparency of the objectives for and delivery of a cross-sectoral work programme.

We believe it is far too early to make judgements about the effectiveness of this approach and that this will become clearer over the next eighteen months, once the UKRN has been operating for two years.

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)*

We consider that Option 1 is the most appropriate option. This is because it provides the least costly and least prescriptive approach, giving the necessary scope for UKRN to develop and mature using the tools and commitments set out in paragraph 3.4 of the consultation.

We consider that government should commit to a review of and consultation on the effectiveness of the UKRN initiative after two years' operation (ie: in approximately eighteen months' time.)

Only if such a review found arrangements wanting would Option 2 appear proportionate.

We do not support Option 3, being the introduction of a statutory duty to cooperate. Sectoral regulators already satisfice between a large number of conflicting statutory duties, applying varying interpretations across a range of differing circumstances. We do not consider that the addition of further statutory duties would be desirable or proportionate to the issue which the government is seeking to address.

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)*

We support Option 1 as the least burdensome approach, and the one having the least impact on regulatory stability. Option 2 should only be considered proportionate in the event of the demonstrable failure of Option 1. We do not believe that Option 3 is proportionate given the scale of the issue that the government is seeking to address and consider that it may have undesirable consequences.

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)*

We believe that the best approach would be Option 1, augmented with a firm commitment to a government review of – and public consultation on – the effectiveness of arrangements after two years of UKRN's operation.