

NATIONAL INFRASTRUCTURE COMMISSION

THE FUTURE OF REGULATION STUDY CALL FOR EVIDENCE

NATIONAL
INFRASTRUCTURE
COMMISSION

February 2019

Contents

1. Introduction	3
2. Call for evidence – questions	4
3. How to respond	7

1. Introduction

The Chancellor has asked the National Infrastructure Commission to assess what changes might be necessary to the existing regulatory framework to facilitate future investment needs in infrastructure focusing on energy, telecoms and water, while promoting competition and innovation and meeting the needs of both current and future consumers. The Commission's perspective is long term, covering the next 30 years.

The terms of reference are organised under the major themes headlined below and the Commission invites responses to some or all of the following questions. We encourage responses to be as succinct as possible with a 20 page limit.

All questions apply to **energy, telecoms and water**. Please indicate which sector your answer applies to or if it applies in general. Please provide evidence wherever possible, including **international examples** where relevant, and data sources or references to the primary research.

Please indicate if any information within your response is confidential. Any responses without confidential marking will be published in full. We welcome the provision of specific case study examples or the identification of specific case studies for further investigation.

The full terms of reference for this study can be found here: <http://www.nic.org.uk/publications/regulation-study-terms-of-reference/>. The Commission will publish a report in autumn 2019.

2. Call for evidence – questions

The Commission's call for evidence on the future of regulation in the UK will run for eight weeks, closing on 12 April 2019. Interested parties are encouraged to submit evidence, ideas and solutions to the questions outlined below.

Future changes

1. Where has the economic regulation of water, energy or telecoms systematically failed or succeeded to:
 - a. facilitate future investment needs;
 - b. promote competition and innovation; and
 - c. meet the needs of both current and future consumers;and what do you see as the most important improvements that could be made to the UK's system of economic regulation?
2. The **National Infrastructure Assessment** (<https://www.nic.org.uk/publications/national-infrastructure-assessment-2018/>) outlined a number of changes and challenges in infrastructure to 2050 (eg the move to fibre in telecoms, decarbonisation in energy and the need for long term resilience in the water sector). How might the scope, functions or activities of economic regulators need to adapt in light of future challenges?
3. How might the increasing availability of data impact regulation in future? Can data increase the pace at which regulation responds to change, enabling innovation?

Competition and innovation

4. How have the energy, water and telecoms sectors performed with respect to efficiency, since privatisation?
5. How has competition impacted on investment, innovation and outcomes for consumers across energy, water and telecoms since privatisation?
6. How has regulation affected the level of innovation in energy, water and telecoms, compared to these utilities in other countries and/or other comparable industries?
7. When has regulation been too slow to adapt to changing market circumstances and what have been the consequences for consumers and investors?

Regulatory consistency

8. Where could regulators work together more consistently to meet future challenges, achieve efficiencies within the regulatory system or to promote better outcomes for consumers, investors or society?
9. What changes to the existing regulatory framework would be necessary to promote greater collaboration and regulatory consistency? Are there functions that might better be provided on a multi-utility basis without the need for wider organisational change?
10. What is the case for or against a multi-utility regulator covering energy, digital and water?

Policy and regulation

11. Is the traditional role of economic regulation, to mimic the outcome of a competitive market, sufficient to ensure future investment and to meet the needs of current and future consumers, and if not, how might this role need to change?
12. What should be the boundary between government setting policy and strategic direction and independent regulation in these sectors? Do the existing duties and functions of regulators need to be adjusted to reflect this?
13. Has there been a lack of clarity over strategic goals? What is the cause of this and what has been the impact on investment?
14. Are the government's principles for economic regulation^{*} – accountability, focus, predictability, coherence, adaptability and efficiency – fit for purpose; and if not, how should they change?
15. How can regulators act in the future to support public trust in the regulatory system for water, energy and telecoms?

^{*} Department for Business, Innovation and Skills (2011), Principles for Economic Regulation

3. How to respond

Responses must be no longer than 20 pages and should be emailed to:

regulation@nic.gov.uk

The deadline for submissions is 12 April 2019.

Evidence will be reviewed thereafter by the Commission. If further information or clarification is required, the Commission Secretariat will contact you. In exceptional circumstances, the Commission will accept responses in hard copy. If you need to submit a hard copy, please send your response to the Commission Secretariat at:

Regulation Study Call for Evidence
National Infrastructure Commission
Finlaison House
15-17 Furnival Street
London EC4A 1AB

FOI and privacy statements

We may publish any responses received. If you believe there is a reason why your response or any part of it should be considered confidential, please provide details. Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the Freedom of Information Act 2000 (FOIA) or other relevant legislation.

If you want information that you provide to be treated as confidential please be aware that, under the FOIA, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidentiality.

In view of this, it would be helpful if you could explain to the National Infrastructure Commission why you regard the information you have provided as confidential. If the Commission receives a request for disclosure of the information, it will take full account of your explanation, but cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Commission.

The Commission will process your personal data in accordance with relevant data protection law.

