

The Indepen Forum forward programme 2011

15 September 2011

Do regulators need to understand their sectors better?

Chair – Sir Adrian Montague, Chairman, 3i & Anglian Water

Speakers - Alan Sutherland, Chief Executive, Water Industry Commission for Scotland

- Basil Scarsella, Chief Executive, UK Power Networks

In order to regulate effectively, regulators need a good understanding of how the companies operate and make their decisions. Or do they? The alternative view is that rather than seek to second guess and challenge the details of the companies' plans, regulators should focus on outcomes and providing strong incentives.

How might a regulator decide on the best approach and what do the two approaches mean for the skills and experience needed by regulators and their boards?

October 2011

Incentives, contestability and competition in infrastructure services: which will do most for innovation?

Chair – Philip Bramwell, Group General Counsel, BAE Systems

Speakers - Dave Snowden, Founder & Chief Scientific Officer, Cognitive Edge

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Traditional economic theory suggests that increasing competition will promote innovation in regulated businesses. Less conventionally, some suggest that monopolists can better afford to take the risks that innovation entails and that, provided competition policy provides a back stop, a somewhat monopolistic industry can be innovative in seeking ways to protect its monopoly.

Regulators tend to reject the latter argument. Are there infrastructure sectors for which we might expect it to be true? In any event what can regulators do to promote dynamic efficiency?

November 2011

Bathwater or baby: will risk-based regulation be a net improvement?

Chair – Colin Skellett, Chairman, Wessex Water

Speakers - Richard Moriarty, Director of Economic Regulation, CAA

- Mike Redican, Managing Director, Deutsche Bank

Implementing risk-based regulation seems to entail the regulated businesses taking more responsibility for plan and delivery. This will entail radical change for companies – no longer can they regard the regulator as their customer – and regulators – who will need to contemplate divergent outcomes among the companies. Regulators should no longer regulate for the right answer but rather for something that is not unreasonable.

What does this imply for the process of engagement leading up to a price determination?