



Pinsent Masons

Westminster Energy Forum

Key Regulatory Challenges for the UK Energy Sector post-White Paper: unresolved issues

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Overview



- Where is the industry now?
- Unresolved Issues?
- The Wider Regulatory Context
- The third European Package

Where is the industry now?



- Stable operating environment
- £30bn investment in electricity and gas networks
- Falling prices
- Environmental improvements
- Improved customer service

Unresolved Issues?



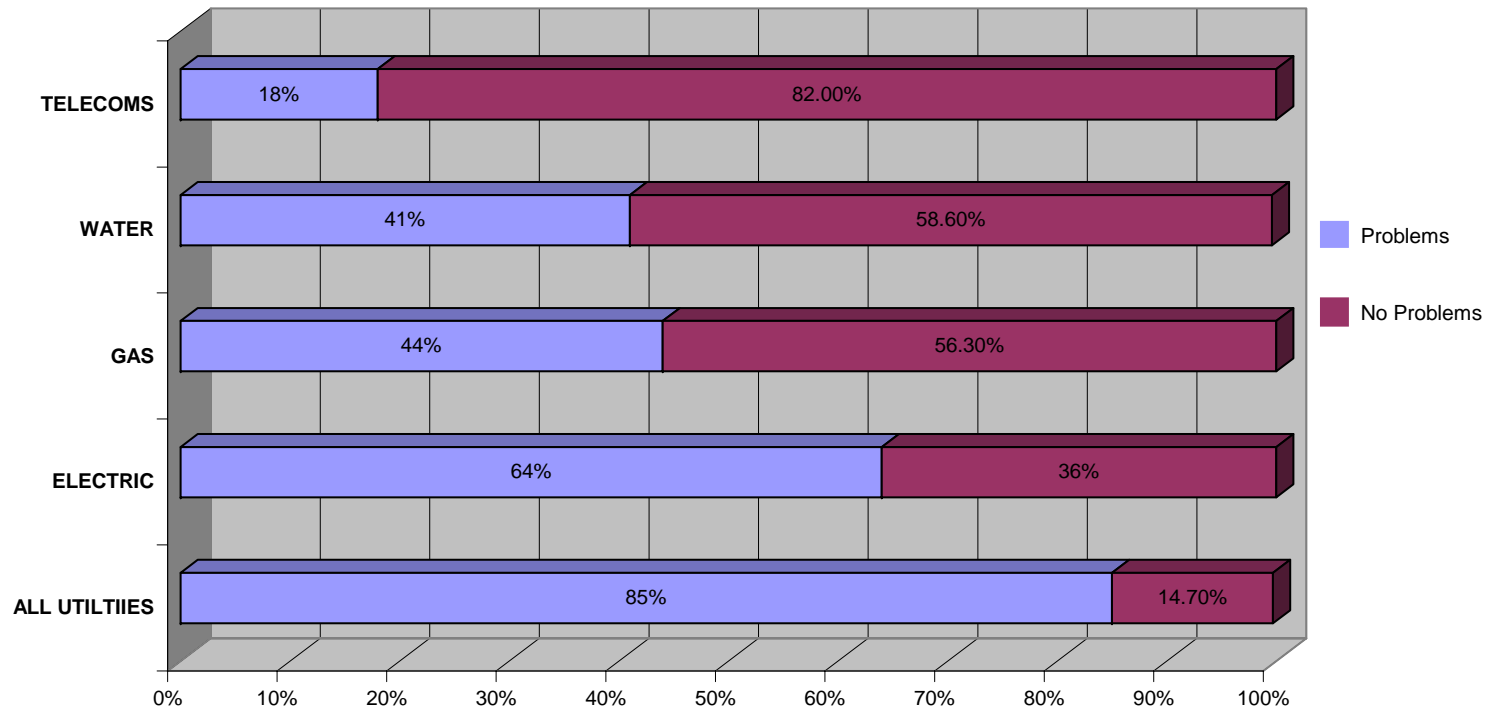
- How is regulation (in the wider sense) dealing with the challenges of today and the next 20 years?
- Have we got it right?
- What are the challenges?
 - Competition
 - Best regulatory practice
 - Short or Long-termism

Unresolved Issues?



- Competition
 - Power
 - Perception that power a highly competitive market
 - Unbundling and reconsolidation
 - Extension of competition
 - Complexity vs cost?
 - Is it achieving the desired improvements in customer service?

Sites experiencing problems when seeking new connections



1. From the National Federation of Builders Report: The utility vehicle's company's performance in providing connections: September 2006.

Unresolved Issues?



- What is best regulatory practice?
 - Consult and inform
 - Is less more?
 - Licences
 - What actually do they mean?
 - A common approach

Unresolved Issues?



- Short or long-termism
 - Five year regulatory cycle
 - Efficiency: value or cost?
 - Smart Metering
 - GB Queue
 - Climate change

The Wider Regulatory Context



- Taking the broader view:
 - King Coal
 - CCS
 - Supply constraints
 - Nuclear Renaissance
 - Vienna and Paris Convention Amendments
 - 30 years
 - Economic Loss
 - Environmental Reinstatement

The Third European Package



- Ownership Unbundling or ISO Model
- New Agency for the Cooperation of Energy Regulators
- Strengthen powers of existing regulators
 - Monitoring compliance of TSOs and DSOs
 - Reviewing TSO investment plans
 - Monitoring transparency obligations
 - Ensuring consumer protection



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