

**Meeting of the Joint Regulators' Group
4th February 2009
At Ofcom, Riverside House**

Attending:

Peter Swattridge, Postcomm
Ali Nikpay, OFT
Nick Fincham, CAA
Steve Smith, Ofgem
John Thomas, ORR
James Le Couilliard, PPP Arbiter
Keith Mason, Ofwat
Philip Rutnam, Ofcom and JRG chair
Craig Lonie; Ofcom
Anil Patel, Ofcom and JRG secretary

ITEM 1: Implications of the recession for regulated industries and consumers

Philip Rutnam welcomed JRG members to a special meeting arranged to discuss the implications of the recession. JRG members agreed that current regulatory processes and methodologies were designed to be robust to changes in the broader economy. It was also noted that the duties of different regulators varied.

JRG members agreed that regulators needed to remain vigilant to the implications for consumers of the recession. It was also noted that the business case for some investment projects may alter.

The recent speech by John Fingleton on the implications for competition policy of the recession was discussed. It was agreed that it would be useful for JRG members to keep in regular touch on the issue, as well as for further discussion to take place within each regulator.

ITEM 2: Recent comments on infrastructure investment

JRG members discussed papers by Dieter Helm and McKinsey on the impact of the recession on the future of price control regulation. There was also a discussion of the implications for regulation of higher gearing by companies. Philip Rutnam summed up the general view by saying that although the WACC may change over time according to circumstances, no coherent case seemed to have been made for a fundamental change in the way in which regulation took account of the cost of capital.