



Regulating energy networks for the future: RPI-X@20

How can the regulatory framework for energy networks deliver both a sustainable energy sector and value for money to consumers?

Workshop

2nd July 2009: 10.00 until 16.00

Imperial College, London

Following the success of our workshop 'The future of energy regulation' in December 2008, Ofgem's RPI-X@20 team has invited a number of high-level 'thinkers' in regulatory economics – both academic and practitioners – to a summer 2009 workshop. The workshop will focus on the question: 'How can the regulatory framework for energy networks deliver both a sustainable energy sector and value for money to consumers?'. The aim is to stimulate debate and spur new ideas on the future of energy network regulation in Britain. It is hoped that the workshop will be highly participatory. Attendance is by invitation only.

The workshop will be structured around three key questions. For each question, Ofgem will briefly introduce the subject, a speaker will present practical ideas relating to the subject, and a final speaker will consider how the regulatory framework might rise to the challenge presented. The floor will then be opened up to discussion.

| Session | Introductory speaker | Respondent |
|---|---|------------|
| 10.00 Arrive and coffee | | |
| Chairman: Prof Goran Strbac, Imperial College London | | |
| 10.15 Introduction and update on RPI-X@20 | Hannah Nixon, Ofgem | |
| 10:45 How can we encourage networks to efficiently facilitate delivery of a sustainable energy sector? | <p>Cloda Jenkins, Ofgem: Presentation of the issue (5mins)</p> <p>Martin Cave, Warwick University: Lessons from other sectors (15mins)</p> <p>Michael Pollitt, Electricity Policy Research Group, University of Cambridge: Ideas on how to regulate to encourage long-term efficiency (10mins)</p> <p>Discussion (30mins)</p> | |
| <p><i>Example issues for discussion:</i></p> <ul style="list-style-type: none"> • <i>How do we ensure delivery of security of supply and environmental targets is consistent with providing value for money to current and future consumers?</i> • <i>Do we need a new 'definition' of efficiency when considering the network behaviour that a future regulatory framework should reward?</i> • <i>How can we encourage efficient delivery of long-term investment programmes in an uncertain world? Is a five-year regulatory framework a help or a hindrance?</i> • <i>How do we identify what we want energy networks to 'do'/'be' and how do we assess and reward their performance relative to this 'benchmark'?</i> • <i>Are there lessons from other sectors? Are there reasons to think that energy networks, and the associated regulatory framework, are different?</i> | | |
| 11:45 Break/Coffee | | |
| 12:00 Do we need to do more to stimulate innovation? | <p>Cloda Jenkins, Ofgem: Presentation of the issue (5mins)</p> <p>Peter Boait, De Montfort University: Innovation in action: smart grid-smart meter-smart home interactions (15mins)</p> <p>Chris Decker, Regulatory Policy Institute: Ideas on how to regulate to encourage more energy network-related innovation (10mins)</p> <p>Discussion (30mins)</p> | |
| <p><i>Example issues for discussion:</i></p> <ul style="list-style-type: none"> • <i>Do delivery of a sustainable energy sector, quality of service to consumers and ongoing productivity improvements require technological change and energy network-related innovation?</i> • <i>Who is best placed to undertake and deliver innovation?</i> • <i>What are the conditions that are necessary or conducive to innovation?</i> • <i>Does the regulatory framework act as a barrier to innovation?</i> • <i>How can more, or different types of, innovation be encouraged?</i> • <i>Do we need more than an incentive regime that is focused on dynamic efficiency and delivery of clearly defined outputs (including environmental-related targets)?</i> | | |

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| 13:00 Buffet lunch + coffee | | |
| 14:15 How can we encourage more engagement between networks, network users, consumers and Ofgem? | <p>Cloda Jenkins, Ofgem: Presentation of the issue (5mins)</p> <p>Ian Clayton, easyJet: Pros, cons and practicalities of constructive engagement in airports: an airline perspective (15mins)</p> <p>Stephen Littlechild: The case for introducing constructive engagement for TPCR5 (10mins)</p> <p>Discussion (30mins)</p> | |
| <p><i>Example issues for discussion:</i></p> <ul style="list-style-type: none"> • <i>What are the benefits of having engagement between networks, network users, consumers and potentially other interested parties? What is the downside?</i> • <i>What is Ofgem's role if there is constructive engagement?</i> • <i>Should Ofgem go further than constructive engagement (e.g. negotiated settlements)?</i> • <i>Is the approach appropriate for gas and electricity?</i> • <i>Is the approach feasible in distribution?</i> | | |
| 15:15 Emerging ideas: general discussion led by Hannah Nixon | | |
| 15.45 Wrap up and close | Ofgem | |