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Date: 23 November 2012

Dear Colleagues

Consultation letter: Joint Regulators Group (JRG) work considering possible impacts of regulatory frameworks on opportunities to coordinate infrastructure work across sectors

Coordination of new network infrastructure development by companies in different sectors (energy, rail, telecoms etc.) can lead to benefits eg through the use of shared resources. We, along with other GB economic regulators¹, are doing a piece of work to consider if our regulatory frameworks collectively facilitate or hinder such opportunities. This letter seeks your views on any issues that we should consider in the work. Responses are requested by 15 January 2013.

This JRG work is a complement to HM Treasury work on wider cross-sectoral coordination of investment projects following its publication of the National Infrastructure Plan 2011.² The Plan recognised the importance of taking a joined-up approach to infrastructure. It identified a series of recommendations to counteract barriers to achieving opportunities from interdependencies in delivery. In particular, it signalled that through the JRG, regulators in relevant sectors should ensure that regulatory frameworks do not discourage shared works, shared facilities or revenue sharing and should support mechanisms for this where consistent with regulators' statutory duties.

At this stage, we are scoping the work by identifying possible issues to consider further in the first half of 2013. This letter consults across the energy sector to identify any relevant issues that you think we should consider.

- Where in your view has the regulatory framework(s) played a role in facilitating or in hindering cross sectoral coordination in the past?
- Are there useful examples of such coordination that we might consider and learn positive and/or negative lessons from?
- Are there issues we should look at within the regulatory frameworks that might apply to such projects going forward?

Responses should be sent to Iain.morgan@ofgem.gov.uk by 15 January 2013.

¹ The Joint Regulators Group (JRG) is an association of the UK's economic and competition regulators. It meets four times a year to discuss and exchange learning on topics relevant to regulation within the UK. JRG also conducts cross-regulator working groups pooling resource and expertise to look at topics of specific interest.

² See Chapter 4 of HM Treasury, Infrastructure UK, National Infrastructure Plan, November 2011 (http://www.hm-treasury.gov.uk/d/national_infrastructure_plan291111.pdf).

Unless marked confidential, responses will be published on Ofgem's website.

Following the consultation our next steps will be to consider which (if any) of the issues raised in consultation, alongside other issues that we identify, relate to the operation of regulatory frameworks (ours and/or other regulators'). We will need to distinguish these cases from other issues eg the impact of planning on cross-sectoral infrastructure sharing. This is because such areas are likely to be outside the scope of our work. We also recognise that in some cases the issues might not be cross-cutting across a number of different sectors but specific to two sectors eg broadband sharing infrastructure with electricity distribution networks operators. In such cases while identifying them at the scoping stage, these are likely to be the focus of existing work and kept separate from this project.

This work is still at an early stage. Before any change is considered to the way our regulatory frameworks interact with other regulatory frameworks, we would consider the implications and consult if applicable at that time. For example, we will consider any issues that we might need to consider as part of our work on the electricity distribution price control (RIIO-ED1).

Yours faithfully

Hannah Nixon