

Mark,

As requested I have jotted down some reactions and impression from the reading the document 'Guidance on Ofgem's approach to conducting impact assessments'.

1. Re: para. 2.6. It was not fully clear from the document about the extent to which IA is being positioned as a partner component of the proposal process or as an independent evaluation function. There is a place for both roles for IA but they are slightly different. So maybe the guidance could be clearer?
2. In other areas/fields, one sees two teams working independently on evaluations and problem solving to guard against group think. For certain large, material proposals it might be worthwhile exploring this option for IAs. There are cost implications of course.
3. I sense from the document that there is more embracing of uncertainty, not least that involved in trading-off values of competition, distributional effects and so on. This seems implicit in stage 3 of figure 1. I am very supportive of this. Getting away from false linear thinking and the idea that an IA can produce an answer is very healthy. In many areas we need evaluative tools which allow decision makers to confront uncertainty and trade-offs in the most informed way possible. Like auditing perhaps, IAs may have suffered from an 'expectations gap' – i.e. a gap between what policy makers want IAs to do and what they can really do. The current document sets a good tone but could go even further in reminding users up front that an IA is not an 'answer machine'. Avoiding premature monetarization is a very healthy idea supporting this, but could be made more forcefully.

I hope these brief comments are helpful.

Best wishes

Mike Power, LSE