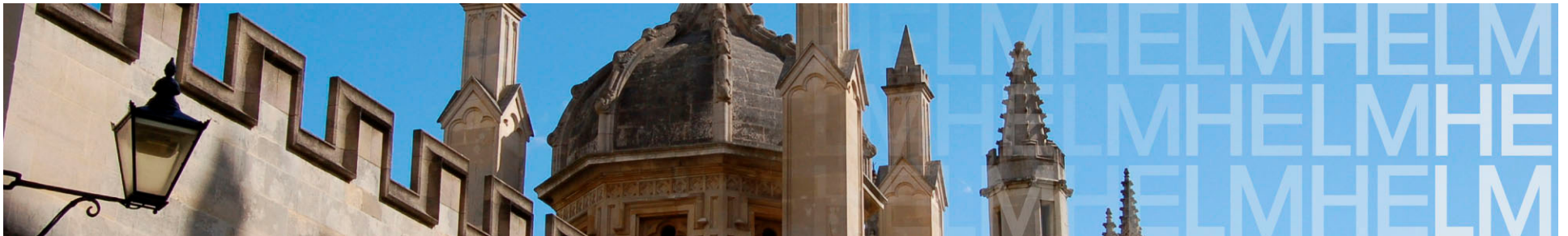


Critical infrastructure and utility regulation: a joined-up approach



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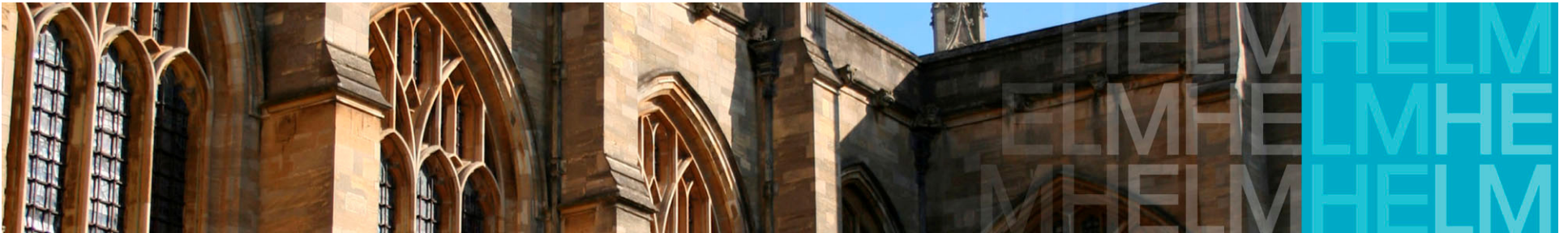
The Questions

- What is critical infrastructure?
- How does critical infrastructure fit into utility regulation?
- Who should decide how much security is provided?
- How are the interactions *between* utilities and networks taken into account?
- What should be done?



What is critical infrastructure?

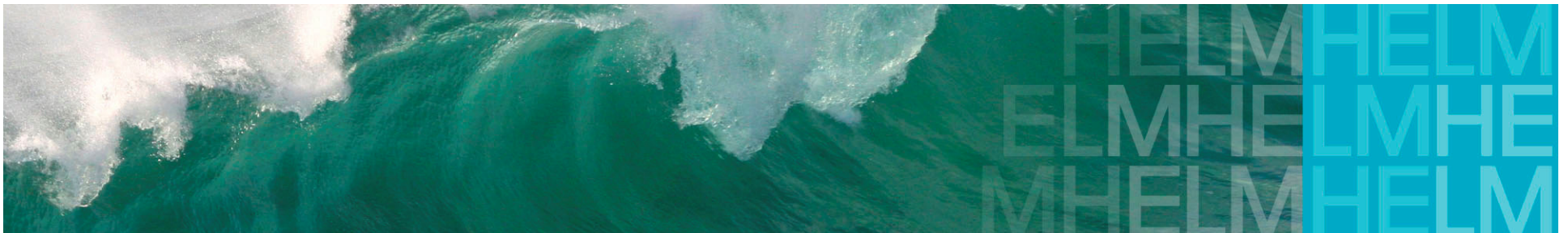
- Why does infrastructure matter?
 - competitiveness
 - public goods
 - asymmetry of costs
 - at the limit, physical disruption
- What is “critical”?
 - threshold effects and changes to costs
 - bottlenecks
 - national security



How does critical infrastructure fit into utility regulation?

- The duties of the regulators - to customers
- The licence and the functions
- Financing functions
- Periodic reviews and the CAPEX
- OPEX and resilience

⇒ Companies propose (the business plans) and regulators decide

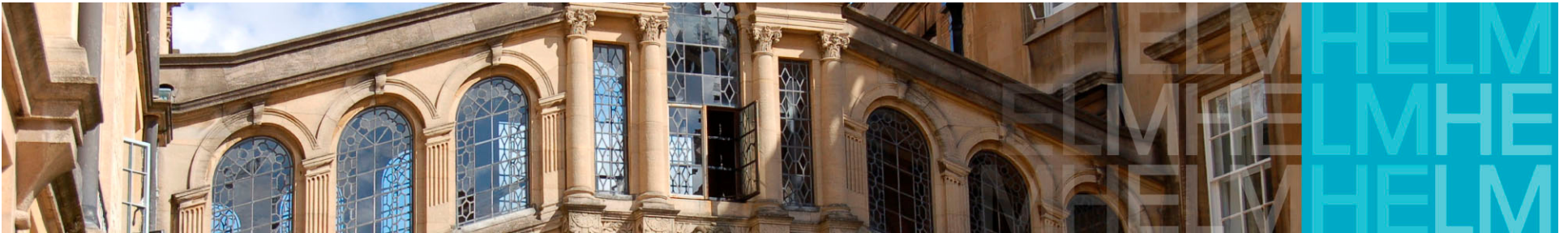


How are the interactions between utilities and networks taken into account?

- Each utility has its own licence
- Each sector has its own regulator

BUT... for example the floods and power supply...

- No overlapping duties
- No coordination



What should be done?

- A new duty - to protect and enhance critical infrastructure - or a formalisation of security of supply
- A responsible agency for the definition, coordination and delivery of critical infrastructure

⇒ **Critical infrastructure treated like Health and Safety**

- Oversupply less serious than undersupply - tipping the balance towards greater capacity



Further information:

- *Credible Energy Policy, Meeting the challenges of security of supply and climate change*, December 2008, Policy Exchange
- *Time to invest: infrastructure, the credit crunch and the recession*, December 2008
- *Special administration, financing functions and utility regulation*, October 2008
- *The Credit Crunch and Infrastructure Finance*, June 2008
- *Meeting the Infrastructure Challenge*, May 2008
- *Infrastructure, housing and the floods: some lessons*, July 2007

All available here: <http://www.dieterhelm.co.uk/publications>

