

Bankside Hotel, 2 Blackfriars Rd, Upper Ground, London  
16 – 18 October 2024 09:00 to 17:00



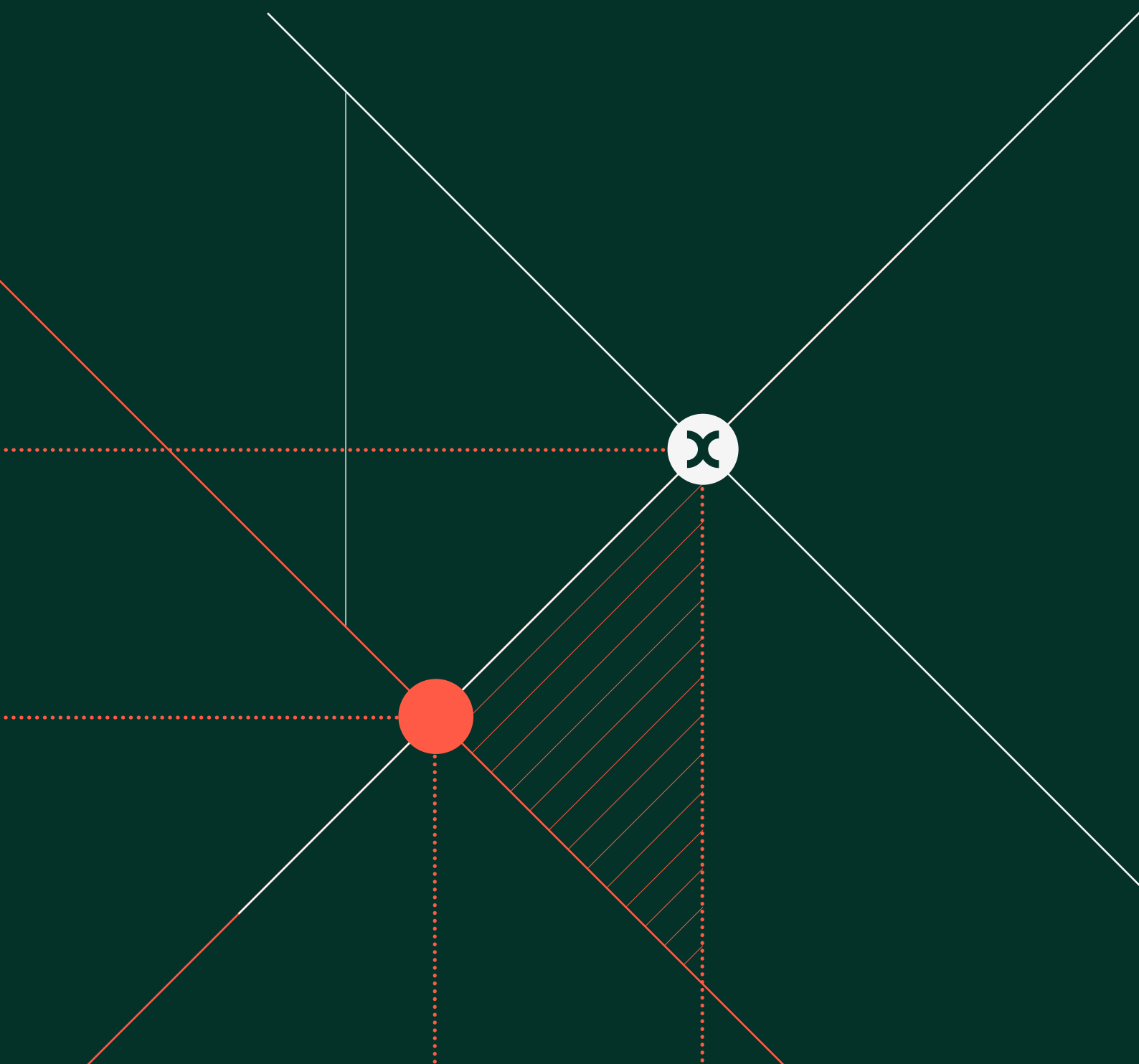
Optional programme:

16 October from 9.00 to 17.00, followed by drinks  
17 October from 9.00 to 17.00, followed by networking dinner  
18 October 9.00 to 14.00

# Utility regulation and finance course

## Principles of economic regulation

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London, 16–18 October 2024





## Have you ever found yourself asking:

- Why are infrastructure networks subject to economic regulation?
- How do economic regulators set price caps for regulated companies?
- How are efficient costs determined?
- How is the cost of capital calculated?
- How do regulators monitor and incentivise delivery?
- What does this all mean for regulated industries?

Over the course of more than 4 decades, Oxera has developed and run training courses to help companies, regulators, investors, policymakers and lawyers to develop their knowledge of economic regulation and understand the key building blocks of a price review.

### Why join this course?

The decisions that economic regulators make shape the revenues that companies can earn, expectations around company performance and the scope to generate returns for shareholders. For regulators and policymakers, getting economic regulation is critical to protecting consumers, ensuring the right outcomes are delivered and securing value for money. For companies, and their investors and legal advisers, economic regulation can be a key value driver for the business.

Regardless of which side of the table you sit on, a strong understanding of the theory and practice of economic regulation can help you to make a positive difference for your organisation and for society.

Whether you are directly involved in developing regulatory submissions or simply interested in gaining a better understanding of how regulation affects your organisation, you will come away from this course with a comprehensive grounding in the principles of economic regulation and how it is applied in practice.

## About us

Oxera advises clients on issues relating to economics. We have worked closely with regulators, regulated companies and policymakers for over four decades on regulatory matters and have been running training courses in Utility Regulation and Finance for nearly as long. Our course leaders enjoy sharing their expertise, underpinning their teaching with examples from their experience and case studies to bring the technical concepts to life.





## Regulatory building blocks

- 1 Introduction to regulation – The 'basics'**
  - What is economic regulation?
  - Why is it needed?
  - Who regulates and how?
  - The statutory framework and regulatory duties
  - What do price reviews involve?
- 2 Building blocks framework**
  - Form of control: RPI – X
  - Overview of the key building blocks in determining allowed revenues:
    - Determining outputs
    - Forecasting expenditure
    - The regulated asset base model
- 3 Determining what should be delivered**
  - Sources of regulatory commitments
  - Inputs, outputs and outcomes
  - Outcomes-based regulation
  - Customer engagement: different approaches
- 4 Determining efficient costs**
  - What is (in) efficiency?
  - The role of efficiency analysis in the regulatory framework
  - Issues to consider in cost assessment (incl. comparators, cost base, cost drivers, scope for efficiency, TOTEX regulation )
  - OPEX versus CAPEX: Then and now (e.g. nature-based solutions)
  - Bringing the evidence together: setting a profile for efficiency savings

## Finance, risk and return

- 5 Incentives, risk and rewards**
  - Overcoming information asymmetries
  - Removing incentives to delay investment
  - Dealing with risk and uncertainty
  - Service quality and innovation incentives
- 6 Asset valuation**
  - What is the regulatory asset base?
  - T = 0: How were the opening RABs valued
  - T+: How is the RAB updated over time (CAPEX, indexation, depreciation)
  - How market and regulatory asset values differ
- 7 Costs of capital**
  - What is the WACC?
  - Cost of equity—CAPM
  - Cost of debt
  - Capital structure
  - Other considerations: inflation, corporate tax
- 8 Financeability**
  - What is financeability?
  - Why are regulators concerned about financeability?
  - How do they assess the financeability of companies?
  - How can they remedy potential financeability concerns?

## Course leaders



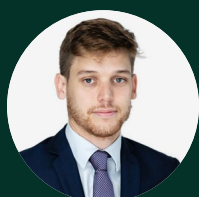
### Alan Horncastle, Partner

Alan has 30 years of professional experience in applying economics to aid decision-making, in particular in the regulated sectors. He specialises in efficiency measurement and assessments, regulatory reform and regulatory incentive design. He has provided strategic advice and expert evidence on mergers and acquisitions, regulatory due diligence, business planning, regulatory determinations, appeals and court cases.



### Sahar Shamsi, Partner

Sahar specialises in finance, with a focus on the economic regulation of utilities. She leads Oxera's Energy and Climate Economics teams. She has advised companies and regulators on regulatory finance issues across the UK, Europe, the Middle East and Australasia. Sahar has given expert evidence in the UK and internationally, including in Austria, the Channel Islands and New Zealand, on financial issues in price controls. Sahar has been seconded as a lead Economic Adviser to the UK Competition Commission (now the Competition and Markets Authority, CMA) on regulatory price control matters. Sahar is listed as a Global Elite Thought Leader in the Who's Who Legal: Energy Experts guide to leading lawyers and experts in the field worldwide. Sahar has been teaching and chairing Utility Finance courses for over a decade.



### Chris Davis, Principal

With 12 years' experience as a professional economist, Chris has provided support on regulatory and strategic issues to clients in the air traffic control, airport, energy, rail, road, telecoms, and water sectors. He recently became co-Head of Oxera's Water practice. He has direct experience of working in Planning and Regulation teams, having been seconded into two regulated companies—Dublin Airport and NATS En Route Ltd (NERL), providing day-to-day support to NERL during its appeal of its RP3 price control (2020–24) to the UK CMA. Chris is the course lead for Oxera's Utility Regulation courses.



### Peter Hope, Partner

Peter leads the Regulatory Finance practice at Oxera. He is an expert in financial economics and helps clients tackle strategic challenges in regulation and competition policy. Peter has extensive experience in advising companies, regulators, and investors on cost of capital and profitability analysis. He has provided expert testimony on cost of capital in front of the UK CMA and is listed in the Who's Who Legal guide to leading economic and financial experts in the energy sector. Peter has over 15 years' experience of training clients in the economics of regulation, including chairing the Oxera Utility Finance course for many years.



### Leon Fields, Senior Consultant

Leon is a member of the Regulation, Water and Competition teams at Oxera, and has particular expertise in incentive regulation, behavioural economics and industrial organisation. He has in-depth knowledge of the water sector, having been actively involved in all aspects of the 1999, 2004, 2009, 2014 and 2019 periodic reviews. He is an expert in tariff design, and in how the objectives of cost recovery, efficiency and compliance can be balanced. He has also undertaken option appraisal for a variety of clients.



### Elizaveta Kovaleva, Senior Consultant

Elizaveta specialises in regulatory finance and the economics of state aid, working across a number of sectors in infrastructure. She focuses in particular on cost allocation, cost of capital estimation, financial modelling, and profitability assessments. She has developed analysis as part of market investigations by the UK Competition and Markets Authority (CMA) and state aid investigations by DG Competition. Elizaveta delivers sessions in regulatory finance at Oxera's Utility Finance and Utility Regulation courses as well as ad hoc workshops for clients such as HM Treasury. She has also presented at training courses on economic and financial analysis associated with state aid assessments for the CMA.

The course will run over 2.5 non-residential days at Bankside Hotel in London. You are invited to join Oxera for informal drinks at the end of the first day and for a course dinner on the second evening. Further information about this will be communicated, including information regarding a preferential booking rate at the hotel, once your registration has been received.

#### Course Fees

(all include access to the drinks on 16th October and the course dinner on 18th October)

#### Full Registration Fee

£3200 + VAT

#### Early Bird Registration – before Friday 8th September 2023

£2880 + VAT

Course Code: EB10

#### Multi booking

2 Delegates from the same company (price per person)

£2560 + VAT

Course Code: MB20

#### Multi booking

3 or more delegates from the same company (price per person)

£2240 + VAT

Course Code: MB30

Register now



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