

Minutes of the Joint Regulators Group (JRG) meeting 16 June 2011 at the Office of Rail Regulation

Present: Bill Emery (ORR) (chair)
Jenny Block (Postcomm)
Sarah Chambers (BIS)
Matthew Conway (Ofcom)
Jessica Dahlstrom (NHS Monitor)
Sarah Harrison (Ofgem)
Andy McFaul (Ofgem)
Paul McMahon (ORR)
Iain Osborne (CAA)
Steven Preece (OFT)

Apologies: Keith Mason (Ofwat)
Alan Sutherland (WICS)

1. Minutes of previous meeting

The minutes of the previous meeting of 4 April 2011 were agreed and will be published on the ORR website.

2. JRG collaboration

Further to the initial discussion at the April meeting, Iain Osborne outlined the proposals of the JRG sub-group established to consider further collaboration amongst JRG members.

JRG confirmed that it was keen to develop further collaboration on technical and policy issues of common interest, building on the previous, but typically ad hoc, engagement carried out by JRG.

It was agreed that the collaborative work should enable each regulator to do its work better.

Following discussion with each regulator it was agreed that the first wave of collaboration would cover the workstreams of: financeability & cost of capital; efficiency assessment and benchmarking; pensions; charges & tariffs; and choosing between competition and regulatory powers. It was agreed that a coordination of the work was important and Ofcom offered to assist with this.

It was agreed that by September 2011 that the members for each workstream would be identified, meet and develop terms of reference.

JRG recognised that communication of the collaborative work is important. This includes, in due course, publishing the outputs of collaboration. Initially, the chair of JRG would write to Edward Davey MP, Parliamentary Under Secretary of State at BIS, on the proposals and that this letter would be copied to the relevant Minister in each sponsoring department.

3. Presentation by the Centre on Regulation in Europe

Professor Bruno Liebhaberg (director general) and Professor Martin Cave (academic director) of the Centre on Regulation in Europe (CERRE) gave a presentation on the objectives and work of CERRE, a relatively new independent body, based in Brussels, that undertakes studies and promotes debate on regulation in Europe's network industries. JRG had a useful discussion with Professors Liebhaberg and Cave on CERRE's activities.

4. Tour de Table

Ofgem. Ofgem reported that it is working with the Department for Energy and Climate Change (DECC) on how it will apply its duties and powers. Ofgem explained that has two price controls underway, on gas distribution and electricity supply & transmission. Both of these are being taken forward under the RIIO model.

CAA. Work is ongoing on the development of the Airport Economic Regulation Bill. CAA is considering the scope for wider application of constructive engagement beyond capex. It is also considering the ability of the aviation sector to respond to the heavy winter snow and has been working with OFT on Which? magazine's super complaint on credit card charges.

Monitor. It is responding to the government's proposals on competition in the health sector and the changes to Monitor's role.

OFT. OFT informed JRG that it will be reviewing its penalties policy.

Postcomm. Postcomm said that Royal Assent of Postal Services Bill had been achieved, with the effect that Postcomm will be wound up and its functions will move to Ofcom at the end of September 2011. It is carrying on with work on the 2012 price control review for Royal Mail.

Ofcom. It reported that work on a Communications Bill had started, with initial discussion and consultation which the government plan to lead to green and white papers and a draft bill in 2013. Ofcom has started a review into the TV advertising market and the impacts on competition and consumers.

ORR. ORR reported that it had published its initial consultation document for its next periodic review of Network Rail. In addition, NAO published its report on ORR's regulation of Network Rail's efficiency. NAO recommended that ORR work with other regulators to understand potentially high levels of infrastructure costs in the UK compared to comparable countries in Europe, and to consider whether there are aspects of the regulatory frameworks that influence this (e.g. treatment of RPI and input prices).

5. Any other business

Bill Emery is retiring from ORR in June and will be stepping down as chair of JRG. He will be replaced as JRG chair by Richard Price the incoming ORR

chief executive. JRG thanked Bill Emery for his chairmanship of JRG and for his positive contribution across economic regulation over many years.

It was agreed that the next meeting will seek to identify the next chair of JRG.

The next meeting of JRG will be held at ORR on 13 September 2011.