

1. What is the purpose of this consultation

On 31st January 2022 the government outlined its strategic priorities for the utilities sectors in an [open letter](#) from the Business Secretary to the Chief Executives of Ofgem, Ofwat and Ofcom.

In most sectors subject to economic regulation, regulators rely on price controls as a tool to protect the interests of consumers. The government expects regulators, via the UKRN, to work towards greater alignment where clear benefits can be identified.

Regulators involved in setting the main price controls (Ofwat, Ofgem, Ofcom, the CAA and UREGNI) recognise the value of further alignment in the approaches and ultimately the common parameter values used in each sector.

Ofwat, Ofgem and Ofcom, with support from the CAA and UREGNI, have worked together via the UKRN Cost of Capital Taskforce to produce draft guidance and anticipate further collaboration on these issues going forward and we welcome views on the proposed approach in this consultation.
2. What is the legal status of this guidance?

The guidance is not legally binding. Under the current statutory frameworks each regulator must make its decisions in accordance with its own statutory duties. The expectation is that the regulators named above would give regard to this guidance in future price control decisions.
3. Who will be impacted by this paper?

The consultation will be of interest to companies and other stakeholders where the cost of capital is used to set cost-based price controls in the respective sectors.
4. Impact Assessment

As the paper is considered guidance an Impact Assessment has not been deemed necessary.
5. Who is eligible to respond to the consultation?

Everyone is encouraged to respond to the consultation and share their feedback, there are no restrictions.
6. Who will see my response?

We will publish all the [responses when the consultation period closes](#). By providing a response to this discussion paper you are deemed to consent to its publication. We will not make any amendments to feedback text, this will be published as it is received. UKRN will share your full details with the project Task Force and the regulators directly involved in this work.
7. How will my personal details be protected?

Information provided in response to the document, including personal information, may be published or disclosed in accordance with access to information legislation – primarily the Freedom of Information Act 2000 (FoIA), the General Data Protection Regulation 2016, the Data Protection Act 2018, and the Environmental Information Regulations 2004. At UKRN we adopt the [CAA Privacy Policy](#), please refer to this policy for



- further information on how we process personal data. We will not make any amendments to feedback text, this will be published as it is received. UKRN will share your full details with the project Task Force and the regulators directly involved in this work.
8. What publicity will take place to advise the consultation period?
We will publish information regarding the consultation process and progress on the [UKRN News page](#)
We will publish the consultation document and the responses on the [UKRN Publications page](#)
The Individual regulators involved will publish a link to the above on their own web pages.
9. What is the time period for responding with comments?
We will consult for 8 weeks, commencing Wednesday 21st September 2022. Final responses should be submitted no later than 23:00hrs on Wednesday 16th November 2022.
10. What will happen to any comments received after the consultation period?
Late responses (received after the published deadline) will be acknowledged but may not be included for consideration in the final publication.
11. Who will respond to my feedback?
You will receive an acknowledgment from UKRN that your feedback has been received and recorded, but you will not receive formal feedback from UKRN or the regulators directly.
12. Where do I send my feedback?
consultation.ukrn@caa.co.uk
13. What format should I send my feedback?
Feedback can be received in any electronic format.
14. Can I contact a regulator directly with my feedback?
For your feedback to be formally recorded as part of the consultation process it must be received by the UKRN at the following email address; consultation.ukrn@caa.co.uk
15. Can I see all the other feedback responses?
Yes, we will publish the responses, unless marked confidential.
16. Where will the response information be kept?
UKRN will hold this information centrally. It will be shared with the project task force and the regulators directly involved.
17. Will a further consultation take place on any amendments following the initial responses?
There will be only one consultation, there is currently no plan to run a second consultation on this document.
18. Who are the regulators directly involved in the consultation?
Ofgem, Ofwat, Ofcom, with support from CAA and UREGNI
- [Ofgem](#): is Great Britain's independent energy regulator.
 - [Ofwat](#): regulates the water sector in England and Wales
 - [Ofcom](#): is the UK's communications regulator.
 - [CAA](#): The Civil Aviation Authority (CAA) is responsible for the regulation of aviation safety in the UK,



- **UREGNI:** The Utility Regulator is responsible for regulating the electricity, gas, water and sewerage industries in Northern Ireland
19. Where can I find the current version of the paper; “on cost of capital methodology for use in price controls”.
- We will publish the consultation document and the response updates on the [UKRN Publications page](#)
20. Can I post my feedback or give my feedback in person?
- No. All feedback must be sent electronically to: consultation.ukrn@caa.co.uk
21. How long is the consultation document?
- We have tried to keep it as concise as possible, but the full paper is in the region of 30 pages. However, we have included a one-page Executive Summary at the beginning of the document.
22. Will I understand the technical jargon?
- We have tried to remove as much jargon as possible and also included a short one-page Executive Summary for easier reading.
23. Why is the consultation response email address a CAA email?
- The UKRN are hosted by the CAA and use their operating support functions (such as finance, HR, IT). Therefore, UKRN are hosted on the CAA servers and have a CAA domain address.