

**New Energy and Water Public Interest Network – New-Pin**

**Suggested framework and process to explore long-term public interest issues in New-Pin workshop papers and discussions**

Final Revise. 7 August 2015

**Purpose**

This note is an initial outline of a framework by which to approach long-term public interest issues in New-Pin workshops and a suggested process for applying this to future workshop discussions. This is summarised in the table on the next page. Our aim, so far as practicable, is to tackle each workshop topic in a consistent and systematic way. However, we recognise that this approach may need to adapt to each topic area and should not be overly prescriptive (see Annex A for the proposed list of topics).

Sustainability First is hopeful that a revised Framework could eventually serve as a tool for use by regulators, companies and stakeholders, in coming to a judgment about ‘public interest’ issues. In the discussion at the New-Pin network kick-off meeting, there was support for measures that could throw light on how such judgments are made.

**Proposed framework**


**Step 1: What is the likely long-term public interest on that particular topic?**

In the **draft paper** for each workshop, we think it will be helpful to explore what the likely long-term public interest issues are for that topic under a common set of ‘headings’. Initially we have identified five possible standard headings – but as we move through the project we may find that this list evolves:

1. **External challenges:** how is this topic **shaped** by key external challenges such as: security and resilience; sustainability; and affordability?
2. **Similarities and differences between energy and water:** what are the main overlaps or differences between the two sectors in this area i.e. in terms of issues faced, regulatory approach etc?
3. **Short- and long-term tensions:** what are the key tensions, if any, between the short and long term in this topic?
4. **National, regional and local perspectives:** What tensions, if any, are there between the nations / regions / localities in this topic?
5. **Public opinion:** What do we know about what people think about this topic (near-term & long-term)?

**Step 2 - Understanding different perspectives on that topic**

Each workshop will explore what the perspectives of public interest groups, investors, providers & companies, regulators and policy makers are in that area. For each topic, we will ask network participants to explore what that topic **currently** looks like

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
<b>Framework</b>	<p><b>What</b> is the likely long-term public interest in this topic area?</p> <ol style="list-style-type: none"> <li>External challenges</li> <li>Similarities and differences between energy and water</li> <li>Short and long term tensions</li> <li>National, regional and local perspectives</li> <li>Public opinion</li> </ol>	<p>What does this topic <b>currently</b> look like from <b>my organisation’s perspective</b>?</p> <ol style="list-style-type: none"> <li>Short term goals</li> <li>Long term objectives</li> <li>Underlying values</li> <li>Incentives / behaviours</li> <li>Sensitivities and attitudes to risk</li> </ol>	<p>- Have we captured what the long-term public interest is on topic?</p> <p>- What are the main areas of <b>agreement &amp; disagreement</b>?</p> <p>- What can be done to improve understanding of any <b>differences</b>?</p> <p>- Is there any appetite to achieve closer alignment?</p>	<p><b>How</b> could the long-term public interest be <b>clarified and better served</b> in this area?</p> <p><b>Internal steps</b></p> <ol style="list-style-type: none"> <li>Refocus debates</li> <li>Review internal drivers</li> <li>Enhance capacity</li> </ol> <p><b>External steps</b></p> <ol style="list-style-type: none"> <li>Assess external drivers</li> <li>Review formal constraints</li> <li>Explore partner opps./relationships</li> </ol>	<p>What additional tools could be added to a <b>tool kit</b> to better serve the long-term public interest on this topic in the <b>future</b>?</p>	<p>How is the long-term public interest best <b>communicated</b> on this topic?</p>	<p>Capturing workshop discussions in a manner and format that will be most relevant for use <b>within</b> organisations to move debates on</p>
<b>Process</b>	Draft workshop paper	Workshops					Final workshop paper
		Sharing perspectives around the table	Discussion	<ul style="list-style-type: none"> <li>Sharing best practice</li> <li>Peer 2 peer review</li> <li>Network challenge</li> </ul>	<ul style="list-style-type: none"> <li>Sharing examples / case studies</li> <li>Discussion</li> </ul>	Discussion	
<b>Approach</b>	<p>We will seek to be: open, transparent and inclusive; objective and evidenced based; respectful and tolerant of differences; constructive and creative; and take an iterative approach</p> 						

through their organisation's eyes, including their main:

- Short term goals
- Long term objectives;
- Underlying values;
- Main incentives / behaviours; and
- Sensitivities / attitudes to risk.

**Step 3 – Have we captured what the long-term public interest is on this topic?**

Once we have gone through the first two steps, workshop participants will discuss:

- Whether we have got a broad view on this topic of what the long-term public interest is;
- Whether we are clear what the main areas of agreement and disagreement are;
- Whether we need to / can do anything to improve understanding of each other's perspectives and any differences; and
- Whether there is any appetite / reason to achieve a closer alignment of views.

**Step 4 - How could the long-term public interest be clarified and better served by policy makers, regulators and companies on this topic?**

The workshop will then discuss possible **next steps** to clarify and better serve the long-term public interest. A lot of work is clearly already going on to address these issues. We have identified the following checklist headings under which existing best practice can be shared and built on. These headings clearly are not mutually exclusive and are primarily intended to stimulate debate. Network members will need to consider the steps to choose from the checklist that will be most suited to each particular workshop topic and whether there are any levers for change missing:

**Internal steps**

1. **Re-focus internal debates** to more clearly acknowledge the long-term public interest, for example: leadership to explicitly identify long-term issues; 'showing through doing'; develop new approaches to dialogue; harness concrete examples to harmonise joint interests; develop a more common language and terminology with stakeholders to address public interest issues; and spell out the consequences of inaction or delay.
2. **Review internal drivers** to assess whether these could be adapted to better serve the long-term public interest, for example: ensure any long-term public interest lessons from customer feedback and stakeholder engagement are more easily incorporated into BAU: ensure that the values, norms, goals and priorities that shape governance structures and company and regulatory culture fully reflect long-term interests; and review whether compensation and incentives arrangements incorporate long-term public interest issues.

3. **Enhance capacity** to make better decisions in the long-term public interest, for example: identify any knowledge gaps / gaps in evidence; review foresight skills and processes; strengthen organisational interfaces; improve analytical techniques (eg discount rates); support no regrets actions; and enable innovations in the long-term public interest to be more easily incorporated into BAU.

### **External steps**

1. **Assess what more can be done to harness external drivers** to better serve the long-term public interest, including: technology; big data; evolving customer expectations; increasing localism; and changing demographics.
2. **Review formal constraints** within which decisions are made to see if they can better reflect the long-term public interest, for example: the boundary between market approaches and administered / regulated approaches; regulatory metrics; Ministerial Strategic Policy Statements; Select Committee Inquiries; expert commissions; or even the introduction of specific clauses in appropriate legislation to take more explicit account of long-term public interest issues. Implicit in this step is the question of *who* should decide what is in the public interest.
3. **Explore opportunities for new partnerships**, joint ventures, collaborations or other new relationships that focus on shared values and interests.

### **Step 5 – What additional tools could be added to the tool kit to better serve long-term public interest issues in the future?**

In the light of step 4, the workshop will then examine whether any additional tools may be needed by policy makers, companies and regulators to better serve the long-term public interest or whether a re-fresh or re-articulation of existing techniques, or the development of new relationships, may be sufficient. It may be that network members think that step 4 will be adequate and no further ‘tools’ are needed.

In discussing possible new tools, the workshops will seek to draw on case studies from the two sectors and from further afield.

### **Step 6 – How is the long-term public interest best communicated in this area?**

It is proposed that each workshop will conclude by discussing what the main messages are that need communicating on this topic, and to whom, in terms of the long-term public interest. It will explore:

- Are these messages already being communicated? If not is there a need to develop a clearer ‘public interest’ narrative that can help people understand the issue?
- Are there new unexploited and more effective channels for communication to consider (eg social media)?

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- How do decision makers best communicate the reasons for their decisions so that they provide both a rational response but also one that is in step with public emotions and sentiment?
- How are public responses to communication fed back into the decision making process so that these can adapt and evolve over time?

### **Step 7 – Practical proposals**

The **final paper** from each workshop will seek to capture discussions in a manner and format that will be relevant for practical application within partner organisations.

#### **Proposed process**

We propose that the draft paper for each workshop topic will cover Step 1, the workshop discussions Steps 2 to 6 and the final paper for each workshop paper Step 7. Workshop discussions will enable all network members to share perspectives and experiences, to examine case studies from both beyond the sectors and outside GB and to challenge each other in a constructive way.

For the New-Pin workshops to be effective and to be seen as credible, it will be important that among network members the process is:

- Open, transparent and inclusive – not prescriptive;
- Objective and evidenced based;
- Respectful and tolerant of difference – focusing on the issues not on individuals or their organisations;
- Constructive and creative – focused on sharing ideas and moving the debate on; and
- Iterative – evolving over the course of the project in response to feedback from network partners and other stakeholders.

#### **Annex A – Proposed workshop topics**

A list of workshop topics, including some points made in discussion at the kick-off meeting, has been agreed as follows:

##### **Four workshop topics from October 2016 – October 2017**

1. **Long-term affordability** - taxpayers, all consumers or just certain bill payers: who should pay for our infrastructure resilience and renewal? But not to include vulnerability. (28 Oct 2015). What should we pay for – given the lack of awareness of what companies currently do? Have we got a forward trajectory / ‘guiding mind’ to help identify which segments of the population should pay for future investments? How should we pay?
2. **Trust and confidence** – principles, accountability and transparency: how do we ensure that energy and water companies and their regulators are worth the public’s trust? (24 Feb 2016). What makes these sectors unique and what additional responsibilities does this place on companies and regulators if they

are to earn public trust and confidence? Should energy and water face higher ‘hurdles’ than other services and is it right for the corporate sector to shoulder such a broad range of public policy objectives?

3. **Resilience in the face of climate and demographic change** – are 20<sup>th</sup> century standards and public expectations appropriate for the challenges of the 21<sup>st</sup>? (22 June 2016). What does resilience look like in a constrained system?
4. **Regulation and innovation** – what’s the problem innovation is trying to solve and how do regulators let go without letting companies off the hook? (19 October 2016).

**Possible workshop topics from February 2017-October 2018**

5. **Smart consumers and demand-side approaches** – the key to efficiency or too smart for our own good?
6. **Sustainable community solutions** – the answer to the energy and water trilemmas or the death spiral for essential networks?
7. **Investor stewardship and corporate governance** – do energy and water companies have a continuing social licence to operate?
8. **National infrastructure projects & strategic investment** - real need or white elephant & who takes the risk? Do we need a shared vision / framework and ‘architects’ to help us achieve strategic targets?