



Regulation and public interest outcomes in energy and water: moving beyond compliance and towards a ‘Sustainable Licence to Operate’ for a disrupted world

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New Energy and Water Public Interest Network (New-Pin)

Aim: to build consensus on long-term public interest outcomes in the energy and water sectors. We:

- Created a network of key stakeholder groups in the sectors: civil society groups (consumer, environmental, citizen); government; regulators; companies; and academics
- Ran a three year deliberative engagement process
- Examined in a systematic way what the long-term public interest is in the sectors and how it is best delivered
- Published 11 curated discussion papers to disseminate thinking
- Carried out extensive work on **corporate governance** and produced a **board effectiveness check-list** to get energy and water companies to focus on how they are meeting the needs of current customers, future consumers and wider stakeholders



New Energy and Water Public Interest Network
'New-Pin'

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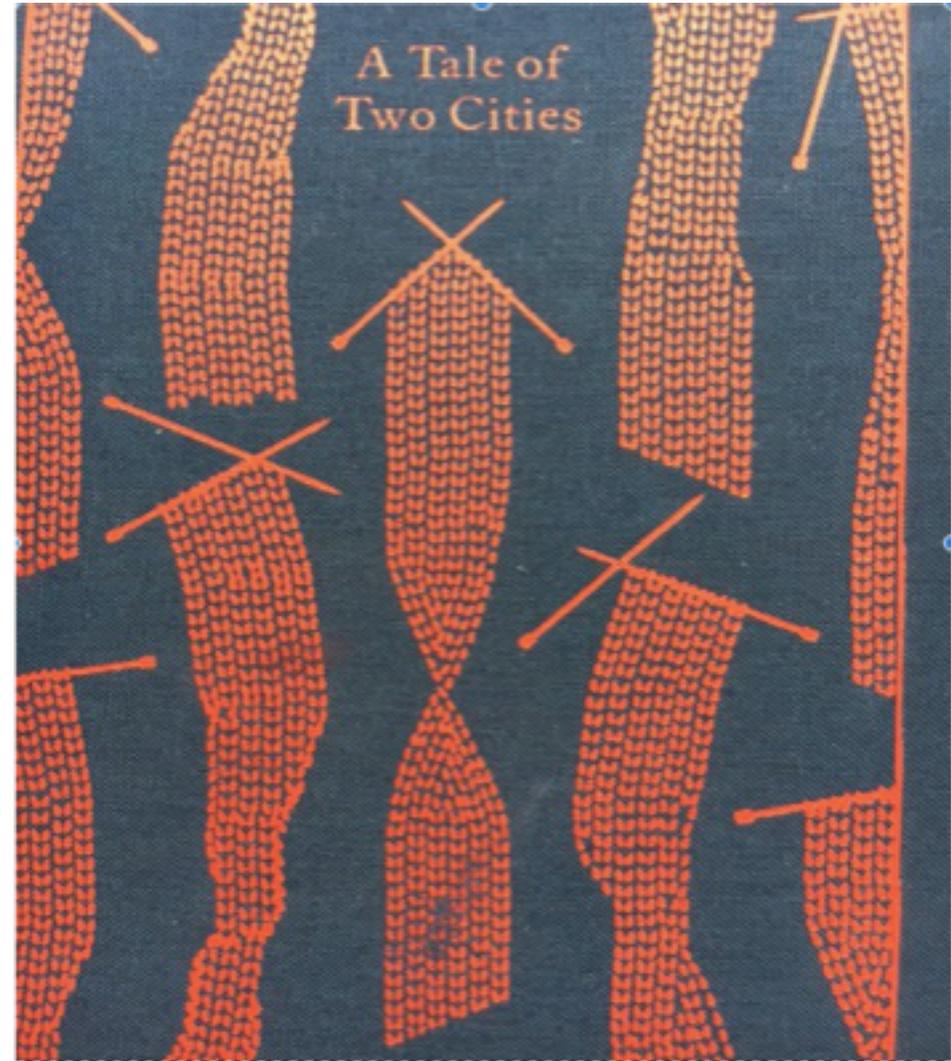
Promoting practical, sustainable solutions to improve environmental, economic and social wellbeing since 2000

What can we learn from Dickens and A Tale of Two Cities?

Try and understand what's 'written in the knitting' - the root cause of problems – and how these come together

Context and two-way relationships are vital when thinking about fairness

Focusing on optimizing one-off transactions will not help you navigate seismic social and political change



The three disruptors that are reshaping our world



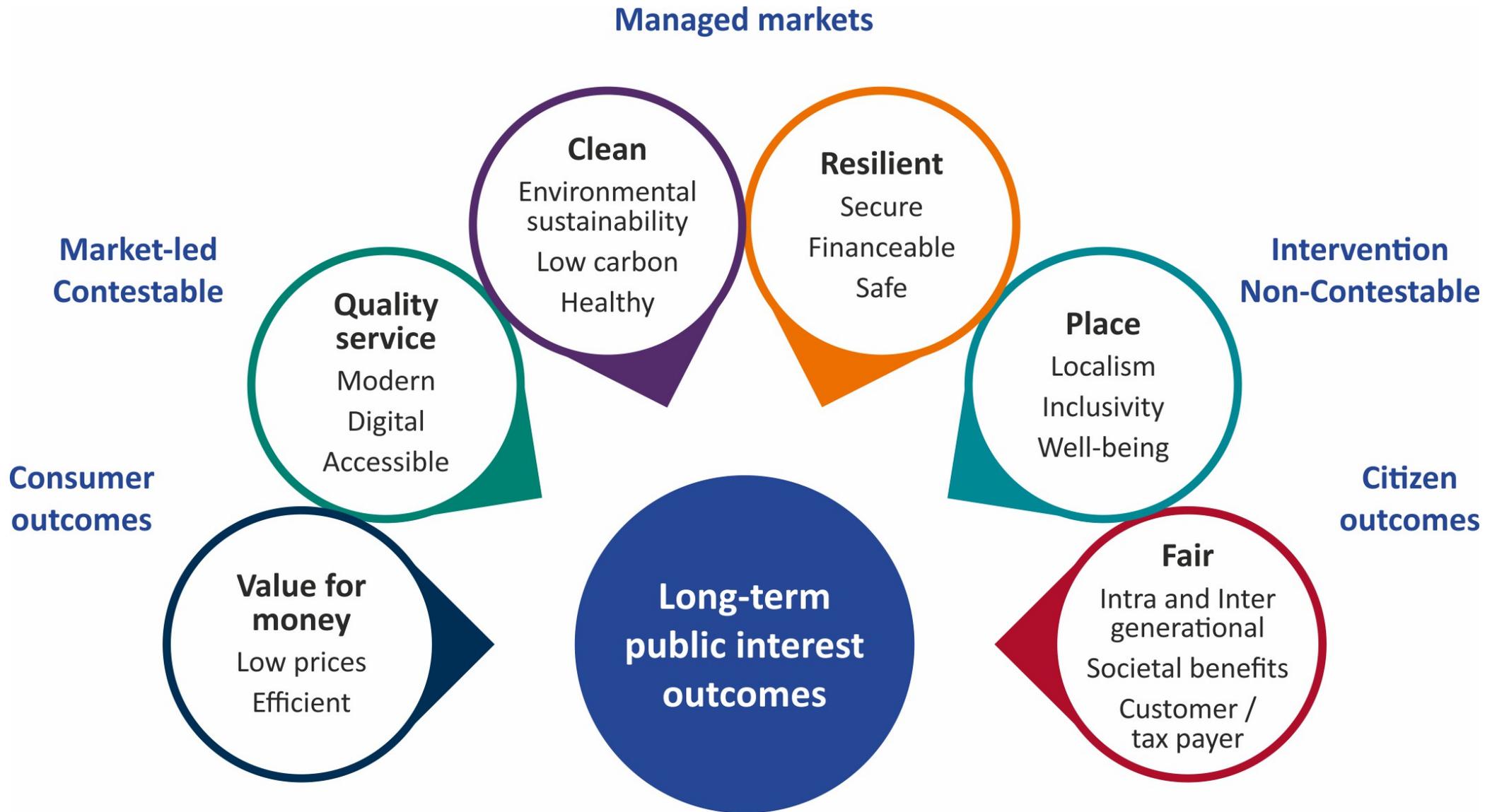
1. Technological change
2. Climate change
3. Societal change

Regulation is in the eye of the storm: five fundamental questions

1. What does efficiency look like - *when*:
 - the boundaries and way of framing the problem / market / sector are significantly changing; and
 - more social, integrated and circular business models are increasingly needed?
2. How important is optimal efficiency in *essential services* compared to a focus on relative benefits and distributional impacts (short and long-term)?
3. What weight should be given to wider factors? Crucially, social and environmental
4. How should risks and costs best be pooled in terms of who pays for what, when and how – national taxpayer, bill payer, specific communities or peer to peer?
5. Given the speed and pace of change, how to best use data – real time or historic - to solve emerging problems – and not stay focused on tackling yesterday's issues?



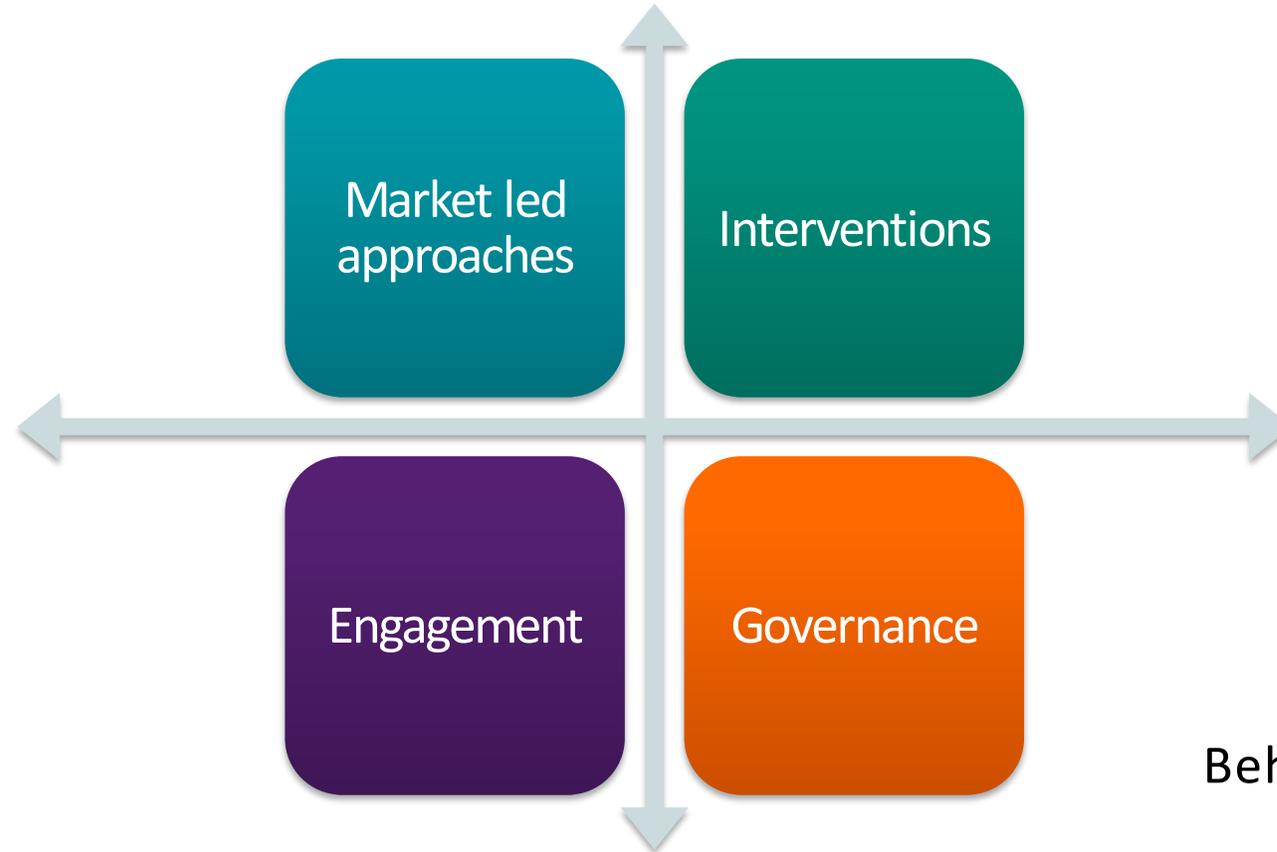
What long-term public interest outcomes did New-Pin seek ?



Overview of approaches for delivering long-term public interest

Hard approaches

Incentives and
compliance



**Soft
approaches**

Behaviours and purpose

Demonstrating corporate leadership: four pillars for developing a 'Sustainable Licence to Operate'



- 1. Public service values** - company philosophy and purpose. Implications for investors, ownership structures and company ethos and culture
- 2. Collaboration and competition** - making best use of assets - including physical, people, natural and data. Implications for business models, partnerships, competition policy and regulatory structures
- 3. Roles and responsibilities** - expectations around what is fair and how to work with stakeholders in this area
- 4. Strategic narratives** - a positive, coherent and honest road map of where the company and sector are going

Creating a 'Fair Futures' world

Collaboration between cities, communities, consumers, citizens, and companies to deliver public interest outcomes

A coherent approach – building agreement on what are common problems that span sectors and what is different

An iterative, more flexible approach

