Governing infrastructure interdependencies

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Why is governance important? Not just government …

‘This plan sets out how the UK will achieve decarbonisation within the framework of our energy policy: to make the transition to a low carbon economy while maintaining energy security, and minimising costs to consumers, particularly those in poorer households.’

The Carbon Plan, 2011
Shift to governance partly due to ‘hollowing out’ of the State: liberalisation and globalisation

- Power has transferred ‘upwards’ (e.g. to the EU, multilateral agreements)
- It has also transferred ‘outwards’ (e.g. to regulatory agencies; public-private partnerships)
- In some cases, there has also been decentralisation and devolution (e.g. to Scottish government)

Governance means decision-making by multiple actors, including government(s), private sector and civil society

But there is no ‘one size fits all’ model
Why is governance important?  

... but also multiple actors & views
Three main rationales:

- Interdependencies can amplify risks to infrastructures and the provision of services
- Economic efficiency: co-ordinating infrastructure investment can reduce immediate costs
- Co-ordination and innovation: to meet broader sustainability goals (e.g. carbon emissions reduction)
Increasing interdependence over past 20 years:

- Water quality regulations increased energy demand
- Similar approach to economic regulation (RPI-X)
- Integration via utility mergers, though these became less attractive as water price control became tougher
- Shared environmental regulator (Environment Agency)
• Strong national and EU environmental agendas: improve water quality and reduce emissions

• But competing policy priorities: water quality vs energy demand / emissions reduction

• Some renewable energy investment by water companies to try to meet both objectives

• But investment stalled; discouraged by water regulator and climate policies
Governance reform?

Integrated infrastructure regulator?
Thanks

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