Key Elements of RAB Regime

- Financing Functions
  - Regulator/Government
  - Outcome Objectives
  - Review Criteria

- Legal Framework
  - Investment
  - WACC
  - Opex
  - User Charges
  - Outturn Performance

- Service Delivery
  - Infrastructure Provider
  - RAB

- Economic Environment
Time consistency issue

Expected price path

Required path positive scenario

Required path negative scenario

Risk of default

Risk of political intervention
Change in employment after privatisation / regulation

- Electric power distribution
- Telecoms (BT)
- Gas distribution

Employees ('000s)

- At privatisation
- After privatisation

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<th>Year</th>
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Recent evolution of UK WACC
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