

Approaches to defining the 'efficient London Underground Infraco' – Office of the LU PPP Arbiter

Date: 2003

Client: Office of the PPP Arbiter, UK

Country / Region: United Kingdom

CEPA advised the PPP Arbiter on the principles and broad approach to be adopted in the identification and review of methodologies to determine the economic and efficient costs of a notional London Underground Infraco. This involved:

- (i) reviewing efficiency benchmarking methodologies and approaches to determining the cost of capital utilised in the UK civil aviation sector, electricity distribution and transmission, gas, rail, telecoms and water sectors;
- (ii) considering the differences between the role of the PPP Arbiter and traditional regulators; and
- (iii) providing recommendations on the broad approach to benchmarking infraco performance.

The London Underground Public Private Partnership (PPP) Arbiter was appointed by the Secretary of State for Transport. His role is to provide guidance, when requested, to the parties to the London Underground PPP i.e. London Underground Ltd and the three private sector infrastructure companies. In addition and where appropriate the PPP Arbiter may be required to make determinations on the appropriate level of infrastructure service charge at defined periodic reviews.

CEPA has a framework agreement with the Office of the PPP Arbiter for the ongoing provision of economic consultancy advice.

Links:

- [The Office of the PPP Arbiter](#)
- [CEPA Report](#)