

Water UK – Menu Regulation

Date: December 2007 – ongoing

Client: Water UK

Country / Region: United Kingdom

Menu regulation is a relatively new development in regulation. It provides companies with a series of choices over the level of capital expenditure they may request, with their return being a function of their choice and their performance relative to that choice.

CEPA has been commissioned by Water UK, which represents the common interests of UK water companies, to review Ofwat's proposals for menu regulation and to develop a range of alternative models. The aim of the study is to assist Water UK in identifying whether there is a design that could deliver the desired benefits to customers, companies and Ofwat, and if so, what that design might look like.

Our proposals have been informed by detailed modelling of the various elements of a menu and consideration of the interactions and incentives created by alternative structures.

The outcome of the project will be used by Water UK to advocate alternative regulatory approaches to Ofwat.

Links:

- [Water UK](#)
- [OFWAT](#)