

# CEPA'S ENERGY PRACTICE

Offering innovative advice across the energy sector value chain



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## Who we are

Cambridge Economic Policy Associates (CEPA) is a global economic and financial policy consultancy. We work with policymakers, regulators, companies, and major users and consumers internationally and across regulatory regimes.

CEPA has a respected energy practice which has helped many organisations to address the challenges that affect energy production, transmission, distribution and retailing. Our work covers network regulation and competition, market design, infrastructure pricing and the economic and policy basis for low carbon energy.

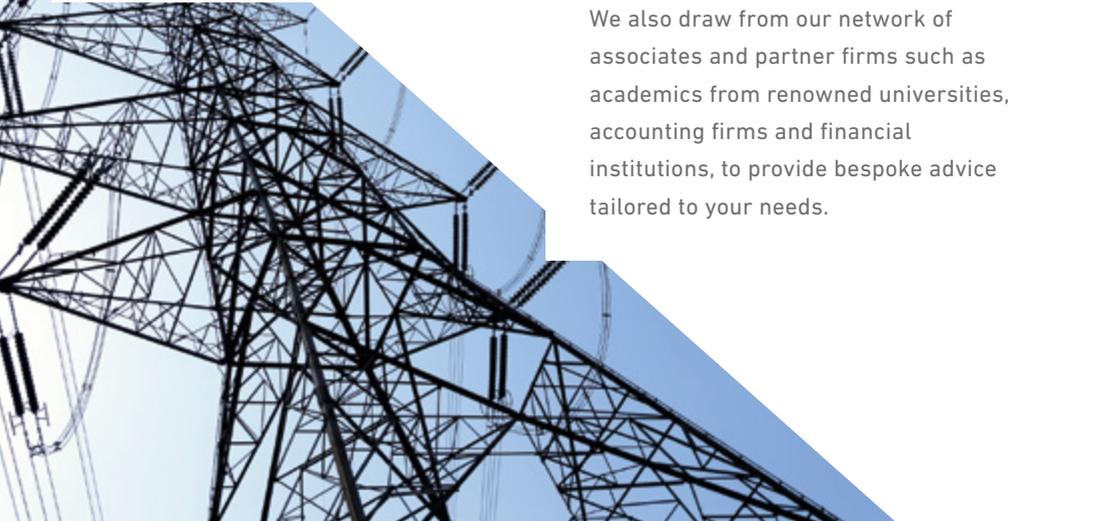
CEPA's expertise in the regulated energy sector is exceptionally strong given our role in advising Ofgem, the GB regulator, on the RIIO regime price controls for electricity and gas. We have also advised on frameworks associated with competitive networks (OFTOs, CATOs, and interconnectors).

## Our services

CEPA offers a wide range of services across the energy sector. Whether you need advice on policy and economics, regulation and competition, strategy and finance or transaction advisory, CEPA can help you.

Our energy team comprises experts who have gained extensive experience from working for regulators, energy companies, consultancies and leading financial institutions.

We also draw from our network of associates and partner firms such as academics from renowned universities, accounting firms and financial institutions, to provide bespoke advice tailored to your needs.



## How can CEPA assist you and your business?

### Energy flexibility, innovation and transformation

CEPA has experience advising on energy sector transformation.

In 2016, CEPA assisted a GB electricity distribution company to prepare for "A smart, flexible energy system" call for evidence published by Ofgem and BEIS. We supported the development of the company's position on how the GB energy system could respond to its latest challenges, and take advantage of the opportunities offered by new innovative technologies and services.

### Incentive regulation, regime design, tariff development and market reform

CEPA has advised on the development and implementation of different approaches to regulatory incentives, price control reviews, tariff development and market reform.

We have also assisted regulators with quantitative analysis of the potential for operational efficiency improvements within the context of incentive mechanisms. For example, CEPA has assisted the Authority for Electricity Regulation in Oman in setting the next price controls for the electricity distribution companies.

### Cost of capital and financing of energy sector projects

CEPA has provided cost of capital estimates and financeability assessments for generation projects and energy networks in both developed and developing economies. Our staff have a deep understanding of the factors influencing infrastructure investment decisions.

From September 2017, CEPA has been advising Ofgem on their approach to the cost of capital for the RIIO-2 price control across regulated network businesses.

### Energy systems and market economics

CEPA has analysed the operation of energy markets and developed options to improve performance, including market power mitigation strategies and mechanisms to encourage liquidity in British, Irish and European markets.

We have developed dispatch models to provide insight into short-run market dynamics and system marginal costs. We have also provided strategic insight on how different regulatory regimes affect system operations.

Given our experience working with regulators and policymakers, we are in an excellent position to advise companies on how best to achieve their objectives.



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