



# *Providing Stability While Leading Change*

*Mark A. Jamison*

*Director*



# Purpose(s) of regulation

- Limit natural monopoly rents
- Provide friendly environment for sunk investments
- Provide opportunity for rent seeking
- “Don’t cost me the next election”



# Why independent regulatory commissions?

- Problems with regulation by political bodies
  - Lack of expertise and stability/continuity
  - Opportunism and corruption
  - Resulted in
    - Bankruptcies or embarrassing profit
    - Limited investment
    - Stakeholder rent seeking or revenge taking



# Basic challenge

- Regulation was established to deal with problems with human behavior
  - Technology, world events, and the like change the context, but not the basic problems



# Basic roles for regulators

## Sector Goals

- Sufficient and efficient service
- Service quality
- Non-confiscatory prices

## Technical Instruments

- Ratemaking
- Financial oversight
- Obligations to serve
- Market structure

## Institutional Goals

- Credibility
- Legitimacy
- Expertise

## Institutional Instruments

- Stakeholder input
- Transparency
- Independence
- Capacity building



# Current context

## Industry

- Rapidly increasing costs (energy)
- Changing expectations (environmental; technology)
- Rapidly changing industry (telecommunications)
- Unrecognized realities (all)

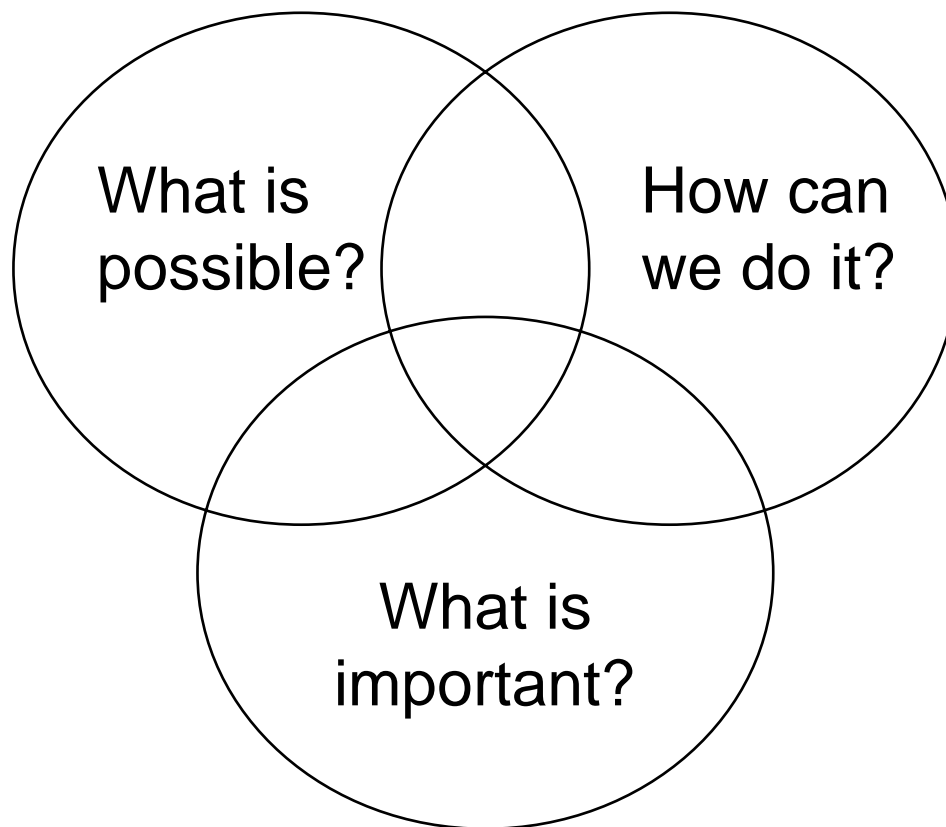
## Political

- Rising populism
- Following the polls
- Scapegoating
- Mandating without paying
- Micromanagement



# Segmenting What Regulators Do

- Engineering
- Economics
- Finance
- Law

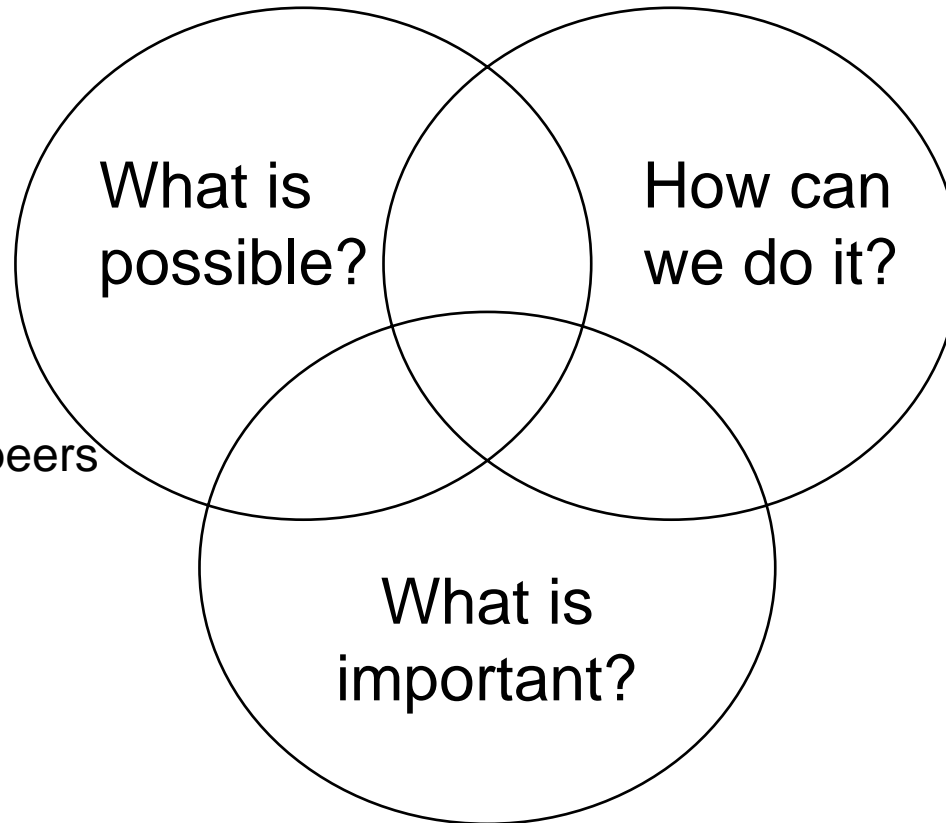


- Leadership
- Management
- Forums

- Politics
- Negotiation
- Dialogue



# Emphases



- Technical work
- Fundamental
- Mingling with professional peers

- Adaptive work
- Situational
- Mingling with stakeholders

- Perilous work
- Situational
- Mingling with politics



# Regulating today is...

...disappointing people at a rate that they can endure