

Competition is the best regulator

Ofgem has left us short of generating capacity and too dependent on imports. It seems the Regulator has been reluctant to see security of supply as a crucial prime requirement. There had been competition between the retail energy suppliers, but competition between different ways of generating power has been regulated heavily around carbon dioxide issues rather than relying on cost and price unsubsidised to be the main determinant.

Ofwat has left us short of water. Thev introduction of competition has been limited to supplying businesses and to the provision of service rather than to the costs of collecting and cleaning water. There is no great problem with moving to a competitive model. You would treat the pipe network as a common carrier with the company owners required to offer terms to other companies to use pipe capacity. The Regulator could adjudicate disputes. Oil and gas pipes are commonly shared under commercial contracts.

The railways can also benefit from competitive challenge. Were the government to return the railways to the private sector by creating regional companies that owned and reunited track and trains there would need to be means to secure regular use of track for freight trains and long distance passenger services which cross company borders. The Hull train service was greatly improved by allowing a new challenger to provide better services.

Competition introduces more capital, service and productivity improvements and innovation. Monopoly stifles these things . Regulated monopolies leave us short of capacity.