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# Cross sector infrastructure interactions

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Call for evidence

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25 July 2014

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## About this document

In its 2013 National Infrastructure Plan, the Government presented its forward-looking pipeline of infrastructure projects for the next decade and beyond, with an overall value of £375bn.<sup>1</sup> A significant proportion of this will involve regulated infrastructure and will inevitably lead to interactions between different infrastructure operators as the projects develop and progress. We are keen to understand more about these interactions – how they work in practice along with any observations of improvements for the future.

This call for evidence is to help us understand your specific experiences of interacting with other infrastructure operators. This will help us to understand the full range of potential issues and consider appropriate regulatory responses.

We seek responses to this call for evidence by 5pm on Friday 22 August 2014. See Section 3 for further details on how to submit your response.

If you have any questions, you can either email Gurpreet Sahota at [Gurpreet.Sahota@ofcom.org.uk](mailto:Gurpreet.Sahota@ofcom.org.uk) or contact her on 020 7783 4304.

## UKRN

UKRN is a network formed by the UK's economic regulators:

- The Civil Aviation Authority (CAA)
- The Financial Conduct Authority (FCA), including the Payment Systems Regulator (PSR)<sup>2</sup>
- Office of Communications (Ofcom)
- Office of Gas and Electricity Markets (Ofgem)
- Water Services Regulation Authority (Ofwat)
- Office of Rail Regulation (ORR)
- Northern Ireland Authority for Utility Regulation (Utility Regulator)

Monitor, the sector regulator for health, participates in the network and its projects as appropriate. The Water Industry Commission for Scotland (WICS) is a contributing member which generally participates in projects as an observer.

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<sup>1</sup> <https://www.gov.uk/government/publications/national-infrastructure-plan-2013>

<sup>2</sup> Although it has competition and consumer protection functions, the FCA is not classed by HM Government as an economic regulator.

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# I. Summary

## Infrastructure interactions

- 1.1. Infrastructure interactions occur when the building of new or enhanced infrastructure interacts with other sectors existing in-situ infrastructure, for example, a new railway line interacting with existing electricity pylons and wires. Experiences suggest that this type of interaction could lead to the infrastructure development happening too slowly or at an unfairly high cost. It also appears that where good practice happens, there is no process for making sure lessons are generally learned either by the participants or more generally for future development.
- 1.2. This matters to us as regulators because of the scale of expected investment in the sectors we regulate. To illustrate using 2013 figures, approximately 50% of the £375bn investment forecast in the governments National Infrastructure Plan is expected to be delivered through regulated sectors with much of the rest of the pipeline of projects expected to have some involvement from regulated sectors.<sup>3</sup> Not only will this inevitably continue to lead to interactions between different infrastructure operators as the projects develop and progress, but it is also likely to be an issue for regulators.
- 1.3. There may be ways that regulators are able to alleviate or reduce some of the difficulties in interacting. In order to determine this, we first need better to understand the issues faced when having to interact with owners of in-situ infrastructure.

## Purpose of this call for evidence

- 1.4. Under the UKRN work programme, Ofgem hosted an industry forum on 13 June 2014 inviting stakeholders to share experiences and highlight the key issues faced when interacting with other infrastructure operators. This was attended by industry regulators, government, network operators and trade associations. Further details of this forum are available on the UKRN website.<sup>4</sup>
- 1.5. Following this useful initial discussion we, collectively as regulators, are seeking to:
  - understand some of the difficulties involved in interacting with other infrastructure operators when undertaking infrastructure projects, specifically through examples and/or case studies;
  - understand examples of when interactions have worked well, in particular, how and why it worked well. This will allow us to form a view of what best practice looks like and consider how the sharing of this can be more easily facilitated; and
  - consider what role (if any) regulators can play in improving the efficiency and ability of infrastructure interactions.
- 1.6. This call for evidence is primarily aimed at infrastructure operators, or those who are required to interact with infrastructure operators. Its purpose is to further our understanding of specific experiences of interactions between infrastructure operators. This will help us to understand the full spectrum of potential issues and consider the appropriate regulatory response.

<sup>3</sup> <https://www.gov.uk/government/publications/national-infrastructure-plan-2013>

<sup>4</sup> <http://www.ukrn.org.uk/?p=201>

I.7. If you are not an infrastructure operator but have experience of the issues we are seeking to further understand, we also welcome your comments and experience. Please submit your response to us in whichever format you consider most appropriate.

## **Cross sector infrastructure investment project**

I.8. This call for evidence is one part of the Cross Sector Infrastructure Investment project. The purpose of the wider project is to ensure that regulators across sectors are enabling current and potential investors to engage with their sectors, sharing best practice, and minimising any barriers that might exist due to different regimes in each sector. Further details of all UKRN projects are set out in the UKRN work programme.<sup>5</sup>

## **Document structure**

I.9. The rest of this document is structured as follows:

- Section 2 of this document presents specific information we are requesting as part of this call for evidence; and
- Section 3 sets out the details of how you should respond to this call for evidence.

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<sup>5</sup> <http://www.ukrn.org.uk/wp-content/uploads/2014/05/UKRN-2014-15-work-programme.pdf>

## 2. Stakeholder survey

2.1. This survey has four sections.

- Section 1 asks questions specifically related to when you interact with other infrastructure operators for your project needs.
- Section 2 deals with how other infrastructure operators interact with you for their project needs
- Section 3 asks for examples of interactions that have worked well.
- Section 4 invites any other comments.

### Stakeholder survey

#### Section 1: When you interact with other infrastructure operators for your project needs.

1. Please could you provide an approximate indication of the number and value of infrastructure projects you undertake in any given year?

Response:

2. How often do these projects require you to interact with other infrastructure operators?

a) Within your sector:

All or almost all projects	Most projects	Often	Rarely	Never
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Response:

b) Outside your sector:

All or almost all projects	Most projects	Often	Rarely	Never
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Response:

3. Typically, on what type(s) of project(s) does this interaction occur (include all that apply)?

Small projects	Medium sized projects	Large projects	Major projects	Super projects
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Response:

*N.B. in your response it would be helpful for you to describe what you consider as a small/large/super project.*

4. When interacting with other infrastructure operators, with whom do you interact (i.e. the legal, commercial department, etc.).

a) Primary contact

b) Other contacts

5. What type of difficulties have you encountered when having to interact with other infrastructure operators?

In order to aid our understanding, it would be helpful if you could provide actual examples of these difficulties.

What is your experience of the commercial agreements you have entered into to govern an infrastructure interaction (e.g. access agreement, crossing agreement)?

Response:

6. Do the difficulties differ depending on the projects scale or its location?

Response:

7. Are there other factors that may affect the level of difficulty involved in dealing with other infrastructure operators? (I.e. the sector the infrastructure operator operates in).

Response:

8. Do you have a view on the proportion of additional cost you have to allocate to your projects that require interaction with other infrastructure operators? What do these costs relate to?

a) Cost of delays to the project (i.e. lost time).

b) Additional internal costs

c) Additional external advisory costs

d) Asset replacement or redirection costs.

e) Other (please describe).

Response:

**Section 2: When other infrastructure operators interact with you for their project needs.**

9. When other infrastructure operators wish to interact with you, which of your internal department(s) facilitate this? (I.e. your property department, commercial department, etc.).

10. What policies or standardised processes do you have in place when dealing with these interactions?

Do you apply any kinds of performance metrics/KPIs to these types of activities?

What kind of data do you maintain to monitor your approach/performance in relation to dealing with these third party interactions?

Please illustrate your answer with examples and please share documents where possible.

11. By what process do you determine the terms of any commercial agreement for governing an infrastructure interaction where a third party comes to you (e.g. access agreement, crossing agreement)? Please explain if more than one of the options below applies.

- a) On a case by case basis
- b) On the basis of a template agreement
- c) In line with a memorandum of understanding.
- d) Other (please describe).

Response:

### Section 3: interactions working well

12. Are there examples of where interaction with other infrastructure operators has worked well? In order to aid our understanding, it would be helpful if you could provide examples explaining:

- a. what went well; and
- b. what do you consider the main drivers of this to be (i.e. communication/upfront agreement/other).

Response:

13. Have you shared best practice or applied the learning's from interactions working well to other projects?

If so, how?

Response:

2.2. As mentioned, we held an industry forum on 13<sup>th</sup> June 2014. In that forum, we discussed the issues that arose with infrastructure interactions and barriers to more co-ordinated cross sector infrastructure works. Key issues discussed included:

- streetworks;
- cost sharing among operators across sectors;
- information provision to allow for co-ordination of works;
- wayleaves; and
- innovation that applies on a cross-sector basis.

**Section 4: other comments**

14. Do you have any additional comments, view or examples of your experience with respect to any of the issues set out above?

*Response:*

15. Do you have any additional comments, view or examples of your experience with any other issues not listed above?

*Response:*

## 3. Responding to this call for evidence

3.1. We invite stakeholders' responses to this call for evidence to be made by **5pm on Friday 22 August 2014**.

3.2. Responses can either be emailed to [Gurpreet.Sahota@ofcom.org.uk](mailto:Gurpreet.Sahota@ofcom.org.uk) or posted to:

Gurpreet Sahota  
UKRN  
Riverside House  
2A Southwark Bridge Road  
London  
SE1 9HA

3.3. If you have any questions, you can either email Gurpreet Sahota or contact her on 020 7783 4304.

3.4. All responses should be accompanied by a cover sheet setting out:

- the name of the respondent, the organisation being represented and relevant contact details;
- whether you consider that part, or all, of your response should be treated as confidential, with any relevant explanation; and
- that you agree to the publication of your response on the UKRN website.

3.5. We will seek to publish all responses to this call for evidence on the UKRN website (where appropriate). If part of your response is confidential, it would be helpful if you could also submit a non-confidential version of your response redacting all confidential information.