

# UKRN members commit to on-going collaborative working on the cost of capital

We have signed-up to the cost of capital principles and will support and implement these through the eight listed activities

## UKRN Cost of Capital Principles

### Consistency

Recognise the benefits of consistency and stability in our own and collective regulatory approaches – explaining why if a different approach is taken, and reflecting our own duties

### Risk reflective

The reward will reflect the allocation of risk in the regulatory framework and sectors

### Investment

Facilitate necessary investment in the infrastructure and services consumers want

### Communication

Be clear and transparent in our communication with stakeholders

### Good practice

Learn from each other's approaches, those used in other jurisdictions and latest academic thinking

### Evidence

Use market and other evidence to inform our work

### Review

Review these principles and our own approaches to the cost of capital at appropriate intervals

### Comparisons of our decisions

We will produce an annual comparative report of cost of capital decisions and support comparisons of regulatory approaches within decision documents

- ✓ Good practice
- ✓ Consistency
- ✓ Communication

### Sharing our expert/external input

We will seek out opportunities to undertake work requiring external input collectively

- ✓ Good practice
- ✓ Evidence
- ✓

### Loans and/or Secondments

We will explore whether resource gaps can be filled by somebody already in the regulatory community

- ✓ Good practice
- ✓ Consistency

### Effective and engaged cost of capital working group

We will meet regularly and ensure we adhere to the UKRN Cost of Capital Principles

- ✓ Good practice
- ✓ Review

### Continued on-going communication with Investors

UKRN is ensuring effective communication with investors which we will support

- ✓ Risk reflective
- ✓ Investment
- ✓ Communication

### Support and encourage use of expert cost of capital panel

Where a regulator adopts an expert panel, we will support it

- ✓ Risk reflective
- ✓ Evidence
- ✓ Investment

### A cost of capital central depository

We will publish links to all of our decisions on the UKRN website – making them more transparent and accessible

- ✓ Good practice
- ✓ Communication

### Peer review function for cost of capital decisions

For cost of capital decision made, we will make sure at least one other regulators is available provide support and input

- ✓ Good practice
- ✓ Consistency

