PENN PROGRAM ON REGULATION

Best-in-Class Regulator Initiative Update   **No. 1 (March 2015)**

This is the first of several updates about the Penn Program on Regulation's Best-in-Class Regulator Initiative. We are pleased to provide this update on our activities to date, and most especially to invite your feedback on our work thus far.

What is the Best-in-Class Regulator Initiative?

Around the world, regulators confront immense challenges in balancing and achieving multiple objectives that hold major consequences for societies and their economies. Some regulators handle these challenges well, earning respect from the regulated community and the public as a whole. Other regulators lag behind, wasting resources, deteriorating public confidence towards regulators and regulation, and potentially putting lives at risk.

To improve regulatory performance overall, it is critical to know what attributes distinguish the truly excellent regulators, and how regulators should measure and improve their performance. The Penn Program on Regulation's (PPR) Best-in-Class Regulator Initiative (BiC Initiative) is an eight-month project supported by the Alberta Energy Regulator (AER) that is tackling these vital issues. Drawing on research and engagement with experts and the public, we are developing a general framework for defining regulatory excellence and measuring its attainment.

Updates on BiC Initiative Activities

Since the project started late last year, we have been proceeding with several coordinated, but separate, streams of research and engagement. We are pleased to share this update on our progress to date.

- *Interim Report: "Listening and Learning: Toward a Framework of Regulatory Leadership"*

We have just released an interim report on the Best-in-Class Regulator Initiative. This detailed interim report provides an overview of our work and highlights key issues and questions on which we seek input. We invite comments and responses to the questions posed in the report. Please email us with your feedback at comments@bestinclassregulator.org.

- *Discussion Draft: On Best-in-Class Regulators*

Earlier this year, we released a short white paper on what it might mean to be a "best-in-class" regulator– as well as some possible core attributes of regulatory excellence. We invite comments and

suggestions on these preliminary ideas, intended here to promote discussion. Please email us with your feedback at comments@bestinclassregulator.org.

- *Risk Regulation Seminar*

In February, PPR, the Wharton Risk Management and Decision Processes Center, and the Kleinman Center for Energy Policy at the University of Pennsylvania held a seminar on "The Risks and Regulatory Challenges of Unconventional Oil and Gas Development." You can watch a video of the seminar here.

The seminar featured presentations by, and discussion among, three leading scholars whose work intersects with the regulatory governance of unconventional oil and gas development:

- o Bernard Goldstein, Emeritus Professor and Dean University of Pittsburgh Graduate School of Public Health
- o Mitchell Small, the H. John Heinz Professor of Civil and Environmental Engineering, Carnegie Mellon University
- o Hannah Wiseman, the Attorney's Title Professor of Law, Florida State University College of Law
- o Adam Finkel, Senior Fellow and Executive Director, Penn Program on Regulation University of Pennsylvania Law School (moderator)

The panel members shared their insights on how regulators can balance the various conflicting policy and economic interests that surround hydraulic fracturing and other unconventional techniques of energy extraction.

- *Reading Room*

We have created a "Reading Room" on the BiC Initiative website to share articles and other materials on regulatory excellence, performance management, and oil and gas regulation.

If you have suggestions for materials to add to the Reading Room or thoughts on the materials we have posted, please email us at comments@bestinclassregulator.org.

Upcoming Work

- *Expert Input*

We are bringing a diverse group of about thirty academic experts, regulatory officials, industry representatives, environmental group leaders, and other experts from Canada, the U.S. and around the world to the University of Pennsylvania Law School this month for an intensive, two-day dialogue on defining and measuring regulatory excellence.

Approximately ten of the academic experts attending this dialogue session will be writing discussion papers. Soon after the meeting, their discussion papers will be released online, and then later this year they will be developed into longer papers which will published together in a book edited by Professor Cary Coglianese, the Director of the Penn Program on Regulation. A list of the authors of these expert paper authors is available here.

- *Public Engagement*

In addition to conducting and overseeing research on regulatory management and performance, PPR is reaching out to obtain the views of a wide variety of knowledgeable experts and interested individuals and groups in a series of public dialogues and one-on-one meetings.

In December and January, Professor Coglianese, the Principal Investigator for the BiC Initiative, conducted many one-on-one interviews with individuals interested in energy regulation in Alberta, Canada, including local officials, industry managers, environmental group representatives, and others.

In addition to the one-on-one meetings, we are organizing two interactive dialogues. A province-wide dialogue will be held in Calgary, Alberta on April 12-14, 2015. Portions of the program will be video-recorded and available on the BiC Initiative website. A dialogue for representatives of Aboriginal communities in the Province will be held in Edmonton, Alberta in late March. Summary reports of these meetings will be prepared and released on the BiC website.

Dr. Harris Sokoloff, Founder and Director of the Penn Project on Civic Engagement (PPCE), is facilitating both of these dialogues. The mission of the PPCE is to foster civic dialogue on important public issues. The dialogues conducted as part of the BiC Initiative will be used in informing the general performance framework that the Penn Program on Regulation is developing for the AER.

- *Core Research Papers*

The Best-in-Class Regulator Initiative also seeks to ensure that its recommendations will be informed by the best available evidence on regulation and regulatory processes. PPR has therefore commissioned several research papers as part of this Initiative. One research paper, expected to be released later this month, will provide the first-ever review of regulators' strategic plans, extracting from these plans a broad range of attributes of regulatory excellence that regulators from around the world have identified for themselves.

Another set of longer papers, expected to be completed this summer, will distill the available evidence on four "core" dimensions of a regulator's work: priority setting, problem solving, internal management, and public engagement.

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Thank you for your interest in the BiC Initiative. We invite you to give us input and feedback on our work. Please email us at comments@bestinclassregulator.org or submit comments via our online comment page.

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