## The need for incorporation of risks into the regulated cost of capital

ITU Expert Dialogues Geneva, 28-29 October 2004

## Hasan Alkas

Senior Economist, Government Relations and Regulatory Strategy

## Content

- Current Cost Based Regulation
- Stylized Structure of Access Pricing
- The Role of Option Values on Incentives to Invest
- How to integrate Real Options to Adjust for Risk Along the Value Chain
- Integrating Option Values Through Variation of Capital Costs
- Concluding Remarks

