

RAB vs. market value



Regulated Asset Base (RAB)

Market value

Value recognised by the regulator for the assets required to provide a public service (networks, transmission, etc.).	Definition	Total value of the company based on its stock market capitalisation and market expectations.
The regulator (CNMC, Ofgem, FERC, etc.).	Who sets it	Investors , through the share price.
Required investment , depreciation, periodic reviews.	Criteria	Expected growth , confidence, risk and the economic context.
Long term – regulatory stability.	Time horizon	Short to medium term – market-driven.
To guarantee fair returns and the sustainability of the service.	Objective	To reflect growth potential and value creation.