Notice of Intention

27 March 2025

Amended and reissued on 23 September 2026

Cost of Capital Review for Electricity Lines Services, Gas Pipeline Services, and Specified Airport Services

1. The Commerce Commission gives notice under section 52V of the Commerce Act 1986 (**Act**) that it intends to begin work on potential amendments to the following input methodologies (**IMs**):

    1.1 Commerce Act (Specified Airport Services Input Methodologies) Determination 2010 (Commerce Commission Decision 709, 22 December 2010);

    1.2 Electricity Distribution Services Input Methodologies Determination 2012 [2012] NZCC 26;

    1.3 Gas Distribution Services Input Methodologies Determination 2012 [2012] NZCC 27;

    1.4 Gas Transmission Services Input Methodologies Determination 2012 [2012] NZCC 28; and

    1.5 Commerce Act (Transpower Input Methodologies) Determination 2010 [2012] NZCC 17.

2. In accordance with section 52V of the Act, this notice outlines the general scope of the potential IM amendments under consideration and the proposed process and indicative timeframes for considering and consulting on the potential amendments.

Scope of the potential IM amendments under consideration

3. We plan to review our overall methodology for estimating the WACC, including our approach to the risk-free rate of interest for debt and equity and the debt premium, as well as the tax-adjusted market risk premium (TAMRP).

4. The scope of this review is limited to those elements of the WACC IMs that are common to all sectors. It will not include sector-specific parameters, such as the asset beta, equity beta and leverage.

5. ***This may also include consequential changes to other aspects of the input methodologies (such as asset valuation or specification of price) necessary to give effect to any changes to the common cost of capital parameters.***

Proposed process and timeframes

6. We are planning to carry out this Cost of Capital Review in conjunction with, and within the same timeframes as, our review of the Fibre IMs under Part 6 of the Telecommunications Act 2001.[1] The proposed timeframes are set out below.

7. The Fibre IM Review will be carried out in two tranches, but we intend to complete the Part 4 Cost of Capital Review in conjunction with the first tranche of corresponding Fibre project.

8. That means we intend to make our final decisions in this Cost of Capital Review for electricity lines services, gas pipeline services, and specified airport services by ***Quarter 3 2027***.

	Process	Indicative timeframe
1.	Paper issued – Notice of Intention	March 2025
2.	Paper issued – Open letter to stakeholders	March 2025
3.	Paper issued – Issues paper	July 2025
4.	Paper issued – Draft decision package	March 2026
5.	Final decision – Common cost of capital including some cost of debt matters	Q4 2026
6.	Further draft decision – Remaining cost of debt matters	Q4 2026
7.	Final decision – Remaining cost of debt matters	Q3 2027

Next steps

9. The Commission will provide documents as they are published and regular updates on the Cost of Capital Review process on our website: https://www.comcom.govt.nz/regulated-industries/fibre/projects/fibre-input-methodologies-review-2027/2027-input-methodologies-review-common-cost-of-capital/

[1] For more information, please see the Notice of Intention and project page on our website here: https://comcom.govt.nz/regulated-industries/fibre/projects/fibre-input-methodologies-review-2027/_nocache