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Common cost of capital IM review – cross submission – The Lines Company (TLC)

Introduction

TLC welcomes the opportunity to cross submit on the Commerce Commission's (Commission) consultation on the review of the common cost of capital IMs relating to suppliers regulated under Part 4 of the Commerce Act. TLC is an electricity distribution business, hence regulated under Part 4 of the Commerce Act.

Summary

TLC notes that submissions largely accept the Commission's conclusion that the existing cost of capital framework is broadly sound and does not require structural overhaul. Stakeholders generally supported the Commission's objective of durable, predictable, and credible WACC settings across regulated sectors.

Some submissions urged restraint, stability, and careful implementation—particularly to avoid price volatility, regulatory fatigue, and weakened investment signals across fibre and other regulated sectors.

Common theme in submissions on cost of debt

Many submitters oppose the draft decision position on cost of debt and argue for a trailing average approach. TLC agrees and aligns with submitters who have concerns about revenue volatility and potential price shocks for consumers. We note that consumer submitters also emphasise price stability and TLC argues that a trailing average approach for cost of debt would assist with this.

TLC operates in a region with unique challenges, including high levels of energy hardship, dispersed rural communities, and increasing demand for electrification and resilience. We urge the Commission to ensure that decisions are forward-looking, evidence-based, and supportive of the sector's critical role in enabling New Zealand's energy transition.

Conclusion

TLC supports Electricity Networks Aotearoa's submission and urges the Commission to reconsider the draft decision position on cost of debt and implement a trailing average approach.

For further information, please contact the writer, [REDACTED] or Craig Donaldson,

Yours sincerely



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